Wisconsin Department of Administration Division of Executive Budget and Finance DOA-2048 (R07/2000)

Fiscal Estimate - 2001 Session

☑ Original ☐ Updated	Corrected Supplemental			
LRB Number 01-3966/1	Introduction Number SB-358			
Subject Extend use tax and sales tax exemption for flags	to flag kits and include military services and POW/MIA flags.			
Fiscal Effect				
AppropriationsRever	ase Existing absorb within agency's budget			
Indeterminate 1. Increase Costs 3. Increa Permissive Mandatory Permis 2. Decrease Costs 4. Decrease	5.Types of Local Government Units Affected Towns Village Cities Baseball & Counties Others football districts Districts Districts			
Fund Sources Affected Ch. 20 Appropriations				
GPR FED PRO PRS	SEG SEGS			
Agency/Prepared By	Authorized Signature Date			
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Fiscal Estimate Narratives DOR 1/10/02

LRB Number	01-3966/1	Introduction Number	SB-358	Estimate Type	Original	
Subject						
Extend use tax and sales tax exemption for flags to flag kits and include military services and POW/MIA flags.						

Assumptions Used in Arriving at Fiscal Estimate

Current law exempts US and Wisconsin flags from sales and use tax.

The bill extends the sales and use tax exemption for flags to include military service and POW/MIA flags. The bill also exempts accessories for exempt flags that are packaged with the flag by a person other than the retailer and before a sale to a final consumer.

According to the National Flag Foundation, total sales of US flags are about \$100 million annually. Assuming flag sales are distributed the same as population, US flag sales in Wisconsn would be about \$1,900,000 and would generate annual sales taxes of about \$100,000.

Although data on sales of miltary service and POW/MIA flags are not available, it is unlikely that sales of these flags and accessories would amount to more than a small percentage of sales of US flags. Therefore, it is unlikely the bill would decrease sales and use taxes by more than an insignificant amount.

The bill would also reduce county and baseball park and football stadium district taxes by an insignificant amount.

Administrative costs of the bill are minimal and would be absorbed by the Department.

Long-Range Fiscal Implications