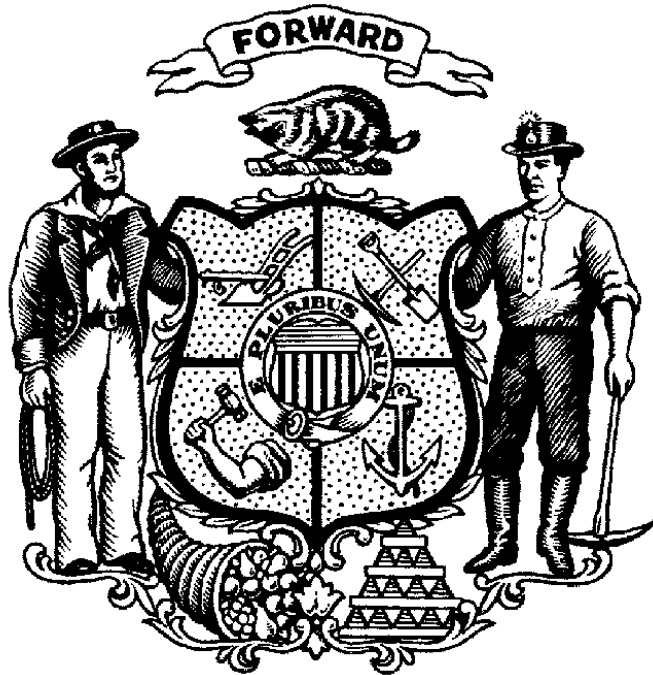


# State of Wisconsin

## Department of Revenue



Agency Budget Request  
2013 – 2015 Biennium  
September 17, 2012

# State of Wisconsin

## Department of Revenue

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**State of Wisconsin • DEPARTMENT OF REVENUE**

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*Scott Walker*  
Governor

*Richard G. Chandler*  
Secretary of Revenue

September 17, 2012

The Honorable Scott Walker  
Governor, State of Wisconsin  
East Wing – State Capitol  
Madison WI 53702

Dear Governor Walker:

Enclosed is the Department of Revenue's 2013-15 biennial budget request for your review. This budget proposal reflects the guidelines issued by your office and the Department of Administration. It includes provisions to ease the tax burden on job creators and improve operational efficiencies for the department. The requested funding maintains our fiscal year 2011-13 levels after required reductions.

The Department of Revenue has a responsibility to manage tax administration, operate the Wisconsin Lottery, and provide economic forecasts. We continually strive to improve our efficiency in performing these duties and have tracked specific metrics and commenced initiatives to help meet and exceed our goals. Initiatives to encourage electronic filing of taxes and electronic correspondence have resulted in efficiencies for the department, as well as benefits to the taxpayer.

The Department of Revenue is committed to aiding job creation within Wisconsin while improving customer service and operating more efficiently to benefit taxpayers. We believe the enclosed biennial budget builds on our strengths and meets your vision for a state that is open for business.

We look forward to working with you and the State Budget Office during the budget process.

Sincerely,

Richard G. Chandler  
Secretary of Revenue

Enclosure

## AGENCY DESCRIPTION

The department is headed by a secretary who is appointed by the Governor with the advice and consent of the Senate. The department advises the Governor and Legislature on tax policy, administers the state's tax laws and lottery, distributes property tax relief and local unrestricted aid payments, and oversees general administration of the property tax system. The department's activities are organized into the following four major program areas:

The Division of Income, Sales and Excise Tax collects taxes through accepting tax payments and processing tax returns, enforces tax laws and collects taxes through audit and compliance activities, provides taxpayer assistance, and conducts criminal investigations;

The Division of State and Local Finance administers state policy and programs affecting local government finance and the state's property tax system, including establishing equalized values, supervising general administration of the local property tax and assessing the value of manufacturing property statewide;

The Lottery Division administers the lottery program that provides funding for the property tax credit and school levy tax relief credit; and

The administrative services area includes the Secretary's Office, Office of General Counsel, Division of Enterprise Services, Division of Technology Services, and Division of Research and Policy, and provides the Executive Office and Legislature with detailed analyses of revenue and tax policy options.

The tax programs administered by the department provide revenue for the state's general fund, recycling fund and transportation fund. The department also administers the homestead, farmland preservation and earned income credits, which are paid to eligible applicants from the general fund.

## **MISSION**

The Wisconsin Department of Revenue administers Wisconsin's tax system to provide revenue to fund state and local government services.

Note: Goals, objectives and activities have been modified.

## **PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES**

As we move forward into the next biennial budget, the department continues to focus on lowering the overall tax burden on our citizens and businesses, making the taxpaying process easier for our customers, and using taxpayer dollars wisely when operating the agency.

The department has developed the following goals that reflect the outcomes it hopes to achieve in the next biennial budget: implement good tax policy that will focus on policies that promote job growth; improve customer service to individuals and businesses; and operate the department efficiently and effectively, while identifying opportunities to implement lean government initiatives;

These goals are reflected below, along with the outcomes the department seeks to achieve.

### **Program 1: Collection of Taxes**

Goal: Ensure accountability through enforcement of tax laws.

Objective/Activity: Delinquent collections per fiscal year.

Goal: Operate efficiently and effectively.

Objective/Activity: Growth in individual income, corporate franchise/income, and sales/use tax returns received electronically.

### **Program 2: State and Local Finance**

Goal: Ensure fair and equitable tax compliance, collection and property valuation through the Integrated Property Assessment System (IPAS).

Objective/Activity: Increase availability of electronic means of doing business.

### **Program 3: Administrative Services and Space Rental**

Goal: Develop and advocate sound tax and fiscal policy.

Objective/Activity: Variance between estimated revenue and actual revenue.

Goal: Operate efficiently and effectively.

Objective/Activity: Cost per dollar received.

Objective/Activity: Lean Government Project Charter Counts.

Goal: Ensure a positive and diverse work environment.

Objective/Activity: Percentage of target group members in agency workforce.

### **Program 8: Lottery**

Goal: To achieve the highest possible revenue for property tax relief by offering entertaining and socially responsible games, while ensuring integrity and public trust.

Note: Goals, objectives and activities have been modified.

Objective/Activity: Percentage increase in non-Powerball / Mega Millions sales generated over prior year.

Objective/Activity: Percentage of lottery costs as compared to lottery revenues.

## PERFORMANCE MEASURES

### 2011 AND 2012 GOALS AND ACTUALS

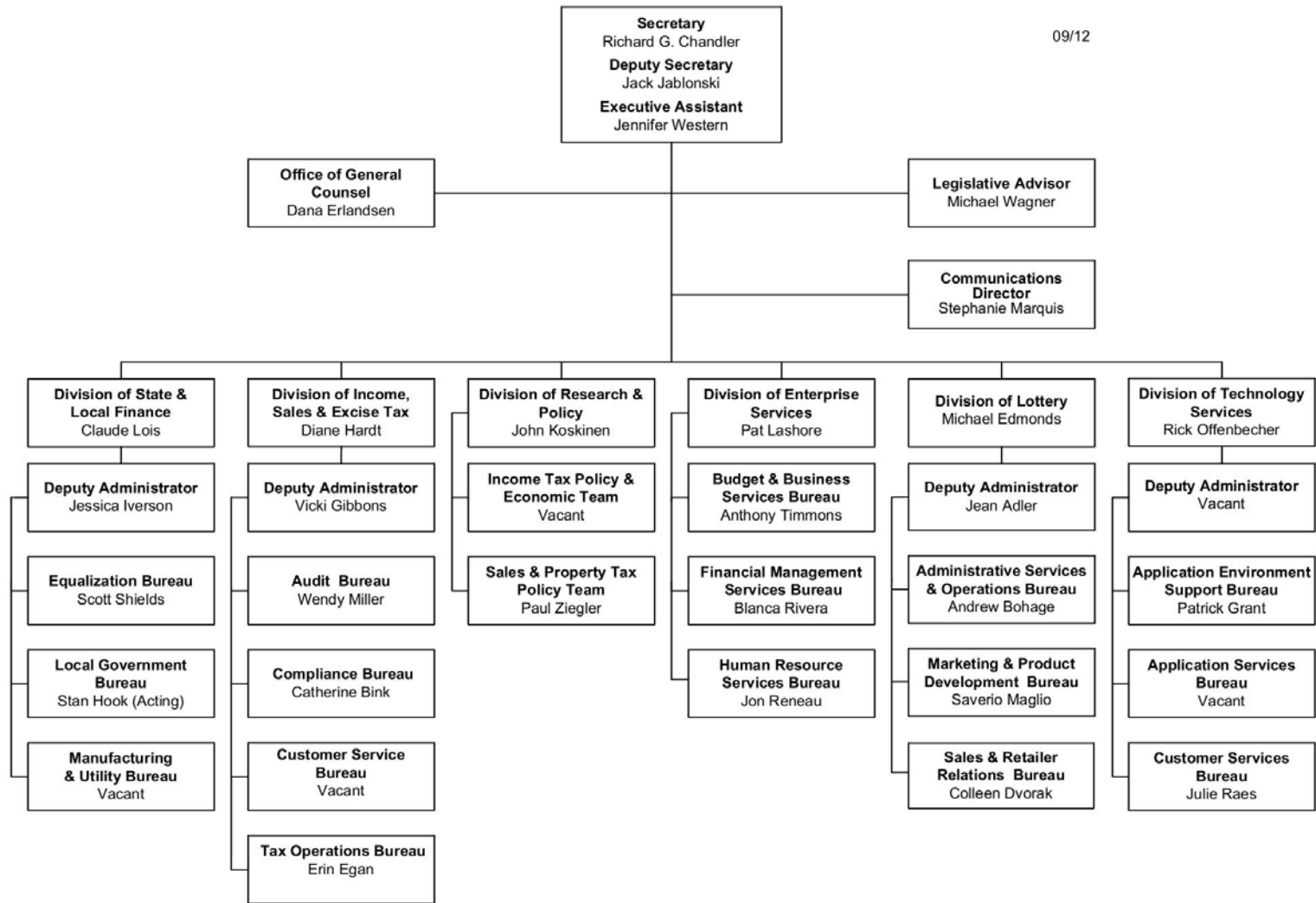
Prog. No.	Performance Measure	Goal 2011	Actual 2011	Goal 2012	Actual 2012
1.	Collection of delinquent taxes.	\$173 million	\$202 million	\$173 million	\$197 million
1.	Percentage of individual income (II) sales tax (ST) and corporate (C) returns received electronically.	78% (II) 63% (ST) 45% (C)	80% (II) 88% (ST) 69% (C)	81% (II) 86% (ST) 60% (C)	82% (II) 88% (ST) 61% (C)*  <i>*To date. Extension returns not filed until October 15<sup>th</sup>.</i>
2.	Percentage of forms and reports received electronically.	85%	86%	90%	89%
3.	Variance between estimated revenue and actual revenue.	± 2%	+1.6%	± 2%	+0.9%
3.	Percentage of employees satisfied with their work environment.	More than 2010	N/A	More than 2011	N/A
3.	Percentage of target group members in agency workforce.	10%	11.6%	10%	11.4%
3.	Cost per dollar received.	\$.0070	\$.0071	\$.0070	\$.0067
8.	Percentage increase in non-Powerball / Mega Millions sales generated over prior year.	-1%	+7.2%	-0.1%	+5.8%
8.	Percentage of lottery costs as compared to lottery revenues.	<10%	6.55%	<10%	6.53%



