

Fiscal Estimate - 2019 Session

Original Updated Corrected Supplemental

LRB Number 19-2410/1	Introduction Number AB-0136
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Description
 the sales and use tax exemption for electricity and natural gas sold for residential use

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 | | |
| <input type="checkbox"/> Indeterminate | 5. Types of Local Government Units Affected | |
| 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>Baseball 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 | |

Fund Sources Affected <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	Affected Ch. 20 Appropriations
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Fiscal Estimate Narratives

DOR 3/27/2019

LRB Number	19-2410/1	Introduction Number	AB-0136	Estimate Type	Original
Description the sales and use tax exemption for electricity and natural gas sold for residential use					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the sale of electricity and natural gas for residential use during the months of November, December, January, February, March, and April is exempt from the sales and use tax.

Under the bill, electricity and natural gas sold for residential use would be exempt, regardless of the month in which the sale took place. The bill would be effective on the first day of the 2nd month after publication.

Based on FY 2018 data from the Wisconsin Public Service Commission and information for electric cooperatives and municipal electric utilities, newly exempt sales of residential electricity and natural gas would increase by \$1.6 billion under the bill. It is estimated that state sales and use taxes would decrease by \$80 million (\$1.6 billion x .05) on an annual basis.

In FY18, Wisconsin's county and baseball stadium district sales tax collections were approximately 8.0% of state sales tax collections. Assuming that this percentage will remain unchanged in FY19 or any year thereafter, Wisconsin local sales taxes would be reduced by \$6.2 million annually.

The fiscal effect could be higher or lower to the extent seasonal temperature changes effect energy use; higher temperatures during the summer will increase energy usage.

The Department of Revenue's administrative costs under the bill can be absorbed within existing expenditure authority.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description the sales and use tax exemption for electricity and natural gas sold for residential use			
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, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-80,000,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-80,000,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-80,000,000	-\$6,200,000
Agency/Prepared By		Authorized Signature	Date
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