

**ADMINISTRATIVE RULES
FISCAL ESTIMATE
AND ECONOMIC IMPACT ANALYSIS**

Type of Estimate and Analysis		
<input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected		
Administrative Rule Chapter, Title and Number		
Chapter Tax 11 – Sales and use tax		
Subject		
Sales and use tax provisions concerning advertising and promotional direct mail and prosthetic devices		
Fund Sources Affected		Chapter 20 , Stats. Appropriations Affected
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG SEG-S		
Fiscal Effect of Implementing the Rule		
<input checked="" type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Indeterminate	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs <input type="checkbox"/> Could Absorb Within Agency’s Budget <input type="checkbox"/> Decrease Costs
The Rule Will Impact the Following (Check All That Apply)		
<input type="checkbox"/> State’s Economy <input type="checkbox"/> Local Government Units	<input type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Public Utility Rate Payers	
Would Implementation and Compliance Costs Be Greater Than \$20 million?		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Policy Problem Addressed by the Rule		
The rule does not create or revise policy, other than to reflect current law and department policy.		
Summary of Rule’s Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State’s Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)		
<p>As indicated in the attached fiscal estimate, the fiscal effects of the sales and use tax exemption created under 2011 Wisconsin Act 32 have already been reflected under general fund condition statements subsequent to 2011 Wisconsin Act 32. Since the fiscal impacts of the statutory changes have already been reflected, the proposed rule has no fiscal effect.</p> <p>No comments concerning the economic effect of the rule were submitted in response to the department's solicitation.</p>		
Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule		
<p>Clarifications and guidance provided by administrative rules may lower the compliance costs for businesses, local governmental units, and individuals.</p> <p>If the rule is not implemented, Chapter Tax 11 will be incomplete in that it will not reflect current law or department policy.</p>		
Long Range Implications of Implementing the Rule		
No long-range implications are anticipated.		
Compare With Approaches Being Used by Federal Government		
N/A		
Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)		
N/A		

FISCAL ESTIMATE FORM

2011 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB #

INTRODUCTION #

Admin rule # Tax 11: Prosthetic Devices, Advertising and Promotional Direct Mail

Subject

Proposed order of the Department of Revenue relating to sales and use tax provisions concerning advertising and promotional direct mail and prosthetic devices.

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

The proposed rule updates Chapter TAX 11 of the Administrative Code, pertaining to the sales and use tax, to reflect certain sales tax changes contained in 2011 Wisconsin Act 32, the 2011-13 Budget Bill. The proposed rule also amends chapter TAX 11 provisions pertaining to prosthetic devices and cloth diapers.

The proposed rule modifies the administrative code to reflect law changes and add examples to illustrate the tax treatment of certain items.

The proposed rule includes:

- A sales and use tax exemption for advertising and promotional direct mail created under 2011 Wisconsin Act 2.
- Updates to the list of taxable and exempt purchases of prosthetic devices to reflect current law.
- A modification to correctly reflect the effective date of the repeal of the sales and use tax exemption for cloth diapers.

The fiscal effects of the exemptions created under 2011 Wisconsin Act 32 have already been reflected under general fund condition statements subsequent to 2011 Wisconsin Act 32. Since the fiscal impacts of the statutory changes have already been reflected, the proposed rule has no fiscal effect.

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

2011 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB #	Admin. Rule #
INTRODUCTION #	Tax 11: Prosthetic Devices, APDM, Cloth Diapers

Subject
Proposed order of the Department of Revenue relating to sales and use tax provisions concerning advertising and promotional direct mail and prosthetic devices.

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 State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(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	Increased Costs	Decreased Costs
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	\$ 0	\$ 0
NET CHANGE IN REVENUES	\$ 0	\$ 0
Agency/Prepared by Wisconsin Department of Revenue Bob Schmidt 608 267-9892	Authorized Signature/Telephone No. Wisconsin Department of Revenue Paul Ziegler 608 266-5773	Date 11/07/2012