

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-3840/1	Introduction Number AB-1160
------------------------------------	---

Description
a sales and use tax exemption for firearms and ammunition

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

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

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<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	

Agency/Prepared By	Authorized Signature	Date
DOR/ Travis Arthur (608) 266-8565	Robert Schmidt (608) 266-5773	4/1/2024

Fiscal Estimate Narratives

DOR 4/1/2024

LRB Number	23-3840/1	Introduction Number	AB-1160	Estimate Type	Original
Description a sales and use tax exemption for firearms and ammunition					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a sales and use tax exemption for the sales of firearms, including accessories, attachments, and parts, and ammunition.

Based on an IBIS World market report, the Gun and Ammunition stores industry generated about \$18.5 billion in 2024. Using the FBI firearms background check report, the department estimates the WI share of background checks to be 1.9%. Assuming this share applies to gun and ammunition sales, the department estimates Wisconsin sales tax to decrease by about \$17.4 million ($\$18.5 \text{ billion} * 1.9\% * 5\%$) on an annual basis.

The fiscal effect could be higher to the extent that non-gun and ammunition stores are not included in the market report.

County taxes were 8.3% of state sales taxes in FY23. Assuming this percentage does not change, county sales would decrease by about \$1.4 million under the bill.

Based on department records and assuming the City of Milwaukee makes up 50% of the county's sales tax base, the department estimates the city sales tax to decrease by approximately \$521,000 on annual basis under the bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-3840/1	Introduction Number AB-1160	
Description a sales and use tax exemption for firearms and ammunition		
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	\$	\$-17,400,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-17,400,000
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-17,400,000	-\$1,900,000
Agency/Prepared By		
Authorized Signature		Date
DOR/ Travis Arthur (608) 266-8565		Robert Schmidt (608) 266-5773
		4/1/2024