

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

Type of Estimate and Analysis

Original     Updated     Corrected

Administrative Rule Chapter, Title and Number

Chapter Tax 11 – Sales and use tax

Subject

Sales and use tax provisions

Fund Sources Affected

Chapter 20 , Stats. Appropriations Affected

GPR    FED    PRO    PRS    SEG SEG-S

Fiscal Effect of Implementing the Rule

<input checked="" type="checkbox"/> No Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<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"/> Specific Businesses/Sectors
<input type="checkbox"/> Local Government Units	<input type="checkbox"/> Public Utility Rate Payers

Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes     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)

As indicated in the attached fiscal estimate, the proposed rule is intended to reflect law changes and clarify the tax treatment of certain items. Since the fiscal impact of the statutory changes has already been reflected, the proposed rule has no fiscal effect.

No comments concerning the economic effect of the rule were submitted in response to the department's solicitation.

Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Clarifications and guidance provided by administrative rules may lower the compliance costs for businesses, local governmental units, and individuals.

If the rule is not implemented, Chapter Tax 11 will be incomplete in that it will not reflect current law or department policy.

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

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

<b>LRB #</b>	
<b>INTRODUCTION #</b>	
Admin rule #	Tax 11: 2013-15 Budget

**Subject**  
**Proposed order of the Department of Revenue related to sales tax**

**Fiscal Effect**

**State:**  No State Fiscal Effect  
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- |  |   |
|--|---|
| <input type="checkbox"/> Increase Existing Appropriation | <input type="checkbox"/> Increase Existing Revenues |
| <input type="checkbox"/> Decrease Existing Appropriation | <input type="checkbox"/> Decrease Existing Revenues |
| <input type="checkbox"/> Create New Appropriation        |   |

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

**Local:**  No Local Government Costs

- |  |   |
|--|---|
| 1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |
| 2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> 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 2013 Wisconsin Act 20, the 2013-15 Budget Bill.

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

The proposed rule includes:

- A sales and use tax exemption for certain property sold by a contractor as part of a lump sum contract.
- Repeal of the sales tax imposition on receipts from self-service laundry machines that are operated by tokens and magnetic cards.
- A sales and use tax exemption for services resulting in advertising and promotional direct mail.
- A sales and use tax exemption for certain products used by commercial printers.
- Updates and clarifications to reflect changes to sales and use tax statutes.
- Dissolution of the Health Insurance Risk-Sharing Plan and Authority.

The fiscal effect of the exemptions created under 2013 Wisconsin Act 20 has already been reflected under general fund condition statements subsequent to 2013 Wisconsin Act 20. Since the fiscal impact of the statutory changes has already been reflected, the proposed rule has no fiscal effect.

**Subject**  
**Proposed order of the Department of Revenue related to sales tax**

**I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

<b>II. Annualized Costs:</b>	<b>Annualized Fiscal impact on State funds from:</b>	
<b>A. State Costs by Category</b>	<b>Increased Costs</b>	<b>Decreased Costs</b>
State Operations - Salaries and Fringe	\$	\$ -
(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>	<b>Increased Costs</b>	<b>Decreased Costs</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>	<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$ -</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 0	\$ 0
NET CHANGE IN REVENUES	\$ 0	\$ 0
<b>Agency/Prepared by</b> Wisconsin Department of Revenue Bob Schmidt 608 266-5773	<b>Authorized Signature/Telephone No.</b> Wisconsin Department of Revenue Bob Schmidt 608 266-5773	<b>Date</b> 11/27/2013