



**Fiscal Estimate Narratives**

**DOR 1/23/2024**

LRB Number <b>23-4106/1</b>	Introduction Number <b>AB-0922</b>	Estimate Type <b>Original</b>
<b>Description</b> 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     
  Supplemental

<b>LRB Number</b> 23-4106/1		<b>Introduction Number</b> AB-0922	
<b>Description</b> adopting federal income tax provisions related to depreciation and amortization			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
The bill will incur a one-time cost of \$10,240 for training and updating tax forms.			
<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	\$	\$-280,000,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-280,000,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-280,000,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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