

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-1714/1	Introduction Number AB-0719
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Description
 Authorizing a county to increase its sales and use tax under certain circumstances and requiring a referendum

Fiscal Effect

State:

- | | | |
|---|---|---|
| <input type="checkbox"/> No State Fiscal Effect
<input type="checkbox"/> Indeterminate
<input type="checkbox"/> Increase Existing Appropriations
<input type="checkbox"/> Decrease Existing Appropriations
<input type="checkbox"/> Create New Appropriations | <input checked="" type="checkbox"/> Increase Existing Revenues
<input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Costs |
|---|---|---|

Local:

- | | | |
|--|--|--|
| <input type="checkbox"/> No Local Government Costs
<input type="checkbox"/> 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 checked="" type="checkbox"/> Increase Revenue
<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
4. <input type="checkbox"/> Decrease 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 type="checkbox"/> Others
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--|--|--|

Fund Sources Affected

- GPR FED PRO PRS SEG SEGS

Affected Ch. 20 Appropriations

20.566(1)(g) Administration of County Sales and Use Taxes

Agency/Prepared By

DOR/ Robert Schmidt (608) 266-5773

Authorized Signature

Robert Schmidt (608) 266-5773

Date

2/19/2014

Fiscal Estimate Narratives

DOR 2/19/2014

LRB Number	13-1714/1	Introduction Number	AB-0719	Estimate Type	Original
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Assumptions Used in Arriving at Fiscal Estimate

Under current law, counties may impose a 0.5% sales and use tax for the purpose of reducing county property tax levies. The Department of Revenue collects the tax on behalf of the counties and distributes 98.25% of the tax collections to the counties. The department retains 1.75% of collections to cover administrative costs.

Under the bill, counties may impose an additional sales and use tax of up to 1.0% if the county reduces its property tax levy for the next year by an amount approximately equal to the amount of tax revenue generated by the additional sales and use tax during the four calendar quarters before the calendar quarter in which the county imposes its property tax levy for the next year. Counties may only impose the additional sales and use tax after the enactment of an ordinance that is approved in a contingent referendum.

The fiscal effect of the bill depends on the number of counties that impose the additional tax and the rate adopted by each county. Currently, 62 counties impose the 0.5% county sales and use tax. County sales and use tax collections totaled \$312.9 million in 2013 (distributions of \$307.5 million / 98.25%). For illustrative purposes, assuming all 62 counties that currently impose the county sales and use tax impose an additional 1.0% tax, 2013 county distributions would have increased by approximately \$614.9 million (collections of \$625.9 million x 98.25%). Such a scenario would have increased administrative fee revenue by approximately \$11.0 million (\$625.9 million x 1.75%).

Administrative costs for the bill would also depend on the number of counties that impose the additional sales tax. One-time programming changes to WINPAS, the state's tax processing system, would cost approximately \$14,000. Additional costs of approximately \$5,000 would be incurred for each additional county that elects to impose the additional sales tax.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

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Description Authorizing a county to increase its sales and use tax under certain circumstances and requiring a referendum			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time programming changes to WINPAS, the state's tax processing system, would cost approximately \$14,000.			
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, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$see text	\$
	NET CHANGE IN REVENUE	\$see text	\$see text
Agency/Prepared By		Authorized Signature	Date
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