

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-3729/1	Introduction Number AB-491
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Subject
 Create definition for common and contract carriers for sales tax and use tax purposes

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease 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 Costs
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Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Baseball & football districts</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<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	

Agency/Prepared By DOR/ Blair Kruger (608) 266-1310	Authorized Signature Brian Pahnke (608) 266-2700	Date 10/8/01
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Fiscal Estimate Narratives

DOR 10/9/01

LRB Number 01-3729/1	Introduction Number AB-491	Estimate Type Original
Subject		
Create definition for common and contract carriers for sales tax and use tax purposes		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the terms "common carrier" and "contract carrier" are not defined for sales tax and use tax purposes.

Under the bill, "common carrier" is defined as a person who, for hire, transports passengers by motor vehicle between fixed points and over regular routes upon public highways or who, for hire, transports property, including valueless property, between fixed points and over regular or irregular routes upon public highways. Also under the bill, "contract carrier" is defined as a person who, for hire, transports property, including valueless property, by motor vehicle over regular or irregular routes upon public highways.

The bill has the effect of exempting from sales and use taxes motor vehicles, accessories, parts, supplies and materials purchased by waste management companies and other transporters of valueless property. The bill's fiscal effect is the decrease in sales and use taxes on motor vehicles, accessories, parts, supplies and materials purchased by such companies.

According to the author, the intent of the bill is to exempt vehicles, accessories, parts, supplies and materials sold to common or contract carriers when the vehicles are used to haul valueless property. The bill is not intended to exempt vehicles or other items sold to waste management companies. If the bill is amended to achieve the author's intent, the revenue loss to the state would be much smaller than the \$2.3 million figure indicated below.

Data on the value of motor vehicles, accessories, parts, supplies and materials purchased by waste management companies and other transporters of valueless property in Wisconsin are unavailable. However, based on data in US Industry and Trade Outlook 2000, published by the US Department of Commerce/International Trade Association and McGraw-Hill, total US sales of waste management equipment are expected to be \$10.1 billion in FY02. Wisconsin's gross state product was 1.8% of the US total in 1999; assuming waste management equipment expenditures are distributed the same as gross state product, Wisconsin waste management companies would purchase about \$182 million (\$10.1 billion x 1.8%) of waste management equipment in FY02.

Wisconsin's waste industry consists of public and private entities; only motor vehicles and related equipment purchased by private waste companies would be affected under the bill. Assuming the bill would result in the exemption of one-quarter of total waste industry expenditures, state sales and use taxes are estimated to decrease by about \$2.3 million (\$182 million x 25% x 5%) in FY02.

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 are estimated to decrease by about \$200,000 (\$2.3 million x 7.064%) under the bill.

The bill has no administrative costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
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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 funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
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	\$	\$-2,300,000	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$-2,300,000	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$-2,300,000	\$-200,000	
Agency/Prepared By		Authorized Signature	Date
DOR/ Blair Kruger (608) 266-1310		Brian Pahnke (608) 266-2700	10/8/01