

### Fiscal Estimate - 2013 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> <b>13-2659/2</b>		<b>Introduction Number</b> <b>SB-348</b>	
<b>Description</b> Sales and use tax exemption for aircraft parts, maintenance, and labor			
<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 type="checkbox"/> Decrease Existing Appropriations		<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<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 type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input checked="" type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input checked="" 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 checked="" type="checkbox"/> Counties		<input checked="" type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
		<input type="checkbox"/> Cities	
		<input type="checkbox"/> Stadium Districts	
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b>			
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DOR/ Robert Schmidt (608) 267-9892		Robert Schmidt (608) 267-9892	
		<b>Date</b>	
		10/22/2013	

## Fiscal Estimate Narratives

DOR 10/22/2013

LRB Number	<b>13-2659/2</b>	Introduction Number	<b>SB-348</b>	Estimate Type	<b>Original</b>
<b>Description</b> Sales and use tax exemption for aircraft parts, maintenance, and labor					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, tangible personal property is subject to sales and use tax unless specifically exempted. Current law provides an exemption for aircraft, including accessories, fuel, and parts sold to licensed interstate carriers or foreign governments. Current law also provides a sales and use tax exemption for aircraft sold to non-residents who remove the aircraft from the state. Repair and maintenance services for all such aircraft are not subject to sales and use tax.

The bill provides a sales and use tax exemption for aircraft parts, regardless of how the aircraft is used. The bill also provides an exemption for the repair and maintenance of all aircraft.

Based on information from state sales and use tax returns, taxable sales attributable to businesses engaged in support activities for air transportation (NAICS 4881) and aerospace product and parts manufacturing (NAICS 3364) totaled \$54.3 million in FY2013. While taxable sales for these industries may include items outside of the scope of the exemption, the amount is expected to be minimal. IHS Global Insight currently forecasts that United States aircraft expenditures will increase at an annualized rate of 6.7% over the next three years. Assuming that Wisconsin sales of aircraft parts, repair, and maintenance increase at the same rate, the proposed exemption is expected to decrease sales and use tax revenue by \$2.9 million on an annual basis.

County and stadium sales and use taxes were 8.2% of state sales and use taxes in FY13. Assuming this percentage does not change, county and stadium taxes would decrease by \$240,000 per year under the bill.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 13-2659/2		<b>Introduction Number</b> SB-348	
<b>Description</b> Sales and use tax exemption for aircraft parts, maintenance, and labor			
<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	\$		\$-2,900,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$-2,900,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-2,900,000		-\$240,000
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Robert Schmidt (608) 267-9892		Robert Schmidt (608) 267-9892	10/22/2013