

## Fiscal Estimate - 2015 Session

Original     
  Updated     
  Corrected     
  Supplemental

**LRB Number 15-2056/1**     
 **Introduction Number AB-0210**

**Description**  
 Additional local sales and use tax for maintenance of streets and highways and making an appropriation

**Fiscal Effect**

**State:**

- No State Fiscal Effect
- Indeterminate
  - Increase Existing Appropriations
  - Decrease Existing Appropriations
  - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
  - Yes
  - No
- Decrease Costs

**Local:**

- No Local Government Costs
- Indeterminate
  - 1.  Increase Costs
  - 2.  Decrease Costs
  - Permissive  Mandatory     
  Permissive  Mandatory
- 3.  Increase Revenue
- 4.  Decrease Revenue
- Permissive  Mandatory     
  Permissive  Mandatory
- 5. Types of Local Government Units Affected
  - Towns       Village       Cities
  - Counties       Others
  - School Districts       WTCS Districts

**Fund Sources Affected**     
 **Affected Ch. 20 Appropriations**

GPR  
  FED  
  PRO  
  PRS  
  SEG  
  SEGS 20.835(4)g/gh

Agency/Prepared By	Authorized Signature	Date
DOR/ Travis Arthur (608) 266-8565	Robert Schmidt (608) 266-5773	4/30/2015

## Fiscal Estimate Narratives

DOR 4/30/2015

LRB Number	15-2056/1	Introduction Number	AB-0210	Estimate Type	Original
<b>Description</b> Additional local sales and use tax for maintenance of streets and highways and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, counties may impose a 0.5% sales and use tax for the purpose of reducing the county's property tax levy. The Department of Revenue collects the tax on behalf of the counties and distributes 98.25% of the tax collections to the counties. The department retains 1.75% of collections to cover administrative costs.

Under the bill, with the approval of the electors in the county at a referendum, a county may impose an additional sales and use tax at the rate of no more than 0.5% for the maintenance of streets and highways. A municipality may also impose the tax for the same purpose. The county or municipality may impose the tax for four years. If, after four years, the county or municipality wants to extend the tax, it must be approved again at a referendum.

The fiscal effect of the bill depends on the number of counties and municipalities that impose the additional tax.

#### Counties:

Currently, 62 counties impose the 0.5% county sales and use tax. County sales and use tax collections totaled \$339.5 million in CY14 (distributions of \$333.6 million/98.25%). For illustrative purposes, assuming all 62 counties adopt the additional tax, CY14 county distributions would have increased by \$333.6 million (collections of \$339.5 million x 98.25%). This scenario would have increased administrative fee revenue by approximately \$5.9 million (\$339.5 million x 1.75%).

#### Municipalities:

As an example, the department estimated the Madison share of Dane county collections to have been \$29.4 million in CY14 (distributions of \$28.9 million / 98.25%). Assuming Madison adopts the additional tax, CY14 municipal distributions would have increased by \$28.9 million (collections of \$29.4 million x 98.25%). In addition, administrative fee revenue would have increased by approximately \$515,000 (\$29.4 million x 1.75%).

Administrative costs for the bill include a one-time programming change to WINPAS, the state's tax processing system, of \$50,000 and programming changes to the Sales Tax Rate Lookup Application of \$15,000. Administrative fee revenue will cover the costs of administering the tax.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number</b> 15-2056/1	<b>Introduction Number</b> AB-0210	
<b>Description</b> Additional local sales and use tax for maintenance of streets and highways and making an appropriation		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  One-time cost of \$65,000 for computer program changes.		
<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	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$see text	\$
NET CHANGE IN REVENUE	\$see text	\$see text
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		
<b>Date</b>		
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