

**ADMINISTRATIVE RULES
FISCAL ESTIMATE
AND ECONOMIC IMPACT ANALYSIS**

Type of Estimate and Analysis

Original Updated Corrected

Administrative Rule Chapter, Title and Number

Chapter Tax 1, 2, 4, and 14 – Various changes to Chapters Tax 1, 2, 4, and 14

Subject

Various changes to Chapters Tax 1, 2, 4, and 14

Fund Sources Affected

Chapter 20 , Stats. Appropriations Affected

GPR FED PRO PRS SEG SEG-S

Fiscal Effect of Implementing the Rule

No Fiscal Effect
 Indeterminate

Increase Existing Revenues
 Decrease Existing Revenues

Increase Costs
 Could Absorb Within Agency's Budget
 Decrease Costs

The Rule Will Impact the Following (Check All That Apply)

State's Economy

Local Government Units

Specific Businesses/Sectors

Public Utility Rate Payers

Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

Policy Problem Addressed by the Rule

The rule does not create or revise policy, other than to reflect current law and department policy.

Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

As indicated in the attached fiscal estimate, the fiscal effect of all statutory changes was included in the fiscal estimate for the bill under which the change was made, and therefore the rule as it relates to those sections has no fiscal effect. There is no fiscal effect for the sections of the rule relating to form redesigns or clarifications of examples.

No comments concerning the economic effect of the rule were submitted in response to the department's solicitation.

Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Clarifications and guidance provided by administrative rules may lower the compliance costs for businesses, local governmental units, and individuals.

If the rule is not implemented, Chapters Tax 1, 2, 4, and 14 will be incomplete in that they will not reflect current law or department policy.

Long Range Implications of Implementing the Rule

No long-range implications are anticipated.

Compare With Approaches Being Used by Federal Government

N/A

Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

N/A

FISCAL ESTIMATE FORM

2015 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

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|-----------------------|
| LRB # 15- |
| INTRODUCTION # |
| Admin. Rule # |

Subject
 Various changes to Chapters Tax 1, 2, 4, and 14

Fiscal Effect
State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

| | | |
|--|---|---|
| <input type="checkbox"/> Increase Existing Appropriation | <input type="checkbox"/> Increase Existing Revenues | <input type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Decrease Existing Appropriation | <input type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Create New Appropriation | <input type="checkbox"/> Decrease Costs | |

Local: No Local Government Costs

| | | |
|--|---|--|
| 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |

| | |
|---|---------------------------------------|
| Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S | Affected Ch. 20 Appropriations |
|---|---------------------------------------|

Assumptions Used in Arriving at Fiscal Estimate:

The proposed rule makes various changes to Chapters Tax 1, 2, 4, and 14. The changes are summarized below by section of the rule order. The changes are intended to reflect statutory changes made in recent legislative sessions, to provide clarification on examples and notes, and to update or remove references to Department forms that have been renumbered or eliminated during a redesign of the corporate tax forms.

The fiscal effect of all statutory changes was included in the fiscal estimate for the bill under which the change was made, and therefore the rule as it relates to those sections has no fiscal effect. There is no fiscal effect for the sections of the rule relating to form redesigns or clarifications of examples.

Sections 1-3: Clarifies Department treatment of small businesses in Chapter Tax 1.15 and reflects current law under s. 227.04(2m) as created by 2013 Act 296.

Section 4: Repeals Chapter Tax 2.05 relating to a reporting requirement of capital stock transfers. The requirement was repealed by 2013 Act 54.

Section 5: Clarifies an example for sharing loss carryforwards among combined group members in Chapter Tax 2.61(9)(3).

Section 6: Repeals notes to Chapter Tax 2.66(2)(b) and 2.66(2)(4)(c) that reference Department forms that no longer exist after the corporate tax form redesign.

Section 7: Updates a reference to a Department form in Chapter Tax 2.67(2)(c)1. due to corporate tax form redesign.

(continued on page two)

Long-Range Fiscal Implications:

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|---|--|-------------------------|
| Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Michael Oakleaf (608) 261-5173 | Authorized Signature/Telephone No. John Koskinen (608) 267-8973 | Date 06/12/15 |
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FISCAL ESTIMATE FORM

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Section 8: Repeals Chapter Tax 2.67(2)(c)2. and 3. that relate to forms that no longer exist after redesign of corporate tax forms.

Section 9: Updates references in Chapter Tax 2.67(2)(c)4. and (d)1. and 3. to department forms that were renumbered during the redesign of corporate tax forms.

Section 10: Updates references to Department forms in Chapter Tax 2.82(1)(a), and examples in Chapter Tax 2.82(4)(c) and (5)(a) consistent with the redesign of corporate tax forms.

Sections 11-12: Amends Chapter Tax 2.88(3) to specify that no interest will be paid by the department on refunds resulting from carryback of net operating losses, as proscribed in s.71.05(8)(c) reflective of 2013 Wisconsin Act 145.

Section 13: In Chapter Tax 4.10(3)(b)2. eliminates the maximum size of the vehicle carrying diesel fuel and the distance from Wisconsin border to reflect changes in 2013 Act 54. The proposed amendment harmonizes the Code with the respective provisions of the Statute.

Section 14: Eliminates the requirement in Chapter Tax 4.65(3)(c) for an annual exemption certificate for purchases of undyed diesel fuel and gasoline. The validity of the exemption certificate is extended to no more than 3 years. The law reflecting the proposed amendment was changed with 2013 Act 204. The proposed amendment harmonizes the Code with the respective provisions of the Statutes.

Sections 15-17: Includes references in Chapter Tax 14.01(4) to new schedule H-EZ in cases where there is currently a reference to related Schedule H.

Section 18: Updates Chapter Tax 14.03, (4), and (5) to reflect current law dependent deduction and net operating loss treatment. Also clarifies current law pension treatment under the homestead credit.