

### Fiscal Estimate - 2023 Session

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>23-2651/1</b>	Introduction Number <b>SB-0956</b>
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**Description**  
 the sales and use tax exemption for personal farm property or household goods sold by auction on the Internet

**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	<b>5. Types of Local Government Units Affected</b>	
<input type="checkbox"/> Indeterminate	<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	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input checked="" type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" 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	

<b>Agency/Prepared By</b> DOR/ Travis Arthur (608) 266-8565	<b>Authorized Signature</b> Robert Schmidt (608) 266-5773	<b>Date</b> 2/5/2024
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## Fiscal Estimate Narratives

DOR 2/5/2024

LRB Number	23-2651/1	Introduction Number	SB-0956	Estimate Type	Original
<b>Description</b> the sales and use tax exemption for personal farm property or household goods sold by auction on the Internet					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, a sales and use tax exemption is provided for the sale of personal farm property or household goods if the auctioneer has performed five or fewer auctions at the location of the auction during the year. When an auctioneer holds an online auction, the location of the auction is the where the auctioneer is located when calling the auction and taking bids.

The bill amends the definition of "occasional sales" to state that the location of an online auction is deemed to be the location where the property or goods are physically located.

The overall fiscal effect is indeterminate given the scarcity of data concerning auctions for farm equipment, which is often exempt from tax, and household goods; auction location; and auction frequency.

Using data from the 2017 Economic Census, sales for NAICS code 454112-Electronic Auctions, totaled \$4.5 billion in 2017. The department estimates sales by Wisconsin electronic auctions to be 1.8% of the US total.

Assuming 5% of receipts from online auctions are for taxable farm equipment or household goods and the auctioneer has performed five or fewer auctions at the location of the auction during the year, the department estimates Wisconsin 2017 taxable sales to be \$4.0 million ( $\$4.3 \text{ billion} * 1.8\% * 5\%$ ). Based on tax returns for Wisconsin auctioneers, the department estimates annual growth of approximately 6% from 2017 to 2023 would yield 2023 taxable sales of \$5.7 million.

The department estimates sales and use tax collections will decrease by about \$285,000 ( $\$5.7 \text{ million} * 5\%$ ) under the bill. County taxes were 8.3% of state sales tax revenues in FY23. Assuming this percentage does not change, county sales taxes will decrease by about \$24,000 per year.

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 \$8,500 on annual basis under the bill.

The fiscal effect would be larger/smaller to the extent taxable sales of farm equipment or household goods differs from the assumed amount.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Description</b> the sales and use tax exemption for personal farm property or household goods sold by auction on the Internet		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<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	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
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	\$	\$-285,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-285,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-285,000	-\$32,500
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
DOR/ Travis Arthur (608) 266-8565		Robert Schmidt (608) 266-5773
		2/5/2024