

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-4094/3
INTRODUCTION # SB 460
Admin. Rule #

Subject
Expand Sales and Use Tax Exemption for Equipment Used for Recycling Activities

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 checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Create New Appropriation		

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 checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>SWPBPD</u> <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 checked="" type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations
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Assumptions Used in Arriving at Fiscal Estimate:

Under current law, the sale of a licensed motor vehicle used for waste reduction or recycling activities is subject to the sales and use tax. The intent of this bill is to exempt licensed motor vehicles used for collecting and transporting waste and for recycling activities. However, as currently written this proposal would provide a much broader exemption than the authors intend. The types of equipment that would be exempt under this proposal include, but are not limited to, all bins, dumpsters, compactors, bailers, garbage trucks, collection vehicles, and other equipment for both personal and business use that are involved in the collection or transportation of waste and recyclables.

Data on the sales for the type of equipment used for recycling or solid waste transportation and collection that would be exempt from the sales and use tax by this proposal are unavailable. According to a 1997 national survey conducted by *Environmental Business Journal*, the value of all waste management and recycling equipment sold in the United States was an estimated \$12.2 billion in 1997. Adjusting for inflation and using Wisconsin's share of the total U.S. population, the sales of such equipment in Wisconsin would be an estimated \$240.6 million ($\$12.2 \text{ billion} \times 1.038 \times .019$) annually. Assuming that one-third to one-half of such sales would become exempt, the revenue loss associated with this proposal as currently written would be \$4.0 million ($\$240.6 \text{ million} \times .33 \times .05$) to \$6.0 million ($\$240.6 \text{ million} \times .5 \times .05$) annually. The revenue loss associated with sales of bins, garbage cans, garbage compactors and other equipment to households is unknown.

County and stadium sales tax revenues were 6.24% of state sales tax revenues in 1998. Assuming this percentage continues to apply, county and stadium sales tax revenues on sales of waste management and recycling equipment would decline by \$250,000 ($\$4 \text{ million} \times .0624$) to \$375,000 ($\$6 \text{ million} \times .0624$). There would be an additional revenue loss from sales of equipment to households.

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue John T. Stott, (608) 266-9706	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 	Date 3/20/00
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FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

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Subject

Expand Sales and Use Tax Exemption for Equipment Used for Recycling Activities

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	\$	\$ - See Text
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	\$	\$ - See Text

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ See Text _____	\$ See Text _____

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
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