

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

| | |
|---|---|
| LRB Number 19-2253/1 | Introduction Number SB-387 |
| Description including crop insurance proceeds in the manufacturing and agricultural tax credit | |
| Fiscal Effect | |
| State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input 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 checked="" 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 type="checkbox"/> SEG <input type="checkbox"/> SEGS | |
| Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984 | Authorized Signature Michael Oakleaf (608) 261-5173 |
| Date 6/27/2019 | |

Fiscal Estimate Narratives

DOR 6/27/2019

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|--|-----------|---------------------|--------|---------------|----------|
| LRB Number | 19-2253/1 | Introduction Number | SB-387 | Estimate Type | Original |
| Description including crop insurance proceeds in the manufacturing and agricultural tax credit | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a person may claim the manufacturing and agricultural tax credit on the basis of the person's income from manufacturing or agriculture. The starting point for calculating the credit is determining the person's production gross receipts, which are the gross receipts from the lease, rental, license, sale, exchange, or other disposition of tangible personal property that is either manufactured by the claimant on property assessed as manufacturing property or produced, grown, or extracted by the claimant on or from property assessed as agricultural property.

Under the bill, insurance proceeds that are received by a person due to the destruction of, or damage to, crops are included in the person's production gross receipts and, therefore, included in the calculation of the credit's value.

Based on an analysis of 2016 individual income tax returns reporting taxable crop insurance proceeds and federal crop disaster payments, most of those returns did not show significant net farm income or tax attributable to agricultural activities. As such, those farms would still not generate a credit under the bill. Data is not available for a comparable analysis of corporate agricultural credit claimants, but the department expects a similar pattern. Consequently, the provision is expected to increase agricultural tax credit claims by a minimal amount. Due to the unpredictability of disasters, the impact of the provision could vary significantly from year to year.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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|--|--|--|-----------------|
| LRB Number 19-2253/1 | | Introduction Number SB-387 | |
| Description including crop insurance proceeds in the manufacturing and agricultural 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 | | \$ | \$ |
| NET CHANGE IN REVENUE | | \$See Text | \$ |
| Agency/Prepared By | | Authorized Signature | |
| DOR/ Bradley Caruth (608) 261-8984 | | Michael Oakleaf (608) 261-5173 | |
| | | Date | |
| | | 6/27/2019 | |