

### Fiscal Estimate - 2017 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>17-3790/1</b>	<b>Introduction Number</b> <b>AB-0583</b>
------------------------------------	---

**Description**  
 a sales and use tax exemption for services performed during a disaster period by electric cooperatives or telecommunications utilities

**Fiscal Effect**

**State:**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> No State Fiscal Effect<br><input type="checkbox"/> Indeterminate<br><input type="checkbox"/> Increase Existing Appropriations<br><input type="checkbox"/> Decrease Existing Appropriations<br><input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues<br><input checked="" type="checkbox"/> Decrease Existing Revenues | <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget<br><input type="checkbox"/> Yes <input type="checkbox"/> No<br><input type="checkbox"/> Decrease Costs |
|---|---|---|

**Local:**

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

**Fund Sources Affected**

**Affected Ch. 20 Appropriations**

GPR   
  FED   
  PRO   
  PRS   
  SEG   
  SEGS

<b>Agency/Prepared By</b> DOR/ Travis Arthur (608) 266-8565	<b>Authorized Signature</b> Robert Schmidt (608) 266-5773	<b>Date</b> 10/31/2017
--	--	---------------------------

## Fiscal Estimate Narratives

DOR 10/31/2017

LRB Number	17-3790/1	Introduction Number	AB-0583	Estimate Type	Original
<b>Description</b> a sales and use tax exemption for services performed during a disaster period by electric cooperatives or telecommunications utilities					

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates a sales and use tax exemption for services provided by an electric cooperative to another electric cooperative, or by a telecommunications utility to another telecommunications utility, for disaster relief work performed in conjunction with a declared state of emergency.

The bill would cause a reduction in state and local sales tax collections. The magnitude of the fiscal effect is indeterminate and sensitive to the severity of the disaster, the impact on utility infrastructure, and the decision by electric cooperatives and telecommunication utilities to contract with other entities to provide repair services.

In the six-year period from 2008 to 2013, there were six disasters in which both the state government and the federal government declared a disaster. In these instances, the state, federal, and local governments committed to approximately \$154 million in funding to repair and restore publicly owned facilities, infrastructure, and certain private non-profit organizations.

The above disasters average \$25.6 million in annual disaster relief spending. Assuming 70% of disaster relief services are covered by the exemption and performed by an electric cooperative or telecommunications utility and further assuming 10% of the work is contracted from one electric cooperative or telecommunications utility to another, the department estimates sales tax revenue to decrease by about \$90,000 ( $\$25.6 \text{ million} * 70\% * 5\%$ ) under the bill.

County and baseball district sales taxes were 7.7% of state sales tax revenues in FY16. Assuming this percentage does not change, county and stadium district sales taxes will decrease by about \$7,000 per year.

To the extent that qualified disaster relief work exceeds the government obligations from the six disasters described above, the effect of the exemption would be larger. Due to the unpredictable nature of disasters, the amount could vary dramatically from year to year.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>17-3790/1</b>	<b>Introduction Number</b> <b>AB-0583</b>	
<b>Description</b> a sales and use tax exemption for services performed during a disaster period by electric cooperatives or telecommunications utilities		
<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, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$see text	\$see text
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		
<b>Date</b>		
DOR/ Travis Arthur (608) 266-8565	Robert Schmidt (608) 266-5773	10/31/2017