**2013, 2014 AND 2015 GOALS**

<b>Prog. No.</b>	<b>Performance Measure</b>	<b>Goal 2013</b>	<b>Goal 2014</b>	<b>Goal 2015</b>
1.	Collection of delinquent taxes.	\$173 million	\$187 million	\$190 million
1.	Percentage of individual income (II) sales tax (ST) and corporate (C) returns received electronically.	84% (II) 89% (ST) 65% (C)	84% (II) 90% (ST) 69% (C)	85% (II) 91% (ST) 69% (C)
2.	Percentage of forms and reports received electronically.	95%	95%	95%
3.	Variance between estimated revenue and actual revenue.	± 2%	± 2%	± 2%
3.	Percentage of employees satisfied with their work environment.	More than 2012		
3. *	Percentage of target group members in agency workforce.	10%	10%	10%
3.	Cost per dollar received.	\$.0070	\$.0070	\$.0070
3. *	Lean Government Project Charter Counts	7	7	10
8.	Percentage increase in non-Powerball / Mega Millions sales generated over prior year.	0%	0%	0%
8.	Percentage of lottery costs as compared to lottery revenues.	<10%	<10%	<10%

Note: \* New Performance Measures.



# Agency Total by Fund Source

Department of Revenue

1315 Biennial Budget

Source of Funds		ANNUAL SUMMARY						BIENNIAL SUMMARY			
		Prior Year Total	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
GPR	L	\$736,790	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	
GPR	S	\$83,807,565	\$93,215,500	\$84,869,200	\$84,962,000	829.33	829.33	\$186,431,000	\$169,831,200	(\$16,599,800)	-8.9%
<b>Total</b>		\$84,544,355	\$93,215,500	\$84,869,200	\$84,962,000	829.33	829.33	\$186,431,000	\$169,831,200	(\$16,599,800)	
PR	S	\$10,144,554	\$14,114,900	\$14,141,400	\$14,166,700	91.10	91.10	\$28,229,800	\$28,308,100	\$78,300	0.3%
<b>Total</b>		\$10,144,554	\$14,114,900	\$14,141,400	\$14,166,700	91.10	91.10	\$28,229,800	\$28,308,100	\$78,300	0.3%
PR Federal	S	\$31,422	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	
<b>Total</b>		\$31,422	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	
SEG	A	\$323,594,861	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	
SEG	S	\$73,763,634	\$68,693,500	\$72,550,500	\$72,581,400	102.70	102.70	\$137,387,000	\$145,131,900	\$7,744,900	5.6%
<b>Total</b>		\$397,358,495	\$68,693,500	\$72,550,500	\$72,581,400	102.70	102.70	\$137,387,000	\$145,131,900	\$7,744,900	
<b>Grand Total</b>		\$492,078,826	\$176,023,900	\$171,561,100	\$171,710,100	1,023.13	1,023.13	\$352,047,800	\$343,271,200	(\$8,776,600)	

**Agency Total by Program**

566 Revenue, Department of

1315 Biennial Budget

Source of Funds	ANNUAL SUMMARY						BIENNIAL SUMMARY			
	Prior Year Actual	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
<b>01 COLLECTION OF TAXES</b>										
<b>Non Federal</b>										
<b>GPR</b>	\$46,541,264	\$51,647,600	\$46,183,300	\$46,183,300	560.58	560.58	\$103,295,200	\$92,366,600	(\$10,928,600)	-10.58%
S	\$46,541,264	\$51,647,600	\$46,183,300	\$46,183,300	560.58	560.58	\$103,295,200	\$92,366,600	(\$10,928,600)	-10.58%
<b>PR</b>	\$7,807,815	\$9,008,700	\$9,135,200	\$9,156,800	75.45	75.45	\$18,017,400	\$18,292,000	\$274,600	1.52%
S	\$7,807,815	\$9,008,700	\$9,135,200	\$9,156,800	75.45	75.45	\$18,017,400	\$18,292,000	\$274,600	1.52%
<b>SEG</b>	\$1,680,394	\$1,952,400	\$2,056,200	\$2,069,300	18.00	18.00	\$3,904,800	\$4,125,500	\$220,700	5.65%
S	\$1,680,394	\$1,952,400	\$2,056,200	\$2,069,300	18.00	18.00	\$3,904,800	\$4,125,500	\$220,700	5.65%
<b>Total - Non Federal</b>	\$56,029,473	\$62,608,700	\$57,374,700	\$57,409,400	654.03	654.03	\$125,217,400	\$114,784,100	(\$10,433,300)	-8.33%
S	\$56,029,473	\$62,608,700	\$57,374,700	\$57,409,400	654.03	654.03	\$125,217,400	\$114,784,100	(\$10,433,300)	-8.33%
<b>Federal</b>										
<b>PR</b>	\$31,422	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
S	\$31,422	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
<b>Total - Federal</b>	\$31,422	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
S	\$31,422	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
<b>PGM 01 Total</b>	\$56,060,895	\$62,608,700	\$57,374,700	\$57,409,400	654.03	654.03	\$125,217,400	\$114,784,100	(\$10,433,300)	-8.33%
<b>GPR</b>	\$46,541,264	\$51,647,600	\$46,183,300	\$46,183,300	560.58	560.58	\$103,295,200	\$92,366,600	(\$10,928,600)	-10.58%
S	\$46,541,264	\$51,647,600	\$46,183,300	\$46,183,300	560.58	560.58	\$103,295,200	\$92,366,600	(\$10,928,600)	-10.58%
<b>PR</b>	\$7,839,237	\$9,008,700	\$9,135,200	\$9,156,800	75.45	75.45	\$18,017,400	\$18,292,000	\$274,600	1.52%
S	\$7,839,237	\$9,008,700	\$9,135,200	\$9,156,800	75.45	75.45	\$18,017,400	\$18,292,000	\$274,600	1.52%
<b>SEG</b>	\$1,680,394	\$1,952,400	\$2,056,200	\$2,069,300	18.00	18.00	\$3,904,800	\$4,125,500	\$220,700	5.65%

### Agency Total by Program

#### 566 Revenue, Department of

#### 1315 Biennial Budget

S	\$1,680,394	\$1,952,400	\$2,056,200	\$2,069,300	18.00	18.00	\$3,904,800	\$4,125,500	\$220,700	5.65%
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<b>TOTAL 01</b>	<b>\$56,060,895</b>	<b>\$62,608,700</b>	<b>\$57,374,700</b>	<b>\$57,409,400</b>	<b>654.03</b>	<b>654.03</b>	<b>\$125,217,400</b>	<b>\$114,784,100</b>	<b>(\$10,433,300)</b>	<b>-8.33%</b>
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S	\$56,060,895	\$62,608,700	\$57,374,700	\$57,409,400	654.03	654.03	\$125,217,400	\$114,784,100	(\$10,433,300)	-8.33%
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**Agency Total by Program**

