



Legislative Fiscal Bureau

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July 8, 2009

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: State Tax and Fee Modifications Included in 2009 Act 28

A number of legislators have requested information concerning state tax and fee changes included in 2009 Act 28 (the 2009-11 biennial budget act). This memorandum responds to those inquiries.

The attached table provides a brief description of each state tax and fee modification included in Act 28. The table consists of three parts: (1) tax increases and decreases; (2) fee increases and decreases; and (3) measures which would enhance the collection of current taxes or fees. Each entry in the table includes the agency name, a summary of the proposed modification, and an estimate of the revenue change due to the tax or fee modification.

In the table, GPR represents general fund revenue. Revenue to a program revenue account is signified by PR and SEG signifies revenue to a segregated fund. "Unknown" means that no estimate of the revenue impact is available at this time.

In summary, the changes included in 2009 Act 28 will increase net taxes by an estimated \$1,679,424,600 (\$60,500,000 in 2008-09, \$769,894,600 in 2009-10, and \$849,030,000 in 2010-11) and would increase net fees by \$241,908,700 (\$96,009,900 in 2009-10 and \$145,898,800 in 2010-11). In addition, it is estimated that measures included in the act to enhance the collection of current taxes/fees will generate an additional \$130,402,000 (\$70,859,000 in 2009-10 and \$59,543,000 in 2010-11).

The sum of these revenue changes for the 2009-11 biennium is shown below.

Net Tax and Fee Changes

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>Total</u>
GPR	\$0	\$566,413,600	\$587,164,400	\$1,153,578,000
PR	0	43,347,500	58,707,300	102,054,800
SEG	<u>60,500,000</u>	<u>256,143,400</u>	<u>349,057,100</u>	<u>665,700,500</u>
TOTAL	\$60,500,000	\$865,904,500	\$994,928,800	\$1,921,333,300

Enhanced Collection Measures

	<u>2009-10</u>	<u>2010-11</u>	<u>Total</u>
GPR	\$70,859,000	\$59,543,000	\$130,402,000

In addition to the items shown in the attached table, two items warrant separate mention. First, the state earned income tax credit (EITC) will be increased significantly as a result of recent changes to federal law. For tax years 2009 and 2010, the federal credit for families with three or more children will be increased and the income threshold at which the credit begins to phase out for married couples will be raised. Because the state EITC is calculated as a percentage of the federal EITC, these changes will affect expenditures for the state credit. It is estimated that these federal law changes will increase expenditures for the state EITC by \$23.5 million in 2009-10 and \$21.0 million in 2010-11. These figures are not included in the table because the state EITC changes will occur under current state law and are not due to a law change included in the bill.

Second, Act 28 provides \$20 million from the wireless 911 fund for county and municipal aid payments and prohibits the Public Service Commission (PSC) from making distributions from the wireless 911 fund to any person, except for grants and supplemental grants authorized under current law provisions. The wireless 911 fund was created in 2003 on a temporary basis. Surcharges on customers' wireless telecommunications bills were deposited in the fund and used to provide grants to local governments and wireless providers as reimbursement for costs incurred in establishing a system for responding to wireless emergency 911 telephone calls. Surcharges were imposed between December 1, 2005, and July 1, 2008, and state law sunset the grants and other program expenditures on April 1, 2009. Based on an administrative rule, the PSC intended to distribute the closing balance in the fund to wireless providers for redistribution to consumers. Instead, the Act transfers the fund balance to the general fund to supplement funding for aid payments under the county and municipal aid program. This provision prohibits the PSC distribution to wireless providers, as required by rule.

	2009-10	2010-11	Fund Source
TAX INCREASES			
GENERAL FUND TAXES/REVENUE			
Additional Income Tax Bracket. Create a fifth individual income tax bracket with a marginal tax rate of 7.75% for taxable income exceeding the following amounts in tax year 2009: (a) \$225,000 for single individuals, head-of-household filers, and fiduciaries; (b) \$300,000 for married-joint filers; and (c) \$150,000 for married-separate filers.	\$163,353,000	\$123,971,000	GPR
Decrease Capital Gains Exclusion. Decrease the individual income tax exclusion for long-term capital gains from 60% to 30%, except for gains on certain assets used in farming. Retain the current 60% exclusion for gains on sales of farm livestock, farm real property, depreciable farm property, or farm equipment.	\$115,100,000	\$127,400,000	GPR
Deduction for Certain Health Insurance Premiums. Postpone the scheduled phase-in of the deduction for health insurance premiums paid by employees whose employer pays some portion of the employee's health insurance costs by freezing the percentage of deductible expenses at 10% for tax years 2009 and 2010. Set the percentage of deductible expenses at 25% for tax year 2011, 45% for tax year 2012, and 100% for tax years 2013 and thereafter. This deduction for health insurance premiums was enacted as part of 2007 Wisconsin Act 20 and was scheduled to be phased in over a four-year period with the percentage of expenses that could be deducted increasing from 10% for tax year 2008, to 25% for tax year 2009, to 45% for tax year 2010, and to 100% for tax year 2011. This provision delays the phase-in for two years.	\$20,800,000	\$53,000,000	GPR
Deduction for Certain Medical Care Insurance Premiums. Postpone the scheduled phase-in of the deduction for medical care insurance premiums paid by an individual who does not have an employer and who has no self-employment income by freezing the percentage of deductible expenses at 66.7% for tax years 2009 and 2010. Set the percentage of deductible expenses at 100% for tax years 2011 and thereafter. This deduction for medical care insurance premiums was enacted as part of 2005 Wisconsin Act 25 and was scheduled to be phased in over a three-year period with the percentage of expenses that could be deducted increasing from 33.4% for tax year 2007, to 66.7% for tax year 2008, and to 100% for tax year 2009. This provision delays the phase-in for two years.	\$6,600,000	\$7,200,000	GPR
Deduction for Certain Child and Dependent Care Expenses. Delay the initial applicability of the deduction for certain expenses related to child and dependent care, which may be claimed under the federal credit for child and dependent care expenses, from tax year 2009 to tax year 2011. Postpone the phase-in of the deduction by two years by extending the deduction as follows: (a) for tax year 2011, up to \$750 for one qualified individual and up to \$1,500 for more than one qualified individual; (b) for tax year 2012, up to \$1,500 for one qualified individual and up to \$3,000 for more than one qualified individual; (c) for tax year 2013, up to \$2,250 for one qualified individual and up to \$4,500 for more than one qualified individual; and (d) for tax years 2014 and thereafter, up to \$3,000 for one qualified individual and up to \$6,000 for more than one qualified individual. The deduction for child and dependent care expenses was enacted as part of 2007 Wisconsin Act 20 and was scheduled to be phased in over a four-year period between tax years 2009 and 2012. This provision delays the phase-in for two years.	\$5,700,000	\$10,200,000	GPR

	2009-10	2010-11	Fund Source
<p>Domestic Production Activities Deduction. Eliminate state individual income and corporate income and franchise tax references to Internal Revenue Code (IRC) provisions that provide a deduction for domestic production activities income. As a result, the deduction could not be taken under the state individual and corporate income and franchise taxes. The decoupling from the IRC provision applies to tax years beginning on or after January 1, 2009.</p>	\$27,300,000	\$27,000,000	GPR
<p>Throwback Sales. Require the following sales to be included 100%, rather than 50%, in the sales factor of the apportionment formula:</p> <p>a. Sales of tangible personal property that is shipped from an office, store or warehouse, factory, or other place of storage in Wisconsin, and delivered to the federal government outside the state, and the taxpayer is not within the jurisdiction, for income tax purposes, of the destination state.</p> <p>b. Sales of tangible personal property that is shipped from an office, store, warehouse, factory, or other place of storage in Wisconsin to a purchaser, other than the federal government, and the taxpayer is not within the jurisdiction, for income tax purposes, of the destination state.</p> <p>c. Sales of tangible personal property by an office in Wisconsin to a purchaser in another state, that are not shipped or delivered from Wisconsin if the taxpayer is not within the jurisdiction, for income tax purposes, of either the state from which the property is delivered or shipped, or of the destination state.</p> <p>The provisions first apply to tax years beginning on or after January 1, 2009.</p> <p>Under current law, in general, a single sales factor apportionment formula is used to apportion the income of a multistate corporation to Wisconsin. The sales factor is the ratio of the total sales of the taxpayer in the state to total sales everywhere. For the sales factor, sales of tangible personal property are generally considered to be in Wisconsin if the property is delivered or shipped to a purchaser within Wisconsin or if the property is shipped from Wisconsin and the taxpayer is not subject to the taxing jurisdiction of the state of destination. The latter type of sales are "throwbacks" and, prior to Act 28, 50% of such sales were included in the apportionment formula. In addition, sales of tangible personal property from an office in the state, but shipped from an out-of-state supplier to an out-of-state customer are considered throwback sales, if the taxpayer is not subject to the taxing jurisdiction of the states in which the supplier or customer are located. Sales to the federal government are only considered to be in Wisconsin if they are shipped from a location within the state and are delivered to the federal government at a location within the state or if they are "throwback" sales. Prior to Act 28, 50% of federal throwback sales were included in the apportionment formula.</p>	\$44,500,000	\$36,000,000	GPR
<p>Delay Electronic Medical Records Credit. Provide that the electronic medical records tax credit under the state individual income and corporate income and franchise taxes could first be claimed for tax years beginning after December 31, 2011, rather than for tax years beginning after December 31, 2009, as under prior law. Also, specify that the credit could be used to offset individual income tax minimum tax liability, to provide comparable treatment to that provided for other tax credits.</p> <p>The 2007-09 biennial budget act (2007 Wisconsin Act 20) created an electronic medical records tax credit under the individual and corporate income and franchise taxes. The tax credit equals 50% of the amount paid by a health care provider in a tax year for information technology hardware or software that is used to maintain medical records in an electronic form.</p>	\$4,500,000	\$10,000,000	GPR

