

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-2347/1	Introduction Number AB-0800
Description A sales and use tax exemption for tangible personal property and taxable services purchased by a skiing facility and used to make the facility more energy efficient	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate	
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease 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"/> Decrease Costs	
Local:	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate	
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others stadium district sa <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Affected Ch. 20 Appropriations	
Agency/Prepared By	Authorized Signature
DOR/ Jacek Cianciara (608) 266-8133	Paul Ziegler (608) 266-5773
Date	
3/16/2010	

Fiscal Estimate Narratives

DOR 3/16/2010

LRB Number	09-2347/1	Introduction Number	AB-0800	Estimate Type	Original
Description A sales and use tax exemption for tangible personal property and taxable services purchased by a skiing facility and used to make the facility more energy efficient					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the sale of tangible personal property is generally subject to the state's 5.0% sales tax. In addition, the sale of tangible personal property may be subject to local sales taxes (including the 0.5% county sales tax and the football and baseball district taxes).

Under the bill, the sale of tangible personal property or a taxable service that is sold to a snow skiing facility is exempt from sales and use tax if such property or service is used to increase the energy efficiency of the skiing facility's operation. The snow skiing facilities eligible for the exemption (those under NAICS code 713920, based on the 2007 edition) include several types of alpine and cross-country facilities, such as downhill skiing facilities without accommodations, cross-country skiing facilities without accommodations, and ski lift and tow operators.

According to the industry statistics (ski-guide.com) there are 24 snow skiing resorts in Wisconsin. They range from small resorts, such as Keyes Peak Ski Area located in northern Wisconsin with 3 Rope Tow lifts, 5 trails and 40% snowmaking capability to the Devil's Head Resort with 11 lifts of various types, 29 trails, and a 100% snowmaking capacity.

Although the data on expenditures for increasing the energy efficiency of the skiing facility operations is not readily available, a review of nation-wide ski industry information indicates that some ski resorts have made investments well in excess of \$1,000,000 to produce electrical energy with renewable energy sources (including wind turbines), and thereby reduce their net demand for electricity. Examples of the range of activity that could be covered under the bill include a Wyoming resort that replaced over 1,000 light bulbs in its buildings at a cost of almost \$16,000; a New Hampshire ski facility that spent more than \$400,000 on more efficient snow guns, and a Massachusetts facility that invested \$3.5 million in a 1.5 megawatt wind turbine.

While qualifying purchases could vary substantially year by year, assuming that, on average, a Wisconsin's ski resort will invest \$100,000 to increase energy efficiency in FY11, the bill will reduce state sales tax collections by \$120,000 annually ($\$100,000 \times 24 \times 5\%$). This amount would be reduced to the degree that the state's skiing facilities are not classified under the specific NAICS code required for the exemption (possibly by providing accommodations). The scope of the equipment that may potentially be exempt under the bill, (including vehicles, heating and venting systems, refrigerators, and office equipment) may partially or fully offset this reduction, however.

Wisconsin county and stadium district sales tax collections were approximately 8.0% of state sales tax collections in FY09. Assuming that this percentage will remain unchanged in FY11, Wisconsin county and stadium district sales tax collections would be reduced by approximately \$9,600 annually under the bill.

The department's administrative costs under the bill are expected to be absorbed within existing expenditure authority

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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Description A sales and use tax exemption for tangible personal property and taxable services purchased by a skiing facility and used to make the facility more energy efficient			
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	\$	\$-120,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-120,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-120,000	-\$9,600
Agency/Prepared By			
DOR/ Jacek Cianciara (608) 266-8133		Authorized Signature	Date
		Paul Ziegler (608) 266-5773	3/16/2010