



**Fiscal Note Request SB0228, As Introduced**

(continued)

under this bill, instances will arise in which a corporation would be able to avail itself of a 3-year carryback to a tax year in which net income was positive, but be precluded from doing so under this bill, and also be precluded from taking either a 2-year or a 1-year carryback because of NOLs in those carryback years as well. However, in these cases, the corporation still may be able to reduce future liabilities through NOL carryforwards.

3. There will be no instances in the next biennium where this bill affects corporation license tax payments or refunds.
4. There are no administrative impacts associated with this proposal.

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
<u>Revenues:</u>		
General Fund (01)	\$0	\$0
 <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$0	\$0

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

None.

LONG-RANGE IMPACTS:

This bill will occasionally affect corporate license tax revenue. In most cases, by only having two rather than three years available for NOL carrybacks, a corporation which would claim a refund due to a NOL carryback under current law would carry some NOLs forward to future tax years. If the corporation is able to use the NOL to offset income in future years, this bill would shift the refund from the current year to one or more future years. More rarely, there could be a corporation that would claim a refund due to a NOL carryback under current law but would not be able to use all of the NOL to reduce tax liability in other years. This would increase revenue.