

Fiscal Estimate - 2019 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

LRB Number 19-5611/1	Introduction Number SB-876
Description limitation on the manufacturing component of the manufacturing and agriculture credit, a onetime increase in aids for special education, and making an appropriation	
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 33%;"> <input checked="" type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 33%;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-between;"> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div> Local: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex;"> <div style="width: 50%;"> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 50%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> </div> </div> <div style="width: 33%;"> 5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> Towns <input type="checkbox"/> Counties <input type="checkbox"/> School Districts </div> <div style="width: 33%;"> <input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts </div> <div style="width: 33%;"> <input type="checkbox"/> Cities </div> </div> </div> </div>	
<div style="display: flex; justify-content: space-between;"> <div> Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.255(2)(b) </div> <div> Affected Ch. 20 Appropriations </div> </div>	
Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Michael Oakleaf (608) 261-5173
Date 3/4/2020	

Fiscal Estimate Narratives

DOR 3/4/2020

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Assumptions Used in Arriving at Fiscal Estimate

Current law allows a claimant to compute the manufacturing and agriculture credit as 7.5% of qualified production activities income from manufacturing and agriculture. Effective for tax year 2020, this bill limits to \$300,000 the amount of income from manufacturing that a person may use as the basis for claiming the credit.

The bill also requires the Department of Revenue to estimate the increase in revenue that results from the changes made in this bill and directs the secretary of the Department of Administration to apply that amount to aid to school districts for special education for the fiscal year beginning July 1, 2021.

Based on an analysis of individual and corporate credit claims, DOR expects the bill to increase general purpose revenue by \$327 million in fiscal year 2021 (tax year 2020 and partial estimated payments for tax year 2021) and approximately \$272 million in fiscal year 2022. The annual fiscal impact will grow similarly to the size of the credit thereafter.

The current estimate for the increase in revenue in for tax year 2020 that DOR would provide to DOA is \$260 million.

Costs to administer this bill are minimal and can be absorbed by the Department.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):	
II. Annualized Costs:	Annualized Fiscal Impact on funds from:
	Increased Costs Decreased Costs
A. State Costs by Category	
State Operations - Salaries and Fringes	\$
(FTE Position Changes)	
State Operations - Other Costs	
Local Assistance	
Aids to Individuals or Organizations	
TOTAL State Costs by Category	\$
B. State Costs by Source of Funds	
GPR	
FED	
PRO/PRS	
SEG/SEG-S	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	
	Increased Rev Decreased Rev
GPR Taxes	\$
GPR Earned	
FED	
PRO/PRS	
SEG/SEG-S	
TOTAL State Revenues	\$
NET ANNUALIZED FISCAL IMPACT	
	State Local
NET CHANGE IN COSTS	\$
NET CHANGE IN REVENUE	\$See Text
Agency/Prepared By	Authorized Signature
DOR/ Bradley Caruth (608) 261-8984	Michael Oakleaf (608) 261-5173
	Date
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