

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected	2. Date October 11, 2019
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3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable)  
Chapter Tax 1,2,14 – 2017 Acts Update

4. Subject  
The proposed rules implement changes required to administer the provisions of 2017 Wisconsin Acts 2 and 59, as well as to make other minor technical changes.

5. Fund Sources 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	6. Chapter 20, Stats. Appropriations Affected
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7. Fiscal Effect of Implementing the Rule  
 No Fiscal Effect     Increase Existing Revenues     Increase Costs      
 Indeterminate     Decrease Existing Revenues     Decrease Costs  
 Could Absorb Within Agency's Budget

8. The Rule Will Impact the Following (Check All That Apply)  
 State's Economy     Specific Businesses/Sectors  
 Local Government Units     Public Utility Rate Payers  
 Small Businesses (**if checked, complete Attachment A**)

9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1).  
\$ 0

10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)?  
 Yes     No

11. Policy Problem Addressed by the Rule  
The rules are not up to date based on various changes made by 2017 Wisconsin Acts 2 and 59.

12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments.  
A comment period was identified for economic impact and the public was notified. The comment period lasted from September 26, 2019 through October 10, 2019. The following associations representing businesses or professionals were contacted for comments:

- WICPA
- Wisconsin Manufacturers and Commerce
- Wisconsin Association of Accountants
- Tax Executives Institute
- Independent Business Association of Wisconsin
- Wisconsin Independent Businesses
- National Federation of Independent Businesses
- Council on State Taxation
- National Association of Computerized Tax Processors

13. Identify the Local Governmental Units that Participated in the Development of this EIA.  
No local government units participated in the development of this EIA.

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

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14. 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)

No impact is anticipated.

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15. 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, Chapters Tax 1, 2, and 14 will be incomplete in that they will not reflect current law or department policy.

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16. Long Range Implications of Implementing the Rule

No long range implications are anticipated.

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17. Compare With Approaches Being Used by Federal Government

There are no similar approaches being used by Federal Government.

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18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

There are no similar approaches being used by neighboring states.

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19. Contact Name

Jen Chadwick

20. Contact Phone Number

608-266-8253

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**ADMINISTRATIVE RULES**  
**Fiscal Estimate & Economic Impact Analysis**

**ATTACHMENT A**

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1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

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2. Summary of the data sources used to measure the Rule's impact on Small Businesses

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3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

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5. Describe the Rule's Enforcement Provisions

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6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes    No
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**FISCAL ESTIMATE FORM**

**2019 Session**

- ORIGINAL       UPDATED  
 CORRECTED       SUPPLEMENTAL

<b>LRB #</b>
<b>INTRODUCTION #</b>
Admin. Rule # to be assigned

**Subject**  
**Proposed Order of the Department of Revenue Repealing, Amending, and Creating Rules**

**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"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation	<input type="checkbox"/> 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	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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	

<b>Fund Sources Affected</b> <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	<b>Affected Ch. 20 Appropriations</b>
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**Assumptions Used in Arriving at Fiscal Estimate:**

The proposed rules implement changes required to administer the provisions of 2017 Wisconsin Acts 2 and 59, as well as to make other minor technical changes. These rules are intended to reflect and clarify existing law, and as such do not have any fiscal impact.

The proposed rule makes the following changes:

- Updating email and website addresses  
 The current rules provide information for taxpayers to find certain forms or contact the department. The forms and contacts still exist, but the email or internet addresses need to be updated in some cases.
- Updating procedures relating to power of attorney forms  
 Most substantively, the power of attorney form applies to a variety of taxes and credits administered by the department. Because unclaimed property matters are now administered by the department as well, the rule clarifies that the form also applies to unclaimed property. Moreover, the rule change clarifies the information required by the department if the taxpayer chooses to submit an alternate power of attorney form rather than the form provided by the department.
- Repeal ambulatory surgical center assessment  
 Current rule establishes procedures and other requirements necessary for administering the ambulatory surgical center assessment. Ambulatory surgical center assessments have since been repealed in statute, and therefore no longer relevant.
- Remove references to obsolete forms  
 The department has replaced form I-827 by including a residence questionnaire in form 1-NPR. The rule change updates the reference to reflect that change.
- Update electronic and other filing requirements

