

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1651/1	Introduction Number AB-0161
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Description
 Relating to: an individual income tax credit for the sales and use taxes paid on self-service laundry services

Fiscal Effect

State:

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

Local:

<input type="checkbox"/> No Local Government Costs	5. Types of Local Government Units Affected	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns <input 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	
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	
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
DOR/ Blair Kruger (608) 266-1310	Paul Ziegler (608) 266-5773	3/19/2007

Fiscal Estimate Narratives
DOR 3/19/2007

LRB Number	07-1651/1	Introduction Number	AB-0161	Estimate Type	Original
Description Relating to: 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 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.

Since laundry services are currently exempt when performed using a coin-operated machine, the new credit would apply only to sales 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 from 2001 to 2004, 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, customers of self-service laundries would pay state sales taxes of \$32,000 ($\$25.656 \text{ mil.} \times 2.5\% \times 5\%$) per year. Depending on the amount of credits claimed, income taxes would decrease by up to \$32,000 per year under the bill.

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

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description Relating to: 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	\$		\$-32,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$-32,000
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-32,000		\$
Agency/Prepared By		Authorized Signature	Date
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