



Legislative Fiscal Bureau

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July 12, 2006

SUBJECT: State Tax and Fee Modifications Included in 2005 Act 25

The attached table provides a brief description of each state tax and fee modification contained in 2005 Act 25 (the 2005-07 biennial budget act). The table consists of three parts: (1) tax increases and decreases; (2) fee increases and decreases; and (3) measures which enhance the collection of current taxes or fees. Each entry in the table includes the agency name, a summary of the proposed modification, and an estimate of the revenue change due to the tax or fee modification (the estimates shown are those used during budget deliberations). Items with an extensive list of changes are more fully identified in attachments to this memorandum.

In the table, GPR represents general fund revenue. Revenue to a program revenue account is signified by PR and SEG signifies revenue to a segregated fund. "Unknown" means that no estimate of the revenue impact is available at this time.

In summary, the changes included in Act 25 will decrease net taxes by \$25,430,000 (-\$8,395,000 in 2005-06 and -\$17,035,000 in 2006-07) and increase net fees by \$50,113,500 (\$32,664,200 in 2005-06 and \$17,449,300 in 2006-07). In addition, measures included in the act to enhance the collection of existing taxes/fees will generate an additional \$29,103,000 (\$12,700,000 in 2005-06 and \$16,403,000 in 2006-07).

The sum of the net tax and fee changes under Act 25 is \$24,683,500. This is \$279,641,300 below the amount contained in the budget recommendations of the Governor, \$10,697,300 above the budget recommendations of the Joint Committee on Finance, and \$27,858,500 above the budget recommendations of the Legislature. In addition, each version of the budget included measures that would affect the collection of existing taxes and fees. For the 2005-07 biennium, that number is \$63,805,000 under the Governor, \$29,103,000 million under the budget recommendations of the Joint Committee on Finance and Legislature, and also \$29,103,000 under Act 25.

The sum of these revenue changes for the 2005-07 biennium is shown below.

Net Tax and Fee Changes

	<u>2005-06</u>	<u>2006-07</u>	<u>Total</u>
GPR	-\$4,585,600	-\$8,921,300	-\$13,506,900
PR	10,064,500	12,818,200	22,882,700
SEG	<u>18,790,300</u>	<u>-3,482,600</u>	<u>15,307,700</u>
TOTAL	\$24,269,200	\$414,300	\$24,683,500

Enhanced Collection Measures

	<u>2005-06</u>	<u>2006-07</u>	<u>Total</u>
GPR	\$12,700,000	\$16,403,000	\$29,103,000

Two points should be noted about the list of items. First, it is estimated that claims for the property tax/rent credit (PTRC) will be reduced from prior law amounts by \$6,000,000 in 2005-06 and \$13,000,000 in 2006-07 due primarily to the anticipated local property tax decreases under the act, which would increase individual income tax revenues by the same amounts. These figures are not included in the table because they are secondary impacts of the property tax modifications in the act and do not result from a direct statutory change to the PTRC.

Second, Act 25 included a new refundable individual income tax credit for property taxes paid by certain veterans and surviving spouses of individuals who served in the military. This credit was subsequently expanded in 2005 Act 72, and is estimated to cost \$2,983,000 per year, beginning in 2005-06. This provision is not included in the table or in the totals identified above because, as a refundable credit, it is paid from a state appropriation rather than accounted for as a reduction in tax revenues.

	2005-06	2006-07	Fund Source
TAX INCREASES			
GENERAL FUND TAXES			
<p>Internal Revenue Code (IRC) Update. Update state tax references to the federal Internal Revenue Code in order to conform to certain federal law changes enacted through December 31, 2004. Under prior law, references to the IRC generally referred to the code in effect on December 31, 2002. With exceptions, Act 25 updated state references to federal tax provisions enacted in 2003 and 2004. The exceptions include: (a) increases in federal alternative minimum tax (AMT) exemptions for tax years 2003 and 2004 [although an increase in the AMT tax exemptions for tax year 2005 would be included]; (b) federal bonus depreciation and small business expensing provisions; (c) health savings accounts; (d) the extension of expiring tax provisions that the state did not previously adopt, which augmented the deduction for donations of computer technology and equipment and provided immediate deductions of brownfield environmental remediation costs; and (e) and federal provisions that permit expensing of film and television production costs.</p> <p>In addition to updating state tax references to the IRC, Act 25 clarified and corrected certain provisions related to the standard deduction and to innocent spouse relief under the individual income tax.</p>	\$620,000	\$1,110,000	GPR
<p>Occasional Sales. Modify the state sales and use tax statutes to specify that a person who makes sales of tangible personal property or services on which the sales tax is imposed is a retailer, regardless of whether or not the transaction is mercantile in nature. In addition, provide increases in the occasional sale exemption standards for nonprofit organizations. The administration believes that removing a mercantile standard from the definition of a retailer will result in additional sales tax being collected by retailers currently not collecting sales tax on certain transactions. However, increasing the occasional sales exemption standards will reduce the amount of sales tax collected by nonprofit organizations. While it is not possible to measure the impact from either of the proposed modifications, the Department of Revenue (DOR) anticipates that the overall fiscal impact will be a minimal revenue increase.</p>	Minimal	Minimal	GPR
SUBTOTAL -- TAXES -- INCREASES	\$620,000	\$1,110,000	GPR
TAX DECREASES			
GENERAL FUND TAXES			
<p>Increase the Income Tax Deduction for Tuition Expenses. Increase the maximum individual income tax deduction for higher education tuition expenses from \$3,000 to twice the average amount charged by the Board of Regents of the University of Wisconsin at four-year institutions for resident undergraduate academic fees for the most recent fall semester, as determined by the Board of Regents by September 1 of that semester. This provision first applied to tax year 2005.</p>	-\$4,900,000	-\$5,300,000	GPR
<p>Exclusion for Social Security Benefits. Allow a full income tax exclusion for social security benefits, starting in tax year 2008. Under current law, up to 50% of social security benefits are taxable under the individual income tax. The fiscal effect is an estimated revenue loss of \$45,900,000 in 2007-08 and \$99,700,000 in 2008-09 and thereafter.</p>	See Text	See Text	GPR

