

## 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 April 6, 2020
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3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable)

Chapter Tax 11 – Update for 2017 Acts

4. Subject

2015 Wisconsin Act 126, 2015 Wisconsin Act 170, 2017 Wisconsin Act 17, 2017 Wisconsin Act 59, 2017 Wisconsin Act 190, 2017 Wisconsin Act 231, and 2017 Wisconsin Act 290 made numerous changes to Wisconsin's sales and use tax laws.

The department has created this proposed rule order to reflect these statutory changes as well as provide needed clarification and correction.

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

<input checked="" type="checkbox"/> No Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs	<input type="checkbox"/>
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	Decrease Costs	
		<input type="checkbox"/> Could Absorb Within Agency's Budget	

8. 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
<input checked="" type="checkbox"/> Small Businesses <b>(if checked, complete Attachment A)</b>	

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

This rule makes changes to reflect current law and current department policy, therefore, there is no fiscal effect for the proposed rule.

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 March 6, 2020 through March 20, 2020 and no comments were received. The following associations were contacted, but no comments were received:

- WICPA – Wisconsin Taxation Committee
- WMC – Wisconsin Manufacturers and Commerce
- WAA - Wisconsin Association of Accountants
- TEI - Tax Executives Institute
- IBAW – Independent Business Association of Wisconsin
- WIB – Wisconsin Independent Businesses
- NFIB - National Federation of Independent Business
- COST – Council on State Taxation

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

- NACTP - National Association of Computerized Tax Processors

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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.

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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)

The rule does not create any fiscal or economic impact on businesses, including small businesses. The rule is being updated to reflect current law; therefore any fiscal or economic impact is a result of the law and not this rule.

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

The department has created this proposed rule order to reflect statutory changes, as well as provide needed clarification and correction.

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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

The passage of the permanent Internet Tax Freedom Act, as part of Trade Facilitation and Trade Enforcement Act of 2015 (P.L. 114-125) on February 24, 2016, prohibited states like Wisconsin, that were grandfathered in temporary versions, from imposing sales tax on internet access services by July 1, 2020. Wisconsin law was revised to reflect this federal preemption effective July 1, 2020. There is no other existing or proposed federal regulation that is intended to address the activities to be regulated by the rule.

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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

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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)

The rule does not create any fiscal or economic impact on businesses, including small businesses. The rule is being updated to reflect current law; therefore any fiscal or economic impact is a result of the law and not this rule.

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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

**LRB #**

**INTRODUCTION #**

**Admin. Rule # to be assigned**

**Subject**

This rule proposes an order to: **repeal** Tax 11.26 (3) (g), 11.39 (4) (b), and 11.68 (9) (a) (Example 2); **amend** Tax 11.04 (1), (2), (4), and (5) (Note 1) and (Note 2), 11.05 (3) (u) and (Note) and (4) (a) and (f) (Note 2), 11.12 (1), (2) (f), (4) (a) (intro), (b) (intro) and 6. (title) and a., (c), and (d), and (7) (Note 1) and (Note 2), 11.14 (12) (d) and (16) and (Note 1) and (Note 2), 11.16 (1) (h) and (3) (c) (Note 1) and (Note 2), 11.17 (4) (b) 6. and (5) (Note 1) and (Note 4), 11.19 (6), 11.26 (3) (h) (Note 1), 11.33 (4) (f), (Example 1), and (Example 2) and (5) (f) (Note 2), 11.48 (3) (Note 1) and (Note 2), 11.49 (2) (b) and (3) (b) (Note 1) and (Note 2), 11.52 (7) (a) and (Note 1) and (Note 2), 11.53 (3) and (7) (Note 1) and (Note 2), 11.55 (1) and (2) (a), 11.57 (2) (i) and (6) (Note 1) and (Note 2), 11.62 (2) (b) and (3) (d) (Note 1) and (Note 2), 11.65 (1) (c), (3), and (5) (Note 1) and (Note 2), 11.66 (4) (b) and (6) (Note 1) and (Note 3), 11.68 (7) (b) 1., 2., and 3. (intro.) and (Example 1) and (Example 2), (9) (a) and (Example 1), and (13) (Note 1) and (Note 2), 11.83 (4) (c), 11.86 (6) (Note 1) and (Note 2), 11.87 (4) (Note 2), 11.92 (1) (b) and (7) (b) (Note 1), and 11.985 (3) (b) and (Note 1); **repeal and recreate** Tax 11.68 (4) (i); **create** Tax 11.04 (1) (a) 9., 11.05 (4) (a) 8. and (bg), 11.12 (1) (am), 11.17 (4) (a) 4., 11.48 (2) (f), 11.49 (2) (bg), 11.52 (5m) and (7) (e), 11.57 (2) (r), 11.66 (2) (c) (Note), 11.68 (4) (j) and (7) (b) 2g., 2h., 2r., and 3. a. and b. and (Example), 11.86 (5) (d), 11.87 (3) (h), and 11.92 (1) (bg).

**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:**

2015 Wisconsin Act 126, 2015 Wisconsin Act 170, 2017 Wisconsin Act 17, 2017 Wisconsin Act 59, 2017 Wisconsin Act 190, 2017 Wisconsin Act 231, and 2017 Wisconsin Act 290 made numerous changes to Wisconsin's sales and use tax laws.

The department has created this proposed rule order to reflect these statutory changes as well as provide needed clarification and correction as described above.

This rule makes changes to reflect current law and current department policy, therefore, there is no fiscal effect for the proposed rule.

**Long-Range Fiscal Implications:**

Agency/Prepared by: (Name & Phone No.)  
 Wisconsin Department of Revenue  
 Travis Arthur  
 (608) 266-8565

Authorized Signature/Telephone No.  
 Wisconsin Department of Revenue  
 Jamie Adams  
 (608) 266-6785

Date  
 1-20-2020

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

**2019 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

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

**Subject**

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**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. 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>	\$	\$ -

**NET ANNUALIZED FISCAL IMPACT**

**STATE**

**LOCAL**

NET CHANGE IN COSTS

\$ 0

\$ 0

NET CHANGE IN REVENUES

\$ 0

\$ 0

<b>Agency/Prepared by: (Name &amp; Phone No.)</b>	<b>Authorized Signature/Telephone No.</b>	<b>Date</b>
Wisconsin Department of Revenue Travis Arthur (608) 266-8565	Wisconsin Department of Revenue Jamie Adams (608) 266-6785	1-20-2020