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### Fiscal Estimate - 2007 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> <b>07-3834/1</b>	<b>Introduction Number</b> <b>AB-0746</b>	
<b>Description</b> The age at which a person who is alleged to have violated a criminal law, a civil law, or a municipal ordinance is subject to circuit court or municipal court rather than juvenile court jurisdiction, imposing a fee on the sale of video games and video gaming devices, and making an appropriation		
<b>Fiscal Effect</b>		
<b>State:</b>		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input 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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b>		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input checked="" type="checkbox"/> Increase Revenue      5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b>		
<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 20.410 (3) (h)		
<b>Affected Ch. 20 Appropriations</b>		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DOR/ Paul Ziegler (608) 266-5773	Paul Ziegler (608) 266-5773	2/13/2008

## Fiscal Estimate Narratives

DOR 2/13/2008

LRB Number	<b>07-3834/1</b>	Introduction Number	<b>AB-0746</b>	Estimate Type	<b>Original</b>
<b>Description</b> The age at which a person who is alleged to have violated a criminal law, a civil law, or a municipal ordinance is subject to circuit court or municipal court rather than juvenile court jurisdiction, imposing a fee on the sale of video games and video gaming devices, and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, sales of video games and video gaming devices are subject to sales and use taxes. The bill imposes an additional fee of 1% of the gross receipts from sales of video games and video gaming devices. The bill appropriates all moneys received from the new fee to the Department of Corrections to be allocated among counties to pay for state-provided juvenile correctional services and local delinquency-related and juvenile justice services. The new fee would first apply to sales completed on the first day of the second month beginning after publication of the bill.

In addition, the bill has non-tax provisions regarding the age of alleged violators of the law and the courts to which they are subject.

According to the NPD Group, nationwide retail sales of video game hardware, software, and accessories were \$17.94 billion in 2007. These sales do not include personal computer game sales nor online revenue. Assuming Wisconsin sales of video games were the same as its share of disposable personal income, 1.75% in 2006, Wisconsin sales of video game hardware, software, and accessories would have been \$314 million (\$17.94 bil. x 1.75%) in 2007. Based on these assumptions, the new 1% fee would have generated revenues of \$3 million (\$314 mil. x 1%) in 2007.

Also according to the NPD Group, sales increased 43% from 2006 to 2007. However, 2007 was the first time new models of all three consoles came on the market at the same time. Since 2007 may have been an anomaly as regards the growth of sales, a reliable forecast of the growth of video game sales is not available.

The Department of Revenue would incur one-time costs of \$428,800 and ongoing costs of \$59,100 to administer the video game fee under the bill.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
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<b>Description</b> The age at which a person who is alleged to have violated a criminal law, a civil law, or a municipal ordinance is subject to circuit court or municipal court rather than juvenile court jurisdiction, imposing a fee on the sale of video games and video gaming devices, and making an appropriation			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  Programming \$300,000; Revenue Agent LTE \$72,500; Printing and Postage \$56,300; Total one-time costs \$428,800			
<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	\$54,300		\$
(FTE Position Changes)	(0.8 FTE)		
State Operations - Other Costs	4,800		
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$59,100</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS	59,100		
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	\$		\$
GPR Earned			
FED			
PRO/PRS	3,000,000		
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$3,000,000</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State	Local	
NET CHANGE IN COSTS	\$59,100		\$
NET CHANGE IN REVENUE	\$3,000,000		\$3,000,000
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Paul Ziegler (608) 266-5773		Paul Ziegler (608) 266-5773	2/13/2008