	2005-06	2006-07	Fund Source
<p>Deduction for Health Insurance Premiums. Adopt the provisions of AB 6 and SB 37, as passed by the Joint Committee on Finance, which: (a) increase the current individual income tax deduction for medical care premiums paid by an individual whose employer does not contribute toward the individual's medical care insurance from 50% to 100%; and (b) create a deduction for medical care insurance premiums paid by an individual with no employer and no self employment income. Specify that the increased deduction under (a) first applies for tax years beginning on January 1, 2006, and that the new deduction under (b) will be phased in over a three-year period beginning in tax year 2007 as follows: 33.4% of the cost of such premiums will be deductible in tax year 2007; 66.7% will be deductible in tax year 2008; and 100% of such premiums will be deductible in tax years 2009 and thereafter. The estimated fiscal effect will increase from \$2,000,000 in 2006-07 to \$7,800,000 in 2007-08, \$13,700,000 in 2008-09, and \$19,500,000 in 2009-10 and thereafter, as the new provisions are phased in.</p>	\$0	-\$2,000,000	GPR
<p>Income Tax Credit for Military Income. Increase the individual income tax credit for military income from \$200 to \$300 (and from \$400 to \$600 if both spouses qualify), effective with tax year 2006.</p>	\$0	-\$500,000	GPR
<p>Livestock Farm Investment Credit. In addition to the dairy farm investment tax credit, create a livestock farm investment credit equal to 10% of the amounts paid for investment activities, with a \$50,000 limit on the total amount that may be claimed by a taxpayer. Under the new provisions, "livestock" is defined as cattle (except for dairy animals, which were covered under the existing credit), swine, farm-raised pheasants, other poultry, fish raised in aquaculture facilities, sheep, and goats. Other than pheasants, farm-raised birds and ratitites are not included in the definition of livestock. Specify that the new credit first applies to tax year 2006 and will sunset after tax year 2011.</p>	\$0	-\$1,900,000	GPR
<p>Development Zone Tax Credit. Modify provisions governing the consolidated development zone environmental remediation and jobs tax credit under the state individual and corporate income and franchise taxes as follows:</p> <p>(a) Permit claimants of the development zones tax credit to use the credit to offset the entire amount of their income or franchise tax liability rather than only the amount of tax attributable to income from business operations in the zone or from directly-related business operations. This provision first applies to credits claimed for tax years beginning on or after January 1, 2005, including unused credits carried forward from prior years.</p> <p>(b) Modify the definition of member of a target group, for purposes of claiming the development zones jobs tax credit, to include a person who resides in an area designated by the federal government as an economic revitalization area. The modification reflects the designation of Milwaukee as a federal renewal community in 2002. Businesses that open, expand, or hire residents of these federally designated areas are eligible for certain federal tax benefits. Specific references to federally designated empowerment zones and enterprise communities were deleted. This provision first applies to tax years beginning on or after January 1, 2005.</p>	Unknown	Unknown	GPR
<p>Enterprise Development Zone Limits. Modify prior law as follows: (a) authorize Commerce to establish 17 additional enterprise development zones, for a total authorization of 98; (b) specify that more than one business in an enterprise development zone may be eligible for tax credits; and (c) authorize Commerce to create enterprise development zones in development zones.</p>	Unknown	Unknown	GPR

