

### Fiscal Estimate - 2007 Session

Original       Updated       Corrected       Supplemental

LRB Number **07-1885/1**      Introduction Number **AB-0202**

**Description**  
Creating a sales tax and use tax exemption for tangible personal property and services sold by home exchange services

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<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"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Decrease Existing Appropriations	
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Decrease Costs

**Local:**

<input type="checkbox"/> No Local Government Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <u>Baseball district</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
1. <input type="checkbox"/> Increase Costs	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
<input type="checkbox"/> Decrease Costs	4. <input checked="" type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

**Fund Sources Affected**      **Affected Ch. 20 Appropriations**

GPR     FED     PRO     PRS     SEG     SEGS

<b>Agency/Prepared By</b> DOR/ Blair Kruger (608) 266-1310	<b>Authorized Signature</b> Paul Ziegler (608) 266-5773	<b>Date</b> 3/27/2007
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## Fiscal Estimate Narratives

DOR 3/28/2007

LRB Number	07-1885/1	Introduction Number	AB-0202	Estimate Type	Original
<b>Description</b> Creating a sales tax and use tax exemption for tangible personal property and services sold by home exchange services					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, a gift certificate is not subject to sales tax at the time of sale; however, if the gift certificate is redeemed for taxable tangible personal property or a taxable service, sales tax is imposed on the price of the tangible personal property or taxable service.

Under the bill, sales of tangible personal property and taxable services by a home exchange service that is owned by the Department of Veterans Affairs (DVA) would be exempt from sales tax.

Home exchange services are the coffee shops, snack bars, gift shops, and other facilities that serve the resident veterans, families, and guests at the Wisconsin Veterans Homes at King (Waupaca County) and Union Grove (Racine County).

Residents, employees and guests of the Wisconsin Veterans Homes may purchase items at the home exchange services. In addition to cash and other common means of payment, items may be purchased using scrip (essentially gift certificates) issued by the DVA's Home Exchange Service. The scrip is purchased by charitable service organizations and donated to the home for the use of resident veterans.

Since the bill would affect only one taxpayer, Wisconsin's confidentiality law prohibits the publication of the taxpayer's sales or taxes covered by the bill. However, Wisconsin sales taxes are expected to decrease by only a very small amount under the bill.

Waupaca County and Baseball District sales taxes would also decrease under the bill.

Administrative costs of the department are minor and would be absorbed.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 07-1885/1		<b>Introduction Number</b> AB-0202	
<b>Description</b> Creating a sales tax and use tax exemption for tangible personal property and services sold by home exchange services			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$Minimal	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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