

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

| | | | | | | | | | | | | | | | | |
|--|--|---|---|--|--|--|--|---|--|---|--|--|--|--|--|--|
| LRB Number 07-3870/3 | Introduction Number SB-538 | | | | | | | | | | | | | | | |
| Description An income and franchise tax credit for diesel engines that are used in commercial motor vehicles and that emit lower levels of nitrogen oxide | | | | | | | | | | | | | | | | |
| Fiscal Effect | | | | | | | | | | | | | | | | |
| State: <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;"><input type="checkbox"/> No State Fiscal Effect</td> <td style="width: 33%;"><input type="checkbox"/> Increase Existing Revenues</td> <td style="width: 33%;"><input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget</td> </tr> <tr> <td><input type="checkbox"/> Indeterminate</td> <td><input checked="" type="checkbox"/> Decrease Existing Revenues</td> <td style="text-align: center;"><input type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td><input type="checkbox"/> Increase Existing Appropriations</td> <td></td> <td><input type="checkbox"/> Decrease Costs</td> </tr> <tr> <td><input type="checkbox"/> Decrease Existing Appropriations</td> <td></td> <td></td> </tr> <tr> <td><input type="checkbox"/> Create New Appropriations</td> <td></td> <td></td> </tr> </table> | | <input type="checkbox"/> No State Fiscal Effect | <input type="checkbox"/> Increase Existing Revenues | <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget | <input type="checkbox"/> Indeterminate | <input checked="" type="checkbox"/> Decrease Existing Revenues | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Increase Existing Appropriations | | <input type="checkbox"/> Decrease Costs | <input type="checkbox"/> Decrease Existing Appropriations | | | <input type="checkbox"/> Create New Appropriations | | |
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| <input type="checkbox"/> Increase Existing Appropriations | | <input type="checkbox"/> Decrease Costs | | | | | | | | | | | | | | |
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| Local: <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;"><input type="checkbox"/> No Local Government Costs</td> <td style="width: 33%;"></td> <td style="width: 33%;"></td> </tr> <tr> <td><input type="checkbox"/> Indeterminate</td> <td></td> <td></td> </tr> <tr> <td>1. <input type="checkbox"/> Increase Costs</td> <td>3. <input type="checkbox"/> Increase Revenue</td> <td rowspan="6" style="vertical-align: top;"> 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 </td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</td> <td style="padding-left: 20px;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</td> </tr> <tr> <td>2. <input type="checkbox"/> Decrease Costs</td> <td>4. <input type="checkbox"/> Decrease Revenue</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</td> <td style="padding-left: 20px;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</td> </tr> </table> | | <input type="checkbox"/> No Local Government Costs | | | <input type="checkbox"/> Indeterminate | | | 1. <input type="checkbox"/> Increase Costs | 3. <input type="checkbox"/> Increase Revenue | 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 | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 2. <input type="checkbox"/> Decrease Costs | 4. <input type="checkbox"/> Decrease Revenue | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |
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| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | | | | | | | | | | | | | | | |
| Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS | | | | | | | | | | | | | | | | |
| Agency/Prepared By DOR/ Rebecca Boldt (608) 266-6785 | Authorized Signature Rebecca Boldt (608) 266-6785 | | Date 4/2/2008 | | | | | | | | | | | | | |

Fiscal Estimate Narratives

DOR 4/2/2008

| | | | | | |
|---|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number | 07-3870/3 | Introduction Number | SB-538 | Estimate Type | Original |
| Description An income and franchise tax credit for diesel engines that are used in commercial motor vehicles and that emit lower levels of nitrogen oxide | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

For tax years 2008 through 2012, the bill creates a nonrefundable income and franchise tax credit for the purchase of diesel engines that emit reduced levels of nitrogen oxide and are used in a qualified truck. A qualified truck is defined to be a commercial motor vehicle that weighs more than 26,000 pounds and is used exclusively in the claimant's business if the business has its headquarters in the state. The amount a claimant may claim per engine purchase ranges between \$1,200 and \$1,500 depending on the claimant's qualified truck inventory for the 12 months prior to purchase. The maximum credit that may be claimed by any one claimant in tax year is \$125,000.

The total amount of credits for all claims is limited to \$1 million in FY09. The bill does not specify a total credit limit for future tax years.

Assuming an average credit of \$1,333 per engine purchased, the purchase of approximately 750 engines would reach the maximum \$1 million in FY09 credits allowed under the bill (\$1 million/\$1,333). Thus, it is assumed that the bill will result in an annual revenue loss of \$1 million in FY09.

According to Department of Transportation data, approximately 230,000 commercial trucks weighing at least 8,000 pounds were registered for use in Wisconsin in 2007. Assuming 25% of these trucks meet the requirements under the bill and that 75% of credits are used, the revenue loss in subsequent years would be an estimated \$57.5 million annually ($230,000 \times .25 \times \$1,333 \times .75$). To the extent that fewer trucks meet the weight and environmental standards of the bill, the fiscal effect would be lower.

The bill also reduces the total amount of credits claimed under the airport development zone program for all taxable years from \$9 million to \$8 million. To the extent that no credits have been claimed under the airport development zone program to date, it is assumed that the \$9 million lifetime limit will not be reached; therefore the reduction in the lifetime limit is not expected to have a fiscal effect.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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| | | | |
|---|---|--|-----------------|
| LRB Number 07-3870/3 | | Introduction Number SB-538 | |
| Description An income and franchise tax credit for diesel engines that are used in commercial motor vehicles and that emit lower levels of nitrogen oxide | | | |
| 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, etc.) | | | |
| | | Increased Rev | Decreased Rev |
| | GPR Taxes | \$ | \$ |
| | GPR Earned | | |
| | FED | | |
| | PRO/PRS | | |
| | SEG/SEG-S | | |
| | TOTAL State Revenues | \$ | \$ |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | | State | Local |
| | NET CHANGE IN COSTS | \$ | \$ |
| | NET CHANGE IN REVENUE | \$See text | \$ |
| Agency/Prepared By | | Authorized Signature | Date |
| DOR/ Rebecca Boldt (608) 266-6785 | | Rebecca Boldt (608) 266-6785 | 4/2/2008 |