

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4077/1	Introduction Number AB-0739
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Description
 a sales and use tax exemption for the private sale of a motor vehicle

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 Existing Appropriations | <input type="checkbox"/> Decrease Costs |
| <input type="checkbox"/> Create New Appropriations | | |

Local:

- | | | |
|--|---|--|
| <input type="checkbox"/> No Local Government Costs | | |
| <input type="checkbox"/> Indeterminate | | |
| 1. <input type="checkbox"/> Increase Costs | 3. <input type="checkbox"/> Increase Revenue | 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 <input type="checkbox"/> Baseball District
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |
| 2. <input type="checkbox"/> Decrease Costs | 4. <input checked="" type="checkbox"/> Decrease Revenue | |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory | |

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

- GPR
 FED
 PRO
 PRS
 SEG
 SEGS

Agency/Prepared By	Authorized Signature	Date
DOR/ Travis Arthur (608) 266-8565	Robert Schmidt (608) 266-5773	12/20/2017

Fiscal Estimate Narratives

DOR 12/20/2017

LRB Number	17-4077/1	Introduction Number	AB-0739	Estimate Type	Original
Description a sales and use tax exemption for the private sale of a motor vehicle					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a sales and use tax exemption for a motor vehicle sold by an individual who has not used the vehicle in a trade or business and who holds title to the vehicle to an individual for that individual's personal use. The exemption does not apply to sales by a person required to hold a seller's permit.

Using department data, sales and use tax collections reported on individual/private party sales of motor vehicles totaled \$123.19 million in FY17. After removing transactions where the seller or the buyer is clearly labeled as a company or business, the department estimates that sales and use tax collections would decrease under the bill by approximately \$106.51 million in FY17.

The fiscal effect could be higher or lower to the extent 1) the volume of motor vehicle sales by individuals increases or decreases in a given year and/or 2) the portion of vehicles sold by or to businesses differs from the amount identified in FY17.

County and stadium taxes were 7.5% of state sales taxes in FY17. Assuming this percentage does not change, county and stadium sales and use taxes would decrease by \$7.99 million ($\$106.51 \text{ million} * 7.5\%$) annually.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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Description a sales and use tax exemption for the private sale of a motor vehicle		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time cost of \$20,000 to make changes to WINPAS.		
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	\$	\$-106,510,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-106,510,000
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-106,510,000	-\$7,990,000
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