



## Fiscal Estimate Narratives

DOR 11/1/2011

LRB Number	11-1314/1	Introduction Number	AB-0341	Estimate Type	Original
<b>Description</b> The eligibility for relocation tax benefits					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, a person who moves a business from another state or another country to Wisconsin may claim a tax deduction or credit for two consecutive taxable years, equal to the full amount of the person's tax liability. Under the bill, if such a person relocates the person's business to a location in Wisconsin that is within five miles of, or in the same county as, another business in Wisconsin that is engaged in the same type of business, the other business may also claim a tax deduction or tax credit for two consecutive taxable years, equal to its entire tax liability.

### Fiscal Estimate

Data do not exist to definitively estimate the revenue loss that would result from the bill. The fiscal effect would depend entirely on the type of businesses that would qualify for the deduction and credit under current law, and to the particular location into which they relocate. The fiscal effect could potentially be quite large if a common business relocates into a populous county. For example, if a restaurant relocates from Illinois into Milwaukee County, under the bill all restaurants in Milwaukee County would have their tax liability reduced to zero for two years.

Determining whether claimants are engaged in the same business as a relocated business will require a 1.0 FTE Revenue Auditor at an annual cost for salaries, fringe benefits, supplies and services of \$75,500 plus one-time supplies and services cost of \$3,125.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>11-1314/1</b>		Introduction Number <b>AB-0341</b>	
<b>Description</b> The eligibility for relocation tax benefits			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  One-time supplies and services of \$3,125.			
<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)	\$73,300		\$
State Operations - Other Costs	2,200		
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$75,500</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	75,500		
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	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$75,500		\$
NET CHANGE IN REVENUE	\$See Text		\$
<b>Agency/Prepared By</b>			
DOR/ Michael Oakleaf (608) 261-5173		<b>Authorized Signature</b>	
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<b>Date</b>			
11/1/2011			