

**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 – Various changes to Chapter Tax 11 | |
| Subject | |
| Various changes to Chapters Tax 11 | |
| 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 <input type="checkbox"/> 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) | |
| As indicated in the attached fiscal estimate, General fund condition statements have already accounted for the fiscal effect of exemptions created under previous acts. 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

INTRODUCTION #

Admin rule # Tax 11 Sales Tax Updates

Subject

Proposed order of the Department of Revenue relating sales and use tax exemptions and administration.

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 <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |
| 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenues <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 modifies Chapter TAX 11 of the administrative code to reflect statutory changes, clarify existing rules, and correct an error in the current rule provisions.

The proposed rule includes:

- The addition of a sales/use tax exemption for the sale of aircraft parts and services performed to aircraft created under 2013 Wisconsin Act 185.
- The addition of a sales/use tax exemption for equipment and certain building materials used in a fertilizer blending, feed, milling, or grain drying operation created under 2013 Wisconsin Act 324.
- The addition of a sales/use tax exemption for property used by certain commercial radio and television stations created under 2013 Wisconsin Act 346.
- Updates to sales/use tax exemptions for the printing industry amended by 2013 Wisconsin Act 145.
- Updates to the "grocers' guide" list of taxable and exempt food items to reflect current law.
- Updates to the rules to reflect statutory provisions related to "utility terrain vehicles" created under 2011 Wisconsin Act 208.
- The addition of a sales and use tax deduction for bad debts incurred by private label credit card companies and dual purpose credit card companies created under 2013 Wisconsin Act 229.
- The correction of an error in TAX 11.945(2) regarding the sourcing of "telecommunications messaging services."
- Clarifications to existing rules relating to aircraft, common motor carriers, and construction contractors.

General fund condition statements have already accounted for the fiscal effect of exemptions created under previous acts. The proposed rule has no fiscal effect.

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

2015 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

| | |
|-----------------------|--------------------------|
| LRB # | Admin. Rule # |
| INTRODUCTION # | Tax 11 Sales Tax Updates |

Subject
Proposed order of the Department of Revenue relating to lottery retailers.

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

STATE

LOCAL

| | | |
|------------------------|----------|----------|
| NET CHANGE IN COSTS | \$ _____ | \$ _____ |
| NET CHANGE IN REVENUES | \$ _____ | \$ _____ |

| | | |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------|
| Agency/Prepared by Wisconsin Department of Revenue Travis Arthur 608 266-8565 | Authorized Signature/Telephone No. Wisconsin Department of Revenue Bob Schmidt 608 266-5773 | Date 9/6/2016 |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------|