Fiscal Estimate - 2023 Session

☑ Original ☐ Updated	Correcte	ed	Suppleme	ental			
LRB Number 23-4106/1	Introduction	n Number	AB-092	2			
Description adopting federal income tax provisions related to depreciation and amortization							
Fiscal Effect		art a fight acts and a second acquired account of the first acts and a second acts and a second account account		en regentario de la materia de como de la co			
Appropriations	ase Existing	☑ Increase Cost absorb within ☑ Yes ☑ Decrease Cos	agency's bu				
Permissive Mandatory Permi 2. Decrease Costs 4. Decre	ise Revenue ssive Mandatory ase Revenue ssive Mandatory	5.Types of Local Units Affected Towns Counties School Districts	Governmer Village Others WTCS Districts	Cities			
Fund Sources Affected Affected Ch. 20 Appropriations GPR PRO PRS SEG SEGS							
Agency/Prepared By	Authorized Signati	ure		Date			
DOR/ Zach Petersen (608) 267-2428	n (608) 267-2428 Michael Oakleaf (608) 261-5173			1/23/2024			

Fiscal Estimate Narratives DOR 1/23/2024

LRB Number 23-4106/1	Introduction Number	AB-0922	Estimate Type	Original			
Description							
adopting federal income tax provisions related to depreciation and amortization							

Assumptions Used in Arriving at Fiscal Estimate

Beginning in tax year 2023, the bill adopts the current federal Internal Revenue Code related to depreciation and amortization, including provisions related to a depreciation allowance for certain property, known as bonus depreciation for state income and franchise tax purposes.

Fiscal Estimate

The bill would reduce corporate tax revenues by an estimated \$280 million in FY2024 and \$135 million in FY2025. Future changes made by Congress to the IRC provisions mentioned in this bill may affect the fiscal estimate.

According to the American Rescue Plan Act (ARPA) Net Tax Reduction Calculation Update memo released by the Department of Administration on 8/28/2023, the remaining margin for tax reductions before triggering potential SLFRF recoupment at \$113 million for fiscal year 2024 and \$319 million for fiscal year 2025. This bill would reduce these margins.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

☑ Original ☐ Updated	Corrected	☐ Suppler	mental				
LRB Number 23-4106/1	Introduction Number AB-0922						
Description adopting federal income tax provisions related to depreciation and amortization							
I. One-time Costs or Revenue Impacts for Sannualized fiscal effect):	State and/or Local Governme	nt (do not inclu	de in				
The bill will incur a one-time cost of \$10,240 for training and updating tax forms.							
II. Annualized Costs:	Annualized Fi	Annualized Fiscal Impact on funds from:					
	Increased Costs	Decre	eased Costs				
A. State Costs by Category							
State Operations - Salaries and Fringes	\$	\$					
(FTE Position Changes)		AD-THE ACTION AND ADDRESS OF THE ACTION ADDRESS OF THE					
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 wh (e.g., tax increase, decrease in license fee,	en proposal will increase or ets.)	decrease state	revenues				
	Increased Rev	Dec	reased Rev				
GPR Taxes	\$	\$-280,000,000					
GPR Earned							
FED							
PRO/PRS							
SEG/SEG-S							
TOTAL State Revenues	. \$	\$-2	280,000,000				
NET ANNUA	ALIZED FISCAL IMPACT						
	<u>State</u>		<u>Local</u>				
NET CHANGE IN COSTS	\$ \$						
NET CHANGE IN REVENUE	\$-280,000,000		\$				
Agency/Prepared By	Authorized Signature		Date				
DOR/ Zach Petersen (608) 267-2428	Michael Oakleaf (608) 261-51	1/23/2024					