

1999 Session

FISCAL ESTIMATE

DOA-2048 N(R10/98)

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

| | |
|-------------------------------|--------|
| LRB or Bill No./Adm. Rule No. | AB 181 |
| LRB 1373/1 | |
| Amendment No. if Applicable | |

Subject

Sales and Use Tax Exemption for Equipment Used to Administer Air to Treat Sleep Apnea

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others SWPBD
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a tax exemption for equipment used to administer air to treat sleep apnea. There are currently two types of devices used specifically to treat sleep apnea; they are Continuous Positive Airway Pressure (CPAP) and Variable Positive Airway Pressure (BiPAP) machines.

The overall average annual cost of owning or renting either a CPAP or BiPAP is estimated to be \$1,000, based on information from medical supply companies.

According to the American Sleep Apnea Association, an estimated 1,150,000 people are diagnosed as having sleep apnea. Based on Wisconsin's share of the U.S. population (1.94%), nearly 22,000 state residents are assumed to be diagnosed with sleep apnea. The American Sleep Apnea Association also estimates that 60% of those diagnosed with apnea use a machine to administer air while they sleep, thus an estimated 13,000 state residents currently use a machine. Therefore, the annual sales tax revenue lost from exempting machines that treat sleep apnea would be approximately \$650,000 (\$1,000 x 13,000 x .05).

In 1997, county and Southeastern Wisconsin Professional Baseball Park District sales tax revenues were 6.25% of state sales tax revenues. Assuming that this percentage applies, local sales tax revenues would decline by approximately \$41,000 (\$650,000 x .0625) annually.

Long-Range Fiscal Implications

| | | |
|--|---|-------------|
| Agency/Prepared by: (Name & Phone No.) | Authorized Signature/Telephone No. | Date |
| Wisconsin Department of Revenue John T. Stott, (608) 266-9706 | Yeang-Eng Braun (608) 266-2700 <i>Yeang-Eng Braun</i> | 2/5/99 |

1999 Session

**FISCAL ESTIMATE
DOA-2047 N(R10/98)**

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

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| LRB or Bill No./Adm. Rule No. | Amendment No. |
| LRB 1373/1 AB 181 | |

Subject
Sales and Use Tax Exemption for Equipment Used to Administer Air to Treat Sleep Apnea

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 State Funds from: | |
|--|---|-----------------|
| | Increased Costs | Decreased Costs |
| A. State Costs by Category | | |
| State Operations - Salaries and Fringe | \$ | \$ - |
| (FTE Position Changes) | (FTE) | (- FTE) |
| 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.) | | |
| GPR Taxes | \$ | \$ - 650,000 |
| GPR Earned | | - |
| FED | | - |
| PRO/PRS | | - |
| SEG/SEG-S | | - |
| TOTAL State Revenues | \$ | \$ - 650,000 |

NET ANNUALIZED FISCAL IMPACT

| | <u>STATE</u> | <u>LOCAL</u> |
|------------------------|--------------|--------------|
| NET CHANGE IN COSTS | \$ | \$ |
| NET CHANGE IN REVENUES | \$ - 650,000 | \$ - 41,000 |

| | | |
|--|---|-------------|
| Agency/Prepared by: (Name & Phone No.) | Authorized Signature/Telephone No. | Date |
| Wisconsin Department of Revenue John T. Stott, (608) 266-9706 | Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700 | 2/5/99 |