

1999 Session

FISCAL ESTIMATE

ORIGINAL  UPDATED

DOA-2048 N(R10/98)

CORRECTED  SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.

AB 135

(99-1545/2)

Amendment No. if Applicable

Subject

Create Sales and Use Tax Exemption for Clothing Costing Less than \$50

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 SWBPD
  - 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 sales and use tax exemption for clothing and shoes that are less than \$50 per item.

Based on information from the U.S. Department of Commerce Survey of Current Business, August 1998, expenditures for clothing and shoes were \$278 billion in 1997. According to DRI/McGraw Hill's January 1999 forecast, consumption of clothing and shoes is projected to increase by 12.4% from 1997 through 1999 to approximately \$312 billion. Assuming that Wisconsin's share of clothing and shoe purchases is the same as Wisconsin's share of U.S. personal income (1.85%), in 1999 the state's share of clothing and shoe purchases would be \$5.8 billion (\$312 billion x .0185). Connecticut, which has a similar exemption, has found 59% of all clothing sales are less than \$50. Assuming a similar percentage is applicable for Wisconsin, the revenue loss would be \$171 million (\$5.8 billion x .59 x .05).

In 1997, local sales tax revenues collected by Wisconsin counties and the Southeast Wisconsin Professional Baseball Park District were 6.25% of state sales tax revenues. Assuming this percentage applies, local sales tax revenue would be reduced by \$10.7 million (\$171 million x .0625).

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)

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Date

3/15/99

**1999 Session**

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

ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.	Amendment No.
AB 135	

**Subject**

**Create Sales and Use Tax Exemption for Clothing Costing Less than \$50**

**I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

one-time costs of \$50,700

II. Annualized Costs:	Annualized Fiscal impact on State Funds from:	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	( FTE)	( - FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	\$	\$ -
<b>B. State Costs by Source of Funds</b>		
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>	<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes	\$	\$ - 171 million
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	\$	\$ - 171 million

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ - 171 million	\$ - 10.7 million

<b>Agency/Prepared by: (Name &amp; Phone No.)</b>	<b>Authorized Signature/Telephone No.</b>	<b>Date</b>
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