



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #298

### **Sales and Use Tax Filing Frequency (General Fund Taxes -- Sales and Excise Taxes)**

[LFB 2013-15 Budget Summary: Page 186, #7]

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#### **CURRENT LAW**

Sellers of taxable property and services must periodically file a sales and use tax return and make payment of tax due. Returns and payment are generally due on a quarterly basis, but the Department of Revenue (DOR) may require sellers with a quarterly liability exceeding \$600 to report monthly, due on the last day of the next month.

#### **GOVERNOR**

Increase the statutory threshold for when DOR may request that a taxpayer file sales and use tax returns on a monthly basis to a tax liability exceeding \$1,200 in a calendar quarter, rather than \$600. The provision would first take effect on January 1, 2014. The administration estimates that this provision would reduce general fund interest earnings by \$150,000 in 2013-14 and 2014-15. [However, the revenue loss was incorrectly recorded as a decrease in tax collections under the bill.]

#### **MODIFICATION**

Increase estimated sales and use tax revenues by \$150,000 in 2013-14 and 2014-15.

**Explanation:** As noted, this provision was incorrectly recorded as a tax revenue loss. The modification corrects this error. The provision would shift some taxpayers' sales and use tax liability from monthly to quarterly, which would reduce the monthly balance of general fund revenues that could be available to be invested by the State of Wisconsin Investment Fund

(SWIB). This provision would reduce the amount of interest that could be earned during the intervening months of each quarter; however, the estimated loss in general fund interest earnings was overstated. This provision has been reestimated to reduce GPR-Earned by a minimal amount, annually.

<b>Change to Bill</b>	
Revenue	
GPR-Tax	\$300,000

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