566 Revenue, Department of

1315 Biennial Budget

Source of Funds	ANNUAL SUMMARY						BIENNIAL SUMMARY			
	Prior Year Actual	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
<b>02 STATE AND LOCAL FINANCE</b>										
<b>Non Federal</b>										
<b>GPR</b>	<b>\$10,275,216</b>	<b>\$10,311,000</b>	<b>\$9,944,100</b>	<b>\$9,944,100</b>	<b>92.75</b>	<b>92.75</b>	<b>\$20,622,000</b>	<b>\$19,888,200</b>	<b>(\$733,800)</b>	<b>-3.56%</b>
L	\$736,790	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
S	\$9,538,426	\$10,311,000	\$9,944,100	\$9,944,100	92.75	92.75	\$20,622,000	\$19,888,200	(\$733,800)	-3.56%
<b>PR</b>	<b>\$1,048,613</b>	<b>\$1,861,800</b>	<b>\$1,793,000</b>	<b>\$1,798,100</b>	<b>14.50</b>	<b>14.50</b>	<b>\$3,723,600</b>	<b>\$3,591,100</b>	<b>(\$132,500)</b>	<b>-3.56%</b>
S	\$1,048,613	\$1,861,800	\$1,793,000	\$1,798,100	14.50	14.50	\$3,723,600	\$3,591,100	(\$132,500)	-3.56%
<b>SEG</b>	<b>\$330,897</b>	<b>\$480,500</b>	<b>\$503,800</b>	<b>\$506,600</b>	<b>4.75</b>	<b>4.75</b>	<b>\$961,000</b>	<b>\$1,010,400</b>	<b>\$49,400</b>	<b>5.14%</b>
S	\$330,897	\$480,500	\$503,800	\$506,600	4.75	4.75	\$961,000	\$1,010,400	\$49,400	5.14%
<b>Total - Non Federal</b>	<b>\$11,654,726</b>	<b>\$12,653,300</b>	<b>\$12,240,900</b>	<b>\$12,248,800</b>	<b>112.00</b>	<b>112.00</b>	<b>\$25,306,600</b>	<b>\$24,489,700</b>	<b>(\$816,900)</b>	<b>-3.23%</b>
L	\$736,790	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
S	\$10,917,936	\$12,653,300	\$12,240,900	\$12,248,800	112.00	112.00	\$25,306,600	\$24,489,700	(\$816,900)	-3.23%
<b>PGM 02 Total</b>	<b>\$11,654,726</b>	<b>\$12,653,300</b>	<b>\$12,240,900</b>	<b>\$12,248,800</b>	<b>112.00</b>	<b>112.00</b>	<b>\$25,306,600</b>	<b>\$24,489,700</b>	<b>(\$816,900)</b>	<b>-3.23%</b>
<b>GPR</b>	<b>\$10,275,216</b>	<b>\$10,311,000</b>	<b>\$9,944,100</b>	<b>\$9,944,100</b>	<b>92.75</b>	<b>92.75</b>	<b>\$20,622,000</b>	<b>\$19,888,200</b>	<b>(\$733,800)</b>	<b>-3.56%</b>
L	\$736,790	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
S	\$9,538,426	\$10,311,000	\$9,944,100	\$9,944,100	92.75	92.75	\$20,622,000	\$19,888,200	(\$733,800)	-3.56%
<b>PR</b>	<b>\$1,048,613</b>	<b>\$1,861,800</b>	<b>\$1,793,000</b>	<b>\$1,798,100</b>	<b>14.50</b>	<b>14.50</b>	<b>\$3,723,600</b>	<b>\$3,591,100</b>	<b>(\$132,500)</b>	<b>-3.56%</b>
S	\$1,048,613	\$1,861,800	\$1,793,000	\$1,798,100	14.50	14.50	\$3,723,600	\$3,591,100	(\$132,500)	-3.56%
<b>SEG</b>	<b>\$330,897</b>	<b>\$480,500</b>	<b>\$503,800</b>	<b>\$506,600</b>	<b>4.75</b>	<b>4.75</b>	<b>\$961,000</b>	<b>\$1,010,400</b>	<b>\$49,400</b>	<b>5.14%</b>
S	\$330,897	\$480,500	\$503,800	\$506,600	4.75	4.75	\$961,000	\$1,010,400	\$49,400	5.14%
<b>TOTAL 02</b>	<b>\$11,654,726</b>	<b>\$12,653,300</b>	<b>\$12,240,900</b>	<b>\$12,248,800</b>	<b>112.00</b>	<b>112.00</b>	<b>\$25,306,600</b>	<b>\$24,489,700</b>	<b>(\$816,900)</b>	<b>-3.23%</b>
L	\$736,790	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%

**Agency Total by Program**

**566 Revenue, Department of**

**1315 Biennial Budget**

S	\$10,917,936	\$12,653,300	\$12,240,900	\$12,248,800	112.00	112.00	\$25,306,600	\$24,489,700	(\$816,900)	-3.23%
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**Agency Total by Program**

566 Revenue, Department of

1315 Biennial Budget

Source of Funds	ANNUAL SUMMARY						BIENNIAL SUMMARY			
	Prior Year Actual	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
<b>03 ADMINISTRATIVE SERVICES AND SPACE RENTAL</b>										
<b>Non Federal</b>										
<b>GPR</b>	\$27,727,875	\$31,256,900	\$28,741,800	\$28,834,600	176.00	176.00	\$62,513,800	\$57,576,400	(\$4,937,400)	-7.90%
S	\$27,727,875	\$31,256,900	\$28,741,800	\$28,834,600	176.00	176.00	\$62,513,800	\$57,576,400	(\$4,937,400)	-7.90%
<b>PR</b>	\$1,288,126	\$3,244,400	\$3,213,200	\$3,211,800	1.15	1.15	\$6,488,800	\$6,425,000	(\$63,800)	-0.98%
S	\$1,288,126	\$3,244,400	\$3,213,200	\$3,211,800	1.15	1.15	\$6,488,800	\$6,425,000	(\$63,800)	-0.98%
<b>Total - Non Federal</b>	\$29,016,001	\$34,501,300	\$31,955,000	\$32,046,400	177.15	177.15	\$69,002,600	\$64,001,400	(\$5,001,200)	-7.25%
S	\$29,016,001	\$34,501,300	\$31,955,000	\$32,046,400	177.15	177.15	\$69,002,600	\$64,001,400	(\$5,001,200)	-7.25%
<b>PGM 03 Total</b>	\$29,016,001	\$34,501,300	\$31,955,000	\$32,046,400	177.15	177.15	\$69,002,600	\$64,001,400	(\$5,001,200)	-7.25%
<b>GPR</b>	\$27,727,875	\$31,256,900	\$28,741,800	\$28,834,600	176.00	176.00	\$62,513,800	\$57,576,400	(\$4,937,400)	-7.90%
S	\$27,727,875	\$31,256,900	\$28,741,800	\$28,834,600	176.00	176.00	\$62,513,800	\$57,576,400	(\$4,937,400)	-7.90%
<b>PR</b>	\$1,288,126	\$3,244,400	\$3,213,200	\$3,211,800	1.15	1.15	\$6,488,800	\$6,425,000	(\$63,800)	-0.98%
S	\$1,288,126	\$3,244,400	\$3,213,200	\$3,211,800	1.15	1.15	\$6,488,800	\$6,425,000	(\$63,800)	-0.98%
<b>TOTAL 03</b>	\$29,016,001	\$34,501,300	\$31,955,000	\$32,046,400	177.15	177.15	\$69,002,600	\$64,001,400	(\$5,001,200)	-7.25%
S	\$29,016,001	\$34,501,300	\$31,955,000	\$32,046,400	177.15	177.15	\$69,002,600	\$64,001,400	(\$5,001,200)	-7.25%



**Agency Total by Program**

566 Revenue, Department of

1315 Biennial Budget

Source of Funds	ANNUAL SUMMARY						BIENNIAL SUMMARY			
	Prior Year Actual	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
<b>08 LOTTERY</b>										
<b>Non Federal</b>										
<b>SEG</b>	<b>\$395,347,204</b>	<b>\$66,260,600</b>	<b>\$69,990,500</b>	<b>\$70,005,500</b>	<b>79.95</b>	<b>79.95</b>	<b>\$132,521,200</b>	<b>\$139,996,000</b>	<b>\$7,474,800</b>	<b>5.64%</b>
A	\$323,594,861	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
S	\$71,752,343	\$66,260,600	\$69,990,500	\$70,005,500	79.95	79.95	\$132,521,200	\$139,996,000	\$7,474,800	5.64%
<b>Total - Non Federal</b>	<b>\$395,347,204</b>	<b>\$66,260,600</b>	<b>\$69,990,500</b>	<b>\$70,005,500</b>	<b>79.95</b>	<b>79.95</b>	<b>\$132,521,200</b>	<b>\$139,996,000</b>	<b>\$7,474,800</b>	<b>5.64%</b>
A	\$323,594,861	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
S	\$71,752,343	\$66,260,600	\$69,990,500	\$70,005,500	79.95	79.95	\$132,521,200	\$139,996,000	\$7,474,800	5.64%
<b>PGM 08 Total</b>	<b>\$395,347,204</b>	<b>\$66,260,600</b>	<b>\$69,990,500</b>	<b>\$70,005,500</b>	<b>79.95</b>	<b>79.95</b>	<b>\$132,521,200</b>	<b>\$139,996,000</b>	<b>\$7,474,800</b>	<b>5.64%</b>
<b>SEG</b>	<b>\$395,347,204</b>	<b>\$66,260,600</b>	<b>\$69,990,500</b>	<b>\$70,005,500</b>	<b>79.95</b>	<b>79.95</b>	<b>\$132,521,200</b>	<b>\$139,996,000</b>	<b>\$7,474,800</b>	<b>5.64%</b>
A	\$323,594,861	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
S	\$71,752,343	\$66,260,600	\$69,990,500	\$70,005,500	79.95	79.95	\$132,521,200	\$139,996,000	\$7,474,800	5.64%
<b>TOTAL 08</b>	<b>\$395,347,204</b>	<b>\$66,260,600</b>	<b>\$69,990,500</b>	<b>\$70,005,500</b>	<b>79.95</b>	<b>79.95</b>	<b>\$132,521,200</b>	<b>\$139,996,000</b>	<b>\$7,474,800</b>	<b>5.64%</b>
A	\$323,594,861	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
S	\$71,752,343	\$66,260,600	\$69,990,500	\$70,005,500	79.95	79.95	\$132,521,200	\$139,996,000	\$7,474,800	5.64%
<b>Agency Total</b>	<b>\$492,078,826</b>	<b>\$176,023,900</b>	<b>\$171,561,100</b>	<b>\$171,710,100</b>	<b>1,023.13</b>	<b>1,023.13</b>	<b>\$352,047,800</b>	<b>\$343,271,200</b>	<b>(\$8,776,600)</b>	<b>-2.49%</b>

