

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1923/1	Introduction Number SB-094
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Description
 An income and franchise credit for property taxes paid on restaurant kitchen machinery and equipment

Fiscal Effect

State:

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

Local:

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

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
DOR/ Michael Oakleaf (608) 261-5173	Paul Ziegler (608) 266-5773	3/19/2007

Fiscal Estimate Narratives

DOR 3/19/2007

LRB Number	07-1923/1	Introduction Number	SB-094	Estimate Type	Original
Description An income and franchise credit for property taxes paid on restaurant kitchen machinery and equipment					

Assumptions Used in Arriving at Fiscal Estimate

The bill would provide an income and franchise tax credit equal to the amount of property taxes paid on machinery and equipment used primarily in the operation of a restaurant's kitchen to prepare or serve food or beverages.

The Wisconsin Restaurant Association estimated Wisconsin restaurant sales at about \$6.2 billion in 2006. According to the University of Wisconsin Extension's restaurant industry sales ratios, property taxes average about 1% of annual restaurant sales. Thus, Wisconsin restaurants' total property taxes are estimated at \$62 million (\$6.2 billion x 1%).

Property owners report personal property by "furniture, fixtures, and equipment" (FFE) which is about 7% of total property taxes. Assuming 2/3 of the value of FFE reported by restaurants is kitchen machinery and equipment, about \$2.9 million (\$62 million x 7% x 2/3) of the property taxes paid by restaurants was for kitchen machinery and equipment. Thus, the bill would reduce revenue by an estimated \$2.9 million per year.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description An income and franchise credit for property taxes paid on restaurant kitchen machinery and equipment			
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, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-2,900,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-2,900,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-2,900,000	\$
Agency/Prepared By		Authorized Signature	Date
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