

**Fiscal Estimate - 2015 Session**

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> 15-2941/1	<b>Introduction Number</b> AB-0409
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**Description**  
Sales and use tax imposed on a jukebox

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government Units Affected</b>	
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Stadium District</u>
2. <input type="checkbox"/> Decrease Costs	4. <input checked="" type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" 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>	<b>Date</b>
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## Fiscal Estimate Narratives

DOR 10/16/2015

LRB Number	15-2941/1	Introduction Number	AB-0409	Estimate Type	Original
<b>Description</b> Sales and use tax imposed on a jukebox					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, a jukebox operator must pay sales or use tax on its purchase of the jukebox as well as any music to be played on the jukebox by a customer for a fee. The jukebox operator cannot buy the music without tax for resale.

The bill provides that, with regard to playing a jukebox the sales tax is imposed only on the sales of playing time on the jukebox. In addition, the bill also provides a sales and use tax exemption for the sale of the following:

1. Tangible personal property that is sold to a person in the business of providing a taxable service through a jukebox if the tangible personal property holds music for the jukebox and is used exclusively for the jukebox.
2. Tangible personal property that holds music and is sold as part of a jukebox if the sales price of such property is separately indicated from the sales price of the jukebox on the invoice that the seller gives to the purchaser.

According to industry information, the two largest providers of digital jukeboxes are AMI Entertainment and TouchTunes. Together these companies account for 1.6 billion song plays per year. Assuming these companies represent 75% of the market, total plays are estimated to be 2.2 billion song plays per year (1.6 billion / 75%). Assuming the cost per play is \$.50, total revenue is estimated to be \$1.1 billion. Further assuming that music fees paid by operators are 20% of total revenue, jukebox music fees are estimated to be \$218 million (\$1.1 billion \* 20%). According to the Census Bureau, the Wisconsin share of U.S. bars and restaurants is 2.1%. The department estimates the Wisconsin share of music fees to be \$4.6 million (\$218 million \* 2.1%)

It is estimated that 2016 sales tax collections will decrease under the bill by \$230,000 (\$4.6 million \* 5%). County and stadium district sales taxes were 8.2% of state sales tax revenues in FY15. Assuming this percentage does not change, county and stadium district sales taxes will decrease by about \$18,800 per year.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>15-2941/1</b>		<b>Introduction Number</b> <b>AB-0409</b>	
<b>Description</b> Sales and use tax imposed on a jukebox			
<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	\$		\$-230,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$-230,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-230,000		-\$18,800
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