

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4530/1	Introduction Number SB-484
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Description
 the sales and use tax exemption for personal farm property or household goods sold by auction on the Internet

Fiscal Effect

State:

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

Local:

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

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 DOR/ Travis Arthur (608) 266-8565	Authorized Signature Robert Schmidt (608) 266-5773	Date 10/31/2017
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Fiscal Estimate Narratives

DOR 10/31/2017

LRB Number	17-4530/1	Introduction Number	SB-484	Estimate Type	Original
Description the sales and use tax exemption for personal farm property or household goods sold by auction on the Internet					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a sales and use tax exemption is provided for the sale of personal farm property or household goods if the auctioneer has performed five or fewer auctions at the location of the auction during the year. When an auctioneer holds an online auction, the location of the auction is the where the auctioneer is located when calling the auction and taking bids.

The bill amends the definition of "occasional sales" to state that the location of an online auction is deemed to be the location where the property or goods are physically located and by clarifying an "auction event" as the total number of consecutive days that winning bids are selected, not to exceed 5 days, regardless of whether the property being sold is at multiple locations.

The overall fiscal effect is indeterminate given the scarcity of data concerning auctions for farm equipment, which is often exempt from tax, and household goods; auction location; and auction frequency.

Using data from the 2012 Economic Census, sales for NAICS code 454112-Electronic Auctions, totaled \$4.3 billion in 2012. Using data from the 2015 Bureau of Economic Analysis, the department estimates sales by Wisconsin electronic auctions to be 1.8% of the US total.

Assuming 5% of receipts from online auctions are for taxable farm equipment or household goods and the auctioneer has performed five or fewer auctions at the location of the auction during the year, the department estimates Wisconsin sales to be \$3.8 million ($\$4.3 \text{ billion} * 1.8\% * 5\%$).

The department estimates sales and use tax collections will decrease by about \$188,000 ($\$3.8 \text{ million} * 5\%$) 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 \$14,500 per year. The fiscal effect would be larger/smaller to the extent taxable sales of farm equipment or household goods differs from the assumed amount.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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Description the sales and use tax exemption for personal farm property or household goods sold by auction on the Internet		
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	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$see text	\$see text
Agency/Prepared By		
Authorized Signature		Date
DOR/ Travis Arthur (608) 266-8565		Robert Schmidt (608) 266-5773
		10/31/2017