	2005-06	2006-07	Fund Source
Sales Factor of the Corporate Apportionment Formula. Create specific provisions regarding how transactions relating to services and the use of computer software are treated under the sales factor of the formula that is used to apportion the income of multi-state businesses to Wisconsin. The new provisions first apply to tax years beginning on or after January 1, 2005 and will result in tax decreases for some firms and tax increases for others. The net fiscal impact is unknown.	Unknown	Unknown	GPR
Sales Tax on Transactions Between Affiliated Businesses. Specify that certain transfers of taxable property and services between members of an affiliated group of business entities (organizations affiliated through stock ownership of a common parent organization that owns directly or indirectly 80% or more of the total stock of each of the other organizations) that are eligible to file a single consolidated return for federal income tax purposes are exempt from the sales and use tax. This provision took effect on September 1, 2005.	Minimal	Minimal	GPR
Sales Tax Exemption for Clay Pigeons. Provide that the sales tax exemption for the sale of live game birds and clay pigeons to certain bird hunting preserves also applies to clay pigeons sold to a trapshooting facility if either of the following applies: (a) the trapshooting facility is required to pay sales tax on its gross receipts from charges for shooting at the facility; or (b) the trapshooting facility is a nonprofit organization whose gross receipts from charges for shooting at the facility are exempt from the sales tax as occasional sales. Specify that these provisions first apply on January 1, 2003 and take effect retroactively to the same date. [These changes made the existing exemption conform to the intent of the legislation that created it, and to the way the exemption is administered by DOR.]	Minimal	Minimal	GPR
Utility Tax on Car Line Companies. Repeal the previous utility tax on car line companies, which was equal to 3% of the company's gross earnings in this state. Instead, impose a tax on car line companies equal to the amount of the company's gross earnings in this state multiplied by the average net rate of taxation, as determined by DOR. Specify that the average net rate of taxation be determined by subtracting the total state property tax credits paid in the year from the total of all general property taxes paid in this state in the year, and dividing the result by the state assessment of all general property in this state. These modifications took effect with tax payments that were due on September 10, 2005.	-\$135,000	-\$135,000	GPR
Cigarette and Tobacco Products Taxes Bad Debt Deduction. Provide that a person who sells cigarettes or other tobacco products at wholesale may claim as a deduction against the cigarette and tobacco products taxes imposed an amount equal to such taxes that are attributable to bad debt that the person writes off as uncollectible.	-\$180,000	-\$210,000	GPR
SHARED REVENUE AND TAX RELIEF			
Forestry Mill Tax. Modify prior law provisions establishing a 0.2 mill tax on the property of the state for purposes of acquiring, preserving, and developing the forests of the state by limiting the rate of taxation to no more than 0.2 mill. Require DOR to adjust the rate of taxation for the state forestry tax so that the amount of taxes levied in a year increases relative to the amount levied in the previous year by 2.6%. Extend this provision beginning with the amount levied in 2005, that becomes payable in 2006. Provide that the mill rate, as determined by DOR, for the property tax assessment as of January 1 of the second year following the date of enactment shall be the rate of the tax imposed for all subsequent years.	-\$3,800,000	-\$8,100,000	SEG
SUBTOTAL -- TAXES -- DECREASES	-\$5,215,000 -\$3,800,000	-\$10,045,000 -\$8,100,000	GPR SEG

	2005-06	2006-07	Fund Source
FEE INCREASES			
ADMINISTRATION			
Justice Information System Surcharge. Increase the justice information system surcharge by \$3, from \$9 to \$12 to support justice information system activities in DOA. Provide that five-twelfths of the surcharge (\$5) will be allocated to DOA, one-half of the surcharge (\$6) will be allocated to fund the Circuit Court Automation Programs (CCAP), and the remaining one-twelfth (\$1) will be credited to the general fund. Under Act 25, the allocation to DOA represents an increase. The allocations to the CCAP and to the general fund were unchanged from prior law.	\$1,000,000	\$2,100,000	PR
Land Record Fee Continuation. Repeal the July 1, 2005, sunset of the \$2 land record fee assessed on the first page of documents filed or recorded with county registers of deeds and remitted to the state. Repeal the sunset of a similar \$1 fee that is retained by the counties. It is estimated that \$3,360,800 annually will be remitted to the state under this provision and that counties will receive an aggregate \$1,680,400 annually from their portion of the continued fee.	\$3,360,800	\$3,360,800	PR
ADMINISTRATION -- Office of Justice Assistance			
Penalty Surcharge. Increase the penalty surcharge from 24% to 25% of the total fine or forfeiture imposed for most violations of state law or municipal or county ordinance.	\$589,900	\$805,800	PR
Drug Offender Diversion Surcharge. Create a \$10 drug offender diversion surcharge to be assessed for property crime convictions under Chapter 943 of the statutes. The revenue generated will be used to support an OJA grant program for counties to establish alternatives to incarceration programs for non-violent criminal offenders with identified substance abuse treatment needs.	\$0	\$265,000	PR
Drug Abuse Program Improvement Surcharge. Increase the surcharge from 50% to 75% of the sum of the fine and penalty surcharge. A portion of the generated revenue will be used to support an OJA grant program for counties to establish alternatives to incarceration programs for non-violent criminal offenders with identified substance abuse treatment needs. The fiscal effect of this surcharge change is included under "Health and Family Services."	See Text	See Text	PR
COMMERCE			
Safety and Buildings Division Licenses and Registrations. Double the maximum fee amount that Commerce can establish by administrative rule for licenses and registrations that the Department issues to plumbers, utility contractors, pipelayers, and contractors installing or maintaining automatic fire sprinklers. In addition, double the maximum term for these licenses and registrations from two to four years. Commerce anticipated that administrative rule changes with the revised fee amounts and four-year terms would be effective on August 1, 2006. The Department projected a two-year increase in revenue of \$782,800 in 2006-07 and \$729,700 in 2007-08, then a two-year decrease in revenue of \$601,200 in 2008-09 and \$654,300 in 2009-10. Revenue would increase in the first two years because of the doubling of the fee. Revenue would decrease in the third and fourth years of implementation because the change in term would result in renewals of the four-year license in the fifth year of implementation instead of current renewals of two year licenses in year three.	\$0	\$782,800	PR

