



Legislative Fiscal Bureau

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March 18, 2009

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: State Tax and Fee Modifications Included in the Governor's 2009-11 Budget Recommendations

A number of legislators have requested information concerning state tax and fee changes included in the 2009-11 budget recommendations of the Governor. This memorandum responds to those inquiries.

The attached table provides a brief description of each state tax and fee modification proposed in the Governor's bill. The table consists of three parts: (1) tax increases and decreases; (2) fee increases and decreases; and (3) measures which would enhance the collection of current taxes or fees. Each entry in the table includes the agency name, the Legislative Fiscal Bureau's budget summary document item that describes the change in more detail, a summary of the proposed modification, and an estimate of the revenue change due to the tax or fee modification.

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. The fiscal effects shown in the table reflect estimates made by the administration; estimates prepared by this office during budget deliberations may be different.

In summary, the changes included in the Governor's budget would increase net taxes by \$1,469,989,300 (\$685,919,000 in 2009-10 and \$784,070,300 in 2010-11) and would increase net fees by \$237,745,100 (\$97,046,800 in 2009-10 and \$140,698,300 in 2010-11). In addition, measures included in the bill to enhance the collection of current taxes/fees would generate an additional \$61,262,000 (\$46,519,000 in 2009-10 and \$14,743,000 in 2010-11).

The sum of these revenue changes for the 2009-11 biennium is shown below.

Net Tax and Fee Changes

	<u>2009-10</u>	<u>2010-11</u>	<u>Total</u>
GPR	\$517,693,000	\$506,926,800	\$1,024,619,800
PR	48,268,300	62,557,700	110,826,000
SEG	<u>217,004,500</u>	<u>355,284,100</u>	<u>572,288,600</u>
TOTAL	\$782,965,800	\$924,768,600	\$1,707,734,400

Enhanced Collection Measures

	<u>2009-10</u>	<u>2010-11</u>	<u>Total</u>
GPR	\$40,230,000	\$2,150,000	\$42,380,000
PR	<u>6,289,000</u>	<u>12,593,000</u>	<u>18,882,000</u>
TOTAL	\$46,519,000	\$14,743,000	\$61,262,000

In addition to the items shown in the attached table, two items warrant separate mention. First, the state earned income tax credit (EITC) will be increased significantly as a result of recent changes to federal law. For tax years 2009 and 2010, the federal credit for families with three or more children will be increased and the income threshold at which the credit begins to phase out for married couples will be raised. Because the state EITC is calculated as a percentage of the federal EITC, these changes will affect expenditures for the state credit. It is estimated that these federal law changes will increase expenditures for the state EITC by \$17.7 million in 2009-10 and \$18.2 million in 2010-11. These figures are not included in the table because the state EITC changes will occur under current state law and are not due to a law change recommended by the Governor.

Second, the bill would provide \$25 million from the wireless 911 fund for county and municipal aid payments and prohibit the Public Service Commission (PSC) from making distributions from the wireless 911 fund to any person, except for grants and supplemental grants authorized under current law provisions. The wireless 911 fund was created in 2003 on a temporary basis. Surcharges on customers' wireless telecommunications bills were deposited in the fund and used to provide grants to local governments and wireless providers as reimbursement for costs incurred in establishing a system for responding to wireless emergency 911 telephone calls. Surcharges were imposed between December 1, 2005, and November 30, 2008, and state law sunsets the grants and other program expenditures on April 1, 2009. Based on an administrative rule, the PSC intends to distribute the closing balance in the fund to wireless providers for redistribution to consumers. Instead, the bill would transfer the fund balance to the general fund to supplement funding for aid payments under the county and municipal aid program. This provision would prohibit the PSC distribution to wireless providers, as required by rule.

	2009-10	2010-11	Fund Source
TAX INCREASES			
GENERAL FUND TAXES/REVENUE			
<p>Additional Income Tax Bracket. [Page 253, Item 1]. Create a fifth individual income tax bracket with a marginal tax rate of 7.75% for taxable income exceeding the following amounts in tax year 2009: (a) \$225,000 for single individuals, head-of-household filers, and fiduciaries; (b) \$300,000 for married-joint filers; and (c) \$150,000 for married-separate filers. This provision would first apply to tax year 2009, if the budget bill is enacted by August 31, 2009. If the bill is enacted after that date, the new tax bracket would first apply in tax year 2010. The fiscal estimates assume an effective date of tax year 2009.</p>	\$175,563,000	\$136,194,000	GPR
<p>Decrease Capital Gains Exclusion. [Page 254, Item 2]. Decrease the individual income tax exclusion for long-term capital gains from 60% to 40%. This provision would first apply to tax year 2009, if the budget bill is enacted by August 31, 2009. If the bill is enacted after that date, the reduced exclusion would first apply in tax year 2010. The fiscal estimates assume an effective date of tax year 2009.</p>	\$85,100,000	\$95,500,000	GPR
<p>Domestic Production Activities Deduction. [Page 259, Item 11]. Eliminate state individual income and corporate income and franchise tax references to Internal Revenue Code (IRC) provisions that provide a deduction for domestic production activities income. As a result, the deduction could not be taken under the state individual and corporate income and franchise taxes. The decoupling from the IRC provision would apply to tax years beginning on or after January 1, 2009.</p>	\$38,200,000	\$33,500,000	GPR
<p>Throwback Sales. [Page 261, Item 13]. Require the following sales to be included 100%, rather than 50%, in the sales factor of the apportionment formula:</p> <p>a. Sales of tangible personal property that is shipped from an office, store or warehouse, factory, or other place of storage in Wisconsin, and delivered to the federal government outside the state, and the taxpayer is not within the jurisdiction, for income tax purposes, of the destination state.</p> <p>b. Sales of tangible personal property that is shipped from an office, store, warehouse, factory, or other place of storage in Wisconsin to a purchaser, other than the federal government, and the taxpayer is not within the jurisdiction, for income tax purposes, of the destination state.</p> <p>c. Sales of tangible personal property by an office in Wisconsin to a purchaser in another state, that are not shipped or delivered from Wisconsin if the taxpayer is not within the jurisdiction, for income tax purposes, of either the state from which the property is delivered or shipped, or of the destination state.</p> <p>The provisions would first apply to tax years beginning on or after January 1, 2009.</p> <p>Under current law, in general, a single sales factor apportionment formula is used to apportion the income of a multistate corporation to Wisconsin. The sales factor is the ratio of the total sales of the taxpayer in the state to total sales everywhere. For the sales factor, sales of tangible personal property are generally considered to be in Wisconsin if the property is delivered or shipped to a purchaser within Wisconsin or if the property is shipped from Wisconsin and the taxpayer is not subject to the taxing jurisdiction of the state of destination. The latter type of sales are "throwbacks" and 50% of such sales are included in the apportionment formula. In addition, sales of tangible personal property from an office in the state, but shipped from an out-of-state supplier to an out-of-state</p>	\$57,700,000	\$37,500,000	GPR

	2009-10	2010-11	Fund Source
customer are considered throwback sales, if the taxpayer is not subject to the taxing jurisdiction of the states in which the supplier or customer are located. Sales to the federal government are only considered to be in Wisconsin if they are shipped from a location within the state and are delivered to the federal government at a location within the state or if they are "throwback" sales. Fifty percent of federal throwback sales are included in the apportionment formula.			
<p>Delay Electronic Medical Records Credit. [Page 262, Item 14]. Provide that the electronic medical records tax credit under the state individual income and corporate income and franchise taxes could first be claimed for tax years beginning after December 31, 2011, rather than for tax years beginning after December 31, 2009, as under current law. Also, specify that the credit could be used to offset individual income tax minimum tax liability, to provide comparable treatment to that provided for other tax credits.</p> <p>The 2007-09 biennial budget act (2007 Wisconsin Act 20) created an electronic medical records tax credit under the individual and corporate income and franchise taxes. The tax credit equals 50% of the amount paid by a health care provider in a tax year for information technology hardware or software that is used to maintain medical records in an electronic form.</p>	\$4,500,000	\$10,000,000	GPR
<p>Film Production Tax Credits. [Page 263, Item 15]. Eliminate the film production services and film production company investment credits for tax years beginning after December 31, 2008, and, instead, create a film project grants program to be administered by the Department of Commerce. Permit unused film tax credits claimed in prior years to be carried forward to offset future tax liabilities. The bill would eliminate base funding of \$5.0 million GPR annually for the tax credits, and provide \$470,000 GPR annually for the new grant program.</p>	\$4,530,000	\$4,530,000	GPR
<p>Angel and Early Stage Seed Investment Credits. [Page 264, Item 16]. Specify that, for calendar years beginning after December 31, 2007, an investment for which the angel investment tax credit or early stage seed investment tax credit was claimed must be held for three years or the claimant would have to repay the amount of credit that the claimant received related to the investment. Under current law, in order to claim an angel or early stage seed investment credit an investment must be held in a certified business or with a certified fund manager for at least three years. Also, an investment for which an angel investment credit is claimed must be held for at least one year or the credit must be repaid.</p>	Minimal	Minimal	GPR
<p>Definition of Air Carrier. [Page 275, Item 24]. Provide that "air carrier" would be defined as a person who provides or offers to provide air transportation and who has control over the operational functions performed in providing that transportation, under the state individual income and corporate income and franchise taxes. As a result, certain corporations engaged in air transportation activities would be required to use the single sales factor apportionment formula.</p> <p>Under current law, for state income and franchise tax purposes, most corporations, insurance companies, nonresident individuals, estates, and trusts apportion income to Wisconsin using a single sales factor apportionment formula. However, certain types of businesses, including interstate air carriers, are required to use different apportionment formulas to determine net taxable income. Specifically, the apportionable income of interstate air carriers is apportioned to Wisconsin on the basis of a ratio obtained by taking the arithmetic average of the following three ratios:</p> <p>a. Ratio of aircraft arrivals and departures in state to total aircraft arrivals and departures.</p>	\$4,000,000	\$4,000,000	GPR

