

Fiscal Estimate Narratives

DOR 6/18/2013

LRB Number	13-1166/1	Introduction Number	SB-216	Estimate Type	Original
Description Sales and use tax exemption for vitamins					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, "tangible personal property" includes vitamins, minerals and dietary supplements. Sales of these items are subject to sales and use taxes.

Under the bill, sales of vitamins would be exempt from sales and use tax.

According to the 2007 Economic Census, Wisconsin sales of vitamins, minerals, and dietary supplements reached \$237.2 million in 2007, approximately 1.40% of US sales. The 2012 Nutrition Business Journal Annual Report reports that vitamin sales represent approximately 34% of dietary supplement sales. According to data collected by Euromonitor and reported in the Wall Street Journal, US sales of dietary supplements reached \$23 billion in 2012. Assuming Wisconsin's share of US sales of dietary supplements remains the same and that 34% of dietary supplement sales are vitamins, a sales/use tax exemption for vitamins would decrease state sales/use tax revenue by approximately \$5.5 million ($\$23 \text{ billion} \times 1.40\% \times 34\% \times 5\%$) on an annual basis.

County and stadium sales and use taxes were 8.2% of state sales and use taxes in FY12. Assuming this percentage does not change, county and stadium taxes would decrease by \$450,000 ($\$5.5 \text{ million} \times 8.2\%$) per year under the bill.

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

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-1166/1		Introduction Number SB-216	
Description Sales and use tax exemption for vitamins			
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, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$-5,500,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$-5,500,000
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-5,500,000		-\$450,000
Agency/Prepared By		Authorized Signature	Date
DOR/ Robert Schmidt (608) 267-9892		John Koskinen (608) 267-8973	6/18/2013