

2007 ASSEMBLY BILL 235

April 10, 2007 – Introduced by Representatives MOULTON, KRAMER, SHERIDAN, VAN ROY, VUKMIR, NYGREN, VRUWINK, ALBERS, MUSSER, WOOD, PETERSEN, DAVIS, M. WILLIAMS, A. OTT, PETROWSKI, LEMAHIEU, GUNDERSON, MONTGOMERY, KESTELL, MOLEPSKE, TOWNSEND, HINES and KLEEFISCH, cosponsored by Senators LASSA, ROESSLER, PLALE, DARLING, SCHULTZ and LEIBHAM. Referred to Committee on Small Business.

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)
 2 (a) 10. and 77.92 (4); and *to create* 71.07 (5i), 71.10 (4) (gxx), 71.28 (5i), 71.30
 3 (3) (epa), 71.47 (5i), 71.49 (1) (epa) and 560.204 of the statutes; **relating to:** an
 4 income and franchise tax credit for workplace wellness programs, granting
 5 rule-making authority, and requiring the exercise of rule-making authority.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for workplace wellness programs. The amount of the credit is equal to 30 percent of the amount that an employer pays in the taxable year to provide a workplace wellness program to any of the employer's employees who are employed in this state. A workplace wellness program is a health or fitness program, as defined by administrative rule by the Department of Commerce, that is provided with health risk assessments.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

6 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

ASSEMBLY BILL 235**SECTION 1**

1 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
2 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5d), and
3 (5e), (5f), and (5h), and (5i) and not passed through by a partnership, limited liability
4 company, or tax-option corporation that has added that amount to the partnership's,
5 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

6 **SECTION 2.** 71.07 (5i) of the statutes is created to read:

7 71.07 (5i) WORKPLACE WELLNESS PROGRAM CREDIT. (a) *Definitions.* In this
8 subsection:

9 1. "Claimant" means a person who files a claim under this subsection.

10 2. "Health risk assessment" means a computer-based health-promotion tool
11 consisting of a questionnaire; a biometric health screening to measure vital health
12 statistics, including blood pressure, cholesterol, glucose, weight, and height; a
13 formula for estimating health risks; an advice database; and a means to generate
14 reports.

15 3. "Workplace wellness program" means a health or fitness program, as defined
16 by rule under s. 560.204 (4), that is provided with health risk assessments and
17 includes the following programs or services:

18 a. Smoking cessation.

19 b. Weight management.

20 c. Stress management.

21 d. Worker injury prevention programs.

22 e. Health screenings.

23 f. Nutrition education.

24 g. Health or fitness incentive programs.

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1 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
2 560.204, a claimant may claim as a credit against the taxes imposed under s. 71.02,
3 up to the amount of those taxes, in each taxable year for 3 years, an amount that is
4 equal to 30 percent of the amount that the claimant paid in the taxable year to
5 provide a workplace wellness program to any of the claimant's employees who are
6 employed in this state, not including any amount paid to acquire, construct,
7 rehabilitate, remodel, or repair real property.

8 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
9 under this subsection and ss. 71.28 (5i) and 71.47 (5i) in any taxable year is
10 \$2,500,000 for all claimants who employ 50 or fewer employees in the taxable year
11 and \$2,500,000 for all claimants who employ more than 50 employees in the taxable
12 year.

13 2. Partnerships, limited liability companies, and tax-option corporations may
14 not claim the credit under this subsection, but the eligibility for, and the amount of,
15 the credit are based on their payment of amounts under par. (b). A partnership,
16 limited liability company, or tax-option corporation shall compute the amount of
17 credit that each of its partners, members, or shareholders may claim and shall
18 provide that information to each of them. Partners, members of limited liability
19 companies, and shareholders of tax-option corporations may claim the credit in
20 proportion to their ownership interests.

21 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
22 s. 71.28 (4), applies to the credit under this subsection.

23 **SECTION 3.** 71.10 (4) (gxx) of the statutes is created to read:

24 71.10 (4) (gxx) Workplace wellness program credit under s. 71.07 (5i).

25 **SECTION 4.** 71.21 (4) of the statutes is amended to read:

ASSEMBLY BILL 235**SECTION 4**

1 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
2 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
3 and (5i) and passed through to partners shall be added to the partnership's income.