	2009-10	2010-11	Fund Source
<p>b. Ratio of revenue tons handled at airports in state to total revenue tons handled.</p> <p>c. Ratio of originating revenue in state to total originating revenue.</p> <p>No specific definition of "air carrier" is provided under current law.</p>			
<p>Sales Tax Treatment of Disregarded Entities. [Page 276, Item 1]. Provide that a single-owner entity that is disregarded as a separate entity for income or franchise tax purposes would also be disregarded as a separate entity for sales and use tax purposes.</p> <p>A disregarded entity is a separate entity from its owner, but the disregarded entity and its owner are treated as a single entity for income or franchise tax purposes. Businesses may establish separate entities from their owners, such as single-member limited liability companies (LLCs), for liability reasons; so that if the business is sued, the owner would not be liable for the lawsuit. The owner then chooses to disregard these separate entities for the purposes of the business owner's income or franchise tax return.</p> <p>Under current law, the owner of a single-owner entity that is disregarded as a separate entity for purposes of the income or franchise tax is regarded as a separate entity for purposes of the sales and use tax. According to the Department of Revenue (DOR), separate entity treatment under the sales and use tax for disregarded entities has encouraged some businesses to engage in a number of tax avoidance strategies, some of which have become common practice. For example, an owner entity may create a separate transportation company solely to haul products for the owner. In the absence of the separate company, the owner would owe tax on its purchases of trucks, trailers, and other hauling equipment. However, the separate transportation company would qualify for the sales tax exemption for vehicles purchased by common or contract carriers.</p> <p>The Governor's proposal would eliminate the ability of parent companies to avoid the sales and use tax for these types of transactions.</p>	\$19,800,000	\$21,000,000	GPR
<p>Sales and Use tax on Towing and Hauling of Motor Vehicles. [Page 279, Item 4]. Clarify that the sales and use tax is imposed on both the hauling and towing of motor vehicles. Currently, the statutes only refer to "towing" vehicles, although "hauling" vehicles on a flatbed truck has become a common practice. DOR indicates that the tax is generally paid on both hauling and towing vehicles. By clarifying in the statutes that both the hauling and towing of motor vehicles are subject to the sales and use tax, the Governor's proposal would preserve the sales tax collection of an estimated \$2.4 million in 2009-10 and \$2.5 million in 2010-11 related to flatbed hauling of motor vehicles. If the proposal is not adopted, the state could eventually lose these revenues.</p>	See Text	See Text	GPR
<p>Sales Tax Definition of Manufacturing. [Page 279, Item 6]. Modify certain sales and use tax exemptions for tangible personal property or services consumed in the process of manufacturing to reflect current administrative rules and collection practices. The proposal would take effect on the first day of the second month beginning after publication of the budget bill.</p>	Minimal	Minimal	GPR
<p>Cigarette Tax. [Page 283, Item 1]. Increase the cigarette tax by \$0.75 per pack (from \$1.77 to \$2.52), and reduce the manufacturers' and distributors' discount on cigarette tax stamp purchases from 0.7% to 0.5%, effective on September 1, 2009, or on the first day of the third month beginning after publication of the budget bill, whichever is later.</p>	\$153,900,000	\$156,500,000	GPR

	2009-10	2010-11	Fund Source
<p>Tobacco Products Tax. [Page 283, Item 1]. Increase the general tax rate on tobacco products from 50% of the manufacturer's established list price to 71% of the manufacturer's established list price, increase the maximum allowable tax per cigar from 50 cents per cigar to 71 cents per cigar, increase the tax on moist snuff from \$1.31 per ounce to \$1.87 per ounce, and create and impose an inventory tax on moist snuff, effective September 1, 2009, or on the first day of the third month beginning after publication of the budget bill, whichever is later. The proposed inventory tax for moist snuff would be similar to the current inventory (or "floor") tax on cigarettes.</p>	\$15,200,000	\$18,000,000	GPR
HEALTH SERVICES			
<p>Hospital Assessment. [Page 345, Item 2 (part)]. Increase the amount DHS would be authorized to collect from the assessment on hospital's gross patient revenues, from \$275,445,100 (the amount DHS is authorized to collect in 2008-09) to \$310,021,000 in 2009-10 and to \$339,695,800 in 2010-11. DHS uses this revenue to fund several types of payments to hospitals, increased payments to health maintenance organizations (which are required to pass along this funding to hospitals in their networks), and to increase revenue to the medical assistance trust fund to support MA benefits costs.</p>	\$34,575,900	\$64,250,700	SEG
<p>Nursing Home Bed Assessment. [Page 360, Item 1]. Increase the assessment on licensed beds in nursing homes, from \$75 per month to \$150 per month in 2009-10, and from \$150 per month to \$170 per month in 2010-11. The additional revenue the state would collect from the assessment would be deposited to the segregated medical assistance (MA) trust fund and partially used to fund rate increases to these facilities and to increase revenue to the medical assistance trust fund to support MA benefits costs.</p>	\$33,325,200	\$41,402,500	SEG
SHARED REVENUE AND TAX RELIEF			
<p>Replace Existing Farmland Tax Credit with a Per Acre Farmland Preservation Credit. [Page 573, Item 8]. Beginning after tax year 2009, end both the farmland preservation tax credit, except for those claimants under an existing farmland preservation agreement, and the farmland tax relief credit. Beginning in tax year 2010, replace these existing credits with a new, per acre farmland preservation credit using most of the current law funding for the existing credits.</p> <p>Current law funding in 2010-11 would be \$13,100,000 GPR for the existing farmland preservation credit and \$15,000,000 SEG from the lottery fund for the farmland tax relief credit. Under the bill, \$400,000 GPR would remain in 2010-11 to fund any claims for an existing farmland preservation credit filed by the remaining agreement holders. The new, per acre credit would have total funding of \$27,007,200 in 2010-11, from two appropriations: (a) a \$12,157,200 GPR appropriation associated with the current law funding for the existing farmland preservation credit; and (b) a \$14,850,000 SEG appropriation from the lottery fund associated with the current law funding for the farmland tax relief credit.</p> <p>Total funding for the new credit would be \$692,800 less than the current law funding for the existing credits.</p>	\$0	\$692,800	GPR

	2009-10	2010-11	Fund Source										
TRANSPORTATION													
<p>Oil Company Profits Tax. [Page 599, Item 4]. Establish an oil company profits tax that would initially apply to the amounts reported on the first remittance of the taxes after October 1, 2009 (this would generally occur on October 15 for September sales). Deposit the revenues from the tax to the transportation fund.</p> <p>Impose, for the privilege of doing business in this state, a tax on each motor vehicle fuel supplier's annual gross receipts (Although titled an oil company profits tax, the tax would actually be imposed on gross receipts, not profits, and the amount would be unrelated to a taxpayer's profitability). Define annual gross receipts to mean the gross receipts that correspond to the state's fiscal year. Establish the following tiered structure of tax rates for the oil company profits tax, which would increase as annual gross receipts increase.</p> <table border="0"> <thead> <tr> <th><u>Total Gross Receipts</u></th> <th><u>Tax Rate</u></th> </tr> </thead> <tbody> <tr> <td>\$0 to \$15,000,000</td> <td>0.0%</td> </tr> <tr> <td>\$15,000,001 to \$75,000,000</td> <td>0.5</td> </tr> <tr> <td>\$75,000,001 to \$120,000,000</td> <td>1.5</td> </tr> <tr> <td>Over \$120,000,000</td> <td>3.0</td> </tr> </tbody> </table>	<u>Total Gross Receipts</u>	<u>Tax Rate</u>	\$0 to \$15,000,000	0.0%	\$15,000,001 to \$75,000,000	0.5	\$75,000,001 to \$120,000,000	1.5	Over \$120,000,000	3.0	\$100,324,900	\$171,490,300	SEG
<u>Total Gross Receipts</u>	<u>Tax Rate</u>												
\$0 to \$15,000,000	0.0%												
\$15,000,001 to \$75,000,000	0.5												
\$75,000,001 to \$120,000,000	1.5												
Over \$120,000,000	3.0												
SUBTOTAL -- TAXES -- INCREASES	\$558,493,000 \$168,226,000	\$517,416,800 \$277,143,500	GPR SEG										
TAX DECREASES													
GENERAL FUND TAXES/REVENUE													
<p>Taxation of Capital Gain Reinvested in New Business Ventures. [Page 254, Item 3]. Permit taxpayers to subtract from federal adjusted gross income any amount, up to \$10 million, of a long-term capital gain if the taxpayer reinvests all of the proceeds from the gain in a qualified new business venture within 180 days of the sale of the asset generating the gain. Specify that the basis for the investment in the new business venture would be calculated by subtracting the initial gain from the investment. Prohibit a claimant from using the initial gain to net capital gains and losses as otherwise allowed under current law. (State law limits the amount of capital losses that may be used to offset ordinary income to \$500 annually, with the remainder carried over to future years.)</p> <p>This provision would apply to individuals; individual partners or members of partnerships, LLCs, or limited liability partnerships; and individual shareholders of tax-option corporations.</p> <p>Require the Department of Commerce to implement a program to certify qualified new business ventures, and authorize Commerce to certify businesses as such if they are engaged in: (a) developing a new product or business process; or (b) manufacturing, agriculture, or processing or assembling products and conducting research and development. Prohibit Commerce from certifying businesses that are engaged in real estate development; insurance; banking; lending; lobbying; political consultation; professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants; wholesale or retail sales; leisure; hospitality; transportation; or construction.</p> <p>The new tax deferral would first apply for tax years beginning after December 31, 2010, so no fiscal effect is estimated for the 2009-11 biennium. The administration estimates that the proposal would reduce individual income tax collections by approximately \$14.0 million annually in the 2011-13 biennium.</p>	See Text	See Text	GPR										

