

FISCAL ESTIMATE FORM

2001 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 01-1445/1

INTRODUCTION # AB-118

Admin. Rule #

Subject

Sales and Use Tax Exemption for Farm Inputs Used for Conservation Related to Agriculture

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 Baseball Park and Football Stadium Districts
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.566 (1)(a)

Assumptions Used in Arriving at Fiscal Estimate:

Under current law, certain items, such as seeds, plants, and trees are exempt from sales and use tax if the items are used exclusively in farming. The bill extends the exemption for these items if they are used for conservation or restoration related to agricultural land. It is assumed that the exemption would take affect July 1, 2001.

While the bill does not define the types of conservation or restoration activities that would qualify for the exemption, it is assumed that it would primarily affect sales of items used for agricultural land enrolled in conservation programs. It is assumed that these items primarily consist of seeds, plants, bulbs and trees.

According to the 1997 U.S. Census of Agriculture, Wisconsin farmers spent \$179.4 million in seeds, bulbs, plants and trees. According to the U.S. Farm Service Agency, 635,000 acres, or 4.25% of Wisconsin farmland, are currently enrolled in conservation reserve programs. Assuming that expenditures for seeds, bulbs, plants and trees remain constant and that the per-acre expenditure of these items for conservation purposes is half that used for active crop-land, total annual expenditures for items used for the conservation is estimated to be \$3.8 million (\$179.4 million x 4.25% x 50%). Therefore, the revenue loss from the bill would be approximately \$190,000 (\$3.8 million x 5%).

In FY02, county and stadium sales taxes are expected to be 7.064% of state sales taxes. Thus, the revenue loss to local governments would be approximately \$13,000 (\$190,000 x 7.064%).

The department would incur one-time costs of \$56,100 required for a special mailing to retailers to notify them of the new law, the costs of which could not be absorbed.

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Rebecca A Boldt, (608) 266-6785	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	3/15/01

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

2001 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 01-1445/1

Admin. Rule #

INTRODUCTION # AB-118

Subject

Sales and Use Tax Exemption for Farm Inputs Used for Conservation Related to Agriculture

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

+\$56,100 GPR-Exp

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
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	Increased Costs	Decreased Costs
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	\$	\$ -190,000
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -190,000

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ -190,000	\$ -13,000

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Rebecca A Boldt, (608) 266-6785	Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	3/15/01