

Fiscal Estimate Narratives

DOR 1/24/2011

LRB Number	11-0565/2	Introduction Number	AB-0001	Estimate Type	Original
Description Processing refunds for the jobs tax credit					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, an employer may claim a Jobs Tax Credit based on the wages paid to new employees and on the costs incurred by the employer for certain training activities. To claim the credit, an employer is required to be certified by the Department of Commerce as eligible for the credit. Under current law, the credit is non-refundable for taxable years beginning on or after January 1, 2010 and before December 31, 2011. The credit is refundable for taxable years beginning on or after January 1, 2012. Under the bill, the taxable year for which refundable credits could be claimed is changed from taxable years beginning on or after January 1, 2012 to taxable years beginning on or after July 1, 2011.

Fiscal Estimate

Non-refundable credits are considered reductions in tax revenue. Refundable credits are considered increases in appropriations. In general, changing a credit from non-refundable to refundable would involve an increase in revenue (a reduction in revenue reduction) and an increase in appropriations.

The bill as drafted would affect only those corporate taxpayers that have a taxable year that starts during the period of July 1, 2011 through December 31, 2011. A review of corporate tax returns for 2008 showed that approximately 5% of corporate returns had a tax year that started during the period of July 1 through December 31. Therefore the bill as drafted is estimated to have a minimal impact on tax revenue or appropriations.

If the intent of the bill is to accelerate the claiming of refundable credits to all taxpayers who claim the credit for the 2011 tax year, and the effective date were changed to January 1, 2011, the fiscal effect would be as follows:

Revenue Increase:

FY 2011: \$1.6 million

FY 2012: \$4.9 million

Appropriations Increase:

FY 2012: \$2.2 million

FY 2013: \$6.0 million

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Processing refunds for the jobs tax credit			
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			
	<u>State</u>		<u>Local</u>
NET CHANGE IN COSTS	\$See Text		\$
NET CHANGE IN REVENUE	\$See Text		\$
Agency/Prepared By	Authorized Signature		Date
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