

### Fiscal Estimate - 2011 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 11-0420/1	<b>Introduction Number</b> AB-0238
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**Description**  
 The sales and use tax exemption for electricity and natural gas.

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate  
 Increase Existing Appropriations     
  Increase Existing Revenues  
 Decrease Existing Appropriations     
  Decrease Existing Revenues  
 Create New Appropriations     
  Increase Costs - May be possible to absorb within agency's budget  
   
  Yes       No  
 Decrease Costs

**Local:**

No Local Government Costs  
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Stadium Districts</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 Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DOR/ Robert Schmidt (608) 267-9892	<b>Authorized Signature</b> Paul Ziegler (608) 266-5773	<b>Date</b> 9/22/2011
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## Fiscal Estimate Narratives

DOR 9/22/2011

LRB Number	11-0420/1	Introduction Number	AB-0238	Estimate Type	Original
<b>Description</b> The sales and use tax exemption for electricity and natural gas.					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, the sale of electricity and natural gas during the months of November, December, January, February, March, and April for residential use is exempt from the sales and use tax.

Under the bill, electricity and natural gas sold for residential use would be exempt, regardless of the month in which the sale took place. The bill would be effective on the first day of the 2nd month after publication.

Based on data from the Wisconsin Public Service Commission and the State Energy Office for 2010, newly exempt sales of residential electricity and natural gas would increase by \$1,629 million under the bill. It is estimated that state sales and use taxes would decrease by \$81.5 million ( $\$1,629 \text{ million} \times .05$ ) on an annual basis.

In FY10, Wisconsin's county and stadium district sales tax collections were approximately 8.0% of state sales tax collections. Assuming that this percentage will remain unchanged in FY12, Wisconsin local sales taxes would be reduced by \$6.5 million annually.

The Department of Revenue's administrative costs under the bill can be absorbed within existing expenditure authority.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

LRB Number <b>11-0420/1</b>		Introduction Number <b>AB-0238</b>	
<b>Description</b>			
The sales and use tax exemption for electricity and natural gas.			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$-81,500,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>-\$81,500,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-81,500,000	-\$6,500,000
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Robert Schmidt (608) 267-9892		Paul Ziegler (608) 266-5773	9/22/2011