

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-4403/1	Introduction Number AB-0853
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Description
 tax benefits for hiring new employees and granting rule-making authority.

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
- Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
 - 1. Increase Costs 3. Increase Revenue
 - Permissive Mandatory Permissive Mandatory
 - 2. Decrease Costs 4. Decrease Revenue
 - Permissive Mandatory Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.143 (1) (a)	

Agency/Prepared By COMM/ Julie Keal (608) 266-6748	Authorized Signature Louie Cornelius (608) 266-8629	Date 3/17/2010
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Fiscal Estimate Narratives

COMM 3/17/2010

LRB Number	09-4403/1	Introduction Number	AB-0853	Estimate Type	Original
Description tax benefits for hiring new employees and granting rule-making authority.					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates the Jobs Creation Tax Benefit Program. Under this program, eligible certified businesses may retain the withholding taxes they would have paid for eligible employees in new full-time jobs. Eligible employees are those hired after February 3, 2010, and before January 1, 2011. An eligible employee must not have been employed for more than 40 hours during the 60 day period ending on the date the employee begins his or her employment with the certified business.

Commerce has the following responsibilities under this program:

1. Certify businesses as eligible for tax benefits and allocate to each business the amount of tax credits it may claim. An eligible business may have no more than 10 employees. According to the US Census Bureau, Statistics of US Businesses: 2006, 85,792 businesses had 9 or fewer employees, and would be eligible for certification if they added eligible employees. The department shall notify the Department of Revenue of all persons that it certifies and of the amount of tax credits it allocates to each person. Commerce may allocate not more than \$2,000,000 to businesses under this program.
2. Revoke certifications and notify the Department of Revenue of all revocations.
3. Verify information submitted by businesses claiming tax benefits.
4. Promulgate rules for the implementation and operation of the program.

Commerce will not be able to accomplish these responsibilities within existing budget authority. Since at least 85,792 businesses could be eligible for the program, Commerce will be dealing with certifying and administering the program for a very large number of small businesses. As an illustration, if each certified business added 3 employees with \$2000 each in withholding, and Commerce allocated the entire \$2 million, that would mean that Commerce would be certifying and verifying information for 333 businesses. This is a limited term program only for employees hired from February 3, 2010 until January 1, 2011, so Commerce will require project positions for its administration. The required rule promulgation, program development, and program administration (certification of businesses, allocation of credits, and verification of credit claims) will require 2.0 FTE 2 year project positions. Two year positions are required, since claims will continue into future taxable years, until the business's allocation is exhausted.

These positions will develop rules and policies for the program, develop and implement performance measures for the program, publicize the program, work with businesses to access the program, review applications, recommend action on applications, negotiate and enter into contracts with successful applicants, verify tax benefit claims and supporting documentation, and work with successful applicants in reporting results. The costs of these positions will be as follows.

Salary \$89,800
Fringe \$41,000
Supplies \$ 16,000

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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Description tax benefits for hiring new employees and granting rule-making authority.			
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	\$130,800		\$
(FTE Position Changes)	(2.0 FTE)		
State Operations - Other Costs	16,000		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$146,800		\$
B. State Costs by Source of Funds			
GPR	146,800		
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	\$146,800		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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