	2009-10	2010-11	Fund Source
Itemized Deduction Credit. [Page 256, Item 5]. Beginning in tax year 2009, permit taxpayers to include casualty losses that are directly related to a presidentially declared disaster, as provided under federal law, in the calculation of the itemized deduction credit on the individual income tax.	-\$240,000	\$0	GPR
Internal Revenue Code Update. [Page 260, Item 17. Update statutory references to the federal Internal Revenue Code under the state individual income and corporate income and franchise taxes to include changes to the IRC enacted in 2007 and through December, 2008, with certain exceptions. Under current law, state tax references generally refer to the IRC in effect as of December 31, 2006. With the proposed changes, state tax references would generally refer to the IRC in effect as of December 31, 2008.	-\$40,560,000	-\$5,490,000	GPR
Ethanol and Biodiesel Fuel Credit. [Page 265, Item 17]. Allow the ethanol and biodiesel fuel pump tax credit to be used to offset individual income tax minimum tax liability. This modification would provide comparable treatment to that for other tax credits, and would apply retroactively to tax years beginning after December 31, 2007.	Minimal	Minimal	GPR
Historic Rehabilitation Credit. [Page 266, Item 19]. Modify statutory provisions relating to claiming the state supplement to federal historic rehabilitation tax credit.	Minimal	Minimal	GPR
Super Research Tax Credit. [Page 268, Item 21]. Create, under the state corporate income and franchise tax, for tax years beginning on or after January 1, 2011, a super research and development tax credit. The credit would equal the amount of qualified research expenses paid or incurred by the corporation in a tax year that exceeded 1.25 times the average annual amount of qualified research expenses paid or incurred in the previous three tax years. Unused credit amounts could be carried forward up to five years to offset future tax liabilities. The super research and development tax credit would reduce state corporate income and franchise taxes by an estimated \$5.0 million in 2010-11 and \$10.0 million annually in 2011-12 and thereafter.	\$0	-\$5,000,000	GPR
Jobs Tax Credit. [Page 269, Item 22]. Create a refundable jobs tax credit under the individual income and corporate income and franchise taxes, for tax years beginning after December 31, 2011. In order to claim the credit, a person would have to be certified by the Department of Commerce. Commerce could certify a person, for up to 10 years, if: (a) the person was operating or intended to operate a business in this state; and (b) the person applied and entered into a contract with Commerce. A person that was certified could claim the jobs tax credit if, in each year for which the person claimed the tax credit, the person increased net employment in the person's business. The jobs tax credit would equal up to 10% of certain wages paid to eligible employees and/or the amount of certain costs incurred to undertake training activities in a tax year. The maximum amount of tax credits that Commerce could allocate in a calendar year would be \$10 million. Since it would first apply to tax years beginning after December 31, 2011, the jobs tax credit would not have a fiscal effect during the 2009-11 biennium. It is estimated that the credit would increase general fund expenditures by \$4.5 million in 2012-13 and \$10.0 million annually thereafter.	See Text	See Text	GPR
Beginning Farmer and Farm Asset Owner Tax Credits. [Page 272, Item 23]. Create a refundable beginning farmer tax credit and a refundable farm asset owner tax credit under the state individual income and corporate income and franchise taxes, including the individual income minimum tax, for tax years beginning after December 31 2010. The beginning farmer tax credit would equal the amount paid by the beginning farmer to enroll in a financial management program in the year to which the claim related. The credit	See Text	See Text	GPR

	2009-10	2010-11	Fund Source
<p>could be claimed on one-time basis, and the maximum credit would be \$500.</p> <p>The farm asset owner tax credit would equal 15% of the amount received by an established farmer for leasing agricultural assets to a beginning farmer in the year to which the claim related. The credit could only be claimed for the first three years of any lease of the established farmer's assets to a beginning farmer.</p> <p>Because the tax credits would first apply to tax years beginning after December 31, 2010, there would not be a fiscal effect during the 2009-11 biennium. However, the tax credits would cost an estimated \$0.7 million in 2011-12, and \$1.0 million annually thereafter.</p>			
<p>Sales Tax Exemption for Youth Sports. [Page 279, Item 5]. Create an exemption from the sales and use tax for admissions sold by nonprofit organizations to participate in any sports activity in which more than 50% of the participants are of age 19 or younger. Under current law, the state sales and use tax is generally imposed on the sale of admissions to amusement, athletic, entertainment, or recreational events.</p>	Minimal	Minimal	GPR
<p>Sales and Use Tax Exemptions for Biotechnology and Manufacturing Research. [Page 282, Item 7]. Create exemptions from the sales and use tax for purchases of: (a) machinery and equipment, including attachments, parts, and accessories, that are sold to persons who are engaged primarily in manufacturing or biotechnology in this state and are used exclusively and directly in qualified research; and (b) tangible personal property that is sold to persons who are engaged primarily in manufacturing or biotechnology in this state, if the property is consumed, destroyed, or loses its identity while being used exclusively and directly in manufacturing or biotechnology qualified research.</p> <p>The proposal would become effective January 1, 2012. There is no fiscal effect for the 2009-11 biennium. The exemption is estimated to reduce sales tax revenue by \$5.0 million in 20011-12 and \$10.0 million in 2012-13 and annually thereafter.</p>	See Text	See Text	GPR
<p>Sales and Use Tax Exemption for Native American Purchasers. [Page 283, Item 8]. Create an exemption from the sales and use tax for purchases made by any federally recognized American Indian tribe or band in this state. This provision would become effective the first day of the second month beginning after publication of the bill.</p>	Minimal	Minimal	GPR
<p>Use Tax Credit for Taxes Paid to Tribes. [Page 283, Item 9]. Provide a credit against the use tax equal to the amount of sales, use, or excise tax paid to a federally recognized American Indian tribe or band if the purchase, rental, or lease of tangible personal property or service occurred on tribal lands.</p> <p>Under current law, if the purchase, rental, or lease of tangible personal property or service subject to the 5% use tax was subject to a sales tax by another state in which the purchase was made, the amount of sales tax paid to the other state is applied as a credit against and deducted from the use tax owed to this state. The Governor's proposal would provide a similar credit for the amount of sales, use, or excise tax paid to a federally recognized American Indian tribe or band.</p> <p>According to DOR, no tribes in this state impose a sales tax; however, certain tribes in this state do impose room taxes. Tribes in other states (such as Minnesota, North Dakota, and South Dakota) currently impose a sales tax, and some Wisconsin tribes have expressed interest in adopting and imposing a sales tax on sales that occur on tribal lands. The proposal would allow for a credit against the use tax owed to Wisconsin for any future sales, use, or excise tax paid to any federally recognized American Indian tribe or band.</p>	Minimal	Minimal	GPR

