

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 3196/1
INTRODUCTION # AB 540
Admin. Rule #

Subject
Sales and Use Tax Exemption for Supplies Used for Agricultural Land Conservation

Fiscal Effect

- State:** No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation
- | | | |
|--|--|---|
| <input type="checkbox"/> Increase Existing Appropriation | <input type="checkbox"/> Increase Existing Revenues | <input type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Decrease Existing Appropriation | <input checked="" type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Create New Appropriation | <input type="checkbox"/> Decrease Costs | |

Local: No Local Government Costs

- | | | |
|--|---|---|
| 1. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Governmental Units Affected:
<input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities
<input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>SWBPD</u>
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| 2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input checked="" type="checkbox"/> Decrease Revenues
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory | |

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

Under current law, supplies used in the conversion of agricultural land to conservation land are subject to the sales and use tax. This bill would extend the current sales and use tax exemption for farmers to taxable supplies used in the conversion of agricultural land to conservation land. Most notably, these taxable supplies include seed, bulbs, plants, and trees.

The revenue loss associated with exempting items used for agricultural land conservation would be an estimated \$180,000 annually. While detailed data related to the amount of expenditures by farmers for items used in agricultural land conservation do not exist, according to the 1997 Census of Agriculture, Wisconsin farmers spent a total of \$179.4 million for seed, bulbs, plants, and trees. According to the U.S. Department of Agriculture, nearly 4% of all Wisconsin agricultural land is enrolled in a conservation program. Assuming that expenditures for seed has remained constant, and the portion of seed, bulb, plants, and tree expenditures for conservation land is half that of active crop-land, the total annual expenditure for seed, bulb, plants, and trees used in agricultural land conservation is \$3.6 million (\$179.4 million x 50% x 4%). Therefore, the revenue loss from this bill would be approximately \$180,000 (\$3.6 million x 5%) annually.

In 1998, county and stadium sales taxes were 6.24% of total state sales taxes. Assuming this same percentage applies, the revenue loss to local governments would be approximately \$11,000 (\$180,000 x 6.24%) 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 <i>Yeang Eng Braun</i> (608) 266-2700	11/11/99

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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Sales and Use Tax Exemption for Supplies Used for Agricultural Land Conservation

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:	
A. State Costs by Category	Increased Costs	Decreased Costs
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	Increased Costs	Decreased Costs
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	\$	\$ - 180,000
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ - 180,000

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ - 180,000	\$ - 11,000

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
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