	2009-10	2010-11	Fund Source
Delay Community Rehabilitation Program Tax Credit. Delay implementation of the community rehabilitation program tax credit enacted in 2007 Act 20 until tax years beginning on or after July 1, 2011, rather than July 1, 2009, under prior law. Act 20 created a community rehabilitation program tax credit equal to 5% of the amount that a claimant pays to a community rehabilitation program to perform work for the claimant's business, pursuant to a contract. The credit will be available under the individual income tax and the corporate income and franchise tax.	\$3,300,000	\$3,300,000	GPR
Delay Biodiesel Fuel Production Tax Credit. Delay the effective date for the biodiesel fuel production tax credit, under the state individual income and corporate income and franchise taxes, to apply to tax years beginning after December 31, 2011, and before January 1, 2015. The credit is equal to 10 cents per gallon of biodiesel fuel produced by biodiesel fuel producers in the state that produce at least 2.5 million gallons of biodiesel fuel per year. The maximum credit that can be claimed is \$1,000,000. Under prior law, the credit was to be effective for tax years beginning after December 31, 2009, and before January 1, 2013.	\$800,000	\$1,800,000	GPR
Film Tax Credit. Repeal the current film production services tax credit and create a new refundable film production services tax credit equal to: (a) 25% of salaries, wages and/or contract payments to all Wisconsin residents, including actors, with compensation of less than \$250,000; and (b) 25% of non-labor production expenses incurred in Wisconsin. At least 35% of a project's total budget would have to be spent in Wisconsin. Total film production services and production company investment tax credit claims will be limited to \$500,000 annually.	\$4,500,000	\$4,500,000	GPR
Angel and Early Stage Seed Investment Credits. Specify that, for calendar years beginning after December 31, 2007, an investment for which the angel investment tax credit or early stage seed investment tax credit was claimed must be held for three years or the claimant would have to repay the amount of credit that the claimant received related to the investment. Under prior law, in order to claim an angel or early stage seed investment credit an investment had to have been held in a certified business or with a certified fund manager for at least three years. Also, an investment for which an angel investment credit was claimed had to have been held for at least one year or the credit would have to had been repaid.	Minimal	Minimal	GPR

	2009-10	2010-11	Fund Source
<p>Sales Tax Treatment of Disregarded Entities. Provide that a single-owner entity that is disregarded as a separate entity for income or franchise tax purposes must also be disregarded as a separate entity for sales and use tax purposes.</p> <p>A disregarded entity is a separate entity from its owner, but the disregarded entity and its owner are treated as a single entity for income or franchise tax purposes. Businesses may establish separate entities from their owners, such as single-member limited liability companies (LLCs), for liability reasons; so that if the business is sued, the owner would not be liable for the lawsuit. The owner then chooses to disregard these separate entities for the purposes of the business owner's income or franchise tax return.</p> <p>Under prior law, the owner of a single-owner entity that was disregarded as a separate entity for purposes of the income or franchise tax was regarded as a separate entity for purposes of the sales and use tax. According to the Department of Revenue (DOR), separate entity treatment under the sales and use tax for disregarded entities encouraged some businesses to engage in a number of tax avoidance strategies, some of which became common practice. For example, an owner entity could create a separate transportation company solely to haul products for the owner. In the absence of the separate company, the owner would owe tax on its purchases of trucks, trailers, and other hauling equipment. However, the separate transportation company would have qualified for the sales tax exemption for vehicles purchased by common or contract carriers.</p> <p>The Act 28 provision is intended to eliminate the ability of parent companies to avoid the sales and use tax for these types of transactions.</p>	\$19,800,000	\$21,000,000	GPR
<p>Sales Tax Exemptions for Alternative Energy -- Delayed Effective Date. Delay the effective date of the following two sales and use tax exemptions until July 1, 2011: (a) a product, other than an uninterruptible power source for computers, whose power source is wind energy, direct radiant energy received from the sun, or gas generated from anaerobic digestion of animal manure and other agricultural waste, if the product produces at least 200 watts of alternative current or 600 British thermal units per day; and (b) electricity or energy that is produced from such a product. Under prior law, pursuant to 2007 Act 20, these two sales and use tax exemptions were scheduled to take effect July 1, 2009.</p>	\$1,300,000	\$1,300,000	GPR
<p>Sales and Use tax on Towing and Hauling of Motor Vehicles. Clarify that the sales and use tax is imposed on both the hauling and towing of motor vehicles. Prior to Act 28, the statutes only referred to "towing" vehicles, although "hauling" vehicles on a flatbed truck has become a common practice. DOR indicates that the tax was generally paid on both hauling and towing vehicles. By clarifying in the statutes that both the hauling and towing of motor vehicles are subject to the sales and use tax, Act 28 preserves the sales tax collection of an estimated \$2.4 million in 2009-10 and \$2.5 million in 2010-11 related to flatbed hauling of motor vehicles.</p>	See Text	See Text	GPR
<p>Sales Tax Definition of Manufacturing. Modify certain sales and use tax exemptions for tangible personal property or services consumed in the process of manufacturing to reflect administrative rules and collection practices. The proposal will take effect on August 1, 2009.</p>	Minimal	Minimal	GPR

	2009-10	2010-11	Fund Source
<p>Retailer's Discount. Impose a \$1,000 limit on the amount a retailer may deduct under the retailer's discount for filing a sales and use tax return with DOR. Specify that the provision first applies to sales and use tax returns that are payable on August 1, 2009.</p> <p>Sales tax returns and payments are generally due on a quarterly basis, but the Department may require sellers with a quarterly liability exceeding \$600 to report monthly, due on the last day of the next month. Sellers with a quarterly liability exceeding \$3,600 may be required to report monthly, due on the 20th day of the next month. Retailers with a sales and use tax liability of \$300 or less have the option of filing annually. The Department may also permit a different reporting period. Sellers may deduct the retailer's discount from taxes due as compensation for administrative costs equal to the greater of \$10 or 0.5% of the tax liability per reporting period, but not more than the amount of tax actually payable. If reports and payments are delinquent, the discount is forfeited.</p>	\$5,200,000	\$5,500,000	GPR
<p>Cigarette Tax. Increase the cigarette tax by \$0.75 per pack (from \$1.77 to \$2.52), effective on September 1, 2009.</p>	\$152,800,000	\$155,200,000	GPR
<p>Tobacco Products Tax. Convert the tax on moist snuff from a weight-based tax of \$1.31 per ounce to a price-based tax equal to 100% of the manufacturer's established list price. Increase the tax on other tobacco products from 50% of the manufacturer's price to 71% of the manufacturer's price. These provisions will take effect on September 1, 2009.</p>	\$12,180,000	\$14,600,000	GPR
<p>HEALTH SERVICES</p>			
<p>2008-09 Hospital Assessment. Increase the amount DHS is authorized to collect from the assessment on hospitals' gross patient revenues by \$60,500,000. DHS uses this revenue to fund several types of medical assistance (MA) payments to hospitals, increased payments to health maintenance organizations (which are required to pass along this funding to hospitals in their networks), and to increase revenue to the MA trust fund to support MA benefits costs. The \$60.5 million will be collected in 2008-09.</p>			
<p>2009-11 Hospital Assessment. Increase the amount DHS is authorized to collect from the assessment on hospitals' gross patient revenues, compared with the assessment authorized in 2009 Act 2 for state fiscal year 2008-09, by \$103,249,400 in 2009-10 and by \$139,062,200 in 2010-11. DHS uses this revenue to fund several types of medical assistance (MA) payments to hospitals, increased payments to health maintenance organizations (which are required to pass along this funding to hospitals in their networks), and to increase revenue to the medical assistance trust fund to support MA benefits costs.</p>	\$103,249,400	\$139,062,200	SEG
<p>Assessment on Ambulatory Surgical Centers. Authorize the Department of Revenue (DOR) to impose an assessment on the gross patient revenues of ambulatory surgical centers located in Wisconsin. DOR is expected to collect \$22,047,400 in 2009-10 and in 2010-11. From those total assessment revenues, DOR will retain 0.5% for administrative costs, and transfer the balance to the MA trust fund, where the funds will be used to increase MA reimbursements to ambulatory surgical centers (\$11,437,200 annually, along with associated federal MA matching funds), and to support general MA benefit expenditures (\$10,500,000 annually).</p>	\$22,047,400	\$22,047,400	SEG

	2009-10	2010-11	Fund Source
<p>Nursing Home Bed Assessment. Increase the assessment on licensed beds in nursing homes, from \$75 per month to \$150 per month in 2009-10, and from \$150 per month to \$170 per month in 2010-11. The additional revenue the state will collect from the assessment will be deposited to the segregated medical assistance (MA) trust fund and partially used to fund rate increases to these facilities and to increase revenue to the MA trust fund to support MA benefits costs. This change will increase revenues to the MA trust fund by an estimated \$33,298,700 in 2009-10 and by \$41,272,300 in 2010-11. In addition, exempt the Veterans Homes from the bed assessment in the 2009-11 biennium. Reduce estimated revenues to the MA trust fund by \$1,513,900 in 2009-10 and \$1,715,700 in 2010-11.</p>	\$31,784,800	\$39,556,600	SEG
<p>PUBLIC SERVICE COMMISSION</p> <p>Police and Fire Protection Fee. Impose a police and fire protection fee equal to seventy-five cents per month on each active retail voice communications service connection with an assigned telephone number, including a communication service provided via a voice over Internet protocol connection. If a communications provider provides multiple communications service connections to a subscriber, require the communications provider to impose a separate fee on each of the first ten connections and one additional fee for each ten additional connections per billed account.</p> <p>Exclude prepaid wireless telecommunications plans from the fee, and, instead, extend a police and fire protection fee on prepaid wireless telecommunications plans equal to one-half of the fee imposed on other types of service connections, as described above, on each retail transaction, and require the seller to collect the fee from the buyer with respect to each transaction occurring in the state. Allow providers and retailers to list the fee separately on subscribers' bills or combine the fee with the countywide 911 charge imposed under current law.</p> <p>Impose each fee beginning on September 1, 2009. Require subscribers to pay the fee to the provider or retailer and require the provider or retailer to remit the fee to the PSC by the end of the calendar month following the month the provider or retailer received the fee from the subscriber. Specify that the fee is not included in calculating state or local sales taxes.</p> <p>Authorize the PSC to administer the fee, and specify that the Commission is authorized to promulgate rules, commence collection actions, and contract with the Department of Revenue for the collection of fees from retailers. Authorize 1.0 FTE position and provide \$166,600 SEG annually to the PSC. Create a SEG fund called the police and fire protection fund and deposit revenues from the fee in the fund. Increase state revenues from the fee by an estimated \$46,400,000 in 2009-10 and \$61,200,000 in 2010-11. Appropriate an estimated \$46,233,400 in 2009-10 and \$61,033,400 in 2010-11 from the police and fire protection fund for county and municipal aids and reduce the county and municipal aids GPR appropriation by the same amounts.</p>	\$46,400,000	\$61,200,000	SEG
<p>SHARED REVENUE AND TAX RELIEF</p> <p>Replace Existing Farmland Tax Credit with a Per Acre Farmland Preservation Credit. Beginning after tax year 2009, end both the farmland preservation tax credit, except for those claimants under an existing farmland preservation agreement, and the farmland tax relief credit. Beginning in tax year 2010, replace these existing credits with a new, per acre farmland preservation credit using most of the current law funding for the existing credits.</p> <p>Under prior law, in 2010-11, \$13,100,000 GPR would have been provided or the existing farmland preservation credit and \$15,000,000 SEG from the lottery fund for</p>	\$0	\$692,800	GPR

