

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4590/1	Introduction Number SB-501
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Description
 a sales and use tax exemption for services performed during a disaster period by electric cooperatives or telecommunications utilities

Fiscal Effect

State:

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

Local:

- No Local Government Costs
 - Indeterminate
 - 1. Increase Costs
 - Permissive Mandatory
 - 2. Decrease Costs
 - Permissive Mandatory
 - 3. Increase Revenue
 - Permissive Mandatory
 - 4. Decrease Revenue
 - Permissive Mandatory
5. Types of Local Government Units Affected
- Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<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	

Agency/Prepared By	Authorized Signature	Date
DOR/ Travis Arthur (608) 266-8565	Robert Schmidt (608) 266-5773	12/18/2017

Fiscal Estimate Narratives

DOR 12/18/2017

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Description a sales and use tax exemption for services performed during a disaster period by electric cooperatives or telecommunications utilities					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a sales and use tax exemption for services provided by an electric cooperative to another electric cooperative, or by a telecommunications utility to another telecommunications utility, for disaster relief work performed in conjunction with a declared state of emergency.

The bill would cause a reduction in state and local sales tax collections. The magnitude of the fiscal effect is indeterminate and sensitive to the severity of the disaster, the impact on utility infrastructure, and the decision by electric cooperatives and telecommunication utilities to contract with other entities to provide repair services.

Based on information provided by the Wisconsin Electric Cooperative Association, a recent tornado event that impacted Chetek (Barron Electric Cooperative) resulted in contracted labor costs of \$82,000. In this scenario, the exemption would have reduced state sales tax revenue by \$4,100.

The department does not have information on disaster related expenditures for relief work performed by telecommunications companies. Telecommunications providers with larger geographic footprints would be more susceptible to disasters, but also less likely to contract with another telecommunications company for repair services.

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. Assuming each disaster resulted in eligible expenditures similar to the Chetek tornado for both affected electric cooperatives and telecommunications utilities, the exemption would reduce state tax revenues by approximately \$8,200 on an annual basis. Larger damages stemming from a disaster could result in greater revenue losses for the state.

Due to the unpredictable nature of disasters, the impact of the sales tax exemption could vary dramatically from year to year.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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Description a sales and use tax exemption for services performed during a disaster period by electric cooperatives or telecommunications utilities		
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	\$see text
Agency/Prepared By		
Authorized Signature		Date
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		12/18/2017