



## Fiscal Estimate Narratives

DOR 8/19/2013

LRB Number	13-1730/1	Introduction Number	AB-0285	Estimate Type	Original
<b>Description</b> Deadlines for claiming lottery prizes, motor vehicle fuel bulk plants, repealing the woodland tax, property tax publications, the manufacturing and agriculture tax credit, manufacturing property tax assessment objections, and reporting capital stock transfers					

### Assumptions Used in Arriving at Fiscal Estimate

#### CLAIMING LOTTERY PRIZES

Under current law, lottery players may claim prizes within 180 days after the drawing or other selection in which the prize is won or within 180 days after the game's end date, whichever is later. Since certain lotto games are offered for prolonged periods, winning tickets could arguably be deemed valid for years. Under the bill, prizes for lotto games may be claimed within 180 days of the selection or drawing in which the prize is won.

The provision has no fiscal effect. The bill removes a potential ambiguity that has been an issue of litigation in other states.

#### MOTOR VEHICLE FUEL BULK PLANT

The bill eliminates obsolete gallon capacity and mileage limits from the provisions related to motor vehicle fuel redistributed from bulk plants. Under current law, a "bulk plant" is defined as a motor vehicle fuel storage facility used to redistribute motor vehicle fuel transported in vehicles with a capacity of 4,200 gallons or less. Current law tax treatment for the import or export of fuel from bulk plants is also dependent on the plants being within 25 miles of the state's border.

These changes will have no fiscal impact. The bill adopts current DOR and industry practice wherein: 1) the motor vehicle fuel tax is imposed on any person who imports fuel from a bulk plant from outside the state and; 2) fuel that is exported from a bulk plant to a destination outside of Wisconsin is exempt.

#### WOODLAND TAX

The bill eliminates the Woodland Tax Law (WTL) program. The WTL allowed certain lands to be devoted to the growing trees for harvest. Land under the program was exempt from property taxes and instead subject to an annual payment of \$1.67 per acre.

This provision has no fiscal effect because no WTL land has existed since the 2000/2001 property tax year.

#### PROPERTY TAX PUBLICATIONS

The bill eliminates the requirement that DOR provide sufficient quantities of instructional materials to taxation districts to inform property owners of how to appeal a property assessment.

There is no fiscal effect for this provision as DOR already posts the material to the DOR website for taxation districts to view and print in lieu of a paper distribution.

#### OBJECTIONS TO MANUFACTURING PROPERTY TAX ASSESSMENTS

The DOR has interpreted the 60-day limit for appealing manufacturing assessments to mean mailed by the 60th day. However, the Tax Appeals Commission (TAC) decision in *Unlimited Services of Wisconsin, Inc., v. Wisconsin Department of Revenue* (January 4, 2013), interpreted to 60-day limit to mean actual receipt by DOR or date of mailing by certified mail. The bill adopts the TAC definition.

This provision is expected to have no fiscal effect. The proposal will clarify timing issues in the appeals process.

## UPDERPAYMENT INTEREST

Under current law, interest is not imposed on an underpayment of income taxes that is less than \$200. This bill increases the \$200 threshold to \$500.

This provision is expected to reduce revenue by approximately \$340,000 on an annual basis.

## CAPITAL STOCK TRANSFERS

The bill eliminates the requirement in s. 71.69 that corporations doing business in this state file a statement with DOR that discloses all capital stock transfers made by or to state residents during the preceding year. DOR currently receives this information from the federal Internal Revenue Service.

There is no fiscal effect for this provision. The information is received from other sources.

## MANUFACTURING AND AGRICULTURE CREDIT

The bill makes a technical correction to the definition of "agriculture property factor" as it relates to computing the manufacturing and agriculture income and franchise tax credit for claimants with property assessed as agricultural property. The change is consistent with similar language used with the definition of "manufacturing property factor" that is used under current law to compute the credit.

There is no fiscal effect for this provision. The technical correction reflects the intent as originally enacted.

## **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number 13-1730/1</b>		<b>Introduction Number AB-0285</b>	
<b>Description</b> Deadlines for claiming lottery prizes, motor vehicle fuel bulk plants, repealing the woodland tax, property tax publications, the manufacturing and agriculture tax credit, manufacturing property tax assessment objections, and reporting capital stock transfers			
<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	\$		\$-340,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$-340,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-340,000		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Robert Schmidt (608) 267-9892		John Koskinen (608) 267-8973	8/19/2013