	2009-10	2010-11	Fund Source
<p>the farmland tax relief credit. Under Act 28, only \$400,000 GPR will remain in 2010-11 to fund any claims for an existing farmland preservation credit filed by the remaining agreement holders. The new, per acre credit will have total funding of \$27,007,200 GPR in 2010-11.</p> <p>Total funding for the new credit will be \$692,800 less than the prior law funding for the existing credits.</p>			
SUBTOTAL -- TAXES -- INCREASES	\$587,733,000 \$203,481,600	\$602,663,800 \$261,866,200	GPR SEG
TAX DECREASES			
GENERAL FUND TAXES/REVENUE			
<p>Taxation of Capital Gain Reinvested in New Business Ventures. Permit taxpayers to subtract from federal adjusted gross income any amount, up to \$10 million, of a long-term capital gain if the taxpayer reinvests all of the proceeds from the gain in a qualified new business venture within 180 days of the sale of the asset generating the gain. Specify that the basis for the investment in the new business venture be calculated by subtracting the initial gain from the investment. Prohibit a claimant from using the initial gain to net capital gains and losses as otherwise allowed under current law. (State law limits the amount of capital losses that may be used to offset ordinary income to \$500 annually, with the remainder carried over to future years.)</p> <p>This provision will apply to individuals; individual partners or members of partnerships, LLCs, or limited liability partnerships; and individual shareholders of tax-option corporations.</p> <p>Require the Department of Commerce to implement a program to certify qualified new business ventures, and authorize Commerce to certify businesses as such if they are engaged in: (a) developing a new product or business process; or (b) manufacturing, agriculture, or processing or assembling products and conducting research and development. Prohibit Commerce from certifying businesses that are engaged in real estate development; insurance; banking; lending; lobbying; political consultation; professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants; wholesale or retail sales; leisure; hospitality; transportation; or construction.</p> <p>The new tax deferral will first apply for tax years beginning after December 31, 2010, so no fiscal effect is estimated for the 2009-11 biennium. The deferral will reduce individual income tax collections by an estimated \$14.0 million annually in the 2011-13 biennium.</p>	See Text	See Text	GPR
<p>Indexing of Individual Income Tax Provisions. Modify the indexing provisions for the sliding scale standard deduction and individual income tax brackets to specify that the annual indexing adjustment cannot be a negative number, beginning with the 2012 tax year.</p>	\$0	\$0	GPR
<p>Itemized Deduction Credit. Beginning in tax year 2009, permit taxpayers to include casualty losses that are directly related to a presidentially declared disaster, as provided under federal law, in the calculation of the itemized deduction credit on the individual income tax.</p>	-\$240,000	\$0	GPR

	2009-10	2010-11	Fund Source
EdVest. Modify provisions allowing an individual income tax deduction for contributions to college savings accounts (EdVest) by extending the deduction to contributions made by parents where the beneficiary is their child, but is not their dependent under federal individual income tax provisions. Set the total annual deduction at \$3,000 per beneficiary, claimed by married persons filing jointly or separately or by divorced or legally separated parents of a child. Provide that the total annual deduction, per beneficiary, claimed by a married person filing separately or by a previously married person filing separately may not exceed \$1,500 per claimant, but provide that a former spouse may claim a higher amount if a divorce judgment specifies a different division of the \$3,000 maximum contribution. Extend this treatment to taxable years beginning on January 1, 2010.	\$0	-\$400,000	GPR
Internal Revenue Code Update. Update statutory references to the federal Internal Revenue Code under the state individual income and corporate income and franchise taxes to include changes to the IRC included in the federal Worker, Retiree, and Employer Recovery Act that waive the minimum distribution amount from federal tax-deferred retirement savings accounts for calendar year 2009. Otherwise, a 50% federal penalty is imposed on individuals failing to take a minimum distribution. This provision suspends the state's penalty, which equals 33% of the federal penalty, for the same calendar year period.	-\$18,080,000	-\$6,100,000	GPR
Corporate Income And Franchise Tax -- Combined Group Tax Credit Sharing. Provide that, for any year that a corporation that was a member of a combined group had an unused research credit and/or research facilities tax credit or credit carry-forward, the corporation could, after using the credit or carry-forward to offset the corporation's own tax liability, use the unused credit or credit carry-forward to offset the tax liability of all the other members of the combined group, on a proportionate basis. If the corporation was not included in the combined group, the corporation could only apply unused tax credits to that corporation's tax liability, unless otherwise provided by the Department of Revenue by rule. This provision will apply to tax years beginning on or after January 1, 2009.	-\$3,000,000	-\$3,000,000	GPR
Ethanol and Biodiesel Fuel Credit. Allow the ethanol and biodiesel fuel pump tax credit to be used to offset individual income tax minimum tax liability. This modification provides comparable treatment to that for other tax credits, and applies retroactively to tax years beginning after December 31, 2007.	Minimal	Minimal	GPR
Historic Rehabilitation Credit. Modify statutory provisions relating to claiming the state supplement to federal historic rehabilitation tax credit.	Minimal	Minimal	GPR
Enterprise Zones Capital Investment Tax Credit. Create a refundable capital investment tax credit equal to up to 10% of the claimant's significant capital expenditures in an enterprise zone, as determined by the Department of Commerce. Authorize Commerce to certify a business that made a significant capital expenditure in an enterprise zone to receive additional tax benefits in an amount determined by the Department, but not exceeding 10% of the firm's capital expenditures. Require Commerce to allocate the tax benefits received by a business over the remainder of the life of the enterprise zone. Require the Department to define "significant capital expenditure" by rule.	Minimal	Minimal	GPR
Super Research Tax Credit. Create, under the state corporate income and franchise tax, for tax years beginning on or after January 1, 2011, a super research and development tax credit equal to the amount of qualified research expenses paid or incurred by the corporation in a tax year that exceeded 1.25 times the average annual amount of qualified research expenses paid or incurred in the previous three tax years. Unused credit amounts could be carried forward up to five years to offset future tax liabilities. The super research and development tax credit will reduce state corporate income and franchise taxes by an estimated \$5.0 million in 2010-11 and \$10.0 million annually in 2011-12 and thereafter.	\$0	-\$5,000,000	GPR

	2009-10	2010-11	Fund Source
<p>Jobs Tax Credit. Create a refundable jobs credit under the individual income tax and the corporate income and franchise tax for tax years beginning after December 31, 2009, but specify that credit claims could not be paid until tax years beginning after December 31, 2011. Limit the total amount of jobs tax credits that could be claimed for tax years beginning on or after January 1, 2010, and ending on June 30, 2013, to \$14.5 million. In future years, limit the amount of total assets that could be claimed to \$5 million per year.</p> <p>In order to claim the credit, a person would have to be certified by the Department of Commerce. Commerce could certify a person, for up to 10 years, if: (a) the person was operating or intended to operate a business in this state; and (b) the person applied and entered into a contract with Commerce.</p> <p>A person that was certified could claim the jobs tax credit if, in each year for which the person claimed the tax credit, the person increased net employment in the person's business. The jobs tax credit will equal up to 10% of certain wages paid to eligible employees and/or the amount of certain costs incurred to undertake training activities in a tax year.</p> <p>Since the credit will not be paid until tax years beginning after December 31, 2011, the jobs tax credit will not have a fiscal effect during the 2009-11 biennium. It is estimated that the credit will increase general fund expenditures by \$14.5 million in the 2011-13 biennium.</p>	See Text	See Text	GPR
<p>Beginning Farmer and Farm Asset Owner Tax Credits. Create a refundable beginning farmer tax credit and a refundable farm asset owner tax credit under the state individual income and corporate income and franchise taxes, including the individual income minimum tax, for tax years beginning after December 31, 2010.</p> <p>The beginning farmer tax credit will equal the amount paid by the beginning farmer to enroll in a financial management program in the year to which the claim related. The credit could be claimed on one-time basis, and the maximum credit will be \$500.</p> <p>The farm asset owner tax credit will equal 15% of the amount received by an established farmer for leasing agricultural assets to a beginning farmer in the year to which the claim related. The credit could only be claimed for the first three years of any lease of the established farmer's assets to a beginning farmer.</p> <p>Because the tax credits will first apply to tax years beginning after December 31, 2010, there will not be a fiscal effect during the 2009-11 biennium. However, the tax credits will cost an estimated \$0.7 million in 2011-12, and \$1.0 million annually thereafter.</p>	See Text	See Text	GPR
<p>Kenosha Development Opportunity Zone. Require the Department of Commerce to designate an area in the City of Kenosha as a development opportunity zone to exist for five years. Any business that located and conducted activity in the zone would be eligible to claim the development zone environmental remediation and jobs tax credit and the development zone capital investment tax credit, and the maximum amount of tax credits that could be claimed by businesses in the zone will be \$5.0 million. In order to claim tax credits, a business that conducts economic activity in the Kenosha development opportunity zone would have to submit a project plan to Commerce, and comply with other statutory provisions governing development opportunity zones. Commerce could extend the zone an additional five years, and provide an additional \$5.0 million in tax credits, if it would support economic development in the city. It is estimated that there will be a minimal revenue loss in the 2009-11 biennium and that \$5 million in tax credits will be claimed over the next two biennia.</p>	See Text	See Text	GPR

