

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-5462/1	Introduction Number SB-799	
Description a sales and use tax rebate for certain dependent children, a sales tax holiday in August 2018, and making an appropriation		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Create New Appropriations <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 type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Baseball District, PRAT</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
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 20.835 (2)(cb), 20.566(1)(a)		
Agency/Prepared By DOR/ Travis Arthur (608) 266-8565	Authorized Signature Robert Schmidt (608) 266-5773	Date 2/14/2018

Fiscal Estimate Narratives

DOR 2/14/2018

LRB Number	17-5462/1	Introduction Number	SB-799	Estimate Type	Corrected
Description a sales and use tax rebate for certain dependent children, a sales tax holiday in August 2018, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

SALES TAX REBATE

The bill creates a onetime sales and use tax rebate to be paid by September 1, 2018. An individual may claim a rebate equal to \$100 for each qualifying child of the individual. For purposes of claiming the rebate, a qualified child is an individual who is under 18 years of age for the entire year of 2017, a United States citizen, a resident of this state on December 31, 2017, and the claimant's dependent, as determined under the Internal Revenue Code.

Based on an analysis of Wisconsin tax returns, the department expects approximately 1,221,000 children will qualify for the rebate for a one-time cost of \$122.1 million. The department also expects to incur one-time administrative costs of \$477,000 in fiscal year 2018 and \$346,200 in fiscal year 2019. The bill appropriates these amounts for the department's one-time costs regarding the rebate.

SALES TAX HOLIDAY

The bill also creates a sales tax holiday in 2018. For the two-day period beginning on the first Saturday in August 2018 and ending on the following Sunday, the sale of products sold at retail for personal use, for which the sales price is no more than \$100 is exempt from the sales and use tax. The exemption does not apply to the sale of taxable services, prepared food, candy, soft drinks, dietary supplements, alcoholic beverages, cigarettes, tobacco products, pornographic material, motor vehicles, motor vehicle parts, tangible or intangible property used to access telecommunications services, tangible personal property transferred with certain taxable services, or tangible or intangible property provided by a utility.

Based on sales tax return data, August 2017 sales tax collections were approximately \$208 million. After adjusting for products that are not covered by the sales tax holiday, assuming the two-day holiday captures purchases for fourteen average August days, and further assuming 75% of the sales volume stems from items that are under the \$100 cap, the department estimates sales and use tax collections to decrease by \$51.46 million under the bill.

County and stadium taxes were 7.6% of state sales taxes in FY17. Assuming this percentage does not change, county and stadium sales and use taxes would decrease by about \$3.91 million (\$51.46 million * 7.6%).

Premier Resort Area taxes were 0.18% of state sales taxes in FY17. Assuming this percentage does not change, Premier Resort Area sales and use taxes would decrease by about \$93,000 (\$51.46 million * 0.18%).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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Description a sales and use tax rebate for certain dependent children, a sales tax holiday in August 2018, and making an appropriation		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The department expects to incur administrative costs of \$477,000 in fiscal year 2018 and \$346,200 in fiscal year 2019 to administer the sales tax rebate.		
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
Agency/Prepared By	Authorized Signature	Date
DOR/ Travis Arthur (608) 266-8565	Robert Schmidt (608) 266-5773	2/14/2018