



## Fiscal Estimate Narratives

DOR 2/16/2009

LRB Number	09-0917/1	Introduction Number	AB-0013	Estimate Type	Original
<b>Description</b> Creating an individual income tax subtract modification for amounts received from the well contamination and abandonment compensation program					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Department of Natural Resources (DNR) administers a program that provides compensation to persons with contaminated wells. The program generally pays 75% of eligible costs with a maximum award of \$9,000. Eligible costs include the costs of treating the well water, of constructing a new well or obtaining clean water from another source, or of abandoning an unused well.

This bill creates an individual income tax subtraction for amounts received by an individual from DNR under the contaminated and abandoned wells compensation program.

Total annual payments from the DNR program have varied from about \$50,000 to as much as \$330,000 in recent years, so the fiscal effect of this bill will also vary annually. From fiscal year 2006 to fiscal year 2008, the average annual payment amount was \$220,000. Applying an average marginal individual income tax rate of 5.4%, the bill is expected to reduce revenue by approximately \$12,000 annually.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> Creating an individual income tax subtract modification for amounts received from the well contamination and abandonment compensation program			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<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, ets.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-12,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-12,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-12,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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