	2009-10	2010-11	Fund Source
<p>Janesville Development Opportunity Zone. Require the Department of Commerce to designate an area in the City of Janesville as a development opportunity zone to exist for five years. Any business that located and conducted activity in the zone would be eligible to claim the development zone environmental remediation and jobs tax credit and the development zone capital investment tax credit, and the maximum amount of tax credits that could be claimed by businesses in the zone will be \$5.0 million. In order to claim tax credits, a business that conducts economic activity in the Janesville development opportunity zone would have to submit a project plan to Commerce, and comply with other statutory provisions governing development opportunity zones. Commerce could extend the zone an additional five years, and provide an additional \$5.0 million in tax credits, if it would support economic development in the city. It is estimated that there will be a minimal revenue loss in the 2009-11 biennium and that \$5 million in tax credits will be claimed over the next two biennia.</p>	See Text	See Text	GPR
<p>Sales Tax Exemption for Youth Sports. Create an exemption from the sales and use tax for admissions sold by nonprofit organizations to participate in any sports activity in which more than 50% of the participants are of age 19 or younger. Under current law, the state sales and use tax is generally imposed on the sale of admissions to amusement, athletic, entertainment, or recreational events.</p>	Minimal	Minimal	GPR
<p>Sales and Use Tax Exemptions for Biotechnology and Manufacturing Research. Create exemptions from the sales and use tax for purchases of: (a) machinery and equipment, including attachments, parts, and accessories, that are sold to persons who are engaged primarily in manufacturing or biotechnology in this state and are used exclusively and directly in qualified research; (b) tangible personal property that is sold to persons who are engaged primarily in manufacturing or biotechnology in this state, if the property is consumed, destroyed, or loses its identity while being used exclusively and directly in manufacturing or biotechnology qualified research; and (c) machines, specific processing equipment, and certain tangible personal property used in raising animals used exclusively and directly in qualified biotechnology or manufacturing research.</p> <p>The proposal will become effective January 1, 2012. There is no fiscal effect for the 2009-11 biennium. The exemption is estimated to reduce sales tax revenue by \$6.5 million in 2011-12 and \$13.0 million in 2012-13 and annually thereafter.</p>	See Text	See Text	GPR
<p>Sales and Use Tax Exemption for Native American Purchasers. Create an exemption from the sales and use tax for purchases made by any federally recognized American Indian tribe or band in this state. This provision will become effective on August 1, 2009.</p>	Minimal	Minimal	GPR

	2009-10	2010-11	Fund Source
<p>Use Tax Credit for Taxes Paid to Tribes. Provide a credit against the use tax equal to the amount of sales, use, or excise tax paid to a federally recognized American Indian tribe or band if the purchase, rental, or lease of tangible personal property or service occurred on tribal lands. Specify that the credit is allowed as determined by an agreement between DOR and the tribal council and that the credit will only apply if the tribal tax is imposed prior to imposition of the use tax.</p> <p>Under current law, if the purchase, rental, or lease of tangible personal property or service subject to the 5% use tax was subject to a sales tax by another state in which the purchase was made, the amount of sales tax paid to the other state is applied as a credit against and deducted from the use tax owed to this state. Act 28 provides a similar credit for the amount of sales, use, or excise tax paid to a federally recognized American Indian tribe or band under specified circumstances.</p> <p>According to DOR, no tribes in this state impose a sales tax; however, certain tribes in this state do impose room taxes. Tribes in other states (such as Minnesota, North Dakota, and South Dakota) currently impose a sales tax, and some Wisconsin tribes have expressed interest in adopting and imposing a sales tax on sales that occur on tribal lands.</p>	Minimal	Minimal	GPR
<p>Sales and Use Tax Exemption for Fuel Used by Chartered Fishing Vessels. Create a sales and use tax exemption for fuel consumed by boats during business associated with chartered fishing by persons possessing a sport trolling license. The provision will take effect on August 1, 2009.</p>	Minimal	Minimal	GPR
<p>Expand Cigarette and Tobacco Products Tax Tribal Refunds. Authorize DOR to provide refunds of state excise taxes on cigarettes and other tobacco products sold by tribal retailers if the land on which the sale occurred was designated a reservation or trust land on or before January 1, 1983, or on a later date as determined by an agreement between DOR and the tribal council. Under prior law, DOR was only permitted to enter into agreements with, and pay refunds to, tribes whose land was designated a reservation or trust land prior to January 1, 1983.</p>	Minimal	Minimal	GPR
<p>Real Estate Transfer Fee Exemption for Domestic Partners. Provide an exemption from the real estate transfer fee for conveyances of real property between domestic partners. Current law exempts certain transfers between family members from the fee, such as conveyances between husband and wife, as well as conveyances for little or no consideration between parent and child, stepparent and child, parent and son-in-law, or parent and daughter-in-law.</p>	Minimal	Minimal	GPR
<p>Interest Waiver for Disasters. Provide that interest on unpaid individual income or corporate income and franchise taxes, or interest that would otherwise be due for underpayment of estimated taxes, would not be imposed, if the taxpayer was granted an extension in filing an income or franchise tax return due to a presidentially declared disaster or terroristic or military action under federal law. Interest on late payments of withholding taxes would not be imposed on a pass-through entity that was granted a federal extension in filing an income tax return due to a presidentially declared disaster or terroristic or military action. The interest exclusion will apply during the extension period and for 30 days after the end of the federal extension period.</p> <p>In addition, authorize DOR to extend, for up to one month, the period for submitting a withholding tax return or paying any required amount of withholding taxes by employers. The extension could be granted at any time, if the extension request was filed with DOR within or before the period for which the extension was requested.</p> <p>These provisions will first apply to tax years beginning after December 31, 2008.</p>	Minimal	Minimal	GPR

	2009-10	2010-11	Fund Source
<p>Tribal Agreements. Authorize DOR to enter into agreements with federally recognized American Indian tribes or bands in this state to collect, remit, and provide refunds of the following state taxes for activities that occur on tribal lands or are undertaken by tribal members outside of tribal lands: (a) individual income taxes; (b) withholding taxes; (c) sales and use taxes; (d) motor vehicle fuel taxes; and (e) alcoholic beverage taxes.</p> <p>All tax and financial information disclosed during negotiations, or exchanged pursuant to a final agreement will be subject to state income and sales tax confidentiality provisions. The Department will be required to submit a copy of each agreement negotiated to the Joint Committee on Finance no later than 30 days after the agreement was signed by the Department and the tribe or band. The fiscal effect of this provision will depend upon the terms of the agreements.</p> <p>Under prior law, DOR was authorized to enter into agreements to refund, to the tribal council having jurisdiction, cigarette and tobacco products taxes collected on the reservation or trust land on which the sale is made if certain conditions were met.</p>	Unknown	Unknown	GPR and SEG
SHARED REVENUE AND TAX RELIEF			
<p>Homestead Tax Credit -- Indexing Formula Factors. Beginning with calendar year 2010, Act 28 increases the maximum household income level, maximum property tax amount, and threshold formula factors under the homestead tax credit each year from their current levels of \$24,500, \$1,450, and \$8,000, respectively, by the percentage change between the average Consumer Price Index (CPI), as determined by the federal Department of Labor, for all urban consumers, U.S. city average, for the twelve months ending in July of the previous year and the average of the same index for the twelve months ending in July, 2008. The adjustment to the formula factors will only occur if the change in the CPI is a positive change.</p> <p>Based on these provisions, the formula changes could first affect the cost of the homestead tax credit in 2010-11. However, because the projected change in the average CPI for August, 2008, through July, 2009, over August, 2007, through July, 2008, will likely result in a negative number, there will be no adjustment to the three formula factors for tax year 2010 claims. Therefore, there is no change in the estimated cost of the credit in 2010-11 associated with these formula changes.</p>	\$0	\$0	GPR
<p>Homestead Tax Credit -- Deduction for Dependents. Beginning with calendar year 2010, Act 28 increases the allowable deduction from household income for a claimant's dependants from \$250 per dependent to \$500 per dependent.</p>	\$0	-\$1,000,000	GPR
SUBTOTAL -- TAXES -- DECREASES	-\$21,320,000	-\$15,500,000	GPR
FEE INCREASES			
ADMINISTRATION			
<p>Increase Low-Income Assistance Fee. Require the DOA to increase the amount of the low-income assistance fee charged by utilities to generate additional revenues of \$9,139,700 in 2009-10 and 2010-11, for deposit into the utility public benefits fund. Create a district attorney salary and fringe benefits appropriation funded from public benefits and provide \$9,139,700 SEG annually, and reduce the agency's GPR appropriation for salary and fringe benefits by the same amounts.</p>	\$9,139,700	\$9,139,700	SEG