	2009-10	2010-11	Fund Source
<p>Expand Cigarette and Tobacco Products Tax Tribal Refunds. [Page 285, Item 3]. Authorize DOR to provide refunds of state excise taxes on cigarettes and other tobacco products sold by tribal retailers if the land on which the sale occurred was designated a reservation or trust land on or before January 1, 1983, or on a later date as determined by an agreement between DOR and the tribal council. Under current law, DOR may only enter into agreements with, and pay refunds to, tribes whose land was designated a reservation or trust land prior to January 1, 1983.</p>	Minimal	Minimal	GPR
<p>Real Estate Transfer Fee Exemption for Domestic Partners. [Page 304, Item 2]. Provide an exemption from the real estate transfer fee for conveyances of real property between domestic partners. Current law exempts certain transfers between family members from the fee, such as conveyances between husband and wife, as well as conveyances for little or no consideration between parent and child, stepparent and child, parent and son-in-law, or parent and daughter-in-law.</p>	Minimal	Minimal	GPR
<p>Interest Waiver for Disasters. [Page 559, Item 7]. Provide that interest on unpaid individual income or corporate income and franchise taxes, or interest that would otherwise be due for underpayment of estimated taxes, would not be imposed, if the taxpayer was granted an extension in filing an income or franchise tax return due to a presidentially declared disaster or terroristic or military action under federal law. Interest on late payments of withholding taxes would not be imposed on a pass-through entity that was granted a federal extension in filing an income tax return due to a presidentially declared disaster or terroristic or military action. The interest exclusion would apply during the extension period and for 30 days after the end of the federal extension period.</p> <p>In addition, authorize DOR to extend, for up to one month, the period for submitting a withholding tax return or paying any required amount of withholding taxes by employers. The extension could be granted at any time, if the extension request was filed with DOR within or before the period for which the extension was requested.</p> <p>These provisions would first apply to tax years beginning after December 31, 2008.</p>	Minimal	Minimal	GPR
<p>Tribal Agreements. [Page 560, Item 9]. Authorize DOR to enter into agreements with federally recognized American Indian tribes or bands in this state to collect, remit, and provide refunds of the following state taxes for activities that occur on tribal lands or are undertaken by tribal members outside of tribal lands: (a) individual income taxes; (b) withholding taxes; (c) sales and use taxes; (d) motor vehicle fuel taxes; and (e) alcoholic beverage taxes.</p> <p>All tax and financial information disclosed during negotiations, or exchanged pursuant to a final agreement would be subject to state income and sales tax confidentiality provisions. The Department would be required to submit a copy of each agreement negotiated to the Joint Committee on Finance no later than 30 days after the agreement was signed by the Department and the tribe or band. The fiscal effect of this provision would depend upon the terms of the agreements.</p> <p>Under current law, DOR is authorized to enter into agreements to refund, to the tribal council having jurisdiction, cigarette and tobacco products taxes collected on the reservation or trust land on which the sale is made if certain conditions are met.</p>	Unknown	Unknown	GPR and SEG

	2009-10	2010-11	Fund Source
SHARED REVENUE AND TAX RELIEF			
<p>Homestead Tax Credit. [Page 572, Item 6]. Beginning with calendar year 2010, increase the maximum household income amount under the homestead tax credit each year from the current level of \$24,500 by the percentage change between the Consumer Price Index (CPI), as determined by the federal Department of Labor, for all urban consumers, U.S. city average, for the month of August of the previous year and the same index for the month of August, 2008. Specify that the adjustment to the maximum income level could only occur in the CPI is a positive change.</p> <p>Based on the provisions in the bill, the proposed formula changes could first affect the cost of the homestead tax credit in 2010-11. However, DOA indicates that because the projected change in the CPI for August, 2009, over August, 2008, would result in a negative number, there would be no adjustment to the income level for tax year 2010 claims. Therefore, there would be no change in the estimated cost of the credit in 2010-11 associated with the proposed formula changes.</p>	\$0	\$0	GPR
SUBTOTAL -- TAXES -- DECREASES	-\$40,800,000	-\$10,490,000	GPR
FEE INCREASES			
ADMINISTRATION			
<p>Division of Energy Transfer and the Acceptance of Federal Stimulus Funds (W2 fees). [Page 40, Item 1]. Specify that the amounts assessed on customer bills for Wisconsin Works (W2), (\$9,232,000 SEG annually under current law), would not be included under a limitation on the maximum low-income assistance that can be paid by an individual. [The intent of the Governor was to require public utilities to assess public utility customers a fee sufficient to recover the amounts in the schedule for W2.]</p>	\$9,232,000	\$9,232,000	SEG
<p>Justice Information System Surcharge. [Page 52, Item 3]. Increase the justice information system surcharge by \$6 to \$18. Under current law, the \$12 surcharge is generally assessed with a court fee for the commencement or filing of certain court proceedings, including civil, small claims, forfeiture, wage earner, or garnishment actions, an appeal from municipal court, third party complaint in a civil action, or for filing a counterclaim or cross complaint in a small claims action.</p>	\$3,060,000	\$4,080,000	PR
AGRICULTURE, TRADE AND CONSUMER PROTECTION			
<p>Farmland Preservation Conversion Fees. [Page 71, Item 6]. Require conversion fees to be paid by landowners for each acre or portion of an acre: (a) rezoned from a farmland preservation zoning district; or (b) terminated or released from a farmland preservation agreement. Conversion fees would generally be three times the per-acre value of the highest-value category of tillable cropland in the city, village or town in which the rezoned land is located, as specified by the Department of Revenue. Conversion fees would be payable to the local unit of government with jurisdiction over the land. Local governments would be required to report to DATCP annually by March 1 the acreage converted and also submit to DATCP an amount equal to the per-acre conversion fee. These funds would be deposited into the segregated working lands fund.</p> <p>Although, the administration did not estimate revenues for this fee or propose any appropriation from the working lands fund for 2009-11, officials indicate converted lands could total 6,000 to 12,000 acres per year. The current average value of cropland is \$270 per acre.</p>	\$0	\$4,860,000	SEG

	2009-10	2010-11	Fund Source
Animal Slaughter Fee. [Page 91, Item 12]. Assess the following fees on each animal slaughtered at establishments in Wisconsin licensed to slaughter animals for human consumption: (a) 14¢ for swine; (b) 14¢ for cattle; (c) 10¢ for calves; and (d) 1¢ for poultry. Fees would be paid quarterly. Require surcharges for late payments or for misstatements of slaughtered animals. Revenues would be deposited into two appropriations, one for DATCP activities for licensing and inspection of animal-slaughtering establishments, and the other for animal health-related inspection, testing and enforcement.	\$750,000	\$750,000	PR
Seed License Fee Revisions. [Page 93, Item 16]. Increases fees for the seed labeling and testing program. Retain the current fee structure based on gross annual sales, but increase the number of fee categories. The revised schedule would levy fees from \$25 for firms with gross annual sales under \$10,000 to \$2,500 for firms with gross annual sales over \$100 million. Revenues from this fee would be used for seed labeling and testing.	\$0	\$43,500	PR
Weights and Measures Fees. [Page 95, Item 17]. Require operators of the following devices to obtain annual licenses from DATCP: (a) vehicle scales; (b) liquefied petroleum (LP) gas meters; and (c) vehicle tank meters. Specify \$100 as the minimum fee level for a vehicle scale, unless increased by administrative rules, and require DATCP to set other fee levels by rule. Require operators of these devices to pay a license surcharge if, within one year of applying for a license, the person operated the device without a license. Require licenses for construction of vehicle scales. Authorize DATCP to establish by rule a testing surcharge for operators failing to complete or report required testing. Further, authorize DATCP to establish a reinspection fee for devices that fail initial tests. Although proposed fee levels would be set by rule, a preliminary estimate would be \$180,000 annually, beginning in 2010-11.	\$0	\$180,000	PR
Animal Health License and Reinspection Fees. [Page 98, Item 18]. Delete statutory provisions setting annual license fees for animal markets, animal dealers and animal truckers. Instead, require DATCP to set fees by administrative rule. Further, require DATCP to set fees by rule for reinspection of animal markets, animal dealers, animal truckers, deer farms and fish farms.	\$0	\$18,800	PR
CHILDREN AND FAMILIES			
Child Care Licensing Fees. [Page 166, Item 15]. Increase child care licensing fees for group child care centers. Under current law, a day care center that provides care and supervision for nine or more children must pay a biennial fee of \$30.25, plus a biennial fee of \$10.33 per child, based on the number of children that the center is licensed to serve. The bill would increase the per child biennial fee from \$10.33 to \$16.94.	\$490,000	\$490,000	PR
COMMERCE			
Safety and Buildings Division Licenses and Registrations. [Page 199, Item 6] Repeal the maximum statutory fee for several plumber and fire sprinkler licenses, registrations and examinations. The Department would continue to be authorized to establish fees by rule for these purposes. The fees are deposited in a program revenue appropriation that funds building inspection, plan review, and licensing activities.	Unknown	Unknown	PR
FINANCIAL INSTITUTIONS			
Securities Trading Fees. [Page 249, Item 5]. Increase certain fees imposed on securities trading. The administration estimates an increase in program revenue of \$12.1 million annually. At the end of each fiscal year, DFI lapses most unencumbered program revenue to the general fund as GPR-Earned. As a result of the proposed increase in securities filing fees, the transfer to the general fund in each year would be \$12.1 million more than would	\$12,084,800	\$12,084,800	PR

