

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0164-01  
Bill No.: HB 93  
Subject: Alcohol, Tax Credits  
Type: Original  
Date: December 16, 2014

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Bill Summary: This proposal modifies the Wine and Grape tax credit program.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of Administration's Division of Budget and Planning (BAP)** assume the Wine and Grape tax credits could be sold, reassigned, transferred, or otherwise conveyed between taxpayers under this legislation. There were \$94,186 in issued credits that had not been redeemed at the end of FY 2014. This amount could be redeemed as early as FY '16 if the credits are sold or transferred. Also, this proposal may increase redemptions under this program if subsequent tax credit recipients transfer the credits. Since FY '12, the average annual issuance of Wine and Grape tax credits has been \$53,782 and the average redemption has been \$34,499, a difference of \$19,283.

These tax credits may offset Tax Year 2015 liabilities; therefore, General and Total State Revenues may be reduced as early as FY2016.

Officials at the **Department of Revenue (DOR)** assume the impact on Personal Tax will require one (1) Revenue Processing Technician I (\$26,384) for every 4,000 transfers. The impact on Corporate Tax will require one (1) Revenue Processing Technician (\$26,384) for every 4,000 transfers. The cost of these two FTE is approximately \$84,000 per year.

The average number of certificates issued from FY 2012 - FY 2014 were 12 per year; therefore, **Oversight** assumes DOR's Corporate and Personal Tax Division could absorb the responsibilities of this change with existing resources. Should DOR experience the number of additional tax credit redemptions or transfers to justify additional FTE, they could seek that FTE through the appropriation process.

**Oversight** assumes that allowing individuals to sell the credit does not change the amount of credits that were issued and therefore this proposal has no fiscal impact.

Officials at the **Department of Economic Development** assume no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2016  
(10 Mo.)

FY 2017

FY 2018

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small Businesses in the winery and vineyard industry could be positively impacted by selling credits.

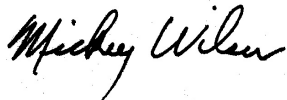
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Office of Administration's Division of Budget and Planning  
Department of Revenue



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December 16, 2014