

FISCAL ESTIMATE FORM

2001 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 01-1247/1
INTRODUCTION # AB 28
Admin. Rule #

Subject
 Extend Sales and Use Tax Exemption for Electricity Sold for Residential Use

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriation	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation		

Local: No Local Government Costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Baseball Park and Football Stadium Districts</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input checked="" type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations
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Assumptions Used in Arriving at Fiscal Estimate:

Under current law, sales of electricity for residential use occurring in the months of November through April are exempt from the sales tax. This bill would extend the exemption to year round. It is assumed that the exemption would take effect on July 1, 2001.

Sales of residential electricity in 1998 totaled \$1,252 million, according to *Wisconsin Energy Statistics*, published by the Department of Administration; 52%, or \$651 million (\$1,252 million X 0.52), of these sales occurred in the months of May through October. Assuming currently taxable sales of electricity increase at the rate of change in household consumption of electricity between 1998 and state FY02, or 11.8%, as forecast by DRI, taxable sales of electricity in FY02 would total \$728 million (\$651 million X 1.118). Applying the 5% state sales tax rate, the revenue loss is estimated to be approximately \$36 million (\$728 million X 0.05).

County, baseball park district and football stadium district sales taxes are estimated to be 7.064% of the state sales tax in FY02. Thus, the local revenue loss from this bill is estimated to be \$2.6 million (\$36 million X 0.07064).

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Dennis Collier, (608) 266-5773	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	1/29/01

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

2001 Session

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INTRODUCTION # AB 28

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Extend Sales and Use Tax Exemption for Electricity Sold for Residential Use

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ - 36 million
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ - 36 million

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ -36 million	\$ -2.6 million

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Dennis Collier, (608) 266-5773	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	Date 1/29/01
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