	2009-10	2010-11	Fund Source
<p>occur in the absence of the fee increases.</p> <p><i>Securities Trading Registration and Filing Fees for Mutual Funds.</i> Under current law, DFI imposes a filing fee of \$750 for every registration of securities statement and notice of filing. Under the Governor's proposal, this fee would be increased to \$1,000.</p> <p>Under current law, DFI imposes an annual fee at the rate of 0.05% of the dollar amount of securities sold by mutual funds to persons in this state during the preceding state fiscal year. For each registration, the fee paid for securities sold in this state in the prior fiscal year must be a minimum of \$150 but not exceed \$1,500. The requirement to report the dollar amount of securities sold in this state may be waived if the filer elects to pay the maximum fee of \$1,500. Under the Governor's proposal, the 0.05% rate imposed on the fee for securities sold to persons in this state would remain as under current law; however, the minimum and maximum annual amounts of the fee would be increased to \$500 and \$10,000, respectively. The requirement to report the dollar amount of securities sold in this state could be waived under the proposal if the filer elected to pay the proposed maximum fee of \$10,000.</p> <p><i>Broker-Dealer Licensing Fees.</i> Under current law, every applicant for an initial or annual renewal license of an agent representing a broker-dealer, an issuer, or an investment adviser representative for a securities transaction must pay a fee of \$30 to DFI. A broker-dealer, investment advisor, or federally covered advisor maintaining a branch office within this state for the purpose of trading securities must pay an additional annual filing fee of \$30 to DFI for each branch office. Under the Governor's proposal, these two fees would be increased from \$30 to \$60.</p>			
<p>GENERAL PROVISIONS</p> <p>Declarations of Domestic Partnerships. [Page 304, Item 2]. Create fees that would be paid by couples who apply to county clerks for each declaration of domestic partnership, and for each certificate of termination of domestic partnership. Establish the fees at the same level as the fee clerks currently receive for issuing marriage licenses (\$49.50 under current law). Of the amount received, the clerk would pay to the state treasury the same amount that clerks currently pay into the state treasury from marriage license fees (\$25), and retain the balance for the county. Permit a county clerk to receive a standard notary fee equal to the same amount as a standard notary fee a county clerk receives when issuing a marriage license (\$0.50) whenever the clerk issues a declaration of domestic partnership or a certificate of termination of domestic partnership.</p>	Unknown	Unknown	GPR
<p>HEALTH SERVICES</p> <p>Childless Adults Enrollment Fee. [Page 369, Item 2]. Authorize DHS to establish an annual enrollment fee of up to \$75 for individuals enrolled in the BadgerCare Plus childless adults demonstration project. All revenues generated by the fee would be credited to a DHS program revenue appropriation that supports the cost of administering the childless adults demonstration project and BadgerCare Plus.</p>	\$2,212,900	\$2,448,000	PR
<p>Repeal of Vital Records Fee Sunset Provision. [Page 375, Item 4]. Repeal a provision that sunsets, on July 1, 2010, vital records fee increases that were enacted in 2007 Wisconsin Act 20 on a temporary basis. Consequently, the higher fees would become permanent. The administration estimates that maintaining the fees at the increased levels would generate \$5,995,000 PR in 2010-11. The fees apply to a variety of vital records and services, including birth, marriage, death, and divorce records.</p>	\$0	\$5,995,000	PR

	2009-10	2010-11	Fund Source
Birth Certificate Fee. [Page 376, Item 5]. Increase the fee for a certified or uncertified copy of a birth certificate from \$20 to \$22, and the fee for an additional copy obtained at the same time from \$3 to \$5. 2007 Wisconsin Act 20 increased the fee for a certified or uncertified copy of a birth certificate from \$10 to \$20 (but did not affect the \$3 fee for an additional copy), with a provision that this increase be repealed on July 1, 2010. The bill would remove the sunset provision, and make the Act 20 fee increase and the \$2 additional increase permanent.	\$306,000	\$306,000	PR
Researcher Fee for Access to Cancer Information. [Page 376, Item 6]. Authorize DHS to collect fees from researchers who access cancer registry information collected by the Department from hospitals, physicians, and laboratories. Currently, researchers are not allowed to access this information.	\$20,000	\$20,000	PR
Assisted Living Facilities Certification and Licensing Fees. [Page 390, Item 2]. Increase biennial certification and licensing fees for certain assisted living facilities by 27 percent. Increase licensing fees for community-based residential facilities from \$306 per facility and \$39.60 per resident to \$389 per facility and \$50.25 per resident and for adult family homes from \$135 per facility to \$171 per facility. Increase certification fees for adult day care centers (ADCCs) from \$100 per facility to \$127 per facility.	\$216,300	\$216,400	PR
Certification Fees for One- and Two-Bed Adult Family Homes. [Page 391, Item 3]. Authorize DHS to assess one- and two-bed adult family homes (AFHs) with a one-time certification fee, beginning in 2009-10. The revenue would be used to support activities performed by the Division of Quality Assurance relating to the regulation of these facilities. The administration estimates that the fee would initially be set at \$510 per facility.	\$141,800	\$141,800	PR
Re-Inspection Fees. [Page 391, Item 4]. Authorize DHS to assess a fee of \$200 on certain health care providers in cases where DHS took an enforcement action for a violation, and where the Department subsequently conducts an onsite inspection of the provider's facility. The fee would apply to adult day care centers, community-based residential facilities, adult family homes, residential care apartment complexes, nursing homes and intermediate care facilities for the mentally retarded that are not operated by the state, hospitals, and home health agencies.	\$109,000	\$109,000	PR
Certification Fees for Personal Care Service Providers. [Page 392, Item 5]. Authorize DHS to assess independent personal care providers an annual certification fee. The administration estimates that the fee would initially be set at \$1,100 per agency per year and would be set by DHS. Revenue generated from the fee would be used to regulate certain entities that provide personal care services under the state's MA program.	\$42,900	\$55,000	PR
INSURANCE			
Oversight of Care Management Organizations Fee. [Page 407, Item 3]. Establish fees care management organization (CMOs) would pay to fund OCI's costs of regulating CMOs. CMOs provide long-term care and support to individuals who participate in the Family Care program, administered by DHS. Annually, OCI would determine the total estimated cost of performing examinations, application reviews, and financial monitoring activities, and collect an amount from each CMO that is proportionate to the CMO's share of total enrollees in the Family Care program.	\$317,200	\$365,100	PR

	2009-10	2010-11	Fund Source
Insurance Agent Appointment Fees. [Page 416, Item 10]. Repeal the statutory limits on fees insurance companies pay for appointments of insurance agents who sell policies on the company's behalf. Current law sets a maximum fee of \$8 for resident agents and \$24 for non-resident agents, and administrative rule sets the fees at \$7 for resident and \$24 for non-resident agents. OCI plans to increase these fees to \$10 for resident and \$30 for non-resident agents.	\$1,218,700	\$1,218,700	PR
JUSTICE			
Criminal History Record Check Fee. [Page 429, Item 5]. Specify that all nonprofit and governmental requesters of criminal record name searches for non-criminal justice related purposes be charged \$7 per request. [Fees associated with fingerprint searches would remain unchanged.] Under current law, criminal history search fees are permitted to be assessed on non-criminal justice related searches of the criminal history database, typically made in connection with employment or professional licensing applications. Nonprofit organizations are charged \$2 per name search, governmental agencies are charged \$5 per name search, and any other requester is charged \$13 per name search.	\$1,700,000	\$1,700,000	PR
Crime Laboratory and Drug Law Enforcement Surcharge. [Page 430, Item 6]. Increase the amount of the surcharge from the current \$8 to \$13. 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 of \$8 is generally imposed.	\$1,254,200	\$2,288,100	PR
Handgun Purchaser Record Check Fee. [Page 431, Item 8]. Increase the handgun purchaser record check fee from \$8 to \$30. Under current law, an \$8 handgun purchaser record check fee is assessed on a firearms dealer (who may pass the charge on to the purchaser) for each required background check of a purchaser of a handgun. The fees are remitted to the Department of Justice and are intended to fund the cost of operating the record check program.	\$836,100	\$836,100	PR
Crime Victim and Witness Assistance Surcharge. [Page 433, Item 10]. Increase "Part B" of the crime victim and witness assistance surcharge from \$20 to \$25. Under current law, when a court imposes a sentence or places a person on probation, the court also imposes the crime victim and witness assistance surcharge (\$60 for each misdemeanor offense and \$85 for each felony offense). The initial \$40 of the surcharge for a misdemeanor and \$65 for a felony is termed the "Part A" portion of the surcharge. The additional \$20 for both a misdemeanor and a felony violation is termed "Part B" of the surcharge. In addition, this surcharge is also assessed on certain civil convictions.	\$0	\$100,000	PR
NATURAL RESOURCES			
Wildlife Violator Compact Surcharge. [Page 463, Item 5]. Increase the wildlife violator compact surcharge from \$5 to \$20. The increase would first apply to violations committed on the effective date of the bill. Revenue is deposited in the fish and wildlife account of the conservation fund.	\$0	\$66,000	SEG
Bobcat Permit Application Fee. [Page 465, Item 7]. Increase the application fee for a bobcat hunting and trapping permit from \$3 to \$6 effective March 31, 2010. The fee is deposited in the fish and wildlife account of the conservation fund.	\$10,000	\$30,000	SEG
Elk Application Fee. [Page 465, Item 8]. Increase the application fee for an elk hunting license from \$3 to \$10. DNR anticipates a limited bull-only elk season could be instituted in December, 2010, at the earliest. Revenue would be deposited in the fish and wildlife account of the conservation fund.	\$0	\$140,000	SEG

