

1999 Session

FISCAL ESTIMATE

ORIGINAL UPDATED

DOA-2048 N(R10/94)

CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.

LRB 0846/1

AB 78

Amendment No. if Applicable

Subject

Sales and Use Tax Exemption on All Electricity Used in Farming

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 Stadium Dist.
 - 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

Under current law, electricity used in farming sold from November through April is exempt from sales and use tax; this bill would extend the exemption to electricity sold in the remaining months of the year.

Sales of electricity to farmers in 1996 that were subject to tax are estimated to be \$52.6 million, based on data in the *Wisconsin Energy Statistics* published by the Department of Administration's Division of Energy and Intergovernmental Relations. Assuming this bill takes effect on July 1, 1999, and a growth in electricity sales to farmers equal to the 5.2% percent change in the GDP price index between 1996 and FY 1999-2000, the revenue loss from this bill is estimated to be (\$52.6 million X 5.5% X 1.052) approximately \$2.8 million.

In 1997, county and stadium sales taxes were 6.25% of total state sales taxes. Assuming this same percentage applies in FY 1999-2000, the revenue loss to local governments would be (\$2.8 million X .0625) \$175,000.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue	Yeang-Eng Braun	12/21/98
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Sales and Use Tax Exemption on All Electricity Used in Farming

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:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds		
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
II. 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	\$	\$ -2.8 million
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -2.8 million

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ -2.8 million	\$ -175,000

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