



## Fiscal Estimate Narratives

DOR 2/19/2004

LRB Number	03-3298/1	Introduction Number	SB-424	Estimate Type	Original
<b>Subject</b>					
Services provided by an employee service company					

### Assumptions Used in Arriving at Fiscal Estimate

Current law specifies services that are subject to sales and use tax. Taxable services include, but are not limited to, telephone answering services; laundry and dry cleaning services; photographic and film processing services; and the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of tangible personal property.

Under the bill, charges for services provided by a temporary help company, as defined under sec. 108.02 (24m), would not be subject to sales or use tax, if the client for whom the services are provided controls the means of performing the services and is responsible for the satisfactory completion of the services.

According to the Department of Workforce Development, temporary help companies under sec. 108.02 (24m) are companies the U.S. Census classifies temporary help services under NAICS 561320. According to the U.S. Census, nationwide sales of temporary help services (NAICS 561320) were about \$64.4 billion in 2001. According to the 1997 Economic Census, Wisconsin accounted for 1.6% of total sales of temporary help services; Wisconsin's percentage share is assumed to remain constant throughout the forecast period.

Based on American Staffing Association statistics, an estimated 8% of sales of temporary help services (\$84 million in 2001) are subject to sales tax. Sales of temporary help services are assumed to increase at 3.6% per year, the average rate of change from 1997 through 2001. Assuming a 95% compliance rate, state sales and use taxes would decrease by about \$4.5 million in FY05 under the bill.

County and stadium district sales and use taxes were about 7.5% of state sales and use taxes in 2003. Assuming this percentage does not change, local sales and use taxes would decrease by about \$0.3 million in FY05 under the bill.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>03-3298/1</b>		Introduction Number <b>SB-424</b>	
<b>Subject</b>			
Services provided by an employee service company			
<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		\$	\$-4,500,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$-4,500,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-4,500,000	\$-300,000
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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