	2009-10	2010-11	Fund Source
Boat Registration Fee. [Page 466, Item 10]. Increase the fees for a three-year motorized boat registration as shown in the Attachment. The fee is deposited in the boat registration account of the conservation fund.	\$1,500,000	\$650,000	SEG
Ballast Water Discharge Permits and Fees. [Page 480, Item 11] Allow DNR to issue a general permit that authorizes a vessel that is 79 feet or longer to discharge ballast water into the waters of the state. For a general permit, DNR would charge a \$1,200 application fee and a \$345 annual fee. The fees would not apply after June 30, 2013. DNR would promulgate rules for fees effective July 1, 2013.	\$618,000	\$169,000	PR
Great Lakes Compact Implementation and Fees. [Page 481, Item 12] Establish fees, effective January 1, 2011, for large users of water and large withdrawals of water from the Great Lakes basin, including: (a) a water withdrawal fee of \$125 annually, to be paid by any person with a water supply system with the capacity to withdraw an average of 100,000 gallons per day or more in any 30-day period; (b) in addition to the \$125 annual fee, an annual Great Lakes basin water withdrawal fee set by administrative rule, for anyone who withdraws more than 50 million gallons per year from the Great Lakes basin; and (c) a \$5,000 review fee for an application for a diversion of water from the Great Lakes basin to a watershed outside the Great Lakes basin or from the watershed of one of the Great Lakes to another.	\$0	\$1,606,000	PR
Solid Waste Tipping Fee. [Page 483, Item 1] Increase the tipping fee imposed on most non high-volume industrial waste disposed of in Wisconsin landfills by \$4.40 per ton, from \$5.90, to \$10.30 per ton. The revenues would be deposited into the following three segregated funds: nonpoint (see Page 477, Item 6); environmental management (see Page 484, Item 2); and, recycling (see Page 485, Item 3).	\$15,890,000	\$32,740,000	SEG
Permanent Vehicle Environmental Impact Fee. [Page 487, Item 7]. Eliminate the current December 31, 2009, sunset of the \$9 per title vehicle environmental impact fee (assessed on the titling of new or used vehicles), making the fee permanent. The fees are deposited in the segregated environmental management account of the environmental fund.	\$5,805,000	\$11,725,000	SEG
Hazardous Waste Fees. [Page 487, Item 8] Increase the base fee portion of the annual environmental repair fee for generators of hazardous waste from \$210 currently, to \$350 for generators of small quantities of hazardous waste and \$470 for large quantity generators. Increase the maximum fee from \$17,000 to \$17,500 per year. Provide that certain currently exempt waste, such as hazardous waste recovered for recycling or reuse, would be subject to the base fee, but would continue to be exempt from the current fee of \$20 per ton of hazardous waste generated. The fees are deposited in the segregated environmental management account of the environmental fund.	\$500,000	\$500,000	SEG
Air Operation Permit Fees. [Page 488, Item 10] Replace the air operation permit fee structure for stationary sources that are required under state law, but not under the federal Clean Air Act, to obtain an operation permit, with a new fee structure, effective January 1, 2010. The new fees would include: (a) \$3,475 annually for a source that limits the source's potential to emit so that the source is not a major source, if the operation permit includes federally-enforceable conditions that allow the amount of emissions to be at least 80 percent of the amount that results in a stationary source being classified as a major source; (b) \$775 annually for other stationary sources that are required to obtain an operation permit under state law, but not under the federal Clean Air Act; and (c) \$0 for sources that are exempt from the requirement to obtain an operation permit. The fees are deposited in a program revenue appropriation that funds DNR activities related to regulation of air pollution sources that are required to obtain an operation permit under state law, but not under the federal Clean Air Act.	\$2,155,000	\$2,155,000	PR

	2009-10	2010-11	Fund Source
Air Asbestos Inspection Fees. [Page 490, Item 11] Increase fees for asbestos abatement performed as part of nonresidential demolition and renovation projects, including: (a) increase the statutory maximum fee for a combined asbestos inspection fee and construction permit exemption review fee from \$400 to \$700 if the combined square and linear footage of friable (readily crumbled or brittle) asbestos-containing material involved in the project is less than 5,000; (b) increase the statutory maximum fee from \$750 to \$1,325 if the combined square and linear footage is equal to or greater than 5,000; (c) create a \$100 fee for DNR inspection of a property proposed to be used for a community fire safety training project; and (d) create a \$100 fee for review of a revised notice of asbestos renovation or demolition. The fees are deposited in a program revenue appropriation for regulation of asbestos abatement activities.	\$0	\$257,000	PR
Cleanup Cost Recovery Installment Payments. [Page 491, Item 13] Require monthly interest payments on balances due from parties responsible for cleaning up a contaminated property, in situations where DNR has conducted an environmental cleanup and has allowed the responsible party to repay the Department's cleanup costs in installment payments. Any interest collected would be deposited in the environmental management account of the environmental fund.	Minimal	Minimal	SEG
PUBLIC INSTRUCTION			
Milwaukee Parental Choice Program Auditor and Fees. [Page 528, Item 2]. Provide funding for 1.0 auditor position beginning in 2009-10 in a new appropriation funded from an annual fee paid by schools intending to participate in the choice program. Require DPI to promulgate administrative rules to establish the fee to be paid by schools, which can be no greater than the amount necessary to pay the costs of employing the auditor.	\$71,300	\$92,900	PR
Public Library System Aid. [Page 537, Item 8]. Provide funding above the base level of \$5,486,100 for aids to public library systems, which would replace \$11,297,400 of annual GPR funding. Provide that funding would be 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.	\$11,541,100	\$12,056,900	SEG
Library Service Contracts. [Page 538, Item 9]. Provide funding to replace \$1,097,200 GPR of annual base level funding for contract with four providers of specialized statewide library services and resources. Provide that this funding would be 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.	\$1,134,300	\$1,169,800	SEG
BadgerLink Funding. [Page 538, Item 10]. Provide funding above the base level of \$2,111,000 for statewide Internet access to periodical and reference information databases, which are part of the BadgerLink project. Provide that funding would be 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.	\$235,900	\$446,300	SEG
Newsline for the Blind. [Page 539, Item 11]. Provide funding above the base level of \$108,000 for services provided by the Regional Library for the Blind and Physically Handicapped, which provides access to national and local periodicals for blind individuals. Provide that this funding would be 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.	\$3,900	\$8,600	SEG

	2009-10	2010-11	Fund Source
<p>PUBLIC SERVICE COMMISSION</p> <p>Telecommunications Assessments for Consumer Protection. [Page 545, Item 8]. Require the Public Service Commission (PSC) to annually assess against telecommunications utilities, in proportion to their gross operating revenues during the last year, the total amount appropriated to DATCP for consumer protection functions related to telecommunications services (see Page 93, Item 15). Prohibit telecommunications utilities from recovering the assessments through a separate line on billing statements to their customers.</p>	\$415,800	\$415,800	PR
<p>SHARED REVENUE AND TAX RELIEF</p> <p>Tax Incremental Financing District Fees. [Page 584, Item 5]. Require the Department of Revenue (DOR) to charge any town, village, city, or county an annual fee of \$150 for each regular tax incremental financing (TIF) district, town TIF district, or environmental remediation TIF district for which the Department authorizes the allocation of a tax increment. Require the town, village, city, or county that created the district to pay the fee to the Department no later than May 15 of each year. Modify DOR's existing TIF administrative appropriation to include the administration of environmental remediation TIFs and to allow for the deposit of the new fee revenues to the appropriation. Specify that these provisions would first take effect on October 1, 2009.</p>	\$150,000	\$150,000	PR
<p>TRANSPORTATION</p> <p>Increase Title Lien Fee. [Page 634, Item 5]. Increase the fee, effective January 1, 2010, for each notating and subsequent release of a lien on a title from \$4 to \$10, and clarify that the fee is to be paid by the applicant for notation and release, rather than by the vehicle owner. Typically the applicant is the vehicle owner.</p>	\$1,592,000	\$3,184,000	SEG
<p>Fee for Paper Copies of Driver Records. [Page 634, Item 7]. Establish a \$2 fee for providing a paper copy of a driver record upon request, in addition to the fee for the record search (\$5 for a computerized request and \$6 for a telephone request). Specify that DOT may not charge a fee for a driver record search to any governmental unit, for records requested electronically or by telephone. Specify that these provisions would first apply to searches and paper copies requested on January 1, 2010.</p>	\$43,400	\$86,700	SEG
<p>Authority to Charge Convenience Fees for Electronic Payments. [Page 638, Item 11]. Consolidate current law provisions relating to credit card payments and internet and telephone transactions for various Division of Motor Vehicles fees into a single provision covering all such transactions. Specify that this provision covers debit card and other electronic payment mechanisms, in addition to credit card transactions. Specify that the Department may charge a convenience fee for each transaction involving the payment by credit card, debit card, or other electronic payment mechanism. Require the Department to establish the amount of the convenience fee for the use of credit card, debit card, or other electronic payment mechanisms by rule. Specify that the amount of the convenience fee must approximate the cost to the Department for providing these payment options, but specify that the Department may charge a fee of \$2.50 for each transaction until a rule is promulgated. The amount of revenue generated under this provision is unknown since it is not known how many applicants will choose to pay fees by credit card or other electronic means.</p>	Unknown	Unknown	PR

