

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

<b>1. Type of Estimate and Analysis</b> <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected	<b>2. Date</b> October 29, 2020
<b>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable)</b>  Chapter Tax 2 – Credit for Tax Paid to Another State	
<b>4. Subject</b>  Pass-through entities electing to pay Wisconsin tax on income at the entity level may claim a credit for net taxes paid by the entity on the same income taxable in another state. The proposed rule references relevant laws, adds examples, and clarifies that a Wisconsin resident may not claim a credit for taxes paid by an electing pass-through entity.	
<b>5. Fund Sources Affected</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	<b>6. Chapter 20, Stats. Appropriations Affected</b>
<b>7. Fiscal Effect of Implementing the Rule</b> <input checked="" type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget	
<b>8. The Rule Will Impact the Following (Check All That Apply)</b> <input type="checkbox"/> State's Economy <input type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses <b>(if checked, complete Attachment A)</b>	
<b>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1).</b> \$ 0	
<b>10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>11. Policy Problem Addressed by the Rule</b>  The department has created this proposed rule order to reflect the statutory change provided by 2017 Wisconsin Act 368. The proposed rule order makes no policy or other changes.	
<b>12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments.</b>  A comment period was identified for economic impact and the public was notified. The comment period lasted from September 30, 2020, through October 14, 2020. No specific businesses were contacted.	
<b>13. Identify the Local Governmental Units that Participated in the Development of this EIA.</b>  No local government units participated in the development of this EIA.	
<b>14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)</b>  No impact is anticipated.	
<b>15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule</b>  New rules are being proposed to reflect the law changes described above. If the rules are not changed, they will be incorrect in that they will not reflect current law or current department policy.	

**ADMINISTRATIVE RULES**  
**Fiscal Estimate & Economic Impact Analysis**

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16. Long Range Implications of Implementing the Rule

No long range implications are anticipated.

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17. Compare With Approaches Being Used by Federal Government

There are no similar approaches being used by Federal Government.

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18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

There are no similar approaches being used by neighboring states.

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19. Contact Name

Jen Chadwick

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20. Contact Phone Number

608-266-8253

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**ADMINISTRATIVE RULES**  
**Fiscal Estimate & Economic Impact Analysis**

**ATTACHMENT A**

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1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

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2. Summary of the data sources used to measure the Rule's impact on Small Businesses

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3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

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5. Describe the Rule's Enforcement Provisions

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6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes    No
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**FISCAL ESTIMATE FORM**

**2019 Session**

- ORIGINAL       UPDATED
- CORRECTED     SUPPLEMENTAL

**LRB # 19-**

**INTRODUCTION #**

**Admin. Rule #**

**Subject**

Repealing, amending, and creating rules relating to Chapter Tax 2.955, credit for tax paid to another state

**Fiscal Effect**

**State:**  No State Fiscal Effect  
Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation       Increase Existing Revenues
- Decrease Existing Appropriation       Decrease Existing Revenues
- Create New Appropriation

- Increase Costs - May be Possible to Absorb Within Agency's Budget  Yes  No
- Decrease Costs

**Local:**  No Local Government Costs

- |  |   |
|--|---|
| 1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |
| 2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |

5. Types of Local Governmental Units Affected:
- Towns     Villages     Cities
  - Counties  Others \_\_\_\_\_
  - School Districts     WTCS Districts

**Fund Sources Affected**

- GPR     FED     PRO     PRS     SEG     SEG-S

**Affected Ch. 20 Appropriations**

**Assumptions Used in Arriving at Fiscal Estimate:**

Pass-through entities electing to pay Wisconsin tax on income at the entity level may claim a credit for net taxes paid by the entity on the same income taxable in another state. The proposed rule references relevant laws, adds examples, and clarifies that a Wisconsin resident may not claim a credit for taxes paid by an electing pass-through entity.

Any fiscal effect from the statutory changes would have been included in the bill that allowed pass-through entities to elect to pay tax at the entity level, 2017 Wisconsin Act 368. There is no fiscal effect from the implementation of the statutes under the rule, because the rule change only implements existing law. Additionally, there is no fiscal effect from the repeal of the outdated provisions in the proposed rule.

**Long-Range Fiscal Implications:**

<b>Agency/Prepared by: (Name &amp; Phone No.)</b> Wisconsin Department of Revenue Zachary Petersen <b>(608) 267-2428</b>	<b>Authorized Signature/Telephone No.</b> Robert Schmidt  <b>(608) 266-5773</b>	<b>Date</b>  May 15, 2020
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**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

**2019 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

**LRB # 19**  
**INTRODUCTION**

**Subject**

Repealing, amending, and creating rules relating to Chapter Tax 2.955, credit for tax paid to another state

**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 State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	( FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$ -</b>
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
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		-
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$ -</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ _____	\$ _____

<b>Agency/Prepared by: (Name &amp; Phone No.)</b> Wisconsin Department of Revenue Zachary Petersen (608) 267-2428	<b>Authorized Signature/Telephone No.</b> Robert Schmidt (608) 266-5773	<b>Date</b> May 15, 2020
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