

### Fiscal Estimate - 2011 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>11-2732/1</b>	<b>Introduction Number</b> <b>AB-0387</b>
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**Description**  
 A sales and use tax exemption for coins, currency, and commemorative medallions

**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 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" 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
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<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input 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>	<b>Authorized Signature</b>	<b>Date</b>
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## Fiscal Estimate Narratives

DOR 11/11/2011

LRB Number	11-2732/1	Introduction Number	AB-0387	Estimate Type	Original
<b>Description</b> A sales and use tax exemption for coins, currency, and commemorative medallions					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, "tangible personal property" includes U.S. coins and stamps sold or traded as collector's items above their face value. Sales of such U.S. coins and stamps are subject to sales and use taxes.

Under the bill, sales of coins; currency; commemorative medallions; and sovereign coins made from gold, silver, platinum, or palladium or any combination of those metals would be exempt from sales and use tax.

Two methodologies were employed to estimate the fiscal effect of this bill:

The first methodology utilizes the sales tax returns of certain filers. Twenty-nine companies with names descriptive of products to be exempted under the bill were registered for sales and use taxes in 2010. The 29 companies collected approximately \$630,000 in sales taxes in 2010. Many of the 29 companies are "coin and stamp" or "coin and jewelry" companies and an unknown portion of the taxes paid by these companies would be for jewelry, stamps and other taxable sales. On the other hand, there may be other companies and individuals that sell coins, currency and commemorative medallions under non-descriptive business names that have not been included in this tally.

The second methodology is based on data from the US Census Bureau. According the 2007 Economic Census, nationwide sales of "coins, medals and other numismatic items" totaled \$1,523 million (but a Wisconsin-specific share of sales of this product line is not available from the US Census Bureau). Approximately 97% these nationwide sales, however, occurred at retailers classified as "other miscellaneous store retailers" and the 2007 Economic Census reports that Wisconsin's share of US retail sales by this category of retailers is 1.39%. Assuming that Wisconsin's share of "coins, medals, and other numismatic items" is equivalent to the state's share of US sales by "other miscellaneous store retailers" and that sales of these items has increased at the same rate as the sales and use tax collections of a sample of businesses engaged in these sales (325% from 2007 to 2010), it is estimated that the exemption would result in a revenue decrease of \$690,000.

Given the range produced by the two methodologies (\$630,000 to \$690,000), it is estimated that the exemption would result in a sales and use tax revenue decrease of \$660,000.

County and stadium sales and use taxes were 8.0% of state sales and use taxes in FY10. Assuming this percentage does not change, county and stadium taxes would decrease by \$53,000 (\$660,000 x 8.0%) per year under the bill.

The department's administrative costs would be absorbed within existing budget authority.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number</b> 11-2732/1		<b>Introduction Number</b> AB-0387	
<b>Description</b> A sales and use tax exemption for coins, currency, and commemorative medallions			
<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	\$		\$-660,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>-\$660,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-660,000		-\$53,000
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