# Agency Total by Decision Item

Department of Revenue

1315 Biennial Budget

Decision Item	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
2000 Adjusted Base Funding Level	\$176,023,900	\$176,023,900	1,052.08	1,052.08
3001 Turnover Reduction	(\$1,580,200)	(\$1,580,200)	0.00	0.00
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	(\$2,382,000)	(\$2,382,000)	0.00	0.00
3005 Reclassifications and Semiautomatic Pay Progression	\$138,800	\$172,500	0.00	0.00
3010 Full Funding of Lease and Directed Moves Costs	\$144,000	\$259,300	0.00	0.00
3011 Minor Transfers Within the Same Alpha Appropriation	\$0	\$0	0.00	0.00
3500 Permanent GPR Reductions	(\$4,440,200)	(\$4,440,200)	(28.95)	(28.95)
5000 Minor Transfers Between Appropriations	\$0	\$0	0.00	0.00
6090 Lottery Sum Sufficient Adjustments	\$3,656,800	\$3,656,800	0.00	0.00
<b>TOTAL</b>	<b>\$171,561,100</b>	<b>\$171,710,100</b>	<b>1,023.13</b>	<b>1,023.13</b>

# GPR Earned

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
DATE	August 27, 2012	

Revenue	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$0	\$0	\$0	\$0
Refund-Prior Year Expenditures (9430)	\$1,600	\$1,000	\$1,000	\$1,000
Recovery-Prior Year Homestead (9563)	\$1,666,000	\$100,000	\$100,000	\$100,000
Recovery-Prior Year Farmland (9549)	\$3,216,400	\$100,000	\$100,000	\$100,000
Miscellaneous Revenues (9200)	\$60,200	\$10,000	\$10,000	\$10,000
Expo Tax Interest, Penalties & Fees (9306)	\$202,900	\$50,000	\$50,000	\$50,000
Delinquent Collection Fees (8342)	\$12,318,400	\$11,500,000	\$11,500,000	\$11,500,000
Other Revenues	\$8,200	\$0	\$0	\$0
Executive Budget Lapses	\$1,460,500	\$1,188,300	\$1,383,400	\$1,383,400
20.566(1)(ha) Lapse	\$313,900	\$551,400	\$290,100	\$325,300
20.566(1)(g) Lapse	\$1,914,900	\$2,060,200	\$1,685,800	\$1,757,200
20.566(1)(gb) Lapse	\$247,100	\$66,400	\$220,500	\$0
20.566(1)(h) Lapse	\$2,554,900	\$1,197,500	\$930,700	\$918,300
Targeted Tax Collection (ICE, Appn 120)	\$26,258,000	\$9,808,100	\$9,821,100	\$9,820,200
Financial Record Matching (Appn 139)	\$30,704,900	\$31,530,900	\$29,489,900	\$29,482,200
<b>Total</b>	<b>\$80,927,900</b>	<b>\$58,163,800</b>	<b>\$55,582,500</b>	<b>\$55,447,600</b>

# GPR Earned

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	02	State and local finance
DATE	August 27, 2012	

Revenue	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$0	\$0	\$0	\$0
Fees-Manufacturing Assessment Appeals (7721)	\$5,800	\$1,000	\$1,000	\$1,000
Fees-70.85 Chargebacks (8347)	\$8,500	\$5,000	\$5,000	\$5,000
General Licenses and Permits (7000)	\$5,500	\$1,000	\$1,000	\$1,000
Manufacturing Forfeiture and Penalties (9300)	\$212,700	\$100,000	\$100,000	\$100,000
Utility Tax Interest and Penalties (6390)	\$6,100	\$6,100	\$400	\$400
Refund-Prior Year Expenditures (9430)	\$100	\$200	\$200	\$200
Manufacturing Penalty Interest (8900)	\$100	\$100	\$100	\$100
Miscellaneous (8035)	\$300	\$300	\$300	\$300
Services (8200)	\$4,900	\$0	\$0	\$0
<b>Total</b>	<b>\$244,000</b>	<b>\$113,700</b>	<b>\$108,000</b>	<b>\$108,000</b>

# GPR Earned

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	03	Administrative services and space rental
DATE	August 27, 2012	

Revenue	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$0	\$0	\$0	\$0
Refund-Prior Year Expenditures (9430)	\$28,500	\$0	\$0	\$0
Services (8200)	\$700	\$0	\$0	\$0
Miscellaneous (9200)	\$200	\$0	\$0	\$0
Coping Sales (8030)	\$200	\$0	\$0	\$0
<b>Total</b>	<b>\$29,600</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	19	Admin liquor tax special agent

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$210,300</b>	<b>\$189,700</b>	<b>\$274,800</b>
Permit Revenues	\$210,500	\$67,200	\$163,200	\$67,200
<b>Total Revenue</b>	<b>\$210,500</b>	<b>\$277,500</b>	<b>\$352,900</b>	<b>\$342,000</b>
<b>Expenditures</b>	<b>\$200</b>	<b>\$87,800</b>	<b>\$0</b>	<b>\$0</b>
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$4,000	\$4,000
2000 Adjusted Base Funding Level	\$0	\$0	\$87,800	\$87,800
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$9,700)	(\$9,700)
Compensation Reserve	\$0	\$0	\$900	\$1,800
Health Insurance Reserves	\$0	\$0	\$2,300	\$4,100
Variable Fringe	\$0	\$0	\$200	\$300
<b>Total Expenditures</b>	<b>\$200</b>	<b>\$87,800</b>	<b>\$85,500</b>	<b>\$88,300</b>
<b>Closing Balance</b>	<b>\$210,300</b>	<b>\$189,700</b>	<b>\$267,400</b>	<b>\$253,700</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	20	Targeted tax collection

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$26,420,200	\$10,000,000	\$10,000,000	\$10,000,000
<b>Total Revenue</b>	<b>\$26,420,200</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>
<b>Expenditures</b>	<b>\$26,420,200</b>	<b>\$10,000,000</b>	<b>\$0</b>	<b>\$0</b>
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$0	\$900
5000 Minor Transfers Between Appropriations	\$0	\$0	(\$1,500)	(\$1,500)
2000 Adjusted Base Funding Level	\$0	\$0	\$141,500	\$141,500
Compensation Reserve	\$0	\$0	\$0	\$0
Health Insurance Reserves	\$0	\$0	\$0	\$0
Executive Budget Lapse	\$0	\$0	\$38,900	\$38,900
Lapse GPR Earned	\$0	\$0	\$9,821,100	\$9,820,200
<b>Total Expenditures</b>	<b>\$26,420,200</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	21	Gifts and grants

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$13,900</b>	<b>\$12,400</b>	<b>\$9,500</b>	<b>\$9,500</b>
Revenues	\$2,100	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$16,000</b>	<b>\$12,400</b>	<b>\$9,500</b>	<b>\$9,500</b>
Expenditures	\$3,600	\$2,900	\$0	\$0
<b>Total Expenditures</b>	<b>\$3,600</b>	<b>\$2,900</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Closing Balance</u></b>	<b>\$12,400</b>	<b>\$9,500</b>	<b>\$9,500</b>	<b>\$9,500</b>



# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	22	Administration of local professional football stadium districts

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$327,500	\$336,400	\$345,500	\$355,000
<b>Total Revenue</b>	<b>\$327,500</b>	<b>\$336,400</b>	<b>\$345,500</b>	<b>\$355,000</b>
<b>Expenditures</b>	<b>\$327,500</b>	<b>\$336,400</b>	<b>\$0</b>	<b>\$0</b>
3005 Reclassifications and Semiautomatic Pay Progression	\$0	\$0	\$1,700	\$1,700
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$0	\$1,000
5000 Minor Transfers Between Appropriations	\$0	\$0	(\$2,500)	(\$2,500)
2000 Adjusted Base Funding Level	\$0	\$0	\$111,800	\$111,800
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$1,000)	(\$1,000)
Compensation Reserve	\$0	\$0	\$800	\$1,600
Health Insurance Reserves	\$0	\$0	\$1,700	\$3,600
Variable Fringe	\$0	\$0	\$100	\$200
PR Cash Lapse	\$0	\$0	\$232,900	\$238,600
<b>Total Expenditures</b>	<b>\$327,500</b>	<b>\$336,400</b>	<b>\$345,500</b>	<b>\$355,000</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	23	Administration of special district taxes

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$395,800	\$406,600	\$417,600	\$429,000
<b>Total Revenue</b>	<b>\$395,800</b>	<b>\$406,600</b>	<b>\$417,600</b>	<b>\$429,000</b>
<b>Expenditures</b>	<b>\$395,800</b>	<b>\$406,600</b>	<b>\$0</b>	<b>\$0</b>
3005 Reclassifications and Semiautomatic Pay Progression	\$0	\$0	\$3,800	\$3,800
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$0	\$500
5000 Minor Transfers Between Appropriations	\$0	\$0	(\$2,000)	(\$2,000)
2000 Adjusted Base Funding Level	\$0	\$0	\$443,800	\$443,800
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$3,700)	(\$3,700)
Compensation Reserve	\$0	\$0	\$4,300	\$8,700
Health Insurance Reserves	\$0	\$0	\$3,000	\$6,300
Variable Fringe	\$0	\$0	\$700	\$1,400
Deficit Prevention	\$0	\$0	(\$32,300)	(\$29,800)
<b>Total Expenditures</b>	<b>\$395,800</b>	<b>\$406,600</b>	<b>\$417,600</b>	<b>\$429,000</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	24	Business tax registration

