

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-2847/1	Introduction Number AB-0233
Description grants for certain small businesses	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 30%;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around; font-size: small;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div>	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> 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: 30%;"> 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 style="width: 30%;"> 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 <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts </div> </div>	
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.566(1)(a) and (gb)	
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Date 4/12/2021	

Fiscal Estimate Narratives

DOR 4/12/2021

LRB Number	21-2847/1	Introduction Number	AB-0233	Estimate Type	Original
Description grants for certain small businesses					

Assumptions Used in Arriving at Fiscal Estimate

The bill requires the Department of Revenue to provide grants to establishments in this state that had total sales in 2019 of less than \$7 million (as reported on state sales tax returns) and suffered economic damage as a result of the COVID-19 pandemic. The bill also requires the governor to allocate \$200 million from moneys received from the federal government pursuant to the federal American Rescue Plan Act of 2021 to make the grants.

Under the bill, the Department of Revenue would develop the parameters for the grant program and provide the plan the Joint Committee on Finance. The committee can approve or modify the plan. For purposes of this estimate, administrative costs are based on the department's recent experience in administering the "We're All In" grants. To the extent the grant program differs from "We're All In," the administrative costs may differ from the estimate.

Sales tax returns are filed by businesses, which may have multiple establishments. The department does not have establishment-specific information for businesses that file sales tax returns. Of the returns filed for periods covering calendar year 2019, approximately 144,000 filers reported total sales above \$0 and below \$7 million. The number of establishments would exceed the number of filers with these parameters by an unknown extent.

The department anticipates administrative costs associated with this level of grant program to reach \$140,000 on a one-time basis. \$110,000 of the costs stem from the Income, Sales, and Excise tax division for project management, developing requirements, publication of common questions, customer service to assist taxpayers, program outreach, website updates. Changes to the WINPAS, the state's tax processing system to accommodate the grant program are estimated to cost \$30,000. These costs cannot be absorbed by the department. The costs would likely be incurred in FY21 and/or FY22 depending when the bill is published and when the department has an approved plan to implement.

Long-Range Fiscal Implications