

Fiscal Estimate Narratives

DVA 3/17/2005

LRB Number	05-0476/1	Introduction Number	AB-162	Estimate Type	Original
Subject					
Sales and use tax exemption for property and services sold at a home exchange service					

Assumptions Used in Arriving at Fiscal Estimate

This bill would create a sales and use tax exemption for the sale of personal property and taxable services sold by a home exchange service that is owned by the Department of Veterans Affairs.

The proposed bill will increase revenues for the exchange services and help cover the cost of their operations. According to data from FY03, the sales tax revenues at the King Home Exchange were approximately \$11,300 with the taxable sales at \$204,600 ($\$11,300/5.5\%$). In FY04 the sales tax revenues were approximately \$11,100 with the taxable sales being \$201,800 ($\$11,100/5.5\%$). The fiscal estimate is based on FY03 & FY04, and it is projected that the increase in revenue will be approximately \$11,200 from the sales tax. The Home Exchange Services taxable sales receipts have averaged approximately \$203,200 ($204,600 + 201,800 = 406,400/2 = 203,200 \times 5.5\% = \$11,200$). Therefore, the annual fiscal effect for the Department of Veterans Affairs will be a \$11,200 increase in program revenue.

However, this bill will reduce revenue to the state from the reduction of sales tax collections by \$10,200 and reduce revenue for Waupaca County by \$1,000.

Long-Range Fiscal Implications

The Wisconsin Veterans Home at Union Grove (WVH-UG) is projected to open a Home Exchange in late Fall of 2005. Exchange sales are not expected to exceed those at the Wisconsin Veterans Home at King.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Sales and use tax exemption for property and services sold at a home exchange service			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
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		\$	\$-10,200
GPR Earned			
FED			
PRO/PRS		11,200	
SEG/SEG-S			
TOTAL State Revenues		\$11,200	\$-10,200
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$(\$1,000)
NET CHANGE IN REVENUE		\$1,000	\$
Agency/Prepared By		Authorized Signature	Date
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