

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-3028/2		Introduction Number AB-0350	
Description Sales and use tax exemption for motorboats			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<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		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	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village	
<input checked="" type="checkbox"/> Counties		<input checked="" type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
<input type="checkbox"/> Cities		<input type="checkbox"/> stadium sales tax	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input 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	
DOR/ Jacek Cianciara (608) 266-8133		Paul Ziegler (608) 266-5773	
		Date	
		8/17/2009	

Fiscal Estimate Narratives

DOR 8/17/2009

LRB Number	09-3028/2	Introduction Number	AB-0350	Estimate Type	Original
Description Sales and use tax exemption for motorboats					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a sales and use tax exemption for any motorboat, outboard motor, or motorboat trailer purchased during a 12 -month period. The exemption applies to the first \$30,000 of the sale price of each item sold separately or two or more items sold together.

Based on the U.S. Census Bureau's 2007 Census of Retail Trade, and assuming, based on DOR data, that 87% of boat dealer sales are subject to sales tax, an estimated \$497.5 million of taxable sales were made by boat dealers in Wisconsin in 2007. Based on a review of boating industry reports, it is estimated that a 30% decline in sales occurred in 2008 and that one-third of boat dealer taxable receipts pertain to maintenance, docking, accessories, or other transactions not impacted by the bill. Consequently, \$233.3 million of taxable sales by boat dealers for 2008 are estimated to relate to sales exempted by the bill (\$497.5 million X 70% X 67%). Together with an additional \$175.7 million of sales reported between individuals or other non-dealers for this year, total taxable boat sales for 2008 in Wisconsin are estimated at \$409.0 million.

While industry reports indicate a further decline in sales during 2009, it is assumed that sales during 2010 will return to 2008 levels. Based on this assumption and further assuming the bill's 12-month exemption period falls fully during 2010, the bill is expected to decrease state sales tax collections by \$20.5 million on a one-time basis. Information is not available to determine the degree to which the bill's \$30,000 cap on sales to which the exemption would apply would diminish this estimate.

County and stadium sales tax collections were 7.9% of state sales tax collections in FY08. Assuming this percentage remains constant, county and stadium sales tax collections will decrease on a one-time basis by an estimated \$1.6 million under the bill.

If the bill becomes effective in 2011, the expected state and local revenue loss is likely to be greater assuming that the national and state economies enter a growth period.

The Department of Revenue's administrative costs under the bill can be absorbed within existing expenditure authority.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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Description Sales and use tax exemption for motorboats			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
The bill is expected to decrease on a one-time basis state sales tax collections by \$20.5 million and county and stadium sales tax collections by an estimated \$1.6 million			
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	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Jacek Cianciara (608) 266-8133		Paul Ziegler (608) 266-5773	8/17/2009