**Long-Range Fiscal Implications:**

<b>Agency/Prepared by: (Name &amp; Phone No.)</b> Wisconsin Department of Revenue Bradley Caruth (608) 261-8984	<b>Authorized Signature/Telephone No.</b> Wisconsin Department of Revenue Robert Schmidt (608) 266-5773	<b>Date</b> 4/22/2019
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Prior to 2018, statute required a number of information returns be filed electronically if the filer submitted 50 or more such returns. In 2017 Wis. Act 59, the limit was changed from 50 to 10, so the rule change updates the references to the new limit. Similarly, the rule change removes old references that required tax preparers to file electronically if they submitted a certain 100 or 200 returns. That requirement is now for 50 or more returns.

- Remove obsolete reference to health insurance credit  
Current law does not include a health insurance credit as part of the federal EITC. This rule change removes the health insurance credit reference from the rules and updates the relevant description of the federal EITC to reflect current law.
- Reference statutory limitations related to net business and operating losses  
Changes to a net operating or business loss carryforward may not be made unless the change to the incurred loss was computed on a return that was filed within four years of the unextended due date for filing the original return. The provision adds that statutory reference to Tax 2.105 (4) (b) and 2.12 (3) (c).
- Remove line references to forms  
Several current rules refer to specific items on federal forms and also lists the line numbers on those forms. The federal line numbers change relatively often, but the specific items being referenced on the federal forms are still present on different lines. This change removes the incorrect line references in the rules, but retains the correct item names and form numbers.
- Update date and other references to the Internal Revenue Code  
In some cases the current rules refer to old federal IRC provisions. Federal law changes require that the rules have new federal references to retain the correct meaning.
- Add exception for broadcaster's gross receipts to receipts for intangible property included in sales factor  
When calculating the sales factor, there are exceptions for intangible property. The rule change clarifies those exceptions for receipts of intangible property relating to broadcaster's apportionment.
- Update sourcing of sales of services  
The rule change updates a reference to federal rules concerning sourcing of sales of services. Previously, the reference was to IRC chapter 861. That has since been changed to IRC subchapter N.
- Repeal alternative method of apportionment  
The current rule references Tax 2.395, which has only allowed petitions if filed prior to January 1, 2000. This proposed rule deletes the reference to Tax 2.395.
- Provide no interest is paid on certain WEDC refunds  
Current law does not provide interest to be paid on certain WEDC refunds. The rule change adds lines clarifying that no interest shall be paid on certain WEDC refunds.
- Add limitation to credit for tax paid to another state  
Effective beginning in 2017 the Wisconsin credit for taxes paid to another state is limited to the amount of tax paid to Wisconsin on the income that is taxable to both states. This rule change contains updated descriptions of the credit and updated examples calculations that reflect the law change.
- Repeal notes relating to obsolete disasters  
The rules provide information related to claiming casualty losses from disasters and include notes regarding specific past disaster declarations. Since the specifically listed disaster declarations are no longer within the statute of limitations, those references are no longer necessary.
- Update homestead credit references related to disqualified losses  
Effective beginning in 2018 certain disqualified losses must be added back to income for homestead purposes. Existing rules are intended to clarify the meaning of household income and income for homestead credit purposes. This change includes disqualified losses in the rule to accurately reflect the statute.
- Repeal subdivision renumbered and not deleted and error  
A rule describing items that must be added back to income for homestead credit purposes was previously renumbered, but not removed from the original location. That resulted in duplicative information in Tax 14.03 (4) (b) 23 and Tax 14.03 (4) (c). This change fixes the duplication by removing the information in Tax 14.03 (4) (b) 23.

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

**2019 Session**

- ORIGINAL       UPDATED  
 CORRECTED       SUPPLEMENTAL

**LRB #**

Admin. Rule #  
to be assigned

**INTRODUCTION**

**Subject**

**Proposed Order of the Department of Revenue Repealing, Amending, and Creating Rules**

**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)	( FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$ -</b>
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		-
<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

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Bradley Caruth (608) 261-8984	Wisconsin Department of Revenue Robert Schmidt (608) 266-5773	4/22/2019