

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-2925/2

INTRODUCTION # AB 951

Admin. Rule #

Subject

Expand Sales and Use Tax Exemption for Equipment Used for Recycling Activities

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 SWPBPD
 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:

Under current law, the sale of certain equipment, such as licensed motor vehicles, used for waste reduction or recycling activities are not exempt from the sales and use tax if the equipment is not used directly for recycling activities. The intent of this bill is to exempt equipment used exclusively for recycling activities, regardless of whether such equipment is used directly at all levels of the recycling process. However, as currently written this proposal would have a variety of unintended outcomes. For example, equipment used in recycling that is licensed for highway use would still be subject to the sales tax. The types of equipment that would be exempt under this proposal include, but are not limited to, all bins, dumpsters, compactors, bailers, and other equipment not licensed for highway use for both personal and business use that are involved in the collection or transportation of waste and recyclables.

Data on the sales for the type of equipment used directly for recycling or solid waste transportation and collection that would be exempt from the sales and use tax by this proposal are unavailable. According to a 1997 national survey conducted by *Environmental Business Journal*, the value of all waste management and recycling equipment sold in the United States was an estimated \$12.2 billion in 1997. Adjusting for inflation and using Wisconsin's share of the total U.S. population, the sales of such equipment in Wisconsin would be an estimated \$240.6 million (\$12.2 billion x 1.038 x .019) annually. Assuming that one-quarter to one-third of such sales would become exempt, the revenue loss associated with this proposal as currently written would be \$3.0 million (\$240.6 million x .25 x .05) to \$4.0 million (\$240.6 million x .33 x .05) annually. The ongoing revenue loss associated with maintenance costs on exempt equipment is unknown. The revenue loss associated with sales of bins, garbage cans, garbage compactors and other equipment to households is also unknown.

County and stadium sales tax revenues were 6.24% of state sales tax revenues in 1998. Assuming this percentage continues to apply, county and stadium sales tax revenues on sales of waste management and recycling equipment would decline by at least \$187,000 (\$3 million x .0624) to \$250,000 (\$4 million x .0624) annually. There would be an additional revenue loss from sales of recycling equipment to households.

Long-Range Fiscal Implications:

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

Detailed Estimate of Annual Fiscal Effect

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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	\$	\$ - See Text
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	\$	\$ - See Text

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS \$ _____ \$ _____
 NET CHANGE IN REVENUES \$ See Text \$ See Text

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