

Fiscal Estimate Narratives

DOR 3/8/2017

LRB Number	17-1115/1	Introduction Number	SB-095	Estimate Type	Original
Description Regulation of aquaculture and fish farms, providing an exemption from emergency rule procedures, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

This fiscal estimate is limited to the sections of the bill that affect the Department of Revenue.

The bill creates a sale/use tax exemption for the sale of farm-raised fish sold to a fish farm that is registered with the Department of Agriculture, Trade, and Consumer Protection (DATCP). Fish farms include operations that hold live fish eggs or live fish for a variety of activities including sales, stocking, fishing, education, research, and food.

ANNUAL FISCAL EFFECT

According to the 2012 Census of Agriculture, Wisconsin aquacultural sales of fish totaled \$12.9 million. Assuming zero growth (based on data from 2007 to 2012), sales are estimated to be \$12.9 million in 2017. Further assuming that 10% of sales are to Wisconsin fish farms registered with DATCP, taxable sales of fish will be approximately \$1.29 million in 2017. Under these assumptions, a sales/use tax exemption for fish sold to a fish farm registered with DATCP would reduce state sales/use tax collections by approximately \$65,000 on an annual basis.

County and stadium taxes were 7.7% of state sales taxes in FY16. Assuming this percentage does not change, county and stadium sales and use taxes would decrease by \$5,000 annually.

RETROACTIVE EFFECTIVE DATE – REFUND CLAIMS

The exemption has a retroactive effective date of January 1, 2012. The department estimates sales tax collections subject to refund claims to be \$325,000. Applying 3% annual interest for refund payments, the department estimates a reduction in sales tax revenue of \$355,000 over the course of the refund period. This actual refund amount will depend on the volume and timing of claims filed with the department.

County and stadium sales tax revenue would decrease by approximately \$27,300 ($\$355,000 * 7.7\%$).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Regulation of aquaculture and fish farms, providing an exemption from emergency rule procedures, and granting rule-making authority	
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The department estimates a reduction in sales tax revenue of \$355,000 over the course of the refund period. This actual refund amount will depend on the volume and timing of claims filed with the department.	
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, ets.)	
	Increased Rev
	Decreased Rev
GPR Taxes	\$
GPR Earned	\$-65,000
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	\$-65,000
	-\$5,000
Agency/Prepared By	Authorized Signature
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	Date
	3/8/2017