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$122,100</b>	<b>\$142,700</b>	<b>\$150,400</b>	<b>\$158,200</b>
Revenues	\$2,024,500	\$1,812,800	\$2,044,700	\$1,830,900
<b>Total Revenue</b>	<b>\$2,146,600</b>	<b>\$1,955,500</b>	<b>\$2,195,100</b>	<b>\$1,989,100</b>
<b>Expenditures</b>	<b>\$2,003,900</b>	<b>\$1,805,100</b>	<b>\$0</b>	<b>\$0</b>
3005 Reclassifications and Semiautomatic Pay Progression	\$0	\$0	\$38,400	\$38,400
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$0	\$500
5000 Minor Transfers Between Appropriations	\$0	\$0	(\$14,700)	(\$14,700)
2000 Adjusted Base Funding Level	\$0	\$0	\$1,503,900	\$1,503,900
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$19,600	\$19,600
Compensation Reserve	\$0	\$0	\$15,200	\$30,700
Health Insurance Reserves	\$0	\$0	\$16,700	\$18,300
Variable Fringe	\$0	\$0	\$2,500	\$5,000
Executive Budget Lapse	\$0	\$0	\$234,800	\$234,800
Lapse GPR Earned	\$0	\$0	\$220,500	\$0
<b>Total Expenditures</b>	<b>\$2,003,900</b>	<b>\$1,805,100</b>	<b>\$2,036,900</b>	<b>\$1,836,500</b>
<b>Closing Balance</b>	<b>\$142,700</b>	<b>\$150,400</b>	<b>\$158,200</b>	<b>\$152,600</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	25	MTC audit program

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$234,400	\$234,400	\$234,400	\$234,400
<b>Total Revenue</b>	<b>\$234,400</b>	<b>\$234,400</b>	<b>\$234,400</b>	<b>\$234,400</b>
<b>Expenditures</b>	<b>\$234,400</b>	<b>\$234,400</b>	<b>\$0</b>	<b>\$0</b>
2000 Adjusted Base Funding Level	\$0	\$0	\$58,300	\$58,300
AP Increase	\$0	\$0	\$176,100	\$176,100
<b>Total Expenditures</b>	<b>\$234,400</b>	<b>\$234,400</b>	<b>\$234,400</b>	<b>\$234,400</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	26	Administration of local taxes

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$672,400	\$690,600	\$709,300	\$728,700
<b>Total Revenue</b>	<b>\$672,400</b>	<b>\$690,600</b>	<b>\$709,300</b>	<b>\$728,700</b>
<b>Expenditures</b>	<b>\$672,400</b>	<b>\$690,600</b>	<b>\$0</b>	<b>\$0</b>
5000 Minor Transfers Between Appropriations	\$0	\$0	(\$2,000)	(\$2,000)
2000 Adjusted Base Funding Level	\$0	\$0	\$116,300	\$116,300
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$100)	(\$100)
Compensation Reserve	\$0	\$0	\$1,100	\$2,300
Health Insurance Reserves	\$0	\$0	\$1,600	\$3,300
Variable Fringe	\$0	\$0	\$200	\$400
PR Cash Lapse	\$0	\$0	\$592,200	\$608,500
<b>Total Expenditures</b>	<b>\$672,400</b>	<b>\$690,600</b>	<b>\$709,300</b>	<b>\$728,700</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	27	Cigarette tax stamps

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$241,200	\$262,400	\$262,400	\$262,400
<b>Total Revenue</b>	<b>\$241,200</b>	<b>\$262,400</b>	<b>\$262,400</b>	<b>\$262,400</b>
<b>Expenditures</b>	<b>\$241,200</b>	<b>\$262,400</b>	<b>\$0</b>	<b>\$0</b>
2000 Adjusted Base Funding Level	\$0	\$0	\$262,400	\$262,400
<b>Total Expenditures</b>	<b>\$241,200</b>	<b>\$262,400</b>	<b>\$262,400</b>	<b>\$262,400</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	28	Ambulatory surgical center assessment

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$88,300</b>	<b>\$83,500</b>	<b>\$83,500</b>	<b>\$26,700</b>
Revenues	\$83,500	\$83,500	\$83,500	\$83,500
<b>Total Revenue</b>	<b>\$171,800</b>	<b>\$167,000</b>	<b>\$167,000</b>	<b>\$110,200</b>
<b>Expenditures</b>	<b>\$88,300</b>	<b>\$83,500</b>	<b>\$0</b>	<b>\$0</b>
2000 Adjusted Base Funding Level	\$0	\$0	\$110,200	\$110,200
Executive Budget Lapse	\$0	\$0	\$30,100	\$0
<b>Total Expenditures</b>	<b>\$88,300</b>	<b>\$83,500</b>	<b>\$140,300</b>	<b>\$110,200</b>
<b>Closing Balance</b>	<b>\$83,500</b>	<b>\$83,500</b>	<b>\$26,700</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	29	Administration of income tax checkoff voluntary payments

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$28,200	\$27,600	\$28,300	\$28,300
<b>Total Revenue</b>	<b>\$28,200</b>	<b>\$27,600</b>	<b>\$28,300</b>	<b>\$28,300</b>
<b>Expenditures</b>	<b>\$28,200</b>	<b>\$27,600</b>	<b>\$0</b>	<b>\$0</b>
2000 Adjusted Base Funding Level	\$0	\$0	\$27,600	\$27,600
Executive Budget Lapse	\$0	\$0	\$700	\$700
<b>Total Expenditures</b>	<b>\$28,200</b>	<b>\$27,600</b>	<b>\$28,300</b>	<b>\$28,300</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	30	Administration of county sales and use taxes

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$5,280,200	\$5,423,400	\$5,570,400	\$5,722,900
<b>Total Revenue</b>	<b>\$5,280,200</b>	<b>\$5,423,400</b>	<b>\$5,570,400</b>	<b>\$5,722,900</b>
<b>Expenditures</b>	<b>\$5,280,200</b>	<b>\$5,423,400</b>	<b>\$0</b>	<b>\$0</b>
3005 Reclassifications and Semiautomatic Pay Progression	\$0	\$0	\$26,800	\$31,500
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$6,400	\$9,200
5000 Minor Transfers Between Appropriations	\$0	\$0	\$3,100	\$3,100
2000 Adjusted Base Funding Level	\$0	\$0	\$3,363,200	\$3,363,200
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$4,000	\$4,000
Executive Budget Lapse	\$0	\$0	\$420,500	\$420,500
Compensation Reserve	\$0	\$0	\$29,400	\$59,400
Health Insurance Reserves	\$0	\$0	\$31,200	\$65,400
Variable Fringe	\$0	\$0	\$0	\$9,400
PR Cash Lapse	\$0	\$0	\$1,685,800	\$1,757,200
<b>Total Expenditures</b>	<b>\$5,280,200</b>	<b>\$5,423,400</b>	<b>\$5,570,400</b>	<b>\$5,722,900</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	31	Administration of liquor tax and alcohol beverages enforcement

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$107,600</b>	<b>\$104,300</b>	<b>\$103,300</b>	<b>\$112,100</b>
Wine Direct Shipper Permit	\$92,300	\$92,300	\$84,200	\$84,200
Liquor Tax Administration Fee	\$1,470,700	\$1,491,000	\$1,546,200	\$1,608,100
<b>Total Revenue</b>	<b>\$1,670,600</b>	<b>\$1,687,600</b>	<b>\$1,733,700</b>	<b>\$1,804,400</b>
<b>Expenditures</b>	<b>\$1,566,300</b>	<b>\$1,584,300</b>	<b>\$0</b>	<b>\$0</b>
Compensation Reserve	\$0	\$0	\$11,000	\$22,200
Health Insurance Reserves	\$0	\$0	\$10,700	\$22,400
Variable Fringe	\$0	\$0	\$1,700	\$3,500
PR Cash Lapse	\$0	\$0	\$290,100	\$325,300
3005 Reclassifications and Semiautomatic Pay Progression	\$0	\$0	\$21,900	\$28,700
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$0	\$800
5000 Minor Transfers Between Appropriations	\$0	\$0	\$99,200	\$99,200
2000 Adjusted Base Funding Level	\$0	\$0	\$1,032,900	\$1,032,900
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$56,800)	(\$56,800)
Executive Budget Lapse	\$0	\$0	\$210,900	\$210,900
<b>Total Expenditures</b>	<b>\$1,566,300</b>	<b>\$1,584,300</b>	<b>\$1,621,600</b>	<b>\$1,689,100</b>
<b>Closing Balance</b>	<b>\$104,300</b>	<b>\$103,300</b>	<b>\$112,100</b>	<b>\$115,300</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	32	Debt collection

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Refund Intercept Revenues	\$2,277,200	\$1,700,000	\$1,700,000	\$1,700,000
Statewide Debt Collection Revenues	\$1,070,900	\$890,900	\$890,900	\$890,900
<b>Total Revenue</b>	<b>\$3,348,100</b>	<b>\$2,590,900</b>	<b>\$2,590,900</b>	<b>\$2,590,900</b>
<b>Expenditures</b>	<b>\$3,348,100</b>	<b>\$2,590,900</b>	<b>\$0</b>	<b>\$0</b>
3005 Reclassifications and Semiautomatic Pay Progression	\$0	\$0	\$3,400	\$3,400
5000 Minor Transfers Between Appropriations	\$0	\$0	(\$1,500)	(\$1,500)
2000 Adjusted Base Funding Level	\$0	\$0	\$813,300	\$813,300
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$2,800)	(\$2,800)
Compensation Reserve	\$0	\$0	\$5,000	\$10,000
Health Insurance Reserves	\$0	\$0	\$8,800	\$15,400
Variable Fringe	\$0	\$0	\$800	\$1,600
S.16515/505 Request	\$0	\$0	\$455,200	\$455,200
Executive Budget Lapse	\$0	\$0	\$378,000	\$378,000
Lapse GPR-Earned	\$0	\$0	\$930,700	\$918,300
<b>Total Expenditures</b>	<b>\$3,348,100</b>	<b>\$2,590,900</b>	<b>\$2,590,900</b>	<b>\$2,590,900</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	33	Collections under contracts

