

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4652/1	Introduction Number SB-847	
Description various changes to the broadband expansion grant program; local government telecommunications, video, or broadband service facilities; claiming the manufacturing and agriculture tax credit; granting rule-making authority; and making appropriations		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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 <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.485(2)(db)		
Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Michael Oakleaf (608) 261-5173	Date 2/28/2018

Fiscal Estimate Narratives

DOR 2/28/2018

LRB Number	17-4652/1	Introduction Number	SB-847	Estimate Type	Original
Description various changes to the broadband expansion grant program; local government telecommunications, video, or broadband service facilities; claiming the manufacturing and agriculture tax credit; granting rule-making authority; and making appropriations					

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 2017 in which the individual's adjusted gross income is \$2 million or more.

The bill also appropriates \$200 million from the general fund in the 2017-19 fiscal biennium to the broadband expansion grant program.

Individuals with more than \$2 million of adjusted gross income are expected to claim about \$148.8 million of manufacturing and agriculture credit in tax year 2018. 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 2018 by about \$8.7 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 \$148.8 million and increase credit claims for the taxes paid to other states by about \$8.7 million in fiscal year 2019 for tax year 2018 returns. Adjustments to estimated payments for tax year 2019 would also increase fiscal year 2019 collections by approximately \$36.0 million, bringing the total revenue increase in fiscal year 2019 to \$175.4 million (148.1 - 8.7 + 36.0). Beginning in fiscal year 2020, and annually thereafter, the bill would increase revenue by approximately \$144.1 million.

The transfers from the general fund to the broadband expansion grant program would increase the appropriation by \$200 million in the 2017-19 fiscal biennium.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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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	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Michael Oakleaf (608) 261-5173	2/28/2018