



## Fiscal Estimate Narratives

DOR 4/8/2016

LRB Number	<b>15-4057/1</b>	Introduction Number	<b>AB-1020</b>	Estimate Type	<b>Original</b>
<b>Description</b> Lowering the corporate income and franchise tax rate					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, the rate for corporate income and franchise taxes is 7.9%. The bill would reduce the rate to 7.65% for taxable years beginning after December 31, 2015.

#### Fiscal Estimate

The bill would reduce corporate income and franchise tax revenue by an estimated \$36.1 million in FY 2017, \$29.6 million in FY 2018, \$30.4 million in FY 2019, and similar amounts thereafter. This estimate assumes that the bill would be enacted after the June 15, 2016, estimated payment due date, and therefore there would be no fiscal effect in FY 2016.

The bill would also reduce economic development surcharge revenue by an estimated \$225,000 annually beginning in FY 17.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

<b>LRB Number</b> 15-4057/1	<b>Introduction Number</b> AB-1020	
<b>Description</b> Lowering the corporate income and franchise tax rate		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<b>II. Annualized Costs:</b>		
<b>Annualized Fiscal Impact on funds from:</b>		
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-30,400,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		-225,000
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-30,625,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-30,625,000	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		
<b>Date</b>		
DOR/ Michael Oakleaf (608) 261-5173	Michael Wagner (608) 266-6785	4/8/2016