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$210,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$46,500	\$357,300	\$357,300	\$357,300
<b>Total Revenue</b>	<b>\$257,000</b>	<b>\$357,300</b>	<b>\$357,300</b>	<b>\$357,300</b>
<b>Expenditures</b>	<b>\$257,000</b>	<b>\$357,300</b>	<b>\$0</b>	<b>\$0</b>
2000 Adjusted Base Funding Level	\$0	\$0	\$357,300	\$357,300
<b>Total Expenditures</b>	<b>\$257,000</b>	<b>\$357,300</b>	<b>\$357,300</b>	<b>\$357,300</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	35	Administration of resort tax

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$188,400	\$193,500	\$198,700	\$204,200
<b>Total Revenue</b>	<b>\$188,400</b>	<b>\$193,500</b>	<b>\$198,700</b>	<b>\$204,200</b>
<b>Expenditures</b>	<b>\$188,400</b>	<b>\$193,500</b>	<b>\$0</b>	<b>\$0</b>
2000 Adjusted Base Funding Level	\$0	\$0	\$69,300	\$69,300
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$200)	(\$200)
Compensation Reserve	\$0	\$0	\$200	\$400
Health Insurance Reserves	\$0	\$0	\$400	\$500
Variable Fringe	\$0	\$0	\$100	\$200
PR Cash Lapse	\$0	\$0	\$128,900	\$134,000
<b>Total Expenditures</b>	<b>\$188,400</b>	<b>\$193,500</b>	<b>\$198,700</b>	<b>\$204,200</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	37	Collections under multistate streamlined sales tax

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$25,800	\$40,000	\$40,000	\$40,000
<b>Total Revenue</b>	<b>\$25,800</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$40,000</b>
<b>Expenditures</b>	<b>\$25,800</b>	<b>\$40,000</b>	<b>\$0</b>	<b>\$0</b>
2000 Adjusted Base Funding Level	\$0	\$0	\$40,000	\$40,000
<b>Total Expenditures</b>	<b>\$25,800</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$40,000</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	01	Collection of taxes
SUBPROGRAM		
NUMERIC APPROPRIATION	39	Collections from the financial record matching program

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$31,144,100	\$32,000,000	\$30,000,000	\$30,000,000
<b>Total Revenue</b>	<b>\$31,144,100</b>	<b>\$32,000,000</b>	<b>\$30,000,000</b>	<b>\$30,000,000</b>
<b>Expenditures</b>	<b>\$31,144,100</b>	<b>\$32,000,000</b>	<b>\$0</b>	<b>\$0</b>
3005 Reclassifications and Semiautomatic Pay Progression	\$0	\$0	\$3,400	\$6,900
5000 Minor Transfers Between Appropriations	\$0	\$0	(\$900)	(\$900)
2000 Adjusted Base Funding Level	\$0	\$0	\$469,100	\$469,100
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$600)	(\$600)
Compensation Reserve	\$0	\$0	\$2,200	\$4,600
Health Insurance Reserves	\$0	\$0	\$3,900	\$4,300
Variable Fringe	\$0	\$0	\$400	\$800
Executive Budget Lapse	\$0	\$0	\$33,600	\$33,600
Lapse GPR-Earned	\$0	\$0	\$29,488,900	\$29,482,200
<b>Total Expenditures</b>	<b>\$31,144,100</b>	<b>\$32,000,000</b>	<b>\$30,000,000</b>	<b>\$30,000,000</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	02	State and local finance
SUBPROGRAM		
NUMERIC APPROPRIATION	30	Municipal financial report compliance

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>
Revenues	\$0	\$34,500	\$34,500	\$34,500
<b>Total Revenue</b>	<b>\$200</b>	<b>\$34,700</b>	<b>\$34,700</b>	<b>\$34,700</b>
<b>Expenditures</b>	<b>\$0</b>	<b>\$34,500</b>	<b>\$0</b>	<b>\$0</b>
2000 Adjusted Base Funding Level	\$0	\$0	\$34,500	\$34,500
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$34,500</b>	<b>\$34,500</b>	<b>\$34,500</b>
<b>Closing Balance</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>



# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	02	State and local finance
SUBPROGRAM		
NUMERIC APPROPRIATION	31	Manufacturing property assessment

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$14,800</b>	<b>\$133,300</b>	<b>\$8,300</b>	<b>\$8,300</b>
Revenues	\$1,071,800	\$1,140,400	\$1,092,300	\$1,121,900
<b>Total Revenue</b>	<b>\$1,086,600</b>	<b>\$1,273,700</b>	<b>\$1,100,600</b>	<b>\$1,130,200</b>
<b>Expenditures</b>	<b>\$953,300</b>	<b>\$1,265,400</b>	<b>\$0</b>	<b>\$0</b>
3005 Reclassifications and Semiautomatic Pay Progression	\$0	\$0	\$30,400	\$30,400
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$1,000	\$1,800
5000 Minor Transfers Between Appropriations	\$0	\$0	\$12,800	\$12,800
2000 Adjusted Base Funding Level	\$0	\$0	\$1,140,400	\$1,140,400
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$119,800)	(\$119,800)
Compensation Reserve	\$0	\$0	\$13,800	\$27,800
Health Insurance Reserves	\$0	\$0	\$11,500	\$24,100
Variable Fringe	\$0	\$0	\$2,200	\$4,400
<b>Total Expenditures</b>	<b>\$953,300</b>	<b>\$1,265,400</b>	<b>\$1,092,300</b>	<b>\$1,121,900</b>
<b>Closing Balance</b>	<b>\$133,300</b>	<b>\$8,300</b>	<b>\$8,300</b>	<b>\$8,300</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	02	State and local finance
SUBPROGRAM		
NUMERIC APPROPRIATION	34	Administration of TID

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$30,300</b>	<b>\$68,800</b>	<b>\$54,200</b>	<b>\$58,100</b>
Revenues	\$238,800	\$240,000	\$241,500	\$245,000
<b>Total Revenue</b>	<b>\$269,100</b>	<b>\$308,800</b>	<b>\$295,700</b>	<b>\$303,100</b>
<b>Expenditures</b>	<b>\$200,300</b>	<b>\$254,600</b>	<b>\$0</b>	<b>\$0</b>
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$200	\$700
5000 Minor Transfers Between Appropriations	\$0	\$0	\$10,700	\$10,700
2000 Adjusted Base Funding Level	\$0	\$0	\$151,700	\$151,700
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$5,100	\$5,100
Compensation Reserve	\$0	\$0	\$2,200	\$4,500
Health Insurance Reserves	\$0	\$0	\$3,200	\$5,600
Variable Fringe	\$0	\$0	\$400	\$700
Supplies and Services	\$0	\$0	\$14,100	\$14,100
Executive Budget Lapse	\$0	\$0	\$50,000	\$50,000
<b>Total Expenditures</b>	<b>\$200,300</b>	<b>\$254,600</b>	<b>\$237,600</b>	<b>\$243,100</b>
<b>Closing Balance</b>	<b>\$68,800</b>	<b>\$54,200</b>	<b>\$58,100</b>	<b>\$60,000</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	03	Administrative services and space rental
SUBPROGRAM		
NUMERIC APPROPRIATION	25	Internal services

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>(\$33,500)</b>	<b>(\$138,000)</b>	<b>\$0</b>	<b>\$0</b>
Revenues	\$1,179,100	\$3,221,700	\$3,088,400	\$3,091,600
<b>Total Revenue</b>	<b>\$1,145,600</b>	<b>\$3,083,700</b>	<b>\$3,088,400</b>	<b>\$3,091,600</b>
<b>Expenditures</b>	<b>\$1,283,600</b>	<b>\$3,083,700</b>	<b>\$0</b>	<b>\$0</b>
Compensation Reserve	\$0	\$0	\$1,400	\$2,800
Health Insurance Reserves	\$0	\$0	\$1,600	\$3,200
Variable Fringe	\$0	\$0	\$200	\$400
2000 Adjusted Base Funding Level	\$0	\$0	\$3,083,700	\$3,083,700
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$1,500	\$1,500
<b>Total Expenditures</b>	<b>\$1,283,600</b>	<b>\$3,083,700</b>	<b>\$3,088,400</b>	<b>\$3,091,600</b>
<b>Closing Balance</b>	<b>(\$138,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	03	Administrative services and space rental
SUBPROGRAM		
NUMERIC APPROPRIATION	31	Services

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$78,800</b>	<b>\$82,800</b>	<b>\$82,800</b>	<b>\$66,800</b>
Revenues	\$8,200	\$85,300	\$85,400	\$85,400
<b>Total Revenue</b>	<b>\$87,000</b>	<b>\$168,100</b>	<b>\$168,200</b>	<b>\$152,200</b>
<b>Expenditures</b>	<b>\$4,200</b>	<b>\$85,300</b>	<b>\$0</b>	<b>\$0</b>
2000 Adjusted Base Funding Level	\$0	\$0	\$85,300	\$85,300
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$100	\$100
Executive Budget Lapse	\$0	\$0	\$16,000	\$16,000
<b>Total Expenditures</b>	<b>\$4,200</b>	<b>\$85,300</b>	<b>\$101,400</b>	<b>\$101,400</b>
<b>Closing Balance</b>	<b>\$82,800</b>	<b>\$82,800</b>	<b>\$66,800</b>	<b>\$50,800</b>

# Program Revenue

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
PROGRAM	03	Administrative services and space rental
SUBPROGRAM		
NUMERIC APPROPRIATION	32	Reciprocity agreement and publications