	2005-06	2006-07	Fund Source
CORRECTIONS			
Sex Offender Annual Registration Fee. Authorize Corrections to establish by rule an annual sex offender registration fee not to exceed \$50 for individuals in its custody or under its supervision. The fee will be used to partially offset the costs of monitoring.	\$478,200	\$504,700	PR
FINANCIAL INSTITUTIONS			
Increase Foreign Corporation Filing Fee. Increase the foreign corporation filing fees for capital in excess of \$60,000 from \$2 per \$1,000 to \$3 per \$1,000. The increase applies to fees paid with respect to certificates of authority, annual reports, and certificates of withdrawal. Under prior law, a foreign corporation was required to obtain a certificate of authority and pay a filing fee of \$100 plus \$2 for every \$1,000 of capital in excess of \$60,000 employed, or to be employed, in this state. Foreign corporations also had to file an annual report and remit fee of \$65 plus an additional fee of \$2 per \$1,000 of capital in excess of the amount of capital on which a fee had previously been paid. In addition, a foreign corporation that was withdrawing from doing business in this state was required to file an application for a certificate of withdrawal and remit a fee of \$40 plus \$2 per \$1,000 of excess capital. In each case, Act 25 increased the fee on excess capital to \$3 per \$1,000.	\$2,378,900	\$2,378,900	PR
HEALTH AND FAMILY SERVICES			
Increase Day Care License Fee. Increase the per child fee for a group child care license from \$8.47 to \$10.33. Previously, the licensing fee for a group child care license was \$30.25, plus \$8.47 for every child the center is licensed to serve, every two years.	\$127,900	\$127,900	PR
State Centers Charges to Counties. Require DHFS to bill county departments of developmental disabilities services \$48 per day for state center residents whose cost of care in the community would be less or equal to the current reimbursement rate under the community integration program CIP IA, rather than for residents whose cost of care in the community would be less than \$184 per day, as provided under prior law. The reimbursement rate for residents relocated to the community on or after July 1, 2003, is \$325 per day. It is not assumed this change will increase collections, which are credited to a program revenue appropriation that supports the operations of the state centers for the developmentally disabled.	\$0	\$0	PR
Drug Abuse Program Improvement Surcharge. Increase the drug abuse program improvement surcharge (DAPIS) from 50% to 75% of the sum of the fine and penalty surcharge. Specify that: (a) all of the first \$1,038,600 collected under DAPIS in 2005-06 and \$1,044,300 in 2006-07 plus two-thirds of all DAPIS revenues collected in excess of \$1,528,600 in 2005-06 and \$1,534,300 in 2006-07 would be allocated to DHFS; and (b) all of the revenues collected in excess of \$1,038,600 until the first \$1,528,600 has been collected in 2005-06 and in excess of \$1,044,300 until the first \$1,534,300 has been collected in 2006-07 plus one-third of all moneys collected in excess of \$1,528,600 in 2005-06 and \$1,534,300 in 2006-07 would be allocated to OJA to support the grant program. Specify that beginning July 1, 2007, two-thirds of DAPIS revenues would be allocated to DHFS and one-third of the revenues would be allocated to OJA to support grants for county alcohol and other drug abuse programs.	\$0	\$490,000	PR
JUSTICE			
Crime Victim and Witness Assistance Surcharge. Increase "Part A" of the surcharge from the prior law \$30 for each misdemeanor offense to \$40 and from the prior law \$50 for each felony offense to \$65. When a court imposes a sentence or places a person on probation, a crime victim and witness assistance surcharge is imposed.	\$212,300	\$424,600	PR