	2009-10	2010-11	Fund Source
<p>Justice Information System Surcharge. Increase the justice information system surcharge by \$9.50 to \$21.50. Under current law, the surcharge is generally assessed with a court fee for the commencement or filing of certain civil court proceedings, including large claims, small claims, forfeiture, wage earner, or garnishment actions, an appeal from municipal court, third party complaint in a civil action, or for filing a counterclaim or cross complaint in a small claims action.</p>	\$4,845,000	\$6,460,000	PR
<p>AGRICULTURE, TRADE AND CONSUMER PROTECTION</p>			
<p>Farmland Preservation Conversion Fees. Require conversion fees for each acre or portion of an acre: (a) rezoned from a farmland preservation zoning district; or (b) terminated or released from a farmland preservation agreement. For rezonings, conversion fees are assessed beginning January 1, 2010. For farmland preservation agreements, fees apply to new agreements or existing agreements modified to receive the farmland preservation tax credit.</p> <p>State conversion fees are generally three times the per-acre value of the highest value category of tillable cropland in the city, village or town in which the rezoned land is located, as specified by the Department of Revenue. Conversion fees are payable to the local unit of government with jurisdiction over the land. Local governments are required to report to DATCP annually by March 1 the acreage converted and also submit to DATCP an amount equal to the per-acre conversion fee. Funds are deposited into the segregated working lands fund.</p> <p>Although the administration did not estimate revenues for this fee or propose any appropriation from the working lands fund for 2009-11, officials indicate converted lands could total 6,000 to 12,000 acres per year. The current average value of cropland is \$270 per acre.</p>	\$0	\$4,860,000	SEG
<p>Slaughter Inspection Fee. Require DATCP to promulgate a fee by rule to fund inspection activities in animal slaughtering and meat processing facilities. The fee may not be based on the number of animals slaughtered. Require that the rule be promulgated in consultation with representatives of affected industries and groups. No fee may be collected before July 1, 2010. Revenues will be deposited into an appropriation for inspections at animal slaughtering and meat processing establishments.</p>	\$0	\$371,500	PR
<p>Seed License Fee Revisions. Increase fees for the seed labeling and testing program. Retain the current fee structure based on gross annual sales, but increase the number of fee categories. The revised schedule levies fees from \$25 for firms with gross annual sales under \$10,000 to \$2,500 for firms with gross annual sales over \$100 million. Revenues from this fee are used for seed labeling and testing.</p>	\$43,500	\$43,500	PR
<p>Weights and Measures Fees. Require operators of the following devices to obtain annual licenses from DATCP: (a) vehicle scales; (b) liquefied petroleum (LP) gas meters; and (c) vehicle tank meters. Specify \$100 as the minimum fee level for a vehicle scale, unless increased by administrative rules, and require DATCP to set other fee levels by rule. Require operators of these devices to pay a license surcharge if, within one year of applying for a license, the person operated the device without a license. Require licenses for construction of vehicle scales. Authorize DATCP to establish by rule a testing surcharge for operators failing to complete or report required testing. Further, authorize DATCP to establish a reinspection fee for devices that fail initial tests. Although proposed fee levels would be set by rule, a preliminary estimate would be \$180,000 annually, beginning in 2010-11.</p>	\$0	\$180,000	PR

	2009-10	2010-11	Fund Source
<p>Animal Health License and Reinspection Fees. Delete statutory provisions setting annual license fees for animal markets, animal dealers and animal truckers. Instead, require DATCP to set fees by administrative rule. Further, require DATCP to set fees by rule for reinspection of animal markets, animal dealers, animal truckers, deer farms and fish farms.</p>	\$0	\$19,000	PR
<p>CHILDREN AND FAMILIES</p> <p>Child Care Licensing Fees. Increase child care licensing fees for group child care centers. Under prior law, a day care center that provided care and supervision for nine or more children paid a biennial fee of \$30.25, plus a biennial fee of \$10.33 per child, based on the number of children that the center was licensed to serve. Under Act 28 the per child biennial fee increases from \$10.33 to \$16.94, while the \$30.25 biennial fee remains the same.</p>	\$490,000	\$490,000	PR
<p>COMMERCE</p> <p>Safety and Buildings Division Licenses and Registrations. Repeal the maximum statutory fee for several plumber and fire sprinkler licenses, registrations and examinations. The Department will continue to be authorized to establish fees by rule for these purposes. The fees are deposited in a program revenue appropriation that funds building inspection, plan review, and licensing activities.</p>	Unknown	Unknown	PR
<p>FINANCIAL INSTITUTIONS</p> <p>Securities Trading Fees. Increase certain fees imposed on securities trading to generate an estimated \$22.2 million annually in additional program revenue. At the end of each fiscal year, DFI lapses most unencumbered program revenue to the general fund as GPR-Earned. As a result of the increases in securities filing fees, the transfer to the general fund in each year will be \$22.2 million more than would occur in the absence of the fee increases.</p> <p><i>Securities Trading Registration and Filing Fees for Mutual Funds.</i> Under prior law, DFI imposed a filing fee of \$750 for every registration of securities statement and notice of filing. Under Act 28, this fee was increased to \$1,500.</p> <p>Under current law, DFI also imposes an annual fee at the rate of 0.05% of the dollar amount of securities sold by mutual funds to persons in this state during the preceding state fiscal year. Under prior law, for each registration, the fee paid for securities sold in this state in the prior fiscal year had to be at least \$150, but not more than \$1,500. Under Act 28, the 0.05% rate imposed on the fee for securities sold to persons in this state will be maintained; however, the minimum and maximum annual amounts of the fee are increased to \$750 and \$15,000, respectively. As under prior law, the requirement to report the dollar amount of securities sold in this state may be waived if the filer elects to pay the maximum fee.</p> <p><i>Broker-Dealer Licensing Fees.</i> Under prior law, every applicant for an initial or annual renewal license of an agent representing a broker-dealer, an issuer, or an investment adviser representative for a securities transaction had to pay a fee of \$30 to DFI. A broker-dealer, investment advisor, or federally covered advisor maintaining a branch office within this state for the purpose of trading securities had to pay an additional annual filing fee of \$30 to DFI for each branch office. Under Act 28, these two fees were increased from \$30 to \$80.</p> <p>The fee increases took effect on June 30, 2009.</p>	\$22,200,000	\$22,200,000	PR
<p>GENERAL PROVISIONS</p>			

	2009-10	2010-11	Fund Source
<p>Declarations of Domestic Partnerships. Create fees that would be paid by couples who apply to county clerks for each declaration of domestic partnership, and for each certificate of termination of domestic partnership. Establish the fees at the same level as the fee clerks currently receive for issuing marriage licenses. Of the amount received, the clerk would pay to the state treasury the same amount that clerks currently pay into the state treasury from marriage license fees (\$25), and retain the balance for the county. Permit a county clerk to receive a standard notary fee equal to the same amount as a standard notary fee a county clerk receives when issuing a marriage license (\$0.50) whenever the clerk issues a declaration of domestic partnership or a certificate of termination of domestic partnership.</p>	Unknown	Unknown	GPR
<p>GOVERNMENT ACCOUNTABILITY BOARD</p> <p>Lobbying License Fees. Increase the following lobbying license fees beginning January 1, 2011, and ending December 31, 2014 (the 2011-12 and 2013-14 legislative sessions): (a) increase the license fee for a lobbyist representing a single principal from \$250 to \$350; and (b) increase the license fee for a lobbyist representing multiple principals from \$400 to \$650. The fees would be increased to provide funding to upgrade the Board's lobbying database and website.</p>	\$0	\$108,300	PR
<p>HEALTH SERVICES</p> <p>Childless Adults Enrollment Fee. Authorize DHS to establish an annual enrollment fee of up to \$75 for individuals enrolled in the BadgerCare Plus childless adults demonstration project. All revenues generated by the fee will be credited to a DHS program revenue appropriation that supports the cost of administering the childless adults demonstration project and BadgerCare Plus.</p>	\$2,212,900	\$2,448,000	PR
<p>Repeal of Vital Records Fee Sunset Provision. Repeal a provision that sunsets, on July 1, 2010, vital records fee increases that were enacted in 2007 Wisconsin Act 20 on a temporary basis. Consequently, the higher fees will become permanent. It is estimated that maintaining the fees at the increased levels will generate \$5,995,000 PR in 2010-11. The fees apply to a variety of vital records and services, including birth, marriage, death, and divorce records.</p>	\$0	\$5,995,000	PR
<p>Researcher Fee for Access to Cancer Information. Authorize DHS to collect fees from researchers who access cancer registry information collected by the Department from hospitals, physicians, and laboratories. Previously, researchers were not allowed to access this information.</p>	\$20,000	\$20,000	PR
<p>Assisted Living Facilities Certification and Licensing Fees. Increase biennial certification and licensing fees for certain assisted living facilities by 27 percent. Increase licensing fees for community-based residential facilities from \$306 per facility and \$39.60 per resident to \$389 per facility and \$50.25 per resident and for adult family homes from \$135 per facility to \$171 per facility. Increase certification fees for adult day care centers (ADCCs) from \$100 per facility to \$127 per facility.</p>	\$216,300	\$216,400	PR
<p>Certification Fees for One- and Two-Bed Adult Family Homes. Authorize DHS to assess one- and two-bed adult family homes (AFHs) with a one-time certification fee, beginning in 2009-10. The revenue will be used to support activities performed by the Division of Quality Assurance relating to the regulation of these facilities. The administration estimates that the fee will initially be set at \$510 per facility.</p>	\$141,800	\$141,800	PR

