Fiscal Estimate - 2009 Session

☒ Original   ☐ Updated   ☐ Corrected   ☐ Supplemental

LRB Number 09-4248/1	Introduction Number SB-625

Description
streamlined sales and use tax agreement changes

Fiscal Effect

State:
☐ No State Fiscal Effect
☐ Indeterminate

☐ Increase Existing Appropriations   ☐ Increase Existing Revenues   ☒ Increase Costs - May be possible to absorb within agency's budget
☐ Decrease Existing Appropriations   ☐ Decrease Existing Revenues   ☒ Yes   ☐ No
☐ Create New Appropriations   ☐ Decrease Costs

Local:
☒ No Local Government Costs
☐ Indeterminate

1. ☐ Increase Costs   3. ☐ Increase Revenue
   ☐ Permissive ☐ Mandatory   ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs   4. ☐ Decrease Revenue
   ☐ Permissive ☐ Mandatory   ☐ Permissive ☐ Mandatory

5. Types of Local Government Units Affected
☐ Towns   ☐ Village   ☐ Cities
☐ Counties   ☐ Others
☐ School Districts   ☐ WTCS Districts

Fund Sources Affected   **Affected Ch. 20 Appropriations**
☐ GPR   ☐ FED   ☐ PRO   ☐ PRS   ☐ SEG   ☐ SEGS

Agency/Prepared By	Authorized Signature	Date
DOR/ Robert Schmidt (608) 267-9892	Paul Ziegler (608) 266-5773	3/24/2010

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Description		
streamlined sales and use tax agreement changes		

Assumptions Used in Arriving at Fiscal Estimate

The bill provides updates and clarifications to reflect amendments to the Streamlined Sales and Use Tax Agreement (SSUTA) that have been adopted by the Streamlined Sales Tax Governing Board. Additionally, the bill provides technical changes consistent with or necessitated by the state's adoption of the SSUTA in 2009 Wisconsin Act 2.

Specifically, the bill would:

a) Refine the treatment of direct mail by adopting separate definitions and sourcing specifications for "advertising and promotional direct mail" versus "other direct mail" (that would include materials pertaining to transactions or holdings such as bills, invoices, statements of accounts, privacy notices, tax reports, and shareholder newsletters).

b) Clarify that prepaid calling services are included in the definition of telecommunication services.

c) Provide consistency in the definition of prepared foods and use of the term "product".

d) Provide consistent cross-references in the statutes between the sales tax and the local exposition district tax.

e) Maintain the collection of the exposition district's food and beverage tax on alcoholic beverages that are consumed on the seller's premises by making a technical correction to the imposition language for this tax.

f) Change registration and filing requirements such that a seller who registers through the Streamlined Sales Tax Governing Board's central registration system and anticipates making no sales in Wisconsin would not be required to file a sales/use tax return in Wisconsin until they make a taxable sale in Wisconsin.

g) Require the Department of Revenue (DOR) to provide 30 days notice before an estimated tax assessment is made against a seller who had no legal requirement to register in Wisconsin for sales and use tax purposes (unless the seller had a history of non-filing or late filing).

h) Allow a seller 120 days to obtain a tax exemption certificate from a customer after DOR requests support for an exemption and adopt a definition of "good faith" as it relates to exemption certificates.

i) Clarify that the tax on a bad debt on a particular transaction claimed by a business must have been paid to DOR before a deduction for the sales/use tax on the bad debt is allowed.

j) Include several references omitted through Act 2's adoption of statutory language pertaining to both digital goods and the SSUTA.

Fiscal Effect

Since these changes improve the statutory basis to reflect and fulfill the intent of Act 2, the bill is expected to have no significant impact on state and local sales and use tax collections. The technical correction to the imposition of the food and beverage tax is consistent with the application of the tax by both the department and sellers and has no impact on the revenue currently generated.

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

Long-Range Fiscal Implications