

Fiscal Estimate - 2015 Session

Original Updated Corrected Supplemental

LRB Number **15-4505/1** Introduction Number **SB-637**

Description
Sales and use tax exemption for the sale of gun safes

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
 - Counties
 - School Districts
 - Village
 - Others
 - WTCS Districts
 - Cities
 - Baseball District

Fund Sources Affected **Affected Ch. 20 Appropriations**
 GPR FED PRO PRS SEG SEGS

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOR 2/1/2016

LRB Number	15-4505/1	Introduction Number	SB-637	Estimate Type	Original
Description Sales and use tax exemption for the sale of gun safes					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, retail sales and purchases of tangible personal property are subject to Wisconsin sales/use tax unless an exemption applies.

The bill creates a sale/use tax exemption for the sale and purchase of guns safes.

According to the US Census Bureau's 2012 Economic Census, Wisconsin sales of firearms, hunting equipment, and supplies (product line 20536) totaled \$123.6 million in 2012. Based on data from Wisconsin sales and use tax returns, taxable sales for sporting goods stores (NAICS 45111 – the primary sales location of product line 20536) increased 1.5% from FY13 to FY15. Assuming Wisconsin sales of product line 20536 increased at the same rate, taxable sales were \$125.5 million in FY15. Further assuming that gun safes represent 5% of sales within product line 20536, taxable sales of gun safes reached approximately \$6.3 million in FY15. Under these assumptions, a sales/use tax exemption for gun safes would reduce state sales/use tax collections by approximately \$314,000 on an annual basis.

County and stadium taxes were 7.2% of state sales taxes in FY15. Assuming this percentage does not change, county and stadium sales and use taxes would decrease by \$23,000 annually.

The Department of Revenue's administrative costs under the bill are minimal and would be absorbed within existing budget authority.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-4505/1		Introduction Number SB-637	
Description Sales and use tax exemption for the sale of gun safes			
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	\$		\$-314,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$-314,000
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>		<u>Local</u>
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-314,000		-\$23,000
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