

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-3701/1		Introduction Number AB-0724	
Description Relating to: a sales and use tax exemption for continuous positive airway pressure machines.			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<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"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input 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 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 type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	
DOR/ Paul Ziegler (608) 266-5773		Paul Ziegler (608) 266-5773	
		Date	
		4/4/2008	

Fiscal Estimate Narratives
DOR 4/4/2008

LRB Number 07-3701/1	Introduction Number AB-0724	Estimate Type Original
Description Relating to: a sales and use tax exemption for continuous positive airway pressure machines.		

Assumptions Used in Arriving at Fiscal Estimate

Wisconsin imposes a 5.0% tax on the sale or use of most tangible personal property items and on the sale of selected services. In addition, counties may impose a 0.5% county sales tax.

There are a number of exemptions from the sales and use tax. Sales tax exemptions are currently provided for certain medical devices including wheelchairs, home oxygen equipment, and equipment for the injection of insulin.

This bill provides a sales and use tax exemption for Continuous Positive Airway Pressure (CPAP) machines used by persons who have prescriptions for the use of the machines.

According to the National Health Expenditures Accounts, 68.4% of expenditures for Durable Medical Equipment (DME) in 2006 were made by the private sector while 31.6% of DME expenditures were incurred by the public sector. Based on information from the Department of Health and Family Services, Wisconsin's annual public sector expenditures for CPAP machines are estimated at \$1.4 million. Assuming the national public/private shares of overall DME spending apply to this figure, annual private sector expenditures on CPAP machines in Wisconsin are an estimated at \$3.0 million.

By providing a sales tax exemption for CPAP machines, the bill is expected to reduce state tax collections by approximately \$150,000 annually (\$3.0 million x 5%).

County and stadium taxes were 7.7% of state sales taxes in FY07. Assuming this percentage does not change, county and stadium sales and use taxes would decrease by approximately \$12,000 annually under the bill.

The Department of Revenue's administrative costs under the bill are expected to be absorbed within existing expenditure authority.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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 Updated
 Corrected
 Supplemental

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Description Relating to: a sales and use tax exemption for continuous positive airway pressure machines.			
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		\$	\$-150,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$-150,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-150,000	-\$12,000
Agency/Prepared By		Authorized Signature	Date
DOR/ Paul Ziegler (608) 266-5773		Paul Ziegler (608) 266-5773	4/4/2008