	2009-10	2010-11	Fund Source
Re-Inspection Fees. [Page 511, Item 4]. Authorize DHS to assess a fee of \$200 on certain health care providers in cases where DHS took an enforcement action for a violation, and where the Department subsequently conducts an onsite inspection of the provider's facility. The fee will apply to adult day care centers, community-based residential facilities, adult family homes, residential care apartment complexes, nursing homes and intermediate care facilities for the mentally retarded that are not operated by the state, hospitals, and home health agencies.	\$173,200	\$173,200	PR
Certification Fees for Personal Care Service Providers. Authorize DHS to assess independent personal care providers an annual certification fee. The administration estimates that the fee will initially be set at \$1,100 per agency per year. Revenue generated from the fee will be used to regulate certain entities that provide personal care services under the state's MA program.	\$42,900	\$55,000	PR
INSURANCE			
Oversight of Care Management Organizations Fee. Establish fees care management organizations (CMOs) will pay to fund OCI's costs of regulating CMOs. CMOs provide long-term care and support to individuals who participate in the Family Care program. Annually, OCI will determine the total estimated cost of performing examinations, application reviews, and financial monitoring activities, and collect an amount from each CMO that is proportionate to the CMO's share of total enrollees in the Family Care program.	\$317,200	\$365,100	PR
Insurance Agent Appointment Fees. Specify in statute the fees that insurance companies pay for appointments of insurance agents who sell policies on the company's behalf. The new fee levels are \$16 for resident agents, and \$50 for non-resident agents, unless the Commissioner of Insurance sets higher fees by rule. Prior law established a maximum fee of \$8 for resident agents and \$24 for non-resident agents, and administrative rule currently sets the fees at \$7 for a resident agent and \$24 for a non-resident agent.	\$13,792,000	\$13,792,000	PR
JUSTICE			
Criminal History Record Check Fee. Specify that all nonprofit and governmental requesters of criminal record name searches for non-criminal justice related purposes be charged \$7 per request. Further, provide that the fee change for nonprofit organizations sunset effective June 30, 2011. [Fees associated with fingerprint searches would remain unchanged.] Under current law, criminal history search fees are permitted to be assessed on non-criminal justice related searches of the criminal history database, typically made in connection with employment or professional licensing applications. Under prior law, nonprofit organizations were charged \$2 per name search, and governmental agencies were charged \$5 per name search.	\$1,806,700	\$1,806,700	PR
Crime Laboratory and Drug Law Enforcement Surcharge. Increase the amount of the surcharge from the current \$8 to \$13. When a court imposes a sentence, places a person on probation, or imposes a forfeiture for a violation of state law or municipal or county ordinance, a surcharge of \$13 is generally imposed.	\$1,254,200	\$2,288,100	PR
Handgun Purchaser Record Check Fee. Increase the handgun purchaser record check fee from \$8 to \$13. Under current law, a handgun purchaser record check fee is assessed on a firearms dealer (who may pass the charge on to the purchaser) for each required background check of a purchaser of a handgun. The fees are remitted to the Department of Justice and are intended to fund the cost of operating the record check program.	\$207,000	\$207,000	PR

	2009-10	2010-11	Fund Source
Crime Victim and Witness Assistance Surcharge. Increase "Part B" of the crime victim and witness assistance surcharge from \$20 to \$27. Under current law, when a court imposes a sentence or places a person on probation, the court also imposes the crime victim and witness assistance surcharge (\$67 for each misdemeanor offense and \$92 for each felony offense). The initial \$40 of the surcharge for a misdemeanor and \$65 for a felony is termed the "Part A" portion of the surcharge. The additional \$27 for both a misdemeanor and a felony violation is termed "Part B" of the surcharge. In addition, this surcharge is also assessed on certain civil convictions.	\$138,900	\$277,800	PR
NATURAL RESOURCES			
Bobcat Permit Application Fee. Increase the application fee for a bobcat hunting and trapping permit from \$3 to \$6 effective March 31, 2010. The fee is deposited in the fish and wildlife account of the conservation fund.	\$10,000	\$30,000	SEG
Elk Application Fee. Increase the application fee for an elk hunting license from \$3 to \$10. DNR anticipates a limited bull-only elk season could be instituted in December, 2010, at the earliest. Revenue will be deposited in the fish and wildlife account of the conservation fund. (\$7 in an elk management appropriation and the remaining \$3, less the issuing fee, in the general fish and wildlife account.)	\$0	\$140,000	SEG
Boat Registration Fee. Increase the fees for a three-year motorized boat registration by approximately 15% as shown in the Attachment. The fee is deposited in the boat registration account of the conservation fund.	\$825,000	\$350,000	SEG
Concentrated Animal Feeding Operations Wastewater Permit Fees. Increase the annual fee for a concentrated animal feeding operation (CAFO) from \$250 to \$345. The \$95 increase is deposited in a water resources management program revenue appropriation.	\$15,000	\$15,000	PR
Ballast Water Discharge Permits and Fees. Allow DNR to issue a general permit that authorizes a vessel that is 79 feet or longer to discharge ballast water into the waters of the state. For a general permit, DNR charges a \$1,200 application fee and a \$345 annual fee. The fees do not apply after June 30, 2013. DNR will promulgate rules for fees effective July 1, 2013.	\$618,000	\$169,000	PR
Great Lakes Compact Implementation and Fees. Establish fees, effective January 1, 2011, for large users of water and large withdrawals of water from the Great Lakes basin, including: (a) a water withdrawal fee of \$125 annually, to be paid by any person with a water supply system with the capacity to withdraw an average of 100,000 gallons per day or more in any 30-day period; (b) in addition to the \$125 annual fee, an annual Great Lakes basin water withdrawal fee set by administrative rule, for anyone who withdraws more than 50 million gallons per year from the Great Lakes basin; and (c) a \$5,000 review fee, plus any review fees assessed the state by the Great Lakes Council or Regional Body, for an application for a diversion of water from the Great Lakes basin to a watershed outside the Great Lakes basin or from the watershed of one of the Great Lakes to another.	\$0	\$1,606,000	PR
Solid Waste Tipping Fee. Increase the tipping fee imposed on most non high-volume industrial waste disposed of in Wisconsin landfills by \$7.10 per ton, from \$5.90, to \$13.00 per ton. Revenues are deposited into the following three segregated funds: nonpoint; environmental management; and recycling. Certain PCB contaminated sediment is assessed \$4.35 per ton.	\$23,595,000	\$45,428,000	SEG

	2009-10	2010-11	Fund Source
Permanent Vehicle Environmental Impact Fee. Eliminate the December 31, 2009, sunset of the \$9 per title vehicle environmental impact fee (assessed on the titling of new or used vehicles), making the fee permanent. The fees are deposited in the segregated environmental management account of the environmental fund.	\$5,500,000	\$11,250,000	SEG
Hazardous Waste Fees. Increase the base fee portion of the annual environmental repair fee for generators of hazardous waste from \$210 currently, to \$350 for generators of small quantities of hazardous waste and \$470 for large quantity generators. Increase the maximum fee from \$17,000 to \$17,500 per year. Provide that certain previously exempt waste, such as hazardous waste recovered for recycling or reuse, is subject to the base fee, but continues to be exempt from the pre-existing fee of \$20 per ton of hazardous waste generated. The fees are deposited in the segregated environmental management account of the environmental fund.	\$326,200	\$326,200	SEG
Environmental Surcharge. Increase the environmental surcharge from 10% to 20% of the amount of the forfeiture or fine imposed for the violation of an environmental law, effective for violations committed on or after June 30, 2009. Deposit 70% of the 20% surcharges in the UW System environmental education board appropriation. Deposit the remaining 30% in the environmental management account for use by other appropriations from the account. Maintain the 50%/50% split of the 10% surcharges to the two purposes.	\$45,000	\$90,000	SEG
Air Operation Permit Fees. Replace the air operation permit fee structure for stationary sources that are required under state law, but not under the federal Clean Air Act, to obtain an operation permit, with a new fee structure, effective January 1, 2010. The new fees include: (a) \$4,100 annually for a source that limits the source's potential to emit so that the source is not a major source, if the operation permit includes federally-enforceable conditions that allow the amount of emissions to be at least 80 percent of the amount that results in a stationary source being classified as a major source; (b) \$300 annually for other stationary sources that are required to obtain an operation permit under state law, but not under the federal Clean Air Act; and (c) \$0 for sources that are exempt from the requirement to obtain an operation permit. The fees are deposited in a program revenue appropriation that funds DNR activities related to regulation of air pollution sources that are required to obtain an operation permit under state law, but not under the federal Clean Air Act.	\$2,155,000	\$2,155,000	PR
Air Asbestos Inspection Fees. Increase fees for asbestos abatement performed as part of nonresidential demolition and renovation projects, including: (a) increase the statutory maximum fee for a combined asbestos inspection fee and construction permit exemption review fee from \$400 to \$700 if the combined square and linear footage of friable (readily crumbled or brittle) asbestos-containing material involved in the project is less than 5,000; (b) increase the statutory maximum fee from \$750 to \$1,325 if the combined square and linear footage is equal to or greater than 5,000; (c) create a \$100 fee for DNR inspection of a property proposed to be used for a community fire safety training project; and (d) create a \$100 fee for review of a revised notice of asbestos renovation or demolition. The fees are deposited in a program revenue appropriation for regulation of asbestos abatement activities.	\$0	\$257,000	PR
Cleanup Cost Recovery Installment Payments. Require monthly interest payments on balances due from parties responsible for cleaning up a contaminated property, in situations where DNR has conducted an environmental cleanup and has allowed the responsible party to repay the Department's cleanup costs in installment payments. Any interest collected is deposited in the environmental management account of the environmental fund.	Minimal	Minimal	SEG

	2009-10	2010-11	Fund Source
PUBLIC INSTRUCTION			
Milwaukee Parental Choice Program Auditor and Fees. Provide funding for 1.0 auditor position beginning in 2009-10 in a new appropriation funded from an annual fee paid by schools intending to participate in the choice program. Require DPI to promulgate administrative rules to establish the fee to be paid by schools, which can be no greater than the amount necessary to pay the costs of employing the auditor.	\$71,300	\$92,900	PR
Public Library System Aid. Provide funding above the base level of \$5,486,100 for aids to public library systems, which replaces \$11,297,400 of annual GPR funding. Provide that funding will be from the universal service fund, which receives its funding through Public Service Commission assessments on annual gross operating revenues from intrastate telecommunications providers, which they can fully recover through pass-through assessments on subscribers. The amounts shown are net of related 5.135% budget reductions.	\$10,679,300	\$11,195,100	SEG
Library Service Contracts. Provide funding to replace \$1,097,200 GPR of annual base level funding for contract with four providers of specialized statewide library services and resources. Provide that this funding will be from the universal service fund, which receives its funding through Public Service Commission assessments on annual gross operating revenues from intrastate telecommunications providers, which they can fully recover through pass-through assessments on subscribers.	\$1,134,300	\$1,169,800	SEG
BadgerLink Funding. Provide funding above the base level of \$2,111,000 for statewide Internet access to periodical and reference information databases, which are part of the BadgerLink project. Provide that funding will be from the universal service fund, which receives its funding through Public Service Commission assessments on annual gross operating revenues from intrastate telecommunications providers, which they can fully recover through pass-through assessments on subscribers. The amounts shown are net of related 5.135% budget reductions.	\$127,500	\$337,900	SEG
Newsline for the Blind. Provide funding above the base level of \$108,000 for services provided by the Regional Library for the Blind and Physically Handicapped, which provides access to national and local periodicals for blind individuals. Provide that this funding will be from the universal service fund, which receives its funding through Public Service Commission assessments on annual gross operating revenues from intrastate telecommunications providers, which they can fully recover through pass-through assessments on subscribers. The amounts shown are net of related 5.135% budget reductions.	-\$1,600	\$3,100	SEG
PUBLIC SERVICE COMMISSION			
Telecommunications Assessments for Consumer Protection. Require the Public Service Commission (PSC) to annually assess against telecommunications utilities, in proportion to their gross operating revenues during the last year, the total amount appropriated to DATCP for consumer protection functions related to telecommunications services. Prohibit telecommunications utilities from recovering the assessments through a separate line on billing statements to their customers.	\$415,800	\$415,800	PR