4 **SECTION 5.** 71.26 (2) (a) of the statutes is amended to read:

5 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
6 the gross income as computed under the Internal Revenue Code as modified under
7 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
8 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
9 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
10 under this paragraph at the time that the taxpayer first claimed the credit plus the
11 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
12 (1ds), (1dx), (3g), (3n), (3t), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and (5i) and not passed
13 through by a partnership, limited liability company, or tax-option corporation that
14 has added that amount to the partnership's, limited liability company's, or
15 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount
16 of losses from the sale or other disposition of assets the gain from which would be
17 wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise
18 disposed of at a gain and minus deductions, as computed under the Internal Revenue
19 Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to
20 the difference between the federal basis and Wisconsin basis of any asset sold,
21 exchanged, abandoned, or otherwise disposed of in a taxable transaction during the
22 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

23 **SECTION 6.** 71.28 (5i) of the statutes is created to read:

24 71.28 (5i) **WORKPLACE WELLNESS PROGRAM CREDIT.** (a) *Definitions.* In this
25 subsection:

ASSEMBLY BILL 235

1 1. “Claimant” means a person who files a claim under this subsection.

2 2. “Health risk assessment” means a computer-based health-promotion tool
3 consisting of a questionnaire; a biometric health screening to measure vital health
4 statistics, including blood pressure, cholesterol, glucose, weight, and height; a
5 formula for estimating health risks; an advice database; and a means to generate
6 reports.

7 3. “Workplace wellness program” means a health or fitness program, as defined
8 by rule under s. 560.204 (4), that is provided with health risk assessments and
9 includes the following programs or services:

- 10 a. Smoking cessation.
- 11 b. Weight management.
- 12 c. Stress management.
- 13 d. Worker injury prevention programs.
- 14 e. Health screenings.
- 15 f. Nutrition education.
- 16 g. Health or fitness incentive programs.

17 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
18 560.204, a claimant may claim as a credit against the taxes imposed under s. 71.23,
19 up to the amount of those taxes, in each taxable year for 3 years, an amount that is
20 equal to 30 percent of the amount that the claimant paid in the taxable year to
21 provide a workplace wellness program to any of the claimant’s employees who are
22 employed in this state, not including any amount paid to acquire, construct,
23 rehabilitate, remodel, or repair real property.

24 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
25 under this subsection and ss. 71.07 (5i) and 71.47 (5i) in any taxable year is

ASSEMBLY BILL 235**SECTION 6**

1 \$2,500,000 for all claimants who employ 50 or fewer employees in the taxable year
2 and \$2,500,000 for all claimants who employ more than 50 employees in the taxable
3 year.

4 2. Partnerships, limited liability companies, and tax-option corporations may
5 not claim the credit under this subsection, but the eligibility for, and the amount of,
6 the credit are based on their payment of amounts under par. (b). A partnership,
7 limited liability company, or tax-option corporation shall compute the amount of
8 credit that each of its partners, members, or shareholders may claim and shall
9 provide that information to each of them. Partners, members of limited liability
10 companies, and shareholders of tax-option corporations may claim the credit in
11 proportion to their ownership interests.

12 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
13 sub. (4), applies to the credit under this subsection.

14 **SECTION 7.** 71.30 (3) (epa) of the statutes is created to read:

15 71.30 (3) (epa) Workplace wellness program credit under s. 71.28 (5i).

16 **SECTION 8.** 71.34 (1) (g) of the statutes is amended to read:

17 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
18 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
19 (3n), (3t), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and (5i) and passed through to
20 shareholders.

21 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

22 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
23 computed under s. 71.47 (1dd) to (1dx), (3n), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and
24 (5i) and not passed through by a partnership, limited liability company, or tax-option
25 corporation that has added that amount to the partnership's, limited liability

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1 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and
2 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

3 **SECTION 10.** 71.47 (5i) of the statutes is created to read:

4 **71.47 (5i) WORKPLACE WELLNESS PROGRAM CREDIT.** (a) *Definitions.* In this
5 subsection:

6 1. "Claimant" means a person who files a claim under this subsection.

7 2. "Health risk assessment" means a computer-based health-promotion tool
8 consisting of a questionnaire; a biometric health screening to measure vital health
9 statistics, including blood pressure, cholesterol, glucose, weight, and height; a
10 formula for estimating health risks; an advice database; and a means to generate
11 reports.

12 3. "Workplace wellness program" means a health or fitness program, as defined
13 by rule under s. 560.204 (4), and includes health risk assessments and includes the
14 following programs or services:

- 15 a. Smoking cessation.
- 16 b. Weight management.
- 17 c. Stress management.
- 18 d. Worker injury prevention programs.
- 19 e. Health screenings.
- 20 f. Nutrition education.
- 21 g. Health or fitness incentive programs.

