

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

Type of Estimate and Analysis

Original     Updated     Corrected

Administrative Rule Chapter, Title and Number

Chapter Tax 11 – Various changes to Chapter Tax 11

Subject

Various changes to Chapters Tax 11

Fund Sources Affected

Chapter 20 , Stats. Appropriations Affected

GPR    FED    PRO    PRS    SEG    SEG-S

Fiscal Effect of Implementing the Rule

No Fiscal Effect

Increase Existing Revenues

Increase Costs

Indeterminate

Decrease Existing Revenues

Could Absorb Within Agency's Budget

Decrease Costs

The Rule Will Impact the Following (Check All That Apply)

State's Economy

Specific Businesses/Sectors

Local Government Units

Public Utility Rate Payers

Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes     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)

As indicated in the attached fiscal estimate, General fund condition statements have already accounted for the fiscal effect of exemptions created under previous acts. The proposed rule has no fiscal effect.

No comments concerning the economic effect of the rule were submitted in response to the department's solicitation.

Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Clarifications and guidance provided by administrative rules may lower the compliance costs for businesses, local governmental units, and individuals.

If the rule is not implemented, Chapter Tax 11 will be incomplete in that it will not reflect current law or department policy.

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

- ORIGINAL       UPDATED  
 CORRECTED       SUPPLEMENTAL

**INTRODUCTION #**

Admin rule #      Tax 11 Sales Tax Updates

**Subject**

**Proposed order of the Department of Revenue relating sales and use tax exemptions and administration.**

**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.  Increase Costs  
 Permissive  Mandatory  
2.  Decrease Costs  
 Permissive  Mandatory

3.  Increase Revenues  
 Permissive  Mandatory  
4.  Decrease Revenues  
 Permissive  Mandatory

5. Types of Local Governmental Units Affected:  
 Towns  Villages  Cities  
 Counties  Others \_\_\_\_\_  
 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 to reflect statutory changes, clarify existing rules, and correct an error in the current rule provisions.

The proposed rule includes:

- The addition of a sales/use tax exemption for the sale of aircraft parts and services performed to aircraft created under 2013 Wisconsin Act 185.
- The addition of a sales/use tax exemption for equipment and certain building materials used in a fertilizer blending, feed, milling, or grain drying operation created under 2013 Wisconsin Act 324.
- The addition of a sales/use tax exemption for property used by certain commercial radio and television stations created under 2013 Wisconsin Act 346.
- Updates to sales/use tax exemptions for the printing industry amended by 2013 Wisconsin Act 145.
- Updates to the "grocers' guide" list of taxable and exempt food items to reflect current law.
- Updates to the rules to reflect statutory provisions related to "utility terrain vehicles" created under 2011 Wisconsin Act 208.
- The addition of a sales and use tax deduction for bad debts incurred by private label credit card companies and dual purpose credit card companies created under 2013 Wisconsin Act 229.
- The correction of an error in TAX 11.945(2) regarding the sourcing of "telecommunications messaging services."
- Clarifications to existing rules relating to aircraft, common motor carriers, and construction contractors.

General fund condition statements have already accounted for the fiscal effect of exemptions created under previous acts. The proposed rule has no fiscal effect.

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

**2015 Session**

- ORIGINAL       UPDATED  
 CORRECTED     SUPPLEMENTAL

<b>LRB #</b>
<b>INTRODUCTION #</b>

Admin. Rule #
Tax 11 Sales Tax Updates

**Subject**  
**Proposed order of the Department of Revenue relating to lottery retailers.**

**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 State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(    )	-
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	\$	\$
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		-
<b>TOTAL State Revenues</b>	\$	\$

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ _____	\$ _____
Agency/Prepared by Wisconsin Department of Revenue Travis Arthur 608 266-8565	Authorized Signature/Telephone No. Wisconsin Department of Revenue Bob Schmidt 608 266-5773	Date 9/6/2016