	2009-10	2010-11	Fund Source
REGULATION AND LICENSING			
Medical Examining Board Fees. Increase fees for professions regulated under the Medical Examining Board (MEB) and the attached affiliated credentialing boards. [Act 28, as vetoed by the Governor, did not include statutorily established fees. As passed by the Legislature in AB 75, these fees would have been established in statute. However, under current law procedures, the same fees were established by rule as follows: increase initial fees by \$22 (from \$53 to \$75) for MEB professions, and establish the following renewal fees: (a) \$75 for athletic trainers, certified dieticians, occupational therapists, occupational therapist assistants, physical therapists, and physical therapist assistants; (b) \$91 for podiatrists; and (c) \$141 for physicians, physician assistants, and respiratory care practitioners. The effect of this rule is to increase agency revenues by \$44,100 GPR-Earned and \$396,900 PR-REV in 2009-10 and \$85,500 GPR-Earned and \$787,900 PR-REV in 2010-11.]	See Text	See Text	
Chiropractor Examinations. Specify that chiropractor's must successfully complete an examination issued by the Chiropractic Examination Board (CEB). Require CEB to assess their costs for developing and administering this examination and create a PR continuing appropriation for the receipt and expenditure of these funds.	Unknown	Unknown	
Regulation of Chiropractic Technicians and Radiological Technicians. Require chiropractic technicians and radiological technicians to be certified in order to practice certain adjunctive chiropractic services. [Act 28, as vetoed by the Governor, did not include statutorily established fees. As passed by the Legislature in AB 75, these fees would have been established in statute. However, under current law procedures, the same fees were established by rule as follows: an initial fee of \$53 and a \$44 renewal fee for these credentials.]	\$600 53,600	\$600 53,600	GPR PR
Nurse Survey. Create a \$4 surcharge for nursing renewals for the creation, administration, and compilation of a survey on nursing supply, demand, and turnover, as well as providing grants to a statewide nursing center.	\$182,900	\$182,900	PR
SHARED REVENUE AND TAX RELIEF			
Tax Incremental Financing District Fees. Require the Department of Revenue (DOR) to charge any town, village, city, or county an annual fee of \$150 for each regular tax incremental financing (TIF) district, town TIF district, or environmental remediation TIF district for which the Department authorizes the allocation of a tax increment. Require the town, village, city, or county that created the district to pay the fee to the Department no later than May 15 of each year. Modify DOR's existing TIF administrative appropriation to include the administration of environmental remediation TIFs and to allow for the deposit of the new fee revenues to the appropriation. Specify that these provisions would first take effect on October 1, 2009.	\$150,000	\$150,000	PR

	2009-10	2010-11	Fund Source
TRANSPORTATION			
Increase Title Lien Fee. Increase the fee, effective January 1, 2010, for each notating and subsequent release of a lien on a title from \$4 to \$10, and clarify that the fee is to be paid by the applicant for notation and release, rather than by the vehicle owner. Typically the applicant is the vehicle owner.	\$1,592,000	\$3,184,000	SEG
Fee for Paper Copies of Driver Records. Establish a \$2 fee for providing a paper copy of a driver record upon request, in addition to the fee for the record search (\$5 for a computerized request and \$6 for a telephone request). Specify that DOT may not charge a fee for a driver record search to any governmental unit, for records requested electronically or by telephone. Specify that these provisions will first apply to searches and paper copies requested on January 1, 2010.	\$43,400	\$86,700	SEG
Authority to Charge Convenience Fees for Electronic Payments. Consolidate prior law provisions relating to credit card payments and internet and telephone transactions for various Division of Motor Vehicles fees into a single provision covering all such transactions. Specify that this provision covers debit card and other electronic payment mechanisms, in addition to credit card transactions. Specify that the Department may charge a convenience fee for each transaction involving the payment by credit card, debit card, or other electronic payment mechanism. Require the Department to establish the amount of the convenience fee for the use of credit card, debit card, or other electronic payment mechanisms by rule. Specify that the amount of the convenience fee must approximate the cost to the Department for providing these payment options, but specify that the Department may charge a fee of \$2.50 for each transaction until a rule is promulgated. The amount of revenue generated under this provision is unknown since it is not known how many applicants will choose to pay fees by credit card or other electronic means.	Unknown	Unknown	PR
VETERANS			
Single Room Occupancy. Allow the Department of Veterans Affairs to provide, and assess fees for, single room occupancy housing as part of the veterans assistance program to veterans that are in transitional housing due to homelessness, incarceration, or financial need.	Unknown	Unknown	SEG
WORKFORCE DEVELOPMENT			
Increase Work Permit Fee. Increase the work permit fee by \$5 (from \$5 to \$10) and place the additional revenues in a newly-created continuing program revenue appropriation that would fund the cost of the Department of Workforce Development's information technology systems.	\$480,000	\$480,000	PR
SUBTOTAL -- FEES -- INCREASES	\$600 \$52,043,200 \$53,015,800	\$600 \$64,024,000 \$87,590,500	GPR PR SEG

	2009-10	2010-11	Fund Source
FEE DECREASES			
ADMINISTRATION			
<p>Universal Service Fund. Modify the amounts in the Chapter 20 appropriation schedule by a total of -\$212,700 SEG annually as part of standard budget adjustments and 1% across-the-board cuts for telecommunications services provided to schools and libraries. The Public Service Commission is required to assess telecommunications providers for the amounts appropriated.</p>	-\$212,700	-\$212,700	SEG
GENERAL PROVISIONS			
<p>Establishment of Domestic Partnership and Related Rights and Benefits. Manufactured Home and Motor Vehicle Title Transfer Fees. In addition to surviving spouse, add "or domestic partner" to the supplemental title fee exemption afforded when a mobile home or motor vehicle title is transferred after death. The supplemental fee is currently \$7.50. Revenue related to mobile homes is deposited in a Department of Commerce program revenue appropriation for operations of the Safety and Buildings Division and revenue related to motor vehicles is deposited in the transportation fund.</p>	Unknown	Unknown	PR and SEG
PUBLIC SERVICE COMMISSION			
<p>Universal Service Fund. Reduce assessments on telecommunications providers by \$60,000 annually to reflect the across-the-board 1% reduction imposed on PSC functions funded through the universal service fund.</p>	-\$60,000	-\$60,000	SEG
TRANSPORTATION			
<p>Eliminate Electronic Title and Registration Application Fee. Eliminate a \$5 prior law fee, effective January 1, 2010, for the electronic filing by a financial institution of an application for a certificate of title or vehicle registration, or both.</p>	-\$9,900	-\$19,800	SEG
<p>Identification Card Replacement for Driver's Licenses. Prohibit DOT from charging an identification fee or a federal security verification mandate fee (renamed "issuance fee" under a separate item in Act 28) to an applicant for the initial issuance of an identification card if any of the following apply: (a) the Department has canceled the applicant's valid driver's license after a medical review examination (designed to determine if a medical condition or other reason renders the person incapable of safely operating a vehicle), and, at the time of cancellation, there is at least six months remaining before the expiration date for the canceled license; or (b) the Department has accepted the applicant's voluntary surrender of a valid driver's license for medical reasons, and, at the time of surrender, there is at least six months remaining before the expiration date for the surrendered license.</p> <p>Specify that these provisions will first apply to licenses cancelled or surrendered on the first day of the fourth month beginning after the publication of the budget act.</p>	-\$71,400	-\$107,100	SEG

	2009-10	2010-11	Fund Source
UNIVERSITY OF WISCONSIN			
Tuition Decreases. Decrease tuition to reflect a net reduction associated with the following items: (a) standard budget adjustments including pay plan and fringe benefits approved in previous biennia and reclassifications; (b) elimination of the 2% general wage adjustment; (c) state employee furlough; (d) recruitment and retention of high-demand faculty and academic staff; (e) fuel and utilities reestimate; and (f) student technology fee.	-\$8,695,700	-\$4,528,300	PR
SUBTOTAL -- FEES -- DECREASES	-\$8,695,700 -\$354,000	-\$4,528,300 -\$399,600	PR SEG
ENHANCED COLLECTION MEASURES			
GENERAL FUND TAXES/REVENUE			
Enhance Enforcement of Tax Laws. Provide \$5,700,000 GPR, 30.00 GPR positions, \$150,000 PR, \$70,000 SEG, and 1.00 SEG position annually to the Department of Revenue, and direct the Department to use the additional resources to fund expenditures and to engage in activities that are related to enhanced enforcement of current tax laws, and that would result in increased state tax revenues.	\$25,000,000	\$45,000,000	GPR
Withholding Payments for Pass-Through Entities. Modify the withholding requirement for pass-through entities so that they are required to make estimated withholding tax payments for non-resident individuals on a quarterly basis, rather than annually, effective with taxable years beginning on January 1, 2009. Pass-through entities are partnerships, LLCs, tax-option corporations, estates, and trusts that are treated as pass-through entities for federal tax purposes. Prior to Act 28, Wisconsin income allocable to nonresident shareholders, partners, members, or beneficiaries of pass-through entities was subject to Wisconsin's individual income tax, but the pass-through entity had to make only a single estimated withholding tax payment for those non-resident individuals, no later than the unextended due date of the entity's income or franchise tax return. Act 28 requires quarterly withholding tax payments by pass-through entities for non-residents. Wisconsin residents must make quarterly estimated payments on pass-through entity income.	\$38,500,000	\$0	GPR
Sales Tax Definition of Nexus. Expand the definition of nexus for purposes of the sales and use tax to include certain businesses that have affiliates in this state. Under current law and administrative rule, a state may not require a seller to collect and remit sales and use taxes unless the seller has a sufficient business connection (or "nexus") with the state, which is generally established by the seller having a physical presence in the state. In Wisconsin, a seller has nexus if it does any of the following: (a) owns real property in the state; (b) leases or rents out tangible personal property located in this state; (c) maintains, occupies, or uses a place of business in this state; (d) has any representative or solicitor operating in this state under the authority of the retailer or its subsidiary for the purpose of selling, delivering, or taking orders for any tangible personal property or taxable services; (e) services, repairs, or installs equipment or other tangible personal property in Wisconsin; (f) delivers goods into this state in company operated vehicles; or (g) performs construction activities in this state. DOR reports that certain separate affiliates of brick and mortar businesses in this state do not collect and remit the sales and use tax on their Internet sales to Wisconsin residents, even if the purchase is made from a computer located at the Wisconsin store. Certain businesses provide in-store kiosks for the purchase of online sales from a store's out-of-state affiliate. These brick and mortar businesses accept returned merchandise	\$1,500,000	\$1,500,000	GPR