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$100</b>	<b>\$300</b>	<b>\$300</b>	<b>\$300</b>
Revenues	\$500	\$75,400	\$37,900	\$37,900
<b>Total Revenue</b>	<b>\$600</b>	<b>\$75,700</b>	<b>\$38,200</b>	<b>\$38,200</b>
<b>Expenditures</b>	<b>\$300</b>	<b>\$75,400</b>	<b>\$0</b>	<b>\$0</b>
2000 Adjusted Base Funding Level	\$0	\$0	\$75,400	\$75,400
5000 Minor Transfers Between Appropriations	\$0	\$0	(\$37,500)	(\$37,500)
<b>Total Expenditures</b>	<b>\$300</b>	<b>\$75,400</b>	<b>\$37,900</b>	<b>\$37,900</b>
<b>Closing Balance</b>	<b>\$300</b>	<b>\$300</b>	<b>\$300</b>	<b>\$300</b>

# Segregated Funds Revenue and Balances Statement

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
NUMERIC APPROPRIATION		
PROGRAM		
SUBPROGRAM		
WiSMART FUND		

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0	\$0
<u>Closing Balance</u>	\$0	\$0	\$0	\$0

# Segregated Funds Revenue and Balances Statement

1315 Biennial Budget

CODES	TITLES
DEPARTMENT 566	Department of Revenue
NUMERIC APPROPRIATION	
PROGRAM	
SUBPROGRAM	
WiSMART FUND 521	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$23,919,000</b>	<b>\$25,989,200</b>	<b>\$10,168,900</b>	<b>\$10,168,300</b>
Ticket Sales	\$547,640,700	\$508,352,800	\$508,352,800	\$508,352,800
Retailer Fees and Misc Revenue	\$64,100	\$91,200	\$63,800	\$63,800
Operating Transfers In	\$102,300	\$102,300	\$102,300	\$102,300
Interest Earnings	\$85,600	\$100,300	\$103,400	\$116,000
<b>Total Revenue</b>	<b>\$571,811,700</b>	<b>\$534,635,800</b>	<b>\$518,791,200</b>	<b>\$518,803,200</b>
<b>Expenditures</b>	<b>\$545,824,800</b>	<b>\$524,466,900</b>	<b>\$0</b>	<b>\$0</b>
	\$0	\$0	\$508,623,000	\$508,634,900
<b>Total Expenditures</b>	<b>\$545,824,800</b>	<b>\$524,466,900</b>	<b>\$508,623,000</b>	<b>\$508,634,900</b>
<b>Closing Balance</b>	<b>\$25,986,900</b>	<b>\$10,168,900</b>	<b>\$10,168,200</b>	<b>\$10,168,300</b>

# Segregated Funds Revenue and Balances Statement

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
NUMERIC APPROPRIATION	61	Motor fuel tax administration
PROGRAM	01	Collection of taxes
SUBPROGRAM		
WISMART FUND	211	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
From Transportation	\$1,327,600	\$1,529,300	\$1,646,700	\$1,699,800
<b>Total Revenue</b>	<b>\$1,327,600</b>	<b>\$1,529,300</b>	<b>\$1,646,700</b>	<b>\$1,699,800</b>
<b>Expenditures</b>	<b>\$1,327,600</b>	<b>\$1,529,300</b>	<b>\$0</b>	<b>\$0</b>
3005 Reclassifications and Semiautomatic Pay Progression	\$0	\$0	\$11,800	\$23,600
5000 Minor Transfers Between Appropriations	\$0	\$0	(\$8,000)	(\$8,000)
2000 Adjusted Base Funding Level	\$0	\$0	\$1,529,300	\$1,529,300
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$66,500	\$66,500
Compensation Reserve	\$0	\$0	\$19,300	\$39,000
Health Insurance Reserves	\$0	\$0	\$24,800	\$43,400
Variable Fringe	\$0	\$0	\$3,000	\$6,000
<b>Total Expenditures</b>	<b>\$1,327,600</b>	<b>\$1,529,300</b>	<b>\$1,646,700</b>	<b>\$1,699,800</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



# Segregated Funds Revenue and Balances Statement

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
NUMERIC APPROPRIATION	61	Railroad and air carrier tax administration
PROGRAM	02	State and local finance
SUBPROGRAM		
WISMART FUND	211	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
From Transportation	\$172,500	\$203,600	\$230,600	\$236,600
<b>Total Revenue</b>	<b>\$172,500</b>	<b>\$203,600</b>	<b>\$230,600</b>	<b>\$236,600</b>
<b>Expenditures</b>	<b>\$172,500</b>	<b>\$203,600</b>	<b>\$0</b>	<b>\$0</b>
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$1,300	\$1,800
2000 Adjusted Base Funding Level	\$0	\$0	\$203,600	\$203,600
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$19,400	\$19,400
Compensation Reserve	\$0	\$0	\$2,700	\$5,400
Health Insurance Reserves	\$0	\$0	\$3,200	\$5,600
Variable Fringe	\$0	\$0	\$400	\$800
<b>Total Expenditures</b>	<b>\$172,500</b>	<b>\$203,600</b>	<b>\$230,600</b>	<b>\$236,600</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Segregated Funds Revenue and Balances Statement

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
NUMERIC APPROPRIATION	62	Economic development surcharge
PROGRAM	01	Collection of taxes
SUBPROGRAM		
WISMART FUND	279	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
From Fund 248	\$171,100	\$210,800	\$254,900	\$257,700
<b>Total Revenue</b>	<b>\$171,100</b>	<b>\$210,800</b>	<b>\$254,900</b>	<b>\$257,700</b>
<b>Expenditures</b>	<b>\$171,100</b>	<b>\$210,800</b>	<b>\$0</b>	<b>\$0</b>
3005 Reclassifications and Semiautomatic Pay Progression	\$0	\$0	\$2,800	\$3,400
5000 Minor Transfers Between Appropriations	\$0	\$0	\$23,800	\$23,800
2000 Adjusted Base Funding Level	\$0	\$0	\$210,800	\$210,800
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$15,000	\$15,000
Compensation Reserve	\$0	\$0	\$800	\$1,600
Health Insurance Reserves	\$0	\$0	\$1,600	\$2,800
Variable Fringe	\$0	\$0	\$100	\$300
<b>Total Expenditures</b>	<b>\$171,100</b>	<b>\$210,800</b>	<b>\$254,900</b>	<b>\$257,700</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Segregated Funds Revenue and Balances Statement

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
NUMERIC APPROPRIATION	62	Lottery and gaming credit administration
PROGRAM	02	State and local finance
SUBPROGRAM		
WISMART FUND	521	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
From Lottery	\$158,300	\$276,900	\$290,400	\$300,000
<b>Total Revenue</b>	<b>\$158,300</b>	<b>\$276,900</b>	<b>\$290,400</b>	<b>\$300,000</b>
<b>Expenditures</b>	<b>\$158,300</b>	<b>\$276,900</b>	<b>\$0</b>	<b>\$0</b>
3005 Reclassifications and Semiautomatic Pay Progression	\$0	\$0	\$12,900	\$13,500
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$3,400	\$4,000
2000 Adjusted Base Funding Level	\$0	\$0	\$276,900	\$276,900
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$10,200)	(\$10,200)
Compensation Reserve	\$0	\$0	\$3,000	\$6,000
Health Insurance Reserves	\$0	\$0	\$4,400	\$7,700
Variable Fringe	\$0	\$0	\$0	\$1,000
Space Reserve	\$0	\$0	\$0	\$1,100
<b>Total Expenditures</b>	<b>\$158,300</b>	<b>\$276,900</b>	<b>\$290,400</b>	<b>\$300,000</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Segregated Funds Revenue and Balances Statement

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
NUMERIC APPROPRIATION	63	Petroleum inspection fee collection
PROGRAM	01	Collection of taxes
SUBPROGRAM		
WISMART FUND	272	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
From Petroleum Inspection	\$117,500	\$123,500	\$123,700	\$126,500
<b>Total Revenue</b>	<b>\$117,500</b>	<b>\$123,500</b>	<b>\$123,700</b>	<b>\$126,500</b>
<b>Expenditures</b>	<b>\$117,500</b>	<b>\$123,500</b>	<b>\$0</b>	<b>\$0</b>
5000 Minor Transfers Between Appropriations	\$0	\$0	(\$2,500)	(\$2,500)
2000 Adjusted Base Funding Level	\$0	\$0	\$123,500	\$123,500
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$500)	(\$500)
Compensation Reserve	\$0	\$0	\$1,400	\$2,800
Health Insurance Reserves	\$0	\$0	\$1,600	\$2,800
Variable Fringe	\$0	\$0	\$200	\$400
<b>Total Expenditures</b>	<b>\$117,500</b>	<b>\$123,500</b>	<b>\$123,700</b>	<b>\$126,500</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Segregated Funds Revenue and Balances Statement

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
NUMERIC APPROPRIATION	64	Administration of dry cleaner fees
PROGRAM	01	Collection of taxes
SUBPROGRAM		
WISMART FUND	277	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
From Fund 277	\$13,700	\$18,800	\$18,800	\$18,800
<b>Total Revenue</b>	<b>\$13,700</b>	<b>\$18,800</b>	<b>\$18,800</b>	<b>\$18,800</b>
<b>Expenditures</b>	<b>\$13,700</b>	<b>\$18,800</b>	<b>\$0</b>	<b>\$0</b>
2000 Adjusted Base Funding Level	\$0	\$0	\$18,800	\$18,800
<b>Total Expenditures</b>	<b>\$13,700</b>	<b>\$18,800</b>	<b>\$18,800</b>	<b>\$18,800</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Segregated Funds Revenue and Balances Statement

