

### Fiscal Estimate - 2001 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>01-2967/2</b>	<b>Introduction Number</b> <b>AB-471</b>
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**Subject**  
 Sales and use tax exemption for acetylene and oxygen used to cut metal

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	3. <input type="checkbox"/> Increase Revenue	<b>5. Types of Local Government Units Affected</b> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Baseball &amp; football districts</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
1. <input type="checkbox"/> Increase Costs	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
2. <input type="checkbox"/> Decrease Costs	4. <input checked="" type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DOR/ Blair Kruger (608) 266-1310	<b>Authorized Signature</b> Dennis Collier (608) 266-5773	<b>Date</b> 5/22/01
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## Fiscal Estimate Narratives

DOR 8/14/01

LRB Number	<b>01-2967/2</b>	Introduction Number	<b>AB-471</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Sales and use tax exemption for acetylene and oxygen used to cut metal					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, acetylene and oxygen used as fuel are subject to sales or use tax. The bill exempts acetylene and oxygen used to cut metal in manufacturing.

According to a major distributor of acetylene and oxygen in Wisconsin, statewide sales of acetylene are about \$1 million per year. Since acetylene costs about 2.5 times as much as oxygen and cutting metal requires about 2-3 times as much oxygen as acetylene, statewide sales of oxygen for cutting metal are assumed to be \$1 million. Since plumbers, repairmen and others purchase some acetylene and oxygen, it is assumed that 75% of sales of acetylene and oxygen are for cutting metal in manufacturing. Under the foregoing assumptions, state sales taxes would decrease by about \$75,000 ( $\$2 \text{ million} \times 75\% \times 5\%$ ) under the bill.

County, baseball park district and football stadium district sales taxes are expected to be 7.064% of state sales taxes in FY02. Thus, these local taxes would decrease by about \$5,300 ( $\$75,000 \times 7.064\%$ ) under the bill.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

LRB Number <b>01-2967/2</b>		Introduction Number <b>AB-471</b>	
<b>Subject</b>			
Sales and use tax exemption for acetylene and oxygen used to cut metal			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FFD			
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>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$-75,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$-75,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-75,000	\$- 5,300
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Blair Kruger (608) 266-1310		Dennis Collier (608) 266-5773	5/22/01