FISCAL NOTE

Bill #: SB223

Title: Carryforward and carryback of contractor's gross receipts tax credit

Primary Sponsor: Pete Ekegren

Status: Introduced

Sponsor signature Date

Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY2002 Difference	FY2003 Difference
Net Impact on General Fund Balance:	**No Determinable Impact to General Fund Balance**	

Yes	No		Yes	No	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. This bill applies retroactively to tax years beginning after December 31, 2000 (TY2001).
2. Under current law, contractor's may not carryback or carryforward any credit of contractor's gross receipts tax against individual or corporate income tax. Under this proposal, contractors would be allowed to carryback the credit for 2 years, and carryforward the credit for up to 7 years.
3. The Department of Revenue has no means of accurately identifying the impact of this proposal. Over the course of the past five years, total combined contractor's gross receipts tax credits against individual income tax and corporation license tax have averaged around $1 million. Furthermore, approximately 70% of all applications for credit currently being processed result in no remaining (unused) credit. If the remaining ledger sheets account for 30% of the total credit being applied currently, and if half of this amount could potentially be used as carryover in any given year, then general fund revenues, on average, would decline approximately $150,000 per year.
4. There are no administrative impacts associated with this bill.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This bill has no impact on county or other local government revenues or expenditures.