

Fiscal Estimate Narratives

DOR 4/18/2007

LRB Number	07-0015/2	Introduction Number	SB-139	Estimate Type	Original
Description Creating an income and franchise tax credit for expenses related to nanotechnology and providing an exemption from emergency rule-making procedures					

Assumptions Used in Arriving at Fiscal Estimate

The bill would create a nonrefundable credit for expenses related to nanotechnology. Nanotechnology is defined as the science and technology that enables a person to understand, measure, manipulate, and manufacture materials at the atomic, molecular, and supermolecular level. Unused credits could be carried over and offset against future taxes for up to ten years. The credit would be equal to the amount of Wisconsin sales and use taxes paid in the year on the purchase of machines, equipment, and certain other tangible personal property that are used by a nanotechnology business in Wisconsin for research, development, and manufacturing. In addition, the credit may also be claimed for the amount of any payments to a public or private institution of higher education, or to a consortium of such institutions, for research, equipment, or the use of research facilities, or other qualified expenses as determined by the Department of Commerce.

Under the bill the Department of Commerce (Commerce) would certify a business as eligible and determine the amount of credit to be allocated to the business. In addition, Commerce would notify the Department of Revenue of every business certified and the amount of credits allocated to the business. Finally, Commerce could not allocate more than \$2,500,000 in credits in any fiscal year.

The estimated fiscal effect of the bill would be to reduce revenue by \$2.5 million a year. The fiscal effect would be reduced to the extent that claimants who claim the credit did not have sufficient tax liability to use the full amount of credit in the year claimed. In subsequent years, the fiscal effect could be greater than \$2.5 million if all of the credit claimed in the year plus credit amounts carried forward from previous are used.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Creating an income and franchise tax credit for expenses related to nanotechnology and providing an exemption from emergency rule-making procedures			
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, ets.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-2,500,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-2,500,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-2,500,000	\$
Agency/Prepared By		Authorized Signature	Date
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