



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #317

### **Jobs Tax Credit Reestimates (General Fund Taxes -- Income and Franchise Taxes)**

[LFB 2015-17 Budget Summary: Page 176, #7 and #8]

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#### **CURRENT LAW**

The jobs tax credit is a refundable credit equal to: (a) up to 10% of the wages paid to an eligible employee; and/or (b) the amount of costs incurred to undertake training activities in a tax year, as determined by the Wisconsin Economic Development Corporation (WEDC). The credit is paid from the jobs tax credit appropriation, which is a continuing GPR appropriation. Base funding for this appropriation is \$18,000,000. In addition, a balance of almost \$13,300,000 was carried forward from 2013-14, resulting in total expenditure authority of nearly \$31,300,000 in 2014-15.

#### **GOVERNOR**

Convert the jobs tax credit appropriation from a continuing appropriation to a sum sufficient appropriation. Estimate the amount of GPR funding necessary to pay for the jobs tax credit at \$17,000,000, annually.

#### **MODIFICATION**

Estimate the amount of GPR funding necessary to pay for from the jobs tax credit at \$13,600,000 in 2015-16 and \$17,800,000 in 2016-17. Compared to the bill, the reestimate would reduce the amount in the appropriation by \$3,400,000 GPR in 2015-16 and increase the amount in the appropriation by \$800,000 GPR in 2016-17. In addition, increase the estimated amount lapsed to the general fund in 2015-16 by \$22,000,000.

**Explanation:** Under the state's accounting system, the balance carried forward from one fiscal year to the following fiscal year in a continuing GPR appropriation is set aside for the

appropriation's designated use and is not available for other uses. According to the State Comptroller's Office, converting a continuing GPR appropriation to a sum sufficient appropriation would lapse the carryover authority to the general fund. Net of estimated 2014-15 expenditures, the balance on July 1, 2015, for the jobs tax credit appropriation is estimated at \$22,000,000. This modification would reflect the estimated lapse of revenues that would become available in the general fund at the beginning of state fiscal year 2015-16 upon conversion of the appropriation.

This modification would also reestimate GPR funding necessary to pay for sum sufficient expenditures from the jobs tax credit appropriation to more accurately reflect estimated expenditures in the 2015-17 biennium under the bill. The reestimate is based on recent data from WEDC regarding year-to-date jobs tax credit awards and credit allocations.

<b>Change to Bill</b>	
GPR-Lapse	\$22,000,000
GPR	-\$2,600,000

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