	2009-10	2010-11	Fund Source
Charges for Crash Reconstruction Services. [Page 644, Item 4]. Specify that the State Patrol may charge a law enforcement agency for all services provided by the State Patrol in connection with the investigation or reconstruction of a traffic accident for which that law enforcement agency is the lead agency. Require the Department to credit the amounts collected for these services in a new SEG appropriation for all monies received for traffic accident investigations and reconstructions.	\$1,000,000	\$1,000,000	SEG
State Patrol Fees for Vehicle Inspection Services. [Page 644, Item 5]. Require the Department, by administrative rule, to specify a fee to be charged by the Department for an inspection of a school bus prior to the sale by the owner to another person, and for the inspection of an ambulance, prior to registration or registration renewal. Such inspections are required under current law, but are conducted by the State Patrol at no charge. Require the Department to credit revenues generated by these fees to new SEG appropriations created for the cost of school bus and ambulance inspection, respectively. Estimate increased revenue at \$773,400 annually for school bus inspections and \$84,200 annually for ambulance inspections. Require the Department to submit draft rules to the Legislative Council for both vehicle inspection fees no later than the first day of the fourth month beginning after the effective date of the budget act. Require the Department, by the first day of the fourth month beginning after publication of the budget act, to promulgate emergency rules establishing the fees for the period prior to when the permanent rules take effect.	\$857,600	\$857,600	SEG
UNIVERSITY OF WISCONSIN Tuition Increases. [Page 653-658, Items 1, 5, 11, and 16]. Increase tuition to reflect costs associated with the following items: (a) standard budget adjustments including pay plan and fringe benefits approved in previous biennia and reclassifications; (b) recruitment and retention of high-demand faculty and academic staff; (c) fuel and utilities reestimate; and (d) student technology fee. These figures do not include pay plan adjustments for UW faculty and staff for the 2009-11 biennium, which will be determined by the Joint Committee on Employment Relations under the state compensation plan. It is estimated that if increases in UW compensation were funded using the traditional GPR/PR split then tuition would increase by 0.6% for each annual 1% increase in UW compensation. If increases in UW compensation were funded entirely by tuition, then tuition would increase by 2.1% for each annual increase in UW compensation. It is estimated that a 1% increase in resident undergraduate tuition and an increase of the same dollar amount for all other students would result in an additional \$6 million annually in tuition revenue.	\$19,618,300	\$23,785,700	PR
VETERANS Single Room Occupancy. [Page 669, Item 12]. Allow the Department of Veterans Affairs to provide, and assess fees for, single room occupancy housing as part of the veterans assistance program to veterans that are in transitional housing due to homelessness, incarceration, or financial need.	Unknown	Unknown	SEG
WORKFORCE DEVELOPMENT Increase Work Permit Fee. [Page 692, Item 17]. Increase the work permit fee by \$5 (from \$5 to \$10). The administration's intent is for the additional revenues generated by the fee increase to be placed in a newly-created continuing program revenue appropriation that would fund the cost of the Department of Workforce Development's information technology systems.	\$480,000	\$480,000	PR
SUBTOTAL -- FEES -- INCREASES	\$48,268,300 \$49,345,200	\$62,557,700 \$78,752,900	PR SEG

	2009-10	2010-11	Fund Source
FEE DECREASES			
ADMINISTRATION			
Universal Service Fund. [Page 29-30, Items 1 and 2]. Modify the amounts in the Chapter 20 appropriation schedule by a total of -\$425,400 SEG annually as part of standard budget adjustments and 1% across-the-board cuts for telecommunications services provided to schools and libraries. The Public Service Commission is required to assess telecommunications providers for the amounts appropriated.	-\$425,400	-\$425,400	SEG
GENERAL PROVISIONS			
Establishment of Domestic Partnership and Related Rights and Benefits. [Page 304, Item 2] <i>Manufactured Home and Motor Vehicle Title Transfer Fees.</i> In addition to surviving spouse, add "or domestic partner" to the supplemental title fee exemption afforded when a mobile home or motor vehicle title is transferred after death. The supplemental fee is currently \$7.50. Revenue related to mobile homes is deposited in a Department of Commerce program revenue appropriation for operations of the Safety and Buildings Division and revenue related to motor vehicles is deposited in the transportation fund.	Unknown	Unknown	PR and SEG
PUBLIC SERVICE COMMISSION			
Universal Service Fund. [Page 542, Item 2]. Reduce assessments on telecommunications providers by \$60,000 annually to reflect the across-the-board 1% reduction imposed on PSC functions funded through the universal service fund.	-\$60,000	-\$60,000	SEG
TRANSPORTATION			
Eliminate Electric Title and Registration Application Fee. [Page 634, Item 6]. Eliminate a \$5 current law fee, effective January 1, 2010, for the electronic filing by a financial institution of an application for a certificate of title or vehicle registration, or both.	-\$9,900	-\$19,800	SEG
Identification Card Replacement for Driver's Licenses. [Page 637, Item 10]. Prohibit DOT from charging an identification fee or a federal security verification mandate fee (renamed "issuance fee" under a separate item in the bill) to an applicant for the initial issuance of an identification card if any of the following apply: (a) the Department has canceled the applicant's valid driver's license after a medical review examination (designed to determine if a medical condition or other reason renders the person incapable of safely operating a vehicle), and, at the time of cancellation, there is at least six months remaining before the expiration date for the canceled license; or (b) the Department has accepted the applicant's voluntary surrender of a valid driver's license for medical reasons, and, at the time of surrender, there is at least six months remaining before the expiration date for the surrendered license. Specify that these provisions would first apply to licenses cancelled or surrendered on the first day of the fourth month beginning after the publication of the budget act.	-\$71,400	-\$107,100	SEG
SUBTOTAL -- FEES -- DECREASES	-\$566,700	-\$612,300	SEG

	2009-10	2010-11	Fund Source
ENHANCED COLLECTION MEASURES			
GENERAL FUND TAXES/REVENUE			
<p>Withholding Payments for Pass-Through Entities. [Page 257, Item 6]. Modify the current law withholding requirement for pass-through entities so that they would be required to make estimated withholding tax payments for non-resident individuals on a quarterly basis, rather than annually, effective with taxable years beginning on January 1, 2009.</p> <p>Under current law, Wisconsin income allocable to nonresident shareholders, partners, members, or beneficiaries of pass-through entities is subject to Wisconsin's individual income tax. Pass-through entities are partnerships, LLCs, tax-option corporations, estates, and trusts that are treated as pass-through entities for federal tax purposes. Currently, such entities must make a single estimated withholding tax payment for those non-resident individuals, no later than the unextended due date of the entity's income or franchise tax return. Wisconsin residents must make quarterly estimated payments on pass-through entity income. The budget bill would, instead, require quarterly withholding tax payments by pass-through entities for non-residents.</p>	\$38,500,000	\$0	GPR
<p>Sales Tax Definition of Nexus. [Page 277, Item 3]. Expand the definition of nexus for purposes of the sales and use tax to include certain businesses that have affiliates in this state.</p> <p>Under current law and administrative rule, a state may not require a seller to collect and remit sales and use taxes unless the seller has a sufficient business connection (or "nexus") with the state, which is generally established by the seller having a physical presence in the state. In Wisconsin, a seller has nexus if it does any of the following: (a) owns real property in the state; (b) leases or rents out tangible personal property located in this state; (c) maintains, occupies, or uses a place of business in this state; (d) has any representative or solicitor operating in this state under the authority of the retailer or its subsidiary for the purpose of selling, delivering, or taking orders for any tangible personal property or taxable services; (e) services, repairs, or installs equipment or other tangible personal property in Wisconsin; (f) delivers goods into this state in company operated vehicles; or (g) performs construction activities in this state.</p> <p>DOR reports that under current law, certain separate affiliates of brick and mortar businesses in this state do not collect and remit the sales and use tax on their Internet sales to Wisconsin residents, even if the purchase is made from a computer located at the Wisconsin store. Certain businesses provide in-store kiosks for the purchase of online sales from a store's out-of-state affiliate. These brick and mortar businesses accept returned merchandise on the affiliate's behalf, and provide in-store credit for the dollar amount of the returned affiliate's merchandise. Current law provides that an Internet retailer is engaged in business in this state if an affiliate who has nexus with Wisconsin performs specified services on its behalf [item (d) above]; however, current law does not clearly subject these types of transactions by an online affiliate to the sales and use tax.</p> <p>Under the Governor's proposal, nexus would be extended to specifically include any person who has an affiliate in this state, if the person is related to the affiliate and if the affiliate uses facilities or employees in this state to advertise, promote, or facilitate the establishment of or market for sales of items by the related person to purchasers in this state or for providing services to the related person's purchasers in this state, including accepting returns of purchases or resolving customer complaints. For purposes of this provision, two persons would be "related" if any of the following apply:</p> <p>a. One person, or each person, is a corporation and one person and any person</p>	\$1,500,000	\$1,500,000	GPR

