

Fiscal Estimate Narratives

DOR 9/22/2015

LRB Number	15-0651/2	Introduction Number	SB-259	Estimate Type	Original
Description Providing an itemized statement of sales to customers in this state for sales and use tax purposes and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, sellers with a sufficient business connection (or "nexus") with the state are required to collect and remit sales tax. Nexus is generally established by one of two means: 1) the seller has a physical presence in Wisconsin or 2) the seller has a related affiliate in this state and the affiliate uses facilities or employees in this state to advertise, promote, or facilitate sales on behalf of the seller. When sellers do not collect and remit sales tax, customers are liable for use tax on such purchases. The Wisconsin individual income tax return provides a line for taxpayers to report their use tax liabilities.

The bill would require remote sellers that make sales of tangible personal property and taxable services in excess of \$50,000 in a year to provide either an itemized annual sales statement to each customer in Wisconsin or provide the Department of Revenue with a summary of the remote seller's sales into the state. The bill would also allow the department to impose a fee on each seller who is required to comply with the new provisions to cover the cost of administration.

For tax year 2014, use tax reported on Wisconsin individual income tax returns is estimated to be \$3.6 million. Assuming use tax collections remain flat, tax year 2016 individual use tax collections will be \$3.6 million. Assuming the proposed reporting requirements increase Wisconsin use tax compliance by 10%, collections would increase by approximately \$360,000 in 2016.

County and stadium district sales tax collections were 8.2% of state collections in FY15. Assuming this percentage does not change, county and stadium taxes would increase by \$30,000 in 2016.

Administrative costs incurred by the department could be covered by the fee allowed under the bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Providing an itemized statement of sales to customers in this state for sales and use tax purposes and making an appropriation		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time cost of \$9,000 for programming changes to WINPAS, the DOR sales and use tax software package.		
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, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$360,000	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$360,000	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$360,000	\$30,000
Agency/Prepared By		
Authorized Signature		Date
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