

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-4219/1	Introduction Number SB-500
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Subject
 Technology development grants and tax exemptions for renewable energy technology

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Decrease Existing Appropriations	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <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 checked="" type="checkbox"/> Others <u>Stadium districts</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.835 (4) (g), (gb) and (ge)	

Agency/Prepared By DOR/ Blair Kruger (608) 266-1310	Authorized Signature Dennis Collier (608) 266-5773	Date 3/8/2004
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Fiscal Estimate Narratives

DOR 3/8/2004

LRB Number	03-4219/1	Introduction Number	SB-500	Estimate Type	Original
Subject					
Technology development grants and tax exemptions for renewable energy technology					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a "resource" is a source of energy used to generate electric power. A "renewable resource" is a resource [source of energy] that derives electricity from tidal or wave action, solar thermal electric or photovoltaic energy, wind power, geothermal technology, wood or plant material, biological waste, crops grown for use as a resource, landfill gases, or a fuel cell that uses a renewable fuel. Also under current law, the production of electricity is manufacturing and, therefore, machinery and equipment exclusively and directly used to produce electricity is exempt from sales and use tax.

The bill creates two exemptions from sales and use tax. Under the bill, the sale, storage, use or other consumption of a renewable resource [source of energy] would be exempt. In addition, the sale, storage, use or other consumption of any item of tangible personal property that uses a renewable resource as a power source would be exempt under the bill.

The bill also creates a technology development grant and loan program under which the Development Finance Board attached to the Department Of Commerce would award no more than a total of \$400,000 in each biennium for research, development, or commercialization projects related to renewable resources. The bill does not provide an appropriation to fund the program.

EXEMPTION OF RENEWABLE RESOURCES.

Most electric generating equipment, including generating equipment powered by renewable resources, is exempt manufacturing machinery and equipment under current law. In addition, fuel cells and photovoltaic batteries are typically components of products and, hence, exempt purchases for resale or manufacturing inputs. To the extent taxable sales of fuel cells and other renewable resources occur, the decrease in sales taxes is likely to be minimal.

EXEMPTION OF TANGIBLE PERSONAL PROPERTY POWERED BY RENEWABLE RESOURCES.

Wisconsin's electric supply is produced using a mix of technologies and fuels, including renewable resources such as wind power. Since the exemption under the bill does not require direct or exclusive use of power generated using a renewable resource, sales of most, if not all, items of tangible personal property that use electricity would be exempt under the bill. Thus, for example, sales of computers and other office equipment, home electronics, air conditioners, and lighting fixtures would be exempt under the bill. An accurate estimate of the decrease in sales taxes from such broad exemption is not feasible but it would be very substantial. Moreover, based on discussions with the author's staff, it is not the author's intent to create such a broad exemption.

County and stadium district sales taxes were about 7.5% of state sales and use taxes in 2003.

Administrative costs of the bill are minimal and would be absorbed by the department.

Long-Range Fiscal Implications