

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3719/1	Introduction Number AB-856	
Description Authorizing the villages of Sister Bay and Ephraim to become premier resort areas		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input checked="" 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 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: <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 checked="" type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.566 (1) (gf)		
Agency/Prepared By DOR/ Blair Kruger (608) 266-1310	Authorized Signature Paul Ziegler (608) 266-5773	Date 1/12/2006

Fiscal Estimate Narratives

DOR 1/13/2006

LRB Number	05-3719/1	Introduction Number	AB-856	Estimate Type	Original
Description Authorizing the villages of Sister Bay and Ephraim to become premier resort areas					

Assumptions Used in Arriving at Fiscal Estimate

In general, a municipality may declare itself to be a premier resort area if at least 40% of the taxable property in the municipality is classified in certain tourism-related Standard Industrial Codes (SICs) specified in the law. A premier resort area may impose a 0.5% resort tax on sales that are subject to the state sales tax by retailers in the specified SICs. The resort tax applies only to sales; it does not include a use tax. In addition, current law requires a premier resort area to notify the Department of Revenue (DOR) at least 120 days before the effective date of the tax, which must be the first day of a calendar quarter. DOR retains 3% of resort tax collections to cover state administrative costs.

Under the bill, the villages of Sister Bay and Ephraim may declare themselves to be premier resort areas even if less than 40% of the taxable property in those municipalities is classified in the specified tourism-related SICs. The bill would treat Sister Bay and Ephraim the same as Bayfield and Eagle River, which are already exempted from the 40% tourism-related property threshold.

Distributions of county sales and use tax to Door County were \$2.97 million in 2005. Adjusting for the narrower tax base of the resort tax (e.g., motor vehicles, utilities, and building materials are not taxable and there is not a use tax), sales totaling about \$270 million were potentially subject to premier resort area tax in Door County in 2005. Ephraim and Sister Bay accounted for about 8% and 12% of the commercial property in Door County in 2004. Assuming taxable sales are distributed among the municipalities in a county the same as commercial property, sales subject to a resort tax in Ephraim and Sister Bay would have been \$22 million and \$32 million, respectively, in 2005. Under the above assumptions, as well as 95% compliance and adjusting for the 3% DOR administrative fee, Ephraim and Sister Bay would have received about \$100,000 and \$150,000, respectively, in 2005 if the premier resort area tax had been in effect in those villages for the full year.

The Department would have received about \$8,000 to recover its costs of administering the tax, if the tax had been in effect in 2005.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 05-3719/1		Introduction Number AB-856	
Description Authorizing the villages of Sister Bay and Ephraim to become premier resort areas			
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	\$8,000	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$8,000	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS (20.566(1)(gf))	8,000	
	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, ets.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS (20.566(1)(gf))	8,000	
	SEG/SEG-S		
	TOTAL State Revenues	\$8,000	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$8,000	\$
NET CHANGE IN REVENUE		\$8,000	\$250,000
Agency/Prepared By		Authorized Signature	Date
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