

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-2110/2	Introduction Number SB-568
------------------------------------	--

Description
 The county of placement for persons on supervised release, creating a tax on adult entertainment businesses, providing grants for transitional release facilities, requiring the exercise of rule-making authority, and making an appropriation

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<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"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input checked="" type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs	3. <input checked="" type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	
1. <input checked="" type="checkbox"/> Increase Costs	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	
<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	

Towns Village Cities
 Counties Others
 School Districts 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 checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.435 (2) (gb)	

Agency/Prepared By DOR/ Blair Kruger (608) 266-1310	Authorized Signature Paul Ziegler (608) 266-5773	Date 3/1/2006
---	--	-------------------------

Fiscal Estimate Narratives

DOR 3/1/2006

LRB Number	05-2110/2	Introduction Number	SB-568	Estimate Type	Original
Description The county of placement for persons on supervised release, creating a tax on adult entertainment businesses, providing grants for transitional release facilities, requiring the exercise of rule-making authority, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

The bill imposes a new tax of 12% on certain sales of an adult book store or an adult video store, as determined by ordinance or zoning by the municipality in which the store is located. The tax is imposed on admission fees, user fees, sales of tangible personal property, food, beverages, and sales of services subject to the state sales tax. The tax would take effect on the first day of the second month beginning after publication.

Under the bill, the tax revenues generated would fund grants that would be awarded by the Department of Health and Family Services to municipalities or counties for the siting, construction, and maintenance of transitional release facilities for sexually violent persons on supervised release. Grants for the siting or construction of a facility would be prohibited unless the facility would be located in a remote area.

The estimate assumes that the tax would not apply to the adult section of a video store in another, larger business, such as a grocery or convenience store. Instead, the estimate assumes the bill applies only to stand-alone adult book or video stores. An Internet search identified about 20 adult book or video stores in Wisconsin. It is not known how many such stores are subject to a municipal ordinance or zoning regulating adult entertainment. Based on department data, these establishments had sales subject to sales tax of about \$7.1 million in 2005 and, on average, those sales increased 2.1% annually in recent years. Assuming the 12% adult entertainment tax rate under the bill would apply to sales that are subject to sales tax, all of the stores are subject to a municipal ordinance or zoning, and a 95% compliance rate, total adult entertainment taxes would be approximately \$800,000 in FY07.

One-time costs to incorporate the new tax into the WINPAS tax processing system would total an estimated \$308,100, including the programming of processing software and the development of scanning and electronic filing routines for the new tax.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-2110/2		Introduction Number SB-568	
Description The county of placement for persons on supervised release, creating a tax on adult entertainment businesses, providing grants for transitional release facilities, requiring the exercise of rule-making authority, and making an appropriation			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The new tax would be incorporated into the Department's WINPAS system. Total one-time costs are estimated at \$308,100, of which \$303,000 would be necessary for contractor charges to modify the WINPAS and the Telefile systems.			
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		\$	\$
GPR Earned			
FED			
PRO/PRS (20.435(2)(gb))		800,000	
SEG/SEG-S			
TOTAL State Revenues		\$800,000	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$800,000	\$
Agency/Prepared By		Authorized Signature	
DOR/ Blair Kruger (608) 266-1310		Paul Ziegler (608) 266-5773	
		Date	
		3/1/2006	