22 (b) *Filing claims.* Subject to the limitations provided in this subsection and s.
23 560.204, a claimant may claim as a credit against the taxes imposed under s. 71.43,
24 up to the amount of those taxes, in each taxable year for 3 years, an amount that is
25 equal to 30 percent of the amount that the claimant paid in the taxable year to

ASSEMBLY BILL 235**SECTION 10**

1 provide a workplace wellness program to any of the claimant's employees who are
2 employed in this state, not including any amount paid to acquire, construct,
3 rehabilitate, remodel, or repair real property.

4 (c) *Limitations.* 1. The maximum amount of the credits that may be claimed
5 under this subsection and ss. 71.07 (5i) and 71.28 (5i) in any taxable year is
6 \$2,500,000 for all claimants who employ 50 or fewer employees in the taxable year
7 and \$2,500,000 for all claimants who employ more than 50 employees in the taxable
8 year.

9 2. Partnerships, limited liability companies, and tax-option corporations may
10 not claim the credit under this subsection, but the eligibility for, and the amount of,
11 the credit are based on their payment of amounts under par. (b). A partnership,
12 limited liability company, or tax-option corporation shall compute the amount of
13 credit that each of its partners, members, or shareholders may claim and shall
14 provide that information to each of them. Partners, members of limited liability
15 companies, and shareholders of tax-option corporations may claim the credit in
16 proportion to their ownership interests.

17 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
18 s. 71.28 (4), applies to the credit under this subsection.

19 **SECTION 11.** 71.49 (1) (epa) of the statutes is created to read:

20 71.49 (1) (epa) Workplace wellness program credit under s. 71.47 (5i).

21 **SECTION 12.** 77.92 (4) of the statutes is amended to read:

22 77.92 (4) "Net business income," with respect to a partnership, means taxable
23 income as calculated under section 703 of the Internal Revenue Code; plus the items
24 of income and gain under section 702 of the Internal Revenue Code, including taxable
25 state and municipal bond interest and excluding nontaxable interest income or

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1 dividend income from federal government obligations; minus the items of loss and
2 deduction under section 702 of the Internal Revenue Code, except items that are not
3 deductible under s. 71.21; plus guaranteed payments to partners under section 707
4 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
5 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), (3w), (5b), (5e), (5f),
6 (5g), ~~and (5h)~~, and (5i); and plus or minus, as appropriate, transitional adjustments,
7 depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and
8 (19); but excluding income, gain, loss, and deductions from farming. "Net business
9 income," with respect to a natural person, estate, or trust, means profit from a trade
10 or business for federal income tax purposes and includes net income derived as an
11 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

12 **SECTION 13.** 560.204 of the statutes is created to read:

13 **560.204 Workplace wellness programs.** (1) The department shall
14 implement a program to certify workplace wellness programs under ss. 71.07 (5i),
15 71.28 (5i), and 71.47 (5i).

16 (2) If the department certifies a workplace wellness program under sub. (1),
17 the department shall determine the amount of workplace wellness program credits
18 to allocate to the business providing the workplace wellness program. The total
19 amount of workplace wellness program credits allocated to businesses in any year
20 may not exceed \$5,000,000. In any year, the department may not allocate more than
21 \$2,500,000 in credits to businesses with more than 50 employees, and may not
22 allocate more than \$2,500,000 in credits to businesses with 50 or fewer employees.

23 (3) The department shall inform the department of revenue of every business
24 whose workplace wellness program is certified under sub. (1) and the amount of
25 credits allocated to the business.

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-1412/3 **Introduction Number AB-0235**

Description
 An income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
- Decrease Costs

Local:

- No Local Government Costs
 - Indeterminate
 - 1. Increase Costs
 - Permissive
 - Mandatory
 - 2. Decrease Costs
 - Permissive
 - Mandatory
 - 3. Increase Revenue
 - Permissive
 - Mandatory
 - 4. Decrease Revenue
 - Permissive
 - Mandatory
5. Types of Local Government Units Affected
- Towns
 - Counties
 - School Districts
 - Village
 - Others
 - WTCS Districts
 - Cities

Fund Sources Affected

- GPR FED PRO PRS SEG SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By

COMM/ Julie Keal (608) 266-6748

Authorized Signature

Louie Cornelius (608) 266-8629

Date

4/30/2007

Fiscal Estimate Narratives
COMM 5/1/2007

LRB Number 07-1412/3	Introduction Number AB-0235	Estimate Type Original
Description An income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority		

Assumptions Used in Arriving at Fiscal Estimate

This bill creates the Workplace Wellness Program Tax Credit. All businesses in the state that pay taxes under Chapter 71 of the statutes and that make eligible workplace wellness expenditures are eligible to apply to the Department of Commerce for certification to claim the credit. The department's responsibilities are as follows:

1. Certify workplace wellness programs according to statutory criteria. In order to do so, the department must first define "workplace wellness program" and develop an application process by administrative rule.
2. Allocate tax credits to businesses with certified workplace wellness programs. The department may not annually allocate more than \$2,500,000 in tax credits to businesses with more than 50 employees, and may not allocate more than \$2,500,000 to businesses with 50 or fewer employees. The department shall notify the Department of Revenue of all businesses with certified workplace wellness programs and the amount of the credit allocated to each business.

