

Fiscal Estimate Narratives

DOR 4/28/2017

LRB Number	17-2190/1	Introduction Number	AB-0278	Estimate Type	Original
Description sales and use tax exemptions for beekeeping					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, sales of certain tangible personal property and services used in the business of farming are exempt from sales and use tax. The definition of farming under Tax 11.12(2)(f) includes raising bees and the production of honey products by a beekeeper of 50 or more hives.

The bill would add beekeeping to various sales and use tax exemptions for farming, effectively extending the exemptions to beekeepers maintaining fewer than 50 hives.

Using data from the USDA National Agricultural Statistics Service, the department estimates the Wisconsin share of US hives to be 1.9%. In addition, according to the USDA, US expenditures for honey bee operations totaled \$89.3 million in 2016. Using the Wisconsin share of US hives, the department estimates Wisconsin expenditures on honey bee operations to be \$1.7 million in 2016.

Under these assumptions, sales tax collections will decrease under the bill by \$87,000 (\$1.7 million * 5%) on an annual basis. County and baseball district sales taxes were 7.7% of state sales tax revenues in FY16. Assuming this percentage does not change, county and baseball district sales taxes will decrease by approximately \$7,000 (\$87,000 * 7.7%).

The fiscal effect could be lower to the extent beekeepers with more than 50 hives qualify for the exemptions under current law.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description sales and use tax exemptions for beekeeping		
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	\$	\$-87,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-87,000
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-87,000	-\$7,000
Agency/Prepared By	Authorized Signature	Date
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