

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-4162/1

INTRODUCTION # SB 406

Admin. Rule #

Subject

Sales and Use Tax Exemption for Air Hazard Detectors and Fire Extinguishers

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

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

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

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:

This bill creates a sales and use tax exemption for carbon monoxide detectors, smoke detectors and fire extinguishers, if those items are for use in a person's residence. Under current law, these items are considered taxable tangible personal property.

Specific data on the sales of carbon monoxide detectors, smoke detectors and fire extinguishers in Wisconsin and the U.S. are not available. Data on household use of smoke alarms, carbon monoxide alarms and fire extinguishers, the average cost of such items and the frequency of replacement, suggest that sales to Wisconsin households are an estimated \$5.4 million annually. Sales data and market share data for leading manufacturers of such items indicate total U.S. revenue of \$550 million, and assuming Wisconsin's share is equal to its 1.9% share of U.S. population, Wisconsin sales would be \$10.5 million (\$550 million x 1.9%) annually. Based on the household consumption estimate, sales tax revenue would decline by \$270,000 (\$5.4 million x 5%) annually; based on manufacturers' sales data, sales tax revenue would decline by \$525,000 (\$10.5 million x 5%) annually.

In 1998, county and Southeastern Wisconsin Professional Baseball Park District sales tax revenues were 6.24% of state sales tax revenues. Assuming that this percentage still applies, local sales tax revenues would decline by \$17,000 (\$270,000 x .0624) to \$33,000 (\$525,000 x .0624) 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	3/10/00

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:	
	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.)		
	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ - see text
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ - see text

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ see text _____	\$ see text _____

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