

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-0133/1	Introduction Number SB-609
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Description
 Claiming the manufacturing and agriculture tax credit and transferring moneys to the veterans trust fund

Fiscal Effect

State:

- | | | |
|--|---|---|
| <input type="checkbox"/> No State Fiscal Effect
<input type="checkbox"/> Indeterminate
<input checked="" type="checkbox"/> Increase Existing Appropriations
<input type="checkbox"/> Decrease Existing Appropriations
<input type="checkbox"/> Create New Appropriations | <input checked="" type="checkbox"/> Increase Existing Revenues
<input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Costs |
|--|---|---|

Local:

- | | | |
|--|--|--|
| <input type="checkbox"/> No Local Government Costs
<input type="checkbox"/> Indeterminate
1. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
4. <input type="checkbox"/> Decrease Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 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 |
|--|--|--|

Fund Sources Affected	Affected Ch. 20 Appropriations
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GPR
 FED
 PRO
 PRS
 SEG
 SEGS 20.485(2)(db)

Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Jamie Adams (608) 266-6785	12/6/2017

Fiscal Estimate Narratives

DOR 12/6/2017

LRB Number	17-0133/1	Introduction Number	SB-609	Estimate Type	Original
Description					
Claiming the manufacturing and agriculture tax credit and transferring moneys to the veterans trust fund					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, individuals may claim a nonrefundable individual income tax credit equal to 7.5% of qualified production income from manufacturing and agriculture activities. This bill provides that no individual may claim the manufacturing and agriculture credit for any taxable year after 2016 in which the individual's adjusted gross income is \$30 million or more.

The bill also transfers \$22 million from the general fund to the veterans trust fund in fiscal year 2019 and annually thereafter.

Individuals with more than \$30 million of adjusted gross income are expected to claim about \$22.2 million of manufacturing and agriculture credit in tax year 2017. Because 2017 Act 59 does not allow individuals to claim both the manufacturing and agriculture credit and the credit for taxes paid to other states on the same income, the individuals affected by this bill are likely to have reduced their credit claims for taxes paid to other states in 2017 by about \$3.7 million relative to the amount they could claim if they did not claim the manufacturing and agriculture credit. As a result, relative to current law, the bill is expected to reduce manufacturing and agriculture credit claims by approximately \$22.2 million and increase credit claims for the taxes paid to other states by about \$3.7 million in fiscal year 2018 for tax year 2017 returns. Adjustments to estimated payments for tax year 2018 would also increase fiscal year 2018 collections by approximately \$4.9 million, bringing the total revenue increase in fiscal year 2018 to \$23.4 million ($22.2 - 3.7 + 4.9$). Beginning in fiscal year 2019, and annually thereafter, the bill would increase revenue by approximately \$20.2 million.

The transfers from the general fund to the veterans trust fund beginning in fiscal year 2019 would increase the existing appropriation by \$22 million annually.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 17-0133/1		Introduction Number SB-609	
Description Claiming the manufacturing and agriculture tax credit and transferring moneys to the veterans trust fund			
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	22,000,000		
TOTAL State Costs by Category	\$22,000,000		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S (20.485(2)(db))	22,000,000		
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	\$20,200,000		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$20,200,000		\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$22,000,000		\$
NET CHANGE IN REVENUE	\$20,200,000		\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984		Jamie Adams (608) 266-6785	12/6/2017