

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 20, 2023

Agency Submitting: Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Personnel Services (Expense)		\$125,078	\$165,816	\$331,632
Operating Expenses (Expense)		\$5,041	\$5,469	\$10,938
Equipment (Expense)		\$9,216		
Information Services (Expense)		\$32,329	\$3,162	\$6,324
General Fund Revenue (Revenue)		(\$5,000,000)	(\$5,500,000)	(\$12,705,000)
Total	0	(\$5,171,664)	(\$5,674,447)	(\$13,053,894)

Explanation

(Use Additional Sheets of Attachments, if required)

This bill revises provisions for an employer to receive a credit against the payroll taxes imposed on the employer if the employer provides certain financial assistance to employees for child care. A Tax Examiner II will be required to receive requests, track requests, ensure the Department is awarding and issuing the appropriate dollar amount in credits each fiscal year, and issue correspondence. A Tax Program Supervisor I is required to oversee the addition of this tax credit program in its entirety and to provide supervision to the Tax Examiner II.

This request is for the funding of one Tax Examiner II position and one Tax Program Supervisor I position, and associated costs, beginning in October 2023. The Department will incur Personnel Services expenses in the amount of \$125,078 in FY24 and \$165,816 in FY25. With the exception of overtime for IT staff in the amount of \$4,948 in FY 24, the costs will be recurring for future biennia. There will be Operating Expenses in the amount of \$5,041 for FY24 and \$5,469 for FY25. This expense will recur in future biennia. A one-time Equipment Expense in the amount of \$9,216 is needed in FY24. The Information Services expense includes MSA Programmer expenses to implement changes into the Department's computer system in the amount of \$25,344 for FY24. This expense is one-time in nature. The cost of \$3,162 is recurring in future biennia for required EITS Assessment costs (phone, productivity suite, etc).

Assuming that all tax credits are taken in the year they are approved, a total revenue loss up to \$5 million will be realized in FY24 and up to a total of \$5.5 million in FY25. The credit threshold increases by 110% of prior year credits on an annual basis.

Name Adriane Roberts-Larson

Title Deputy Executive Director - Administrative Services

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Friday, March 17, 2023

The agency's response appears reasonable.

Name Amy Stephenson

Title Director