	2009-10	2010-11	Fund Source
<p>on the affiliate's behalf, and provide in-store credit for the dollar amount of the returned affiliate's merchandise. Prior law provided that an Internet retailer is engaged in business in this state if an affiliate who has nexus with Wisconsin performs specified services on its behalf [item (d) above]; however, prior law did not clearly subject these types of transactions by an online affiliate to the sales and use tax.</p> <p>Act 28 clarifies that nexus includes any person who has an affiliate in this state, if the person is related to the affiliate and if the affiliate uses facilities or employees in this state to advertise, promote, or facilitate the establishment of or market for sales of items by the related person to purchasers in this state or for providing services to the related person's purchasers in this state, including accepting returns of purchases or resolving customer complaints. For purposes of this provision, two persons are "related" if any of the following apply:</p> <p>a. One person, or each person, is a corporation and one person and any person related to that person in a manner that would require a stock attribution from the corporation to the person or from the person to the corporation, as defined under federal law, owns directly, indirectly, beneficially, or constructively at least 50% of the corporation's outstanding stock value.</p> <p>b. One person, or each person, is a partnership, estate, or trust and any partner or beneficiary; and the partnership, estate, or trust and its partners or beneficiaries; own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the profits, capital, stock, or value of the other person or both persons.</p> <p>c. An individual stockholder and the members of the stockholder's family, as defined under federal law, owns directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of both persons' outstanding stock value.</p> <p>The budget provisions became effective on June 30, 2009.</p>			
<p>Expand Debt Offset Program. Require DOR to administer a debt collection initiative under which it will collect nontax debt for all state agencies. Require DOR to enter into a written agreement to have the Department collect any amount owed to a state agency that is more than 90 days past due, unless negotiations between the agency and debtor were actively ongoing, the debt was the subject of legal action or administrative proceedings, or the agency determined that the debtor was adhering to an acceptable payment arrangement.</p> <p>At least 30 days before the Department pursued collection of any debt referred by a state agency, require either DOR or the agency to provide the debtor with a written notice that the debt will be referred to DOR for collection. Authorize DOR to collect amounts owed, pursuant to the written agreement, from the debtor in addition to offsetting the amounts against tax refunds, as provided under prior law. If the debtor owed debt to DOR and to other state agencies, payments will first apply to debts owed to DOR, and then to debts owed to the state agencies, in the order in which the debts were referred to DOR. Require DOR to charge each debtor whose debt was subject to collection an amount for administrative expenses and credit those amounts to the Department's debt collection appropriation.</p> <p>DOR is also authorized (rather than required) to enter into such agreements with the courts, the Legislature, authorities, and local units of government. Payments received by DOR under an agreement will first apply to any debts owed to DOR, and then to those other entities in the order in which the debts were referred to DOR.</p> <p>"Debt" means any amount owed to a state agency and collected by DOR pursuant to a written agreement described above, if the debt has been reduced to a judgment or if the</p>	\$0	\$420,000	GPR

	2009-10	2010-11	Fund Source
<p>state agency or DOR has provided the debtor reasonable notice and an opportunity to be heard with regard to the amount owed.</p> <p>The Secretary of Revenue could waive the referral of certain types of debt. The Department's determination that a debt was not collectable would not prevent the referring agency from taking additional collection actions.</p> <p>Authorize DOR to collect debts and assess interest on delinquent amounts in the same manner that it collects taxes and assesses interest under state income and franchise tax administrative provisions. Also authorize DOR to use tax returns and related information to collect debts.</p> <p>In addition, authorize DOR to enter into agreements with the U.S. Department of Treasury to offset state payments, except tax refunds, against federal nontax debts, if the Treasury Department offset federal payments against state tax and nontax obligations.</p>			
<p>Financial Institution Record Matching Program. Require DOR to implement and administer a financial record matching program for the collection of delinquent state taxes. Under the financial record matching program, financial institutions, through an agreement with DOR, will provide specified information for taxpayers who have an account at the institution and have been identified as owing delinquent state taxes.</p> <p>The program will be funded by a newly-created program revenue appropriation. The source of revenue for the appropriation will be delinquent taxes and other debts collected through the program.</p> <p>The financial record matching program will take effect on December 1, 2009. DOR estimates that the program will generate \$6.3 million in 2009-10 and \$12.6 million in 2010-11 in additional state revenues over and above the costs of implementing the program. This funding will initially be deposited into DOR's new program revenue appropriation, but any unexpended funding in the appropriation will lapse to the general fund at the end of each fiscal year.</p> <p>Under current law, the Department of Children and Families administers a financial record matching program to collect past-due child support payments.</p>	\$5,689,000	\$11,493,000	GPR
<p>Internet List of Revoked Sellers Permits. Require DOR to post on the Internet a list of every person who has had a seller's permit revoked. The Internet site will have to list the real name, business name, address, revocation date, type of tax due, and amount due, including interest, penalties, fees, and costs, for each person who had a seller's permit revoked under state sales tax law. DOR also maintains a list of certain delinquent taxpayers on the Internet.</p>	\$170,000	\$230,000	GPR

	2009-10	2010-11	Fund Source
<p>Late Filing Fees/Required Schedules. Establish a standard late filing fee for individual income and corporate income and franchise tax returns of \$50 for each violation relating to the individual income tax and \$150 for each violation relating to the corporate tax. Every fiduciary, partnership, or tax-option corporation required to file a tax return will also be required to provide a schedule to each beneficiary, partner or shareholder, respectively, whose share of income, deductions, credits, or other items of the entity may affect the beneficiary's, partner's, or shareholder's tax liability. The schedule will have to separately indicate the beneficiary's, partner's, or shareholder's share of each item. A person who failed to provide a required schedule by the due date, including any extension, or that provided an incorrect or incomplete schedule, will be subject to a \$50 penalty for each violation. DOR will be required to waive the penalty if the person showed that a violation resulted from a reasonable cause and not from willful neglect. The federal extension period allowed for filing a partnership return (which varies from two to six months) was adopted for state income tax purposes. These provisions will first apply to tax year 2010. Estimate increased revenues of \$900,000 in 2010-11 and \$1,800,000 in 2011-12 and thereafter.</p> <p>Under prior law, late filing fees for tax returns were as follows: (a) \$30 for corporate income and franchise tax; (b) \$2, \$3, \$5, or \$30 (depending on net tax liability and actual date filed) for individual income tax; and (c) \$30 for partnerships.</p>	Minimal	\$900,000	GPR
<p>Penalties for Failure to Produce Records. Establish a penalty for failure to produce tax records or documents. Specifically, a person who failed to produce records or documents, as required under current law, that supported amounts or other information shown on any return required under state income, franchise, or sales taxes would be subject to any of the following penalties, as determined by DOR:</p> <p>a. The disallowance of deductions, credits, or exemptions to which the requested records relate.</p> <p>b. Adding income under the income tax, and adding additional taxable sales or additional taxable purchases under the sales tax.</p> <p>c. In addition to any penalty imposed under current law, a penalty for each violation that was equal to the greater of \$500 or 25% of the amount of any adjustment by the Department in the amount of tax owed that results from the person's failure to produce the records.</p> <p>Specify that a penalty could not be imposed if the person shows that under all facts and circumstances that the person's response, or failure to respond, to the Department of Revenue's request was reasonable, or justified by factors beyond the person's control. Require the Department to promulgate administrative rules that include a standard response time, a standard for noncompliance, and penalty waivers.</p>	Minimal	Minimal	GPR

	2009-10	2010-11	Fund Source
<p>Consolidated Tax Statements. Provide that if a corporation that is required to file an income or franchise tax return is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or has income that is regulated through contract or other arrangement, DOR may require that the corporation submit such consolidated statements as in its opinion are necessary in order to determine whether the corporations are a unitary business.</p> <p>Under prior law, DOR could require that a corporation that is affiliated with or related to another corporation must submit consolidated statements that the Department determines are necessary to determine the taxable income received by any one of the affiliated or related corporations.</p> <p>Require, effective January 1, 2010: (a) 1% withholding on payments to independent contractors and single-member limited liability companies providing construction services when a 1099 tax form is filed; and (b) establish a fine of \$25,000 under the state income sales, excise, and inheritance taxes for willful misclassification of workers.</p>	Unknown	Unknown	GPR
SUBTOTAL -- ENHANCED COLLECTION MEASURES	\$70,859,000	\$59,543,000	GPR

ATTACHMENT

Boat Registration Fees (Valid for Three Years)

Registration Type	<u>Current Fee</u>	<u>Bill</u>	<u>Increase</u>	<u>Percent Increase</u>
Non-Motorized				
Volunteer	\$11.00	\$11.00	\$0	0%
Sailboat	17.00	17.00	0	0
Motorized				
Under 16'	\$19.00	\$22.00	\$3.00	16%
16' to 26'	28.00	32.00	4.00	14
26' to 40'	52.00	60.00	8.00	15
Over 40'	86.00	100.00	14.00	16