

### Fiscal Estimate - 2021 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>21-6177/1</b>	<b>Introduction Number</b> <b>SB-1038</b>
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**Description**  
 licenses for the retail sale of electronic smoking devices and making an appropriation

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input checked="" type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government Units Affected</b>	
<input checked="" type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input checked="" type="checkbox"/> Increase Revenue	<input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input 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 type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<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	20.566 (1) (am)

<b>Agency/Prepared By</b> DOR/ Momodou Bah (608) 266-8133	<b>Authorized Signature</b> Ann DeGarmo (608) 266-7179	<b>Date</b> 3/16/2022
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## Fiscal Estimate Narratives

DOR 3/16/2022

LRB Number	<b>21-6177/1</b>	Introduction Number	<b>SB-1038</b>	Estimate Type	<b>Original</b>
<b>Description</b> licenses for the retail sale of electronic smoking devices and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires a retailer who sells or offers for sale electronic smoking devices to obtain an annual license from the clerk of the city, village, or town where the retailer is located. Under the bill, municipalities that issue retail licenses to sell cigarettes, tobacco products, and electronic smoking devices must submit a list annually to the Department of Revenue with a list of those licenses and certain information relating to the licenses and licensees, which DOR must post on its Internet site.

The bill also authorizes cities, villages, and towns to enact an ordinance regulating cigarette, tobacco product, and electronic smoking device retailers if the ordinance is at least as stringent as the requirements under state law.

Additionally, the bill authorizes two positions in the Department of Health Services to conduct investigations of retail sales of cigarettes, electronic smoking devices, and tobacco products, and two positions in DOR for administering and enforcing the taxes imposed on the sale of electronic smoking devices.

The bill also provides additional funding for local investigations of retail sales of cigarettes and tobacco products, special education aid the Department of Public Instruction pays to school districts, independent charter schools, cooperative educational service agencies, and county children with disabilities education boards; the University of Wisconsin System under its general program operations appropriation; and state aid to technical colleges.

### FISCAL EFFECT

The bill dedicated 2 FTE enforcement officers which may lead to a modest increase in tax collections. However, since there is no information as to how many electronic smoking device licenses will be issued by the city, village, or town clerks where the retailers are located, the fiscal effect is an indeterminate local revenue increase. The magnitude of the estimate will depend on the number of licenses issued.

### ADMINISTRATIVE COSTS

The bill provides 2 FTE positions on a continuing basis in the amount of \$206,640 and \$243,250 for FY21-22 and FY22-23 respectively for the purpose of administering and enforcing the taxes imposed on the sale of electronic smoking devices.

The department estimates one-time administrative costs of \$1,410 in the Enterprise Services Division (ESD), and \$324,430 for the Income Sales and Excise Tax Division (IS&E). Total one-time/first year costs for implementation of the new tax are expected to be \$325,840.

Ongoing administrative expenses for staff and related supplies, services, and equipment for ESD is \$7,440 and ongoing administrative expenses for the 2 FTE positions at IS&E are \$276,500. The total ongoing costs for administering and enforcing the taxes imposed on the sale of electronic smoking devices is \$283,940.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Description</b> licenses for the retail sale of electronic smoking devices and making an appropriation			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  Licenses for the retail sale of electronic smoking devices and making an appropriation			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$276,500		\$
(FTE Position Changes)	(2.0 FTE)		
State Operations - Other Costs	7,440		
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$283,940</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	283,940		
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>	
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$283,940	\$	
NET CHANGE IN REVENUE	\$	\$	
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Momodou Bah (608) 266-8133		Ann DeGarmo (608) 266-7179	3/16/2022