	2005-06	2006-07	Fund Source
Crime Laboratory and Drug Law Enforcement Surcharge. Increase the amount of the surcharge from the prior law \$7 to \$8. When a court imposes a sentence, places a person on probation, or imposes a forfeiture for a violation of state law or municipal or county ordinance, a surcharge is generally imposed.	\$696,900	\$953,200	PR
NATURAL RESOURCES			
Hunting and Fishing License Fee Increase. Increase the fees for certain hunting and fishing licenses as shown in Attachment 1. In addition, increase the wildlife damage surcharge currently applied to most hunting licenses from \$1 per license to \$2 per license. Increase the surcharge on conservation patron licenses from \$2 to \$4. The surcharge is currently added to the cost of resident and nonresident deer, elk, Class A and Class B bear, archer, wild turkey, small game, and sports licenses, as well as to nonresident five day small game and furbearing animal licenses. The bill is expected to generate additional fish and wildlife account revenues of approximately \$15.54 million for the 2005-07 biennium. The increases were effective with the passage of the budget.	\$6,265,000	\$9,275,000	SEG
Hunter Safety Course Fees. Authorize DNR to charge a fee by administrative rule for participation in hunter safety education courses. Allow the Department to offer an advanced hunter education course and an advanced bow hunter education course for an additional fee to be determined by the Department. Revenues are deposited to a dedicated appropriation within the fish and wildlife account.	\$112,500	\$225,000	SEG
Boat, ATV, and Snowmobile Registration. In addition to registration options currently available for snowmobile, ATV, and boat registrations, allow DNR or its agents to provide a decal immediately for a \$5 fee if the individual registering the recreational vehicle wishes to receive a decal at that time (rather than receiving one later in the mail after the registration is processed). If the registration is completed through an agent, \$1 of the \$5 fee would be remitted to DNR. While DNR is authorized to institute the expedited licensing provisions upon enactment, DNR indicates that the service would not be generally available until the end of 2007. Consequently, no additional revenues would be expected during the 2005-07 biennium.	\$0	\$0	SEG
State Park Admission and Camping Fees. Increase certain park vehicle admissions fees and the minimum camping fees for DNR properties as shown in Attachment 2. Revenues are deposited to the parks account of the conservation fund.	\$633,700	\$1,673,100	SEG
Vehicle Environmental Impact Fee. Extend the December 31, 2005, sunset of the \$9 per title vehicle environmental impact fee (assessed on the titling of new or used vehicles), by two years, to December 31, 2007. The fee is deposited in the environmental management account of the environmental fund.	\$6,750,000	\$13,500,000	SEG
PUBLIC INSTRUCTION			
Public Library System Aid. Provide funding above the base level of \$2,111,900 for aids to public library systems. Also, replace a portion of the base level amount of GPR. Funding is from the universal service fund, which receives its funding through Public Service Commission assessments on annual gross operating revenues from intrastate telecommunications providers, which they can fully recover through pass-through assessments on subscribers.	\$2,111,900	\$2,111,900	SEG

	2005-06	2006-07	Fund Source
BadgerLink Funding. Provide funding above the base level of \$1,943,500 for statewide Internet access to periodical and reference information databases, which are part of the BadgerLink project. Funding is from the universal service fund, which receives its funding through Public Service Commission assessments on annual gross operating revenues from intrastate telecommunications providers, which they can fully recover through pass-through assessments on subscribers.	\$49,000	\$87,000	SEG
REGULATION AND LICENSING			
Transfer Sanitarian Registration From DHFS. Transfer the registration of sanitarians from DHFS to R&L and increase the initial registration fee from \$25 to \$53 per biennium.	\$300 \$3,000	\$300 \$3,000	GPR PR
Alcohol and Other Drug Abuse Counselors. Require the Department of Regulation and Licensing to regulate alcohol and drug rehabilitation specialists, clinical supervisors, and prevention specialists and specify an initial fee of \$53 and a renewal fee of \$70 and a renewal date of March 1 of each odd-numbered year.	\$6,700 \$63,000	\$13,400 \$126,000	GPR PR
Nutrition Counseling by Chiropractors. Authorize chiropractors to counsel, direct, guide, advise, or recommend to a patient the health effects of vitamins, herbs or nutritional supplements if they participate in 48 hours of post-graduate nutritional courses and pay a one-time fee of \$25 to the Department.	\$2,400 \$21,400	\$0 \$0	GPR PR
REVENUE			
Alcohol and Tobacco Agent Funding Conversion. Increase the fee for administering the state liquor tax from 3 cents to 11 cents per gallon taxed. The fee increase first applied to fees and taxes due on August 15, 2005.	\$981,500	\$996,000	PR
TRANSPORTATION			
Vehicle Title Fee Increase. Increase the vehicle title fee (paid upon the original issuance of a title and upon a title issued following a vehicle transfer) by \$10, effective on October 1, 2005.	\$11,250,000	\$15,000,000	SEG
Replacement Vehicle Title Fee Increase. Increase the fee for a replacement title (issued to replace a title that has been lost or destroyed) by \$12, from \$8 to \$20, effective on October 1, 2005.	\$485,200	\$646,900	SEG
Vehicle Rental Fee Increase. Increase the vehicle rental fee from 3% of gross receipts to 5% of gross receipts and specify that this increase would first apply to rental or lease agreements entered into on October 1, 2005.	\$1,600,000	\$2,200,000	SEG
Statutory Modifications for Budget Efficiency Initiative (Electronic Processing of Applications for Vehicle Title and Registration). Create a fee, associated with a provision that would require motor vehicle dealers to process and electronically submit to DOT applications for vehicle title and registration for vehicles that they sell, to be paid by dealers who are exempted by rule from the electronic submittal requirements. The act does not specify the amount of the fee, but DOT will be required to promulgate an administrative rule to implement the provision. There is no estimated revenue in the biennium from the fee, since these provisions do not generally become effective until June 30, 2007.	\$0	\$0	SEG
Support of Veterans License Plate. Specified that the \$15 issuance and reissuance fee for a new "Friends of Veterans" plate be credited to the veterans trust fund. Veterans trust fund revenues of \$33,000 in 2005-06 and \$9,000 in 2006-07 are estimated.	\$33,000	\$9,000	SEG

