

Fiscal Estimate - 2001 Session

Original Updated Corrected Supplemental

LRB Number 01-3396/1		Introduction Number SB-405	
Subject Allow counties to impose additional 0.25% sales tax			
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs			
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input checked="" type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input 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 type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts			
Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		Affected Ch. 20 Appropriations	
Agency/Prepared By DOR/ Blair Kruger (608) 266-1310		Authorized Signature Brian Pahnke (608) 266-2700	Date 02/14/2002

Fiscal Estimate Narratives
DOR 02/14/2002

LRB Number	01-3396/1	Introduction Number	SB-405	Estimate Type	Original
Subject					
Allow counties to impose additional 0.25% sales tax					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a county may levy a sales and use tax at a rate of 0.5% of the purchase price of taxable goods and services. Under the bill, a county would have the option of levying a sales and use tax at a rate of 0.5% or 0.75% of the purchase price of taxable goods and services.

The fiscal effect of the bill depends on the number of counties that would enact an ordinance imposing a county sales tax at a rate of 0.75% as provided under the bill. Since the number of counties that would enact an ordinance under the bill cannot be reliably estimated, the fiscal effect of the bill cannot be reliably estimated. However, ranges of the fiscal effect of the bill are provided.

Total county sales tax distributions were about \$222.5 million for the 55 counties that levied a county sales tax in 2001. Two counties, Lafayette and Marinette, first imposed the county sales tax partway through 2001. Adjusting distributions for the partial year distributions to the two new counties, total distributions in 2001 would have been about \$224 million. Assuming all of the 55 counties that imposed a county sales tax in 2001 increased the rate to 0.75%, total 2001 distributions would have been about \$336 million [$\$224 \text{ million} \times (0.75\%/0.5\%)$], an increase of about \$112 million. As noted above, there is no reliable way to determine which of the 55 counties would enact an ordinance increasing the rate to 0.75%. Table 1 (attached) shows actual, unadjusted 2001 distributions to the 55 counties that imposed a county sales tax in 2001 and the amounts that would have been distributed to those counties if the rate had been 0.75%.

Statewide transactions subject to sales and use taxes were about \$71.1 billion in 2001. Assuming all 72 counties imposed a county sales tax at 0.75% in 2001, total county sales tax distributions would have been an estimated \$524 million, an increase of \$300 million ($\$524 \text{ million} - \224 million) over actual 2001 distributions.

The bill would entail significant administrative costs. The Department estimates that it would incur one-time costs of \$351,600 to reprogram its computer systems, revise its procedures and notify taxpayers of new or changed tax rates under the bill. These one-time costs would consist of personnel costs of \$135,500 and equipment costs and other one-time expenditures of \$216,100. The Department would also incur total annual costs of \$96,100 to administer the tax, consisting of personnel costs of \$59,600 and supporting costs of \$36,500.

Of total county sales tax collections, 1.75% is transferred to the Department of Revenue to recover that agency's costs of administering the county sales tax. As with the change in county revenues under the bill, the change in state revenue cannot be reliably estimated.

Long-Range Fiscal Implications

TABLE 1: COUNTY SALES TAX DISTRIBUTION, 2001

<u>County</u>	<u>Actual Distribution, 0.5% Rate</u>	<u>Estimated Distribution, 0.75% Rate</u>	<u>County</u>	<u>Actual Distribution, 0.5% Rate</u>	<u>Estimated Distribution, 0.75% Rate</u>
Adams	\$841,861	\$1,263,000	Price	773,984	1,161,000
Ashland	952,458	1,429,000	Richland	856,016	1,284,000
Barron	2,858,850	4,288,000	Rusk	680,697	1,021,000
Bayfield	758,112	1,137,000	St Croix	4,238,196	6,357,000
Buffalo	506,725	760,000	Sauk	4,981,258	7,472,000
Burnett	729,294	1,094,000	Sawyer	1,301,198	1,952,000
Chippewa	3,173,716	4,761,000	Shawano	1,781,760	2,673,000
Columbia	2,843,870	4,266,000	Taylor	897,618	1,346,000
Crawford	1,143,923	1,716,000	Trempealeau	1,101,169	1,652,000
Dane	36,087,757	54,132,000	Vernon	1,032,800	1,549,000
Dodge	4,067,754	6,102,000	Vilas	1,789,375	2,684,000
Door	2,734,905	4,102,000	Walworth	6,093,017	9,140,000
Douglas	2,518,519	3,778,000	Washburn	885,459	1,328,000
Dunn	1,914,047	2,871,000	Washington	6,948,925	10,423,000
Eau Claire	6,984,820	10,477,000	Waupaca	2,689,369	4,034,000
Forest	339,628	509,000	Waushara	1,007,568	1,511,000
Green Lake	988,634	1,483,000			
Iowa	1,262,752	1,894,000	Total	\$222,531,689	\$333,797,000
Iron	386,497	580,000			
Jackson	908,168	1,362,000			
Jefferson	4,186,755	6,280,000			
Juneau	1,166,997	1,750,000			
Kenosha	8,078,088	12,117,000			
La Crosse	8,425,170	12,638,000			
Lafayette (1)	247,133	371,000			
Langlade	1,163,918	1,746,000			
Lincoln	1,453,174	2,180,000			
Marathon	9,371,837	14,058,000			
Marinette (2)	144,228	216,000			
Marquette	805,976	1,209,000			
Milwaukee	58,734,309	88,101,000			
Monroe	2,043,804	3,066,000			
Oconto	1,397,450	2,096,000			
Oneida	3,163,021	4,745,000			
Ozaukee	5,426,718	8,140,000			
Pepin	360,906	541,000			
Pierce	1,281,656	1,922,000			
Polk	1,895,765	2,844,000			
Portage	4,124,083	6,186,000			

(1) Lafayette County enacted a county sales tax as of April 1, 2001.

(2) Marinette County enacted a county sales tax as of October 1, 2001.

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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 Corrected
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Subject			
Allow counties to impose additional 0.25% sales tax			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$351,600 to reprogram computer systems, revise procedures and notify taxpayers.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$59,600	
(FTE Position Changes)			
State Operations - Other Costs		36,500	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$96,100	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS (20.566)		96,100	
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		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$96,100	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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