

Fiscal Estimate - 2013 Session

Original Updated Corrected Supplemental

LRB Number 13-3333/1	Introduction Number AB-0438
Description Sales and use tax exemption for aircraft parts, maintenance, and labor	
Fiscal Effect	
State:	
<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
Local:	
<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 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
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	
DOR/ Robert Schmidt (608) 267-9892	Authorized Signature
	Robert Schmidt (608) 267-9892
	Date
	10/22/2013

Fiscal Estimate Narratives

DOR 10/22/2013

LRB Number	13-3333/1	Introduction Number	AB-0438	Estimate Type	Original
Description 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

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