

Fiscal Estimate Narratives

DOR 5/29/2007

LRB Number 07-1585/1	Introduction Number AB-0331	Estimate Type	Original
Description A sales and use tax exemption for coins, currency, bullion, and commemorative medallions and the sales and use tax imposed on stamps			

Assumptions Used in Arriving at Fiscal Estimate

Under current law, "tangible personal property" includes U.S. coins and stamps sold or traded as collector's items above their face value. Sales of such U.S. coins and stamps are subject to sales and use taxes.

Under the bill, sales of U.S. coins; U.S. currency; and bars, ingots, commemorative medallions, and coins made from gold, silver, platinum, or palladium or any combination of those metals would be exempt from sales and use tax. In addition, under the bill, coins are excluded from "tangible personal property" and the qualification "as collector's items" regarding stamps is repealed. The exemption would take effect on the first day of the second month beginning after publication.

Repealing the qualification "as collector's items" regarding stamps sold or traded above their face value would not have a fiscal effect.

Twenty-nine companies with the word "coin" in their name were registered for sales and use taxes in 2006, excluding "coin machine companies" and "coin laundries". The 29 companies paid \$400,000 to \$450,000 in sales taxes each year from FY04 through FY06. Sales tax paid by the 29 companies increased an average of 4.3% per year. Many of the 29 companies are "coin and stamp" or "coin and jewelry" companies and an unknown portion of the taxes paid by these companies would be for jewelry, stamp and other taxable sales. On the other hand, there may be other companies that sell coins but do not have "coin" in their name (e.g., "Joe's Collectibles").

Assuming sales of the 29 coin sellers increase 4.3% per year, sales taxes may decrease by up to \$500,000 in FY08 and FY09 under the bill. The decrease for FY08 would be prorated depending on the effective date of the bill.

The U.S. Census reports nationwide sales of "coins, medals and other numismatic items" in 2002. The tax on Wisconsin's estimated share of those sales would be about \$360,000 in 2002. Data are not available to separate sales of coins that would be exempt under the bill from sales of medals and other numismatic items (e.g., display cases). Allowing for modest growth in sales from 2002 to FY06, the two estimates are consistent.

County and stadium sales and use taxes were 7.64% of state sales and use taxes in FY06. Assuming this percentage does not change, county and stadium taxes would decrease by up to \$40,000 (\$500,000 x 7.64%) per year under the bill.

The department's administrative costs would be absorbed within existing budget authority.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description A sales and use tax exemption for coins, currency, bullion, and commemorative medallions and the sales and use tax imposed on stamps			
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 funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
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, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$See text	\$See text
Agency/Prepared By		Authorized Signature	Date
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