

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-3342/1	Introduction Number SB-408
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Description
 A sales and use tax exemption for coins, currency, and commemorative medallions

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 type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	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 <u>stadium districts</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input checked="" type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" 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 DOR/ Robert Schmidt (608) 267-9892	Authorized Signature Paul Ziegler (608) 266-5773	Date 1/30/2012
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Fiscal Estimate Narratives

DOR 1/30/2012

LRB Number	11-3342/1	Introduction Number	SB-408	Estimate Type	Original
Description A sales and use tax exemption for coins, currency, and commemorative medallions					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, "tangible personal property" includes U.S. coins and stamps sold or traded as collector's items above their face value. Sales of such U.S. coins and stamps are subject to sales and use taxes.

Under the bill, sales of coins; currency; commemorative medallions; and sovereign coins made from gold, silver, platinum, or palladium or any combination of those metals would be exempt from sales and use tax.

Two methodologies were employed to estimate the fiscal effect of this bill:

The first methodology utilizes the sales tax returns of certain filers. Twenty-nine companies with names descriptive of products to be exempted under the bill were registered for sales and use taxes in 2010. The 29 companies collected approximately \$630,000 in sales taxes in 2010. Many of the 29 companies are "coin and stamp" or "coin and jewelry" companies and an unknown portion of the taxes paid by these companies would be for jewelry, stamps and other taxable sales. On the other hand, there may be other companies and individuals that sell coins, currency and commemorative medallions under non-descriptive business names that have not been included in this tally.

The second methodology is based on data from the US Census Bureau. According the 2007 Economic Census, nationwide sales of "coins, medals and other numismatic items" totaled \$1,523 million (but a Wisconsin-specific share of sales of this product line is not available from the US Census Bureau). Approximately 97% these nationwide sales, however, occurred at retailers classified as "other miscellaneous store retailers" and the 2007 Economic Census reports that Wisconsin's share of US retail sales by this category of retailers is 1.39%. Assuming that Wisconsin's share of "coins, medals, and other numismatic items" is equivalent to the state's share of US sales by "other miscellaneous store retailers" and that sales of these items has increased at the same rate as the sales and use tax collections of a sample of businesses engaged in these sales (325% from 2007 to 2010), it is estimated that the exemption would result in a revenue decrease of \$690,000.

Given the range produced by the two methodologies (\$630,000 to \$690,000), it is estimated that the exemption would result in a sales and use tax revenue decrease of \$660,000.

County and stadium sales and use taxes were 8.0% of state sales and use taxes in FY10. Assuming this percentage does not change, county and stadium taxes would decrease by \$53,000 (\$660,000 x 8.0%) per year under the bill.

The department's administrative costs would be absorbed within existing budget authority.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

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Description A sales and use tax exemption for coins, currency, and commemorative medallions		
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	\$	\$-660,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-660,000
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-660,000	-\$53,000
Agency/Prepared By		
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