	2005-06	2006-07	Fund Source
VETERANS AFFAIRS			
Burial Fees. Increase burial fees from \$250 to \$435 at DVA's veterans cemeteries applicable to spouses and dependents of eligible veterans. The fee is set by administrative rule, and the increase supports additional caretaker staff.	Unknown	Unknown	PR
Student Records Copying Fee. Authorize the Educational Approval Board, now attached to WTCS, to charge a fee for a copy of student records retained by the Board from certain institutions that are discontinuing or are in danger of discontinuing operations. Specify that the fee will be based on the Board's administrative costs related to preserving the records. It is unknown how many requests will be received for copies of such student records; however, Act 25 authorizes \$12,900 PR annually under the new appropriation.	Unknown	Unknown	PR
WORKFORCE DEVELOPMENT			
W-2 Agency Economic Interests Statement. Require any non-governmental entity that wishes to contract as a Wisconsin Works (W-2) agency to submit a statement of economic interests, along with a \$50 filing fee, with its bid for the contract and one year after the date on which the contract was signed.	\$1,000	\$1,000	PR
SUBTOTAL -- FEES -- INCREASES	\$9,400 \$9,914,800 \$29,290,300	\$13,700 \$13,319,700 \$44,727,900	GPR PR SEG
FEE DECREASES			
ADMINISTRATION			
Waste Facility Siting Board Fee Reduction. Effective for waste disposed on or after January 1, 2007, reduce the Waste Facility Siting Board fee from 1.7¢ per ton to 0.7¢ per ton. This fee change would affect the amounts assessed by DNR during 2006-07 and remitted to DOA in 2007-08. It is estimated that fee reduction, when implemented, will reduce revenues by \$95,500 annually.	See Text	See Text	PR
AGRICULTURE, TRADE, AND CONSUMER PROTECTION			
Fertilizer Tonnage Surcharge Reduction. Reduce the maximum fertilizer tonnage surcharge by 23¢, from 86¢ to 63¢, effective with fertilizer sold on July 1, 2005. Fertilizer tonnage surcharge revenues are deposited to the agricultural chemical cleanup (ACCP) fund and reduced fees would first be remitted to DATCP in August, 2006.	\$0	-\$310,500	SEG
COMMERCE			
Petroleum Inspection Fee. Decrease the petroleum inspection fee by 1¢, from 3¢ to 2¢ per gallon, effective May 1, 2006.	-\$6,400,000	-\$39,500,000	SEG
NATURAL RESOURCES			
Recycling Tipping Fee Exemption for Waste from Paper Making Operations. Exempt solid waste from the \$3 per ton recycling tipping fee if it is waste material that is removed from recycled materials intended for use as recycled fiber, by a person that makes paper, pulp, or paperboard from waste paper, if the waste material cannot be used to make paper, pulp, or paperboard.	-\$300,000	-\$300,000	SEG

	2005-06	2006-07	Fund Source
<p>Air Operation Permit Fees. Create several new fees for types of operation permits created in 2003 Wisconsin Act 118, for air pollution stationary sources that are required to obtain an operation permit under state law but not under the federal Clean Air Act. The fees include: (a) \$300 for a waiver of the requirement to obtain an air construction permit prior to beginning construction; (b) \$300 annual fee for an exemption from the requirement to obtain an air operation permit, if the stationary source had actual emissions of a regulated pollutant in excess of three tons in the preceding year; (c) \$1,100 one-time fee if the entire facility for which an air operation permit is required under state statute but not under the federal Clean Air Act, was covered by a registration operation permit in the preceding year; (d) \$2,300 one-time fee if the entire facility for which an air operation permit is required under state statute but not under the federal Clean Air Act, was covered by a general operation permit in the preceding year; (e) in any year before or after the year which the source pays the one-time registration or general operation permit fee, the source would pay the current emission tonnage fees to the state sources appropriation; (f) for stationary sources that are required to obtain an air operation permit under state law but not under federal law could either pay a \$7,500 one-time fee, and in years before or after that pay the current emission tonnage fees, or continue to pay the current emission tonnage fees, with the fees under either option deposited in the state sources appropriation. In addition, sources holding a registration operation permit or general operation permit, or that are not covered by one of the two permits and opt to pay the \$7,500 one-time fee, are exempt from construction permit fees. Finally, in 2005-06 only, the owner of a stationary source where the entire facility is required to have an operation permit under state statutes but not under the federal Clean Air Act, and is not a synthetic minor source as defined in NR 407.02(9), paid \$300 instead of emission tonnage fees, and the \$300 was deposited in the state sources appropriation.</p>	\$149,700	-\$501,500	PR
<p>SUBTOTAL -- FEES -- DECREASES</p>	-\$6,700,000 \$149,700	-\$40,110,500 -\$501,500	SEG PR
ENHANCED COLLECTION MEASURES			
GENERAL FUND TAXES			
<p>Require Withholding by Pass-Through Entities. Require partnerships, limited liability companies (LLCs), tax-option corporations, and estates or trusts treated as pass-through entities for federal income tax purposes and that have Wisconsin income for the tax year that is allocable to a nonresident partner, nonresident member, nonresident shareholder, or nonresident beneficiary to pay withholding taxes. The amount withheld would have to equal the nonresident's share of income attributable to Wisconsin multiplied by: (a) the highest state individual income tax rate for the taxable year for a single individual (6.75%), if the nonresident is an individual, estate, or trust; or (b) the highest corporate tax rate (7.9%) for the taxable year if the nonresident is a partnership, LLC, or tax-option corporation. This provision first applies to tax years beginning on or after January 1, 2005.</p>	\$7,500,000	\$5,000,000	GPR
<p>Authorize Disclosure of Information to DOR. Authorize state agencies to disclose information such as social security numbers, addresses, drivers license numbers, and signatures related to participation in public assistance programs, and from state licenses, certificates, permits, registrations, and similar items, to DOR for the administration of state tax laws. In addition, state agencies and municipalities and counties could provide DOR with information from occupational licenses for tax administration, including for administering the tax refund setoff programs.</p>	\$1,750,000	\$1,750,000	GPR
<p>Internet List of Delinquent Taxpayers. Authorize DOR to publish on the internet the identities of taxpayers who owe in excess of \$25,000 in delinquent taxes of any type administered by DOR, including interest, penalties, fees, and costs.</p>	\$1,500,000	\$1,500,000	GPR

