Fiscal Estimate - 2005 Session

	Original		Updated		Corrected		Supple	emental
LRB	Number	05-4085/1		Introd	duction I	Number	AB-114	l1
Description The amount of sales and use taxes that a retailer may retain for administrative purposes								
Fiscal Effect								
	No State Fisco Indeterminate Increase E Appropria Decrease Appropria Create Ne	e Existing tions Existing	Reve	ease Existing	<u> </u>			
Local: No Local Government Costs Indeterminate 1. Increase Costs Permissive Mandatory 2. Decrease Costs Permissive Mandatory Permissive Mandatory Permissive Mandatory Permissive Mandatory Permissive Mandatory Decrease Revenue Permissive Mandatory Districts 5. Types of Local Government Units Affected Towns Village Counties Counties Districts Districts								
Fund Sources Affected GPR FED PRO PRS SEG SEGS								
Agend	cy/Prepared	Ву		Authorized \$	Signature			Date
DOR/ Blair Kruger (608) 266-1310				Paul Ziegler (608) 266-5773				4/11/2006

Fiscal Estimate Narratives DOR 4/12/2006

LRB Number 05-4085/1	Introduction Number AB-114	1 Estimate Type	Original				
Description							
The amount of sales and use taxes that a retailer may retain for administrative purposes							

Assumptions Used in Arriving at Fiscal Estimate

Under current law, retailers may deduct the greater of \$10 per return or 0.5% of the total amount of sales and use taxes payable as compensation for the costs of timely collecting and reporting the tax. This amount, known as the "retailer's discount" is based on the total of state, county and stadium district sales and use taxes reported to the department.

Under the bill, retailers may deduct a maximum of \$1,000 per return.

The bill would affect the retailer's discount for sales and use tax returns reporting taxes of \$200,000 (\$1,000/0.5%) or more -- about 1,700 sales tax returns in FY05. Retailer's discounts applicable to the 1,700 returns totaled \$7.2 million in FY05. If the bill had been in effect in FY05, retailer's discounts for these returns would have totaled \$1.7 million ($$1,000 \times 1,700$), and state revenues would have been \$5.5. million (\$7.2 mil. - \$1.7 mil.) greater than under current law. Based on the forecast of sales and use tax growth used in the 2005-2007 state budget, the increase in state revenues under the bill would be \$6.0 million in FY07 or \$3.0 million if the limit under the bill only applies to the second half of FY07.

Administrative costs would be absorbed.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

\boxtimes	Original		Updated		Corrected		Supplemental		
LRB	Number	05-4085	/1	Intro	duction Nur	nber	AB-1141		
Descr	iption			ila u ma ou u unte	ain for administr	ativo pur	20205		
					r may retain for administrative purposes				
I. One annua	l. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):								
The b	The bill is unlikely to apply to all of FY07. Assuming the bill applies to only one half of FY07, state revenues would increase \$3,000,000.								
II. Anı	nualized Cos	its:			Annualized Fiscal Impact on funds from:				
					Increased Cost	s	Decreased Costs		
A. Sta	te Costs by	Category							
Sta	te Operations	- Salaries an	d Fringes		5	\$			
(FT	E Position Ch	anges)							
Sta	te Operations	- Other Cost	S						
Loc	al Assistance								
Aid	s to Individual	ls or Organiza	ations						
T	OTAL State	Costs by Ca	tegory			\$	\$		
B. Sta	ate Costs by	Source of Fu	unds						
GP	R								
FEI)								
PR	PRO/PRS								
SE	G/SEG-S								
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)									
					Increased Re	ev	Decreased Rev		
GP	R Taxes				\$6,000,00	00	\$		
GP	R Earned								
FE	D								
PR	O/PRS								
SE	G/SEG-S								
	TOTAL State				\$6,000,00	00	\$		
NET ANNUALIZED FISCAL IMPACT									
					<u>Sta</u>		Loca		
NET CHANGE IN COSTS						\$	\$		
NET CHANGE IN REVENUE				.	\$6,000,00	00	\$		
Agen	cv/Prenared	Bv		Authorized	l Signature	42-50-00-06-16-00-00-00-00-00-00-00-00-00-00-00-00-00	Date		
						4/11/2006			
DOR	DOR/ Blair Kruger (608) 266-1310 Pa				aul Ziegler (608) 266-5773				