To administer this program, the department will require 2.0 FTE GPR positions. These positions will be an economic development consultant and a grants specialist. The economic development consultant will work with businesses to determine how best to meet their needs and further economic development. The grants specialist will work with certifying workplace wellness programs and verifying tax credit claims. Annual costs will be as follows:

Salary -- \$82,000
Fringe -- \$35,200
Supplies -- \$12,000

TOTAL -- \$129,200

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1412/3		Introduction Number AB-0235	
Description An income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority			
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	\$117,200		\$
(FTE Position Changes)	(2.0 FTE)		
State Operations - Other Costs	12,000		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$129,200		\$
B. State Costs by Source of Funds			
GPR	129,200		
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, ets.)			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$129,200		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
COMM/ Julie Keal (608) 266-6748		Louie Cornelius (608) 266-8629	4/30/2007

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-1412/3	Introduction Number AB-0235
Description An income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority	
Fiscal Effect	
State:	
<input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input 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 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 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Affected Ch. 20 Appropriations	
Agency/Prepared By	Authorized Signature
DHFS/ Elaine Velez (608) 266-9363	Andy Forsaith (608) 266-7684
	Date
	4/24/2007

Fiscal Estimate Narratives

DHFS 4/25/2007

LRB Number 07-1412/3	Introduction Number AB-0235	Estimate Type Original
Description An income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority		

Assumptions Used in Arriving at Fiscal Estimate

This bill creates an income and franchise tax credit for workplace wellness programs. A workplace wellness program is a health or fitness program, as defined by administrative rule by the Department of Commerce, that is provided with health risk assessments.

The Department of Health and Family Services' (DHFS) wellness program is run by volunteers within the Department. Since DHFS does not pay state taxes, this bill has no fiscal effect on the Department.

Long-Range Fiscal Implications

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-1412/3	Introduction Number AB-0235
Description An income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority	
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 type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriations	
<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <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	
<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	
Affected Ch. 20 Appropriations	
Agency/Prepared By	Authorized Signature
DOR/ Michael Oakleaf (608) 261-5173	Rebecca Boldt (608) 266-6785
	Date
	4/17/2007

Fiscal Estimate Narratives

DOR 4/17/2007

LRB Number 07-1412/3	Introduction Number AB-0235	Estimate Type	Original
Description An income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority			

Assumptions Used In Arriving at Fiscal Estimate

The bill would create an income and franchise tax credit for employers who provide a workplace wellness programs for their employees. The amount of the credit would be equal to 30 percent of the amount that an employer pays in the taxable year to provide a workplace wellness program to any of the employer's employees who are employed in this state, not including any amount paid to acquire, construct, rehabilitate, remodel, or repair real property. The credit may be claimed for three years.

A workplace wellness program is a health or fitness program, as defined by administrative rule by the Department of Commerce, where employees are provided with health risk assessments. The services included in a workplace wellness program include smoking cessation, weight management, stress management, worker injury prevention programs, nutrition education, or health or fitness incentive programs.

The bill states the maximum amount of credit that may be claimed by all claimants is \$5 million per taxable year, with \$2.5 million per year being allocated for businesses with 50 or fewer employees and \$2.5 million per year being allocated for businesses with more than 50 employees. The business could claim the credit for three years.

The estimated fiscal effect of the bill is a reduction in revenue of \$5 million per year, the maximum annual amount of credit allowed. The fiscal effect in a taxable year would be reduced to the extent that taxpayers do not have sufficient tax liability to use all of the credit amounts claimed. In subsequent years, the fiscal effect could be greater than \$5 million if all of the credit claimed in the current year as well as credit amounts carried forward from previous years is used.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1412/3		Introduction Number AB-0235	
Description An income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority			
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	\$		\$-5,000,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$-5,000,000
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-5,000,000		\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Michael Oakleaf (608) 261-5173		Rebecca Boldt (608) 266-6785	4/17/2007