

**ADMINISTRATIVE RULES
FISCAL ESTIMATE
AND ECONOMIC IMPACT ANALYSIS**

Type of Estimate and Analysis	
<input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected	
Administrative Rule Chapter, Title and Number	
Chapter Tax 11 – Sales and use tax	
Subject	
Sales tax filing frequency	
Fund Sources Affected	Chapter 20 , Stats. Appropriations Affected
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG SEG-S	
Fiscal Effect of Implementing the Rule	
<input type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Indeterminate	<input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues
	<input checked="" type="checkbox"/> Increase Costs <input checked="" type="checkbox"/> Could Absorb Within Agency’s Budget <input type="checkbox"/> Decrease Costs
The Rule Will Impact the Following (Check All That Apply)	
<input type="checkbox"/> State’s Economy <input checked="" type="checkbox"/> Local Government Units	<input type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Public Utility Rate Payers
Would Implementation and Compliance Costs Be Greater Than \$20 million?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Policy Problem Addressed by the Rule	
The rule does not create or revise policy, other than to reflect current law and department policy.	
Summary of Rule’s Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State’s Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)	
<p>As indicated in the attached fiscal estimate, the proposed rule would decrease state sales and use taxes by \$1.7 million (non-recurring loss) in FY14 and decrease county and stadium sales and use taxes by \$140,000 (non-recurring loss) in FY14.</p> <p>No comments concerning the economic effect of the rule were submitted in response to the department's solicitation.</p>	
Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule	
<p>Clarifications and guidance provided by administrative rules may lower the compliance costs for businesses, local governmental units, and individuals.</p> <p>If the rule is not implemented, Chapter Tax 11 will be incomplete in that it will not reflect current law or department policy.</p>	
Long Range Implications of Implementing the Rule	
No long-range implications are anticipated.	
Compare With Approaches Being Used by Federal Government	
N/A	
Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)	
N/A	

FISCAL ESTIMATE FORM

2013 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB #

INTRODUCTION #

Admin rule # Tax 11: Sales Tax Filing Frequency

Subject

Proposed order of the Department of Revenue relating to sales tax filing frequency

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be Possible to Absorb
 Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

- | | |
|--|--|
| 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 | 3. <input type="checkbox"/> Increase Revenues
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
4. <input checked="" type="checkbox"/> Decrease Revenues
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory |
|--|--|

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 Counties Others Stadium Districts
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

The proposed rule modifies Chapter TAX 11 of the Administrative Code regarding the requirements for quarterly and annual sales and use tax filing. Currently, a registered business with an annual sales and use tax liability not exceeding \$300 must only file sales and use tax returns on an annual basis. If the retailer prefers to file on a quarterly basis, it must contact the department. The proposal would increase the \$300 threshold to \$600, allowing more businesses to file sales and use tax returns on an annual basis. The change to the filing threshold would be effective January 1, 2014.

Based on information from state sales and use tax returns, the rule change is expected to affect 8,091 filers. While the proposal does not impact tax liabilities, sales tax returns for quarters ending March 31 and June 30 would be due Dec 31 of the next fiscal year. Assuming all affected businesses file on an annual basis, the proposal would result in a \$1.7 million non-recurring loss in FY14.

County and stadium sales and use taxes were 8.2% of state sales and use taxes in FY13. Assuming this does not change, county and stadium taxes would decrease by \$140,000 (non-recurring loss) in FY14.

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

2013 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB #	Admin. Rule #
INTRODUCTION #	Tax 11: Sales Tax Filing Frequency

Subject
Proposed order of the Department of Revenue relating to sales tax filing frequency

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): SEE TEXT

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe	\$	\$ -
(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	Increased Costs	Decreased Costs
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	\$	\$ 0
NET CHANGE IN REVENUES	\$	\$ 0
Agency/Prepared by Wisconsin Department of Revenue Bob Schmidt 608 266-5773	Authorized Signature/Telephone No. Wisconsin Department of Revenue Bob Schmidt 608 266-5773	Date 10/16/2013