

### Fiscal Estimate - 2019 Session

Original     
  Updated     
  Corrected     
  Supplemental

|                                    |   |
|------------------------------------|---|
| <b>LRB Number</b> <b>19-1357/1</b> | <b>Introduction Number</b> <b>AB-10</b> |
|------------------------------------|---|

**Description**  
 eliminating deductions for moving expenses for businesses that move out of the state or out of the United States

**Fiscal Effect**

**State:**

- No State Fiscal Effect
- Indeterminate
- Increase Existing Appropriations
- Decrease Existing Appropriations
- Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
  - Yes       No
- Decrease Costs

**Local:**

- No Local Government Costs
- Indeterminate
- 1.  Increase Costs       Permissive     Mandatory
- 2.  Decrease Costs       Permissive     Mandatory
- 3.  Increase Revenue       Permissive     Mandatory
- 4.  Decrease Revenue       Permissive     Mandatory
- 5. Types of Local Government Units Affected
 

|   |   |                                 |
|---|---|---------------------------------|
| <input type="checkbox"/> Towns            | <input type="checkbox"/> Village        | <input type="checkbox"/> Cities |
| <input type="checkbox"/> Counties         | <input type="checkbox"/> Others         | 0                               |
| <input type="checkbox"/> School Districts | <input type="checkbox"/> WTCS Districts |                                 |

**Fund Sources Affected**

**Affected Ch. 20 Appropriations**

GPR     FED     PRO     PRS     SEG     SEGS

|  |   |                          |
|--|---|--------------------------|
| <b>Agency/Prepared By</b><br>DOR/ Zach Petersen (608) 267-2428 | <b>Authorized Signature</b><br>Michael Oakleaf (608) 261-5173 | <b>Date</b><br>2/11/2019 |
|--|---|--------------------------|

## Fiscal Estimate Narratives

DOR 2/11/2019

|  |                  |                     |              |               |                 |
|--|------------------|---------------------|--------------|---------------|-----------------|
| LRB Number   | <b>19-1357/1</b> | Introduction Number | <b>AB-10</b> | Estimate Type | <b>Original</b> |
| <b>Description</b><br>eliminating deductions for moving expenses for businesses that move out of the state or out of the United States |                  |                     |              |               |                 |

### Assumptions Used in Arriving at Fiscal Estimate

Under current federal and state law, a business may deduct from its taxable income the cost of moving its operations from one location to another as an ordinary and customary business expense. Under the bill, a business that moves its operations in whole or in part out of Wisconsin would be required to add back to income the expenses associated with the move.

### Fiscal Estimate

Data do not exist to estimate the fiscal effect of the bill. It is expected that the bill would result in an increase in revenue of an unknown amount. However, the increase in revenue is not anticipated to be large. For example, assume a business spends \$500,000 to move its operations out of state. If the business had an apportionment factor of 14.7% (the average for all corporate returns in 2016), it would pay additional tax of \$5,807 ( $\$500,000 \times 14.7\% \times 7.9\%$  corporate tax rate) in the tax year in which they move their operations. If 100 similar businesses move out of state in a year, the total revenue increase would be \$580,700.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

|  |   |  |                 |
|--|---|--|-----------------|
| <b>LRB Number</b> 19-1357/1  |   | <b>Introduction Number</b> AB-10               |                 |
| <b>Description</b><br>eliminating deductions for moving expenses for businesses that move out of the state or out of the United States                     |   |  |                 |
| <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                               | \$   | \$              |
|  | GPR Earned                              |  |                 |
|  | FED                                     |  |                 |
|  | PRO/PRS                                 |  |                 |
|  | SEG/SEG-S                               |  |                 |
|  | <b>TOTAL State Revenues</b>             | <b>\$</b>                                      | <b>\$</b>       |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |   |  |                 |
|  |   | <u>State</u>                                   | <u>Local</u>    |
|  | NET CHANGE IN COSTS                     | \$   | \$              |
|  | NET CHANGE IN REVENUE                   | \$See Text                                     | \$              |
| <b>Agency/Prepared By</b>  |   | <b>Authorized Signature</b>                    | <b>Date</b>     |
| DOR/ Zach Petersen (608) 267-2428  |   | Michael Oakleaf (608) 261-5173                 | 2/11/2019       |