	2005-06	2006-07	Fund Source
<p>Revocation of Law Licenses. Modify prior law provisions related to revocation, non-renewal, or denial of occupational licenses due to tax delinquency to require that the hearing process for a law license applicant or attorney owing delinquent taxes be concluded prior to DOR certification to the Supreme Court that such an individual is delinquent.</p> <p>Under state law, occupational licenses may be denied, revoked, or not renewed when the licensee or applicant owes delinquent taxes. When DOR discovers a delinquency, it sends a certificate of delinquency to the occupational licensing agency indicating that the individual's license should be revoked or not renewed or an application for a license denied. The individual licensee or applicant can request an administrative hearing with DOR. If the DOR hearing examiner affirms the certificate of tax delinquency, the licensing agency must affirm the DOR hearing examiner's finding. The licensing agency's affirmation of the license denial or revocation can be appealed to the Circuit Court. DOR has entered into a number of memoranda of understanding (MOUs) with licensing agencies to administer these provisions.</p> <p>The application of the duties and powers on licensing agencies, with respect to the Supreme Court, is subject to the Supreme Court's agreement. The denial or revocation procedure that requires affirmation of DOR's certificate of delinquency and related license denial, non-renewal, or revocation before the entire hearing process is completed was inconsistent with the Supreme Court's authority over attorney licensure. As a result, DOR and the Supreme Court had not entered into an MOU to apply the license revocation or denial procedure to attorneys. The Act 25 modification does not require affirmation of license denial, revocation, or non-renewal for attorneys or law license applicants by the Supreme Court before the entire hearing process was completed. At that time, the Supreme Court will decide what action to take.</p>	\$350,000	\$350,000	GPR
<p>INSURANCE</p> <p>Financial Analysis and Examinations Staff. Increase estimates of insurance tax collections by funding 6.0 financial examiner positions, 3.0 of whom would: (a) audit interstate reciprocal premium tax returns; (b) process a backlog of insurer license applications to do business in Wisconsin; and (c) recapture prior year tax assessment credits.</p>	\$0	\$4,703,000	GPR
<p>REVENUE</p> <p>Revenue Generating Activities. Reallocate Department of Revenue activities to generate additional tax revenues as follows: (a) \$1,000,000 in 2005-06 and \$2,000,000 in 2006-07 from the integrated tax system data warehouse system; (b) \$200,000 annually by reallocating a position to create an ad valorem tax auditor; (c) \$400,000 annually by reallocating a position to create a real estate transfer return auditor; and (d) \$500,000 in 2006-07 by reallocating a position in the Division of Processing and Customer Service to an auditor. In total, these changes are estimated to increase tax collections by \$1,600,000 in 2005-06 and \$3,100,000 in 2006-07.</p>	\$1,600,000	\$3,100,000	GPR
<p>SUBTOTAL -- ENHANCED COLLECTION MEASURES</p>	\$12,700,000	\$16,403,000	GPR

ATTACHMENT 1

Hunting and Fishing License Fees

	<u>Prior Fee</u>	<u>Governor</u>	<u>Act 25</u>	Act 25 Fee Change to <u>Prior Law</u>
Resident Hunting				
Small Game	\$16.00	\$20.00	\$18.00	\$2.00
Senior Small Game	8.00	10.00	9.00	1.00
Youth Small Game	9.00	9.00	9.00	0.00
Deer	20.00	32.00	24.00	4.00
Youth Deer	NA	NA	20.00	NA
Youth Archery	NA	NA	20.00	NA
Bonus Deer	12.00	12.00	12.00	0.00
Elk	45.00	45.00	49.00	4.00
Class A Bear	45.00	49.00	49.00	4.00
Class B Bear	14.00	14.00	14.00	0.00
Archery	20.00	32.00	24.00	4.00
Wild Turkey	13.00	15.00	15.00	2.00
Extra Turkey Tags	N.A.	10.00	10.00	10.00
Trapping	20.00	20.00	20.00	0.00
Pheasant Hunting Permit	N.A.	10.00	N.A.	N.A.
Nonresident Hunting				
Annual Small Game	80.00	80.00	85.00	5.00
Five-day Small Game	50.00	50.00	55.00	5.00
Deer	160.00	160.00	160.00	0.00
Bonus Deer	20.00	20.00	20.00	0.00
Elk	251.00	251.00	251.00	0.00
Class A Bear	251.00	251.00	251.00	0.00
Class B Bear	110.00	110.00	110.00	0.00
Archer	160.00	160.00	160.00	0.00
Furbearing Animal	160.00	160.00	160.00	0.00
Wild Turkey	60.00	60.00	60.00	0.00
Extra Turkey Tags	N.A.	15.00	15.00	15.00
Pheasant Hunting Permit	N.A.	10.00	N.A.	N.A.
Hunting Stamps				
Pheasant Stamp	7.25	10.00	10.00	2.75
Waterfowl	7.00	10.00	7.00	0.00
Wild Turkey	5.25	5.25	5.25	0.00
Grouse and Woodcock	N.A.	10.00	N.A.	N.A.
Resident Fishing				
Annual	17.00	20.00	20.00	3.00
Senior Annual	7.00	10.00	7.00	0.00
Youth Annual	7.00	7.00	7.00	0.00
Husband and Wife	29.00	35.00	31.00	2.00
Disabled	7.00	10.00	7.00	0.00
Disabled Veteran	3.00	3.00	3.00	0.00
Sturgeon Spearing	20.00	20.00	20.00	0.00
Sturgeon Hook and Line Tag	N.A.	20.00	20.00	20.00

