

Fiscal Estimate Narratives

DOR 2/3/2006

LRB Number	05-4392/1	Introduction Number	AB-952	Estimate Type	Original
Description An individual income tax credit for the sales and use taxes paid on self-service laundry services					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, laundry, dry cleaning, pressing and dyeing services are exempt from sales and use tax when performed using a coin-operated, self-service machine.

Under the bill, an individual may claim an individual income tax credit in an amount equal to the amount of state, county, and stadium sales and use taxes that the individual paid in the taxable year on laundry, dry cleaning, pressing and dyeing services performed by the individual using self-service machines. The bill would first apply to tax year 2006.

Since laundry services are currently exempt when performed using a coin-operated machine, the new credit would apply only to taxes paid on purchases of self-service laundry services using debit cards, smart cards, tokens, and other non-coin means of payment.

According to the U.S. Census, receipts of coin-operated laundries in Wisconsin were \$25.656 million in 2002. Although nationwide receipts of coin-operated laundries decreased slightly from 2001 to 2003, Wisconsin receipts are assumed to have remained constant at \$25.656 million per year.

According to the Wisconsin Self-Service Laundry Association, non-coin payments are about 2-3% of total receipts. Assuming non-coin payments are 2.5% of total receipts, 75% of eligible users claim the new credit, and a combined (state, county and stadium) average sales tax rate of 5.4%, individual income taxes would decrease by \$26,000 ($\$25.656 \text{ mil.} \times 2.5\% \times 75\% \times 5.4\%$) per year under the bill.

The administrative costs of the bill are minimal and would be absorbed.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description An individual income tax credit for the sales and use taxes paid on self-service laundry services			
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		\$	\$-26,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$-26,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-26,000	\$
Agency/Prepared By		Authorized Signature	Date
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