



## Fiscal Estimate Narratives

DVA 3/29/2007

LRB Number	<b>07-1885/1</b>	Introduction Number	<b>AB-0202</b>	Estimate Type	<b>Original</b>
<b>Description</b> Creating a sales tax and use tax exemption for tangible personal property and services sold by home exchange services					

### 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 Home Exchange system is a benefit provided to the members of the Home and the tax savings would be passed on to the members in the form of reduced costs.

The proposed bill will increase revenues for the exchange services and help cover the cost of their operations. According to data from FY05, the sales tax revenues at the King Home Exchange were approximately \$11,000 with the taxable sales at \$220,400. In FY06 the sales tax revenues were approximately \$10,800 with the taxable sales being \$216,600. The fiscal estimate is based on FY 05 & 06, and its projected that the increase in revenue will be \$10,900 from the sales tax. The Home Exchange Services taxable sales receipts have averaged \$218,500 ( $\$220,400 + \$216,600 = \$437,000 / 2 = \$218,500 \times 5\% = \$10,900$ ). Therefore, the projected annual fiscal effect for the Department of Veterans Affairs will be a \$10,900 increase in program revenue.

However, this bill will reduce revenue to the state from the reduction of sales tax collections by \$9,900 and reduce revenue for Waupaca County by \$1,000.

### Long-Range Fiscal Implications

The Wisconsin Veterans Home at Union Grove (WVH-UG) opened a Home Exchange in early 2006. Exchange sales have been very minimal and are not expected to exceed those at the Wisconsin Veterans Home at King.

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 07-1885/1		<b>Introduction Number</b> AB-0202	
<b>Description</b> Creating a sales tax and use tax exemption for tangible personal property and services sold by home exchange services			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$-9,900
GPR Earned			
FED			
PRO/PRS		10,900	
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$10,900</b>	<b>\$-9,900</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$-1000
NET CHANGE IN REVENUE		\$1,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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