

Fiscal Estimate Narratives

DOR 4/12/2006

LRB Number	05-4085/1	Introduction Number	AB-1141	Estimate Type	Original
Description The amount of sales and use taxes that a retailer may retain for administrative purposes					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, retailers may deduct the greater of \$10 per return or 0.5% of the total amount of sales and use taxes payable as compensation for the costs of timely collecting and reporting the tax. This amount, known as the "retailer's discount" is based on the total of state, county and stadium district sales and use taxes reported to the department.

Under the bill, retailers may deduct a maximum of \$1,000 per return.

The bill would affect the retailer's discount for sales and use tax returns reporting taxes of \$200,000 (\$1,000/0.5%) or more -- about 1,700 sales tax returns in FY05. Retailer's discounts applicable to the 1,700 returns totaled \$7.2 million in FY05. If the bill had been in effect in FY05, retailer's discounts for these returns would have totaled \$1.7 million (\$1,000 x 1,700), and state revenues would have been \$5.5 million (\$7.2 mil. - \$1.7 mil.) greater than under current law. Based on the forecast of sales and use tax growth used in the 2005-2007 state budget, the increase in state revenues under the bill would be \$6.0 million in FY07 or \$3.0 million if the limit under the bill only applies to the second half of FY07.

Administrative costs would be absorbed.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The bill is unlikely to apply to all of FY07. Assuming the bill applies to only one half of FY07, state revenues would increase \$3,000,000.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(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			
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, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$6,000,000	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$6,000,000	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$6,000,000	\$
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		Date 4/11/2006	