	2009-10	2010-11	Fund Source
<p>related to that person in a manner that would require a stock attribution from the corporation to the person or from the person to the corporation, as defined under federal law, owns directly, indirectly, beneficially, or constructively at least 50% of the corporation's outstanding stock value.</p> <p>b. One person, or each person, is a partnership, estate, or trust and any partner or beneficiary; and the partnership, estate, or trust and its partners or beneficiaries; own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the profits, capital, stock, or value of the other person or both persons.</p> <p>c. An individual stockholder and the members of the stockholder's family, as defined under federal law, owns directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of both persons' outstanding stock value.</p> <p>The Governor's proposal would become effective on the day following publication of the budget bill.</p>			
<p>Direct Marketing of Cigarettes and Tobacco Products. [Page 285, Item 4]. Authorize DOR to issue permits allowing the direct marketing of cigarettes and tobacco products to Wisconsin residents.</p> <p>Under current law, as enacted in 2005 Act 25 (the 2005-07 biennial budget act), direct marketing of cigarettes is allowed if the seller registers with DOR, provides certain information, and agrees to sell only cigarettes on which the state excise tax has been paid and to collect and remit the sales tax on cigarette sales. Direct marketers must also obtain a municipal retail license for each location in which they sell cigarettes. To date, no direct marketers of cigarettes have registered with DOR. Direct marketing of other tobacco products is not permitted under current law.</p>	Minimal	Minimal	GPR
<p>Expand Debt Offset Program. [Page 554, Item 2] Require DOR to administer a debt collection initiative under which it would collect nontax debt for all state agencies. DOR would be required to enter into a written agreement to have the Department collect any amount owed to a state agency that is more than 90 days past due, unless negotiations between the agency and debtor were actively ongoing, the debt was the subject of legal action or administrative proceedings, or the agency determined that the debtor was adhering to an acceptable payment arrangement.</p> <p>At least 30 days before the Department pursued collection of any debt referred by a state agency, either DOR or the agency would be required to provide the debtor with a written notice that the debt will be referred to DOR for collection. DOR would be authorized to collect amounts owed, pursuant to the written agreement, from the debtor in addition to offsetting the amounts against tax refunds, as provided under current law. If the debtor owed debt to DOR and to other state agencies, payments would first apply to debts owed to DOR, and then to debts owed to the state agencies, in the order in which the debts were referred to DOR. DOR would charge each debtor whose debt was subject to collection an amount for administrative expenses and that amount would be credited to the Department's debt collection appropriation.</p> <p>DOR would also be authorized (rather than required) to enter into such agreements with the courts, the Legislature, authorities, and local units of government. Payments received by DOR under an agreement would first apply to any debts owed to DOR, and then to any debts owed to the state agencies, before being applied to debts owed to the courts, the Legislature, authorities, or local units of government.</p> <p>"Debt" would mean any amount owed to a state agency and collected by DOR pursuant to a written agreement described above, if the debt has been reduced to a judgment or if</p>	\$0	\$420,000	GPR

	2009-10	2010-11	Fund Source
<p>the state agency or DOR has provided the debtor reasonable notice and an opportunity to be heard with regard to the amount owed.</p> <p>The Secretary of Revenue could waive the referral of certain types of debt. The Department's determination that a debt was not collectable would not prevent the referring agency from taking additional collection actions.</p> <p>DOR would be authorized to collect debts and assess interest on delinquent amounts in the same manner that it collects taxes and assesses interest under state income and franchise tax administrative provisions. DOR would also be authorized to use tax returns and related information to collect debts.</p> <p>In addition, authorize DOR to enter into agreements with the Internal Revenue Service (IRS) to offset state payments, except tax refunds, against federal nontax debts, if the IRS offset federal payments against state tax and nontax obligations. DOR could charge a fee of up to \$25 per transaction. These setoffs would be lower in priority than setoffs for obligations owed DOR, state agencies, and municipalities. This provision would take effect on the first day of the 14th month beginning after publication of the budget bill. Assuming an effective date of September 1, 2010, it is estimated that this provision would generate \$420,000 in 2010-11 and \$500,000 annually thereafter.</p>			
<p>Financial Institution Record Matching Program. [Page 556, Item 3]. Require DOR to implement and administer a financial record matching program for the collection of delinquent state taxes. Under the financial record matching program, financial institutions, through an agreement with DOR, would provide specified information for each taxpayer who had an account at the institution and was identified as owing delinquent state taxes.</p> <p>The program would be funded by a newly-created program revenue appropriation. The source of revenue for the appropriation would be delinquent taxes and other debts collected through the program.</p> <p>The financial record matching program would take effect on the first day of the sixth month beginning after publication of the bill. DOR estimates that the program would generate \$6.3 million in 2009-10 and \$12.6 million in 2010-11 in additional state revenues over and above the costs of implementing the program. This funding would initially be deposited into DOR's new program revenue appropriation, but any unexpended funding in the appropriation would lapse to the general fund at the end of each fiscal year.</p> <p>Under current law, the Department of Children and Families administers a financial record matching program to collect past-due child support payments.</p>	\$6,289,000	\$12,593,000	PR
<p>Internet List of Revoked Sellers Permits. [Page 560, Item 8]. Require DOR to post on the Internet a list of every person who has had a seller's permit revoked. The Internet site would have to list the real name, business name, address, revocation date, type of tax due, and amount due, including interest, penalties, fees, and costs, for each person who had a seller's permit revoked under state sales tax law. Currently, DOR maintains a list of certain delinquent taxpayers on the Internet.</p>	\$230,000	\$230,000	GPR

	2009-10	2010-11	Fund Source
<p>Late Filing Fees/Required Schedules. [Page 561, Item 11]. Establish a standard late filing fee for individual income and corporate income and franchise tax returns of \$50 for each violation. Every fiduciary, partnership, or tax-option corporation required to file a tax return would also be required to provide a schedule to each beneficiary, partner or shareholder, respectively, whose share of income, deductions, credits, or other items of the entity may affect the beneficiary's, partner's, or shareholder's tax liability. The schedule would have to separately indicate the beneficiary's, partner's, or shareholder's share of each item. A person who failed to provide a required schedule by the due date, including any extension, or that provided an incorrect or incomplete schedule, would be subject to a \$50 penalty for each violation. DOR would be required to waive the penalty if the person showed that a violation resulted from a reasonable cause and not from willful neglect. The federal extension period allowed for filing a partnership return (which varies from two to six months) would be adopted for state income tax purposes. These provisions would first apply to tax year 2010.</p> <p>Under current law, late filing fees for tax returns are as follows: (a) \$30 for corporate income and franchise tax; (b) \$2, \$3, \$5, or \$30 (depending on net tax liability and actual date filed) for individual income tax; and (c) \$30 for partnerships.</p>	Minimal	Minimal	GPR
<p>Penalties for Failure to Produce Records. [Page 562, Item 12]. Establish a penalty for failure to produce tax records or documents. Specifically, a person who failed to produce records or documents, as required under current law, that supported amounts or other information shown on any return required under state income, franchise, or sales taxes would be subject to any of the following penalties, as determined by DOR:</p> <p>a. The disallowance of deductions, credits, or exemptions to which the requested records relate.</p> <p>b. In addition to any penalty imposed under current law, a penalty for each violation that was equal to the greater of \$500 or 25% of the amount of any adjustment by the Department that results from the person's failure to produce the records.</p>	Minimal	Minimal	GPR
<p>Consolidated Tax Statements. [Page 562, Item 13]. Provide that if a corporation that is required to file an income or franchise tax return is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or has income that is regulated through contract or other arrangement, DOR may require that the corporation submit such consolidated statements as in its opinion are necessary in order to determine whether the corporations are a unitary business.</p> <p>Under current law, DOR may require that a corporation that is affiliated with or related to another corporation must submit consolidated statements that the Department determines are necessary to determine the taxable income received by any one of the affiliated or related corporations.</p>	Unknown	Unknown	GPR
<p>Tax Appeals Commission Standard of Review. [Page 563, Item 14]. Require that, for purposes of reviewing DOR's rules, the Tax Appeals Commission give controlling weight deference to the Department's interpretation of its rules, unless the interpretation is plainly erroneous or inconsistent with the language of the rules or the statutes that govern the rules. This provision would first apply to matters before the Commission on the bill's general effective date.</p>	Unknown	Unknown	GPR and SEG
SUBTOTAL -- ENHANCED COLLECTION MEASURES	\$40,230,000 \$6,289,000	\$2,150,000 \$12,593,000	GPR PR

ATTACHMENT

Boat Registration Fees (Valid for Three Years)

Registration Type	<u>Current Fee</u>	<u>Bill</u>	<u>Increase</u>	<u>Percent Increase</u>
Non-Motorized				
Volunteer	\$11.00	\$11.00	\$0	0%
Sailboat	17.00	17.00	0	0
Motorized				
Under 16'	19.00	25.00	6.00	32%
16' to 26'	28.00	35.00	7.00	25
26' to 40'	52.00	62.00	10.00	19
Over 40'	86.00	99.00	23.00	15