



**Fiscal Estimate Narratives**  
**DOR 12/17/01**

LRB Number	<b>01s0250/1</b>	Introduction Number	<b>ASA1-AB491</b>	Estimate Type	<b>Supplemental</b>
<b>Subject</b>					
Exemption for vehicles that haul valueless property					

**Assumptions Used in Arriving at Fiscal Estimate**

Assembly Substitute Amendment 1 to AB 491 exempts from sales and use tax:

1. Semitrailers equipped with a walking floor that are at least 40 feet long and that are used exclusively and directly to haul garbage, refuse, sludge or other materials without value for hire from a transfer station to a disposal site, or used part of the time for hauling valueless materials and the remainder of the time used as a common or contract carrier.
2. Truck tractors or road tractors used to haul walking floor semitrailers or vehicles exempt as common or contract carriers.
3. Accessories, attachments, parts, supplies and materials for the vehicles described above.

Based on discussions with manufacturers, walking floor trailers used for hauling solid waste range in price from about \$45,000 to \$65,000. In addition, many users of walking floor trailers trade them in every 5 years; these trailers have a trade-in value of about \$15,000 to \$20,000. Also, walking floor trailers are nearly maintenance free. We assume a walking floor trailer has a net cost of \$35,000 (\$55,000 new less \$20,000 trade in) and is traded in every five years.

Based on discussions with Wisconsin tractor-truck dealers, a new Class 8 semi-tractor costs about \$80,000. Also, original owners typically keep such trucks about 5-6 years before trading them in. The trade-in value of such a truck is about 25-30% of original cost or \$20,000 to \$24,000. Maintenance costs of such a truck are estimated at an average of about \$7,000 per year for the first 5 years.

According to Wisconsin solid waste industry spokesmen, there are about 100 walking floor trailers currently used for hauling solid waste in Wisconsin. Assuming a 5-year life cycle for both walking floor trailers and semi-tractors, 20 (100/5) tractor-trailer combination units, each costing about \$100,000 after trade in, would be purchased each year. The taxable value of such sales would be about \$2 million and so the tax reduction under the proposal would be about \$100,000 for tractors and trailers.

Assuming the entire \$7,000 in maintenance costs are subject to sales tax, taxable maintenance costs would be about \$700,000 (\$7,000 x 100) per year and so the tax reduction would be about \$35,000. The total tax reduction under the proposal, based on the foregoing assumptions, would be about \$135,000 and is summarized in the attached table.

For FY01, county and stadium sales tax revenues are expected to be 7.064% of state sales tax. Thus, the revenue loss to local governments would be about \$10,000 (\$135,000 x 7.064%).

**Long-Range Fiscal Implications**

**ATTACHMENT TO FISCAL ESTIMATE FOR ASA1 TO AB 491**

	Walking Floor Trailer	Class 8 Semi-Tractor	TOTAL
Original Cost/Unit	\$55,000	\$80,000	\$135,000
Trade In Value/Unit	<u>15,000</u>	<u>20,000</u>	<u>35,000</u>
Taxable Value/Unit	\$40,000	\$60,000	\$100,000
Number Units Purchased Each Year			20
Total Taxable Value			\$2,000,000
Annual Tax Change			<u>-\$100,000</u>
Maintenance/Unit	\$0	\$7,000	\$7,000
Number Units Purchased Each Year			100
Taxable Value			\$700,000
Annual Tax Change			<u>-\$35,000</u>
<b>TOTAL TAX CHANGE</b>			<b><u>-\$135,000</u></b>

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Subject</b>			
Exemption for vehicles that haul valueless property			
<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			
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, ets.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$-135,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$-135,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-135,000	\$-10,000
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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