

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-2725/3	Introduction Number AB-0405
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Description
 Exemptions from certain taxes and other requirements for work performed by persons from outside the state during a state of emergency declared by the governor

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 type="checkbox"/> Increase Existing Revenues
<input checked="" 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 checked="" type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue
<input 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 checked="" type="checkbox"/> Others <u>Stadium Districts</u>
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Fund Sources Affected	Affected Ch. 20 Appropriations
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GPR FED PRO PRS SEG SEGS

Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Michael Wagner (608) 266-6785	Date 10/20/2015
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Fiscal Estimate Narratives

DOR 10/20/2015

LRB Number	15-2725/3	Introduction Number	AB-0405	Estimate Type	Original
Description Exemptions from certain taxes and other requirements for work performed by persons from outside the state during a state of emergency declared by the governor					

Assumptions Used in Arriving at Fiscal Estimate

This bill exempts out-of-state businesses and nonresident individuals from certain taxes, fees, and licensing for disaster relief work performed in Wisconsin related to a state of emergency declared by the governor.

Qualified disaster relief work includes repairing, renovating, installing, building, or performing other services or activities relating to infrastructure in Wisconsin that has been damaged, impaired, or destroyed in connection with a declared state of emergency.

Out-of-state businesses and nonresident individuals would be exempt from all of the following with respect to disaster relief work:

1. Any applicable state or local government fee.
2. Any applicable state income, franchise, or withholding tax.
3. Any applicable state or local government license, certificate, registration, permit, or other credential or approval.
4. The use tax imposed on tangible personal property and services purchased outside of this state and brought into this state for disaster relief work.

In the six-year period from 2008 to 2013, there were six disasters in which both the state government and the federal government declared a disaster. In these instances, the state, federal, and local governments committed to approximately \$154 million in funding to repair and restore publicly owned facilities, infrastructure, and certain private non-profit organizations. While this is not an exhaustive accounting of qualified disaster related spending under the bill, it reflects government spending on the largest identified disasters in the period.

The above disasters averaged \$25.6 million in annual disaster relief spending. Assuming half of the work is done by out-of-state businesses and nonresidents, as well as adjusting for corporate apportionment, the share nonresident workers covered under income tax reciprocity agreements, and the share of sales not already exempt in Wisconsin, DOR estimates the bill will reduce tax collections by approximately \$300,000 annually.

To the extent that qualified disaster relief work exceeds the government obligations from the six disasters described above, the effect of the exemption would also be larger. Due to the unpredictable nature of disaster, the amount could vary dramatically from year to year. During the six-year period used above, the disasters are indicative of an annual impact range from minimal to more than \$1 million.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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Description Exemptions from certain taxes and other requirements for work performed by persons from outside the state during a state of emergency declared by the governor			
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 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		\$	\$
NET CHANGE IN REVENUE		\$See Text	\$
Agency/Prepared By		Authorized Signature	Date
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