Hunting and Fishing License Fees (continued)

	<u>Prior Fee</u>	<u>Governor</u>	<u>Act 25</u>	<u>Act 25 Fee Change to Prior Law</u>
Nonresident Fishing				
Individual:				
Annual	\$40.00	\$40.00	\$50.00	\$10.00
Fifteen-day	24.00	24.00	28.00	4.00
Four-day	18.00	18.00	24.00	6.00
Family:				
Annual	65.00	65.00	65.00	0.00
Fifteen-day	40.00	40.00	40.00	0.00
Sturgeon Spearing	50.00	50.00	65.00	15.00
Sturgeon Hook and Line Tag	N.A.	50.00	50.00	50.00
Fishing Stamps				
Inland Trout Stamp	7.25	10.00	10.00	2.75
Great Lakes Trout and Salmon	10.00	10.00	10.00	0.00
Two Day Great Lakes Fishing	14.00	14.00	14.00	0.00
Two Day Inland Lake Trout	N.A.	N.A.	14.00	N.A.
Resident Multiple Licenses				
Conservation Patron	140.00	140.00	165.00	25.00
Junior Patron	75.00	75.00	75.00	0.00
Sports License	45.00	64.00	60.00	15.00
Junior Sports	35.00	35.00	35.00	0.00
Nonresident Multiple Licenses				
Conservation Patron	600.00	600.00	600.00	0.00
Junior Patron	75.00	75.00	77.00	2.00
Sports License	275.00	275.00	275.00	0.00
Junior Sports	35.00	35.00	36.00	1.00
Duplicate Licenses				
Gun Deer Hunting	13.00	15.00	15.00	2.00
Archer - tags	13.00	15.00	15.00	2.00
Archer - no tags	10.00	12.00	12.00	2.00
Patron - tags	13.00	15.00	15.00	2.00
Patron - no tags	10.00	12.00	12.00	2.00
Sports - tags	13.00	15.00	15.00	2.00
Sports - no tags	10.00	12.00	12.00	2.00
Other hunting licenses	8.00	10.00	10.00	2.00
Fishing license	9.00	10.00*	10.00*	1.00
Application Fee	3.00	3.00	3.00	0.00

*\$10 or the cost of the original license, whichever is less.

ATTACHMENT 2

Increased State Park Admissions Fees

	<u>Prior Fee</u>	<u>Act 25</u>	<u>Act 25 Change to to Prior Fee</u>
Resident Annual	\$20.00	\$25.00	\$5.00
Nonresident Annual	30.00	35.00	5.00
Additional Resident Annual*	10.00	12.50	2.50
Additional Nonresident Annual*	15.00	17.50	2.50
Daily Resident	5.00	7.00	2.00
Daily Nonresident	10.00	10.00	0.00
Resident Senior Annual	10.00	12.50	2.50
Resident Senior Daily	3.00	3.00	0.00
Bus Daily	10.00	10.00	0.00
Nonresident Bus Daily	14.00	14.00	0.00
Nursing Home Bus Daily	3.50	3.50	0.00
Nonresident Nursing Home Bus	6.00	6.00	0.00

*Issued to an individual for a second vehicle if a full-price annual sticker has already been purchased.

Increased Minimum Camping Fees

	<u>Prior Fee</u>	<u>Act 25</u>	<u>Act 25 Change to Prior Fee</u>
Type "A" Campground, Resident	\$8	\$10	\$2
Type "A" Campground, Nonresident	10	12	2
Type "B" Campground, Resident	7	9	2
Type "B" Campground, Nonresident	9	11	2
Type "C" Campground, Resident	6	8	2
Type "C" Campground, Nonresident	8	10	2

Note: Campgrounds in all state parks, southern forests, recreation areas, on state trails, as well as campgrounds located at Crystal Lake, Musky Lake, Firefly Lake, and Clear Lake in the Northern Highland-American Legion State Forest and Castle Mound campground in the Black River state forest are classified as type "A". All other northern forest campgrounds are classified as type "B" campgrounds. There are currently no campsites categorized as type "C".