

Fiscal Estimate - 2019 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

LRB Number 19-1178/1	Introduction Number SB-128	
Description the sales and use tax exemption for electricity and natural gas sold for residential use		
Fiscal Effect <div style="display: flex;"> <div style="flex: 1;"> State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div> <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues </div> </div> </div> <div style="flex: 1;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div>		
Local: <div style="display: flex;"> <div style="flex: 1;"> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory </div> </div> </div> <div style="flex: 1;"> 5. Types of Local Government Units Affected <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Towns <input checked="" type="checkbox"/> Counties <input type="checkbox"/> School Districts </div> <div> <input type="checkbox"/> Village <input checked="" type="checkbox"/> Others <input type="checkbox"/> WTCS Districts </div> <div> <input type="checkbox"/> Cities <u>Baseball District</u> </div> </div> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div> 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 </div> <div> Affected Ch. 20 Appropriations </div> </div>		
Agency/Prepared By DOR/ Travis Arthur (608) 266-8565	Authorized Signature Jamie Adams (608) 266-6785	Date 3/26/2019

Fiscal Estimate Narratives

DOR 3/26/2019

LRB Number	19-1178/1	Introduction Number	SB-128	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

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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	\$
GPR Earned	\$-80,000,000
FED	
PRO/PRS	
SEG/SEG-S	
TOTAL State Revenues	\$
NET ANNUALIZED FISCAL IMPACT	
	State Local
NET CHANGE IN COSTS	\$
NET CHANGE IN REVENUE	\$-80,000,000 -\$6,200,000
Agency/Prepared By	Authorized Signature
DOR/ Travis Arthur (608) 266-8565	Jamie Adams (608) 266-6785
	Date
	3/26/2019