

## Fiscal Estimate - 2007 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>07-2824/1</b>	<b>Introduction Number</b> <b>SB-360</b>
<b>Description</b> A sales and use tax exemption for vitamins	
<b>Fiscal Effect</b>	
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <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	
<b>5. Types of Local Government Units Affected</b> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Stadium districts</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
<b>Agency/Prepared By</b> DOR/ Blair Kruger (608) 266-1310	<b>Authorized Signature</b> Paul Ziegler (608) 266-5773
<b>Date</b> 1/14/2008	

**Fiscal Estimate Narratives**  
**DOR 1/14/2008**

LRB Number <b>07-2824/1</b>	Introduction Number <b>SB-360</b>	Estimate Type <b>Original</b>
<b>Description</b> A sales and use tax exemption for vitamins		

**Assumptions Used in Arriving at Fiscal Estimate**

The bill exempts sales of vitamins from sales and use tax.

According to the U.S. Census, nationwide sales of vitamins, minerals, and other dietary supplements totalled \$13.1 billion in 2002. Of these sales, \$4.5 billion were sold via direct or remote sellers. It is assumed that 50% of direct and remote sales are not currently taxed because they are made by out-of-state sellers that are not liable for Wisconsin sales taxes and the purchasers do not remit Wisconsin use taxes. Thus, estimated nationwide sales adjusted for direct and remote sellers would be \$10.9 billion [\$13.1B - (4.5B x 50%)].

Assuming Wisconsin's share of nationwide sales (adjusted for direct and remote sellers) is its percentage share of U.S. Disposable Personal Income (1.75%), sales of dietary supplements in this state would be \$190.2 million [\$10.9B x 1.75%]. According to DIRECT Magazine, a multichannel marketing paper, vitamins account for more than a third of dietary supplements. Assuming 35% of sales dietary supplements are vitamins, Wisconsin taxable sales of vitamins would be \$66.6 million [\$190.2 x 35%] in 2002. Further assuming Wisconsin sales increase at the same rate as Wisconsin Disposable Personal Income (4.1%), a 95% compliance rate, and that the new exemption would take effect on July 1, 2008, sales and use taxes would decrease by \$4.1 million in FY09 under the bill.

Distributions of county and stadium sales and use taxes were 7.7% of state sales taxes in FY07. Assuming this percentage does not change, distributions of county and stadium sales and use taxes would decrease by \$0.3 million in FY09.

Administrative costs of the department would be absorbed.

Note: Due to rounding, some amounts shown may differ slightly from the calculated amount.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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  Updated     
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<b>LRB Number</b> 07-2824/1		<b>Introduction Number</b> SB-360	
<b>Description</b> A sales and use tax exemption for vitamins			
<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, ets.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$-4,100,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$-4,100,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State	Local	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-4,100,000		\$-300,000
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Blair Kruger (608) 266-1310		Paul Ziegler (608) 266-5773	1/14/2008