

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-5052/1	Introduction Number SB-646
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Description
 expanding applicability of the room tax, making substantive and technical changes to the local room tax, and providing a penalty

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
- Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
- Decrease Existing Appropriations
 Decrease Existing Revenues
 Yes No
- Create New Appropriations Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
- 1. Increase Costs
 3. Increase Revenue
 5. Types of Local Government Units Affected
- Permissive Mandatory
 Permissive Mandatory
 Towns Village Cities
- 2. Decrease Costs
 4. Decrease Revenue
 Counties Others
- Permissive Mandatory
 Permissive Mandatory
 School Districts WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DOR/ Travis Arthur (608) 266-8565	Authorized Signature Jamie Adams (608) 266-6785	Date 1/8/2020
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Fiscal Estimate Narratives

DOR 1/8/2020

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Description expanding applicability of the room tax, making substantive and technical changes to the local room tax, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

The bill expands the applicability of the room tax, makes a number of substantive and technical changes to the local room tax in the areas of collections, audits, and the exchange of information between local governments and the Department of Revenue, establishes a common tax base between the sales tax and the room tax, and authorizes a municipality (city, village, or town) to impose a forfeiture of up to \$500 per day on a marketplace provider (a person who facilitates a retail sale by a seller by listing or advertising, to the extent that the marketplace provider facilitates the sale or furnishing of rooms, lodging or other accommodations to transients) that does not timely file a required room tax return to the municipality or pay the required tax. The maximum forfeiture that may be imposed for any year is \$45,000, and a forfeiture that is imposed may be appealed to the municipality which imposed it. The municipality may waive the forfeiture.

2019 Wisconsin Act 10 clarified that a marketplace provider is required to collect and remit sales tax and room taxes, on the entire amount charged to the purchaser. The bill does not impose a new tax, rather it provides enforcement enhancements for municipalities. As a result, municipalities might see a small revenue increase based on the amount of forfeiture imposed on a marketplace provider. There is no expected change in state and local sales tax collections as a result of the bill. Local room taxes may increase to the extent the additional enforcement mechanisms yield additional compliance.

ADMINISTRATIVE COSTS

The department estimates one-time administrative costs of \$10,500 for updating the state property record systems.

Municipalities may incur a small cost in order to complete the work required for the county tax roll, however these costs may be reduced or eliminated by applying for funds available through a grant program.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description expanding applicability of the room tax, making substantive and technical changes to the local room tax, and providing a penalty			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time cost of \$10,500 to update state property record system			
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		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$see text	\$see text
Agency/Prepared By		Authorized Signature	Date
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