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	566	Department of Revenue
NUMERIC APPROPRIATION	65	Administration of rental vehicle fee
PROGRAM	01	Collection of taxes
SUBPROGRAM		
WISMART FUND	211	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
<b>Opening Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
From Transportation	\$50,400	\$70,000	\$67,000	\$68,100
<b>Total Revenue</b>	<b>\$50,400</b>	<b>\$70,000</b>	<b>\$67,000</b>	<b>\$68,100</b>
<b>Expenditures</b>	<b>\$50,400</b>	<b>\$70,000</b>	<b>\$0</b>	<b>\$0</b>
3005 Reclassifications and Semiautomatic Pay Progression	\$0	\$0	\$4,200	\$4,200
2000 Adjusted Base Funding Level	\$0	\$0	\$70,000	\$70,000
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$8,500)	(\$8,500)
Compensation Reserve	\$0	\$0	\$400	\$800
Health Insurance Reserves	\$0	\$0	\$800	\$1,400
Variable Fringe	\$0	\$0	\$100	\$200
<b>Total Expenditures</b>	<b>\$50,400</b>	<b>\$70,000</b>	<b>\$67,000</b>	<b>\$68,100</b>
<b>Closing Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Decision Item (DIN) - 2000**

**Decision Item (DIN) Title - Adjusted Base Funding Level**

**NARRATIVE**

Adjusted Base Funding Level

# Decision Item by Line

1315 Biennial Budget

	<b>CODES</b>	<b>TITLES</b>
<b>DEPARTMENT</b>	566	Department of Revenue
	<b>CODES</b>	<b>TITLES</b>
<b>DECISION ITEM</b>	2000	Adjusted Base Funding Level

	<b>Expenditure items</b>	<b>1st Year Cost</b>	<b>2nd Year Cost</b>
01	Permanent Position Salaries	\$58,521,100	\$58,521,100
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$1,470,800	\$1,470,800
05	Fringe Benefits	\$24,120,800	\$24,120,800
06	Supplies and Services	\$52,008,700	\$52,008,700
07	Permanent Property	\$5,719,100	\$5,719,100
08	Unalloted Reserve	\$460,300	\$460,300
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$33,723,100	\$33,723,100
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
<b>17</b>	<b>Total Cost</b>	<b>\$176,023,900</b>	<b>\$176,023,900</b>
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	1,042.08	1,042.08
20	Unclassified Positions Authorized	10.00	10.00



## Decision Item by Numeric

## Department of Revenue

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	<b>2000</b>	<b>Adjusted Base Funding Level</b>			
<b>01</b>	<b>Collection of taxes</b>				
	01 General program operations	\$51,647,600	\$51,647,600	572.73	572.73
	19 Admin liquor tax special agent	\$87,800	\$87,800	1.00	1.00
	20 Targeted tax collection	\$141,500	\$141,500	0.00	0.00
	22 Administration of local professional football stadium districts	\$111,800	\$111,800	1.00	1.00
	23 Administration of special district taxes	\$443,800	\$443,800	4.40	4.40
	24 Business tax registration	\$1,503,900	\$1,503,900	18.10	18.10
	25 MTC audit program	\$58,300	\$58,300	0.00	0.00
	26 Administration of local taxes	\$116,300	\$116,300	1.00	1.00
	27 Cigarette tax stamps	\$262,400	\$262,400	0.00	0.00
	28 Ambulatory surgical center assessment	\$110,200	\$110,200	0.00	0.00
	29 Administration of income tax checkoff voluntary payments	\$27,600	\$27,600	0.00	0.00
	30 Administration of county sales and use taxes	\$3,363,200	\$3,363,200	31.45	31.45
	31 Administration of liquor tax and alcohol beverages enforcement	\$1,032,900	\$1,032,900	8.75	8.75
	32 Debt collection	\$813,300	\$813,300	5.50	5.50
	33 Collections under contracts	\$357,300	\$357,300	0.00	0.00
	35 Administration of resort tax	\$69,300	\$69,300	0.25	0.25
	37 Collections under multistate streamlined sales tax	\$40,000	\$40,000	0.00	0.00
	38 Administration of KRM authority fees	\$0	\$0	0.00	0.00
	39 Collections from the financial record matching program	\$469,100	\$469,100	3.00	3.00
	61 Motor fuel tax administration	\$1,529,300	\$1,529,300	15.50	15.50
	62 Economic development surcharge	\$210,800	\$210,800	1.00	1.00
	63 Petroleum inspection fee collection	\$123,500	\$123,500	1.00	1.00
	64 Administration of dry cleaner fees	\$18,800	\$18,800	0.00	0.00
	65 Administration of rental vehicle fee	\$70,000	\$70,000	0.50	0.50
	<b>Collection of taxes SubTotal</b>	<b>\$62,608,700</b>	<b>\$62,608,700</b>	<b>665.18</b>	<b>665.18</b>
<b>02</b>	<b>State and local finance</b>				
	01 General program operations	\$7,846,500	\$7,846,500	91.75	91.75
	03 Integrated property assessment system technology	\$2,464,500	\$2,464,500	1.00	1.00
	30 Municipal financial report compliance	\$34,500	\$34,500	0.00	0.00

## Decision Item by Numeric

## Department of Revenue

	31 Manufacturing property assessment	\$1,140,400	\$1,140,400	12.50	12.50
	32 Reassessments	\$535,200	\$535,200	0.00	0.00
	34 Administration of TID	\$151,700	\$151,700	2.00	2.00
	61 Railroad and air carrier tax administration	\$203,600	\$203,600	2.00	2.00
	62 Lottery and gaming credit administration	\$276,900	\$276,900	2.75	2.75
	<b>State and local finance SubTotal</b>	<b>\$12,653,300</b>	<b>\$12,653,300</b>	<b>112.00</b>	<b>112.00</b>
<b>03</b>	<b>Administrative services and space rental</b>				
	01 General program operations	\$22,433,400	\$22,433,400	193.80	193.80
	02 Space rental payments	\$4,673,100	\$4,673,100	0.00	0.00
	03 Expert professional services	\$63,300	\$63,300	0.00	0.00
	04 Integrated tax system technology	\$4,087,100	\$4,087,100	0.00	0.00
	25 Internal services	\$3,083,700	\$3,083,700	1.15	1.15
	31 Services	\$85,300	\$85,300	0.00	0.00
	32 Reciprocity agreement and publications	\$75,400	\$75,400	0.00	0.00
	<b>Administrative services and space rental SubTotal</b>	<b>\$34,501,300</b>	<b>\$34,501,300</b>	<b>194.95</b>	<b>194.95</b>
<b>08</b>	<b>Lottery</b>				
	60 General program operations	\$21,344,100	\$21,344,100	79.95	79.95
	61 Retailer compensation	\$33,723,100	\$33,723,100	0.00	0.00
	65 Vendor fees	\$11,193,400	\$11,193,400	0.00	0.00
	<b>Lottery SubTotal</b>	<b>\$66,260,600</b>	<b>\$66,260,600</b>	<b>79.95</b>	<b>79.95</b>
	<b>Adjusted Base Funding Level SubTotal</b>	<b>\$176,023,900</b>	<b>\$176,023,900</b>	<b>1,052.08</b>	<b>1,052.08</b>
	<b>Agency Total</b>	<b>\$176,023,900</b>	<b>\$176,023,900</b>	<b>1,052.08</b>	<b>1,052.08</b>

# Decision Item by Fund Source

## Department of Revenue

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	2000	Adjusted Base Funding Level				
	GPR	S	\$93,215,500	\$93,215,500	859.28	859.28
	PR	S	\$14,114,900	\$14,114,900	90.10	90.10
	SEG	S	\$68,693,500	\$68,693,500	102.70	102.70
	<b>Total</b>		<b>\$176,023,900</b>	<b>\$176,023,900</b>	<b>1,052.08</b>	<b>1,052.08</b>
<b>Agency Total</b>			<b>\$176,023,900</b>	<b>\$176,023,900</b>	<b>1,052.08</b>	<b>1,052.08</b>

**Decision Item (DIN) - 3001**

**Decision Item (DIN) Title - Turnover Reduction**

**NARRATIVE**

Standard Budget Adjustment - Turnover Reduction

# Decision Item by Line

1315 Biennial Budget

	<b>CODES</b>	<b>TITLES</b>
<b>DEPARTMENT</b>	566	Department of Revenue
	<b>CODES</b>	<b>TITLES</b>
<b>DECISION ITEM</b>	3001	Turnover Reduction

	<b>Expenditure items</b>	<b>1st Year Cost</b>	<b>2nd Year Cost</b>
01	Permanent Position Salaries	\$0	\$0
02	Turnover	(\$1,580,200)	(\$1,580,200)
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
<b>17</b>	<b>Total Cost</b>	<b>(\$1,580,200)</b>	<b>(\$1,580,200)</b>
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

# Decision Item by Numeric

## Department of Revenue

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	<b>3001</b>	<b>Turnover Reduction</b>			
<b>01</b>	<b>Collection of taxes</b>				
	01 General program operations	(\$953,100)	(\$953,100)	0.00	0.00
	<b>Collection of taxes SubTotal</b>	<b>(\$953,100)</b>	<b>(\$953,100)</b>	<b>0.00</b>	<b>0.00</b>
<b>02</b>	<b>State and local finance</b>				
	01 General program operations	(\$159,300)	(\$159,300)	0.00	0.00
	<b>State and local finance SubTotal</b>	<b>(\$159,300)</b>	<b>(\$159,300)</b>	<b>0.00</b>	<b>0.00</b>
<b>03</b>	<b>Administrative services and space rental</b>				
	01 General program operations	(\$349,900)	(\$349,900)	0.00	0.00
	<b>Administrative services and space rental SubTotal</b>	<b>(\$349,900)</b>	<b>(\$349,900)</b>	<b>0.00</b>	<b>0.00</b>
<b>08</b>	<b>Lottery</b>				
	60 General program operations	(\$117,900)	(\$117,900)	0.00	0.00
	<b>Lottery SubTotal</b>	<b>(\$117,900)</b>	<b>(\$117,900)</b>	<b>0.00</b>	<b>0.00</b>
	<b>Turnover Reduction SubTotal</b>	<b>(\$1,580,200)</b>	<b>(\$1,580,200)</b>	<b>0.00</b>	<b>0.00</b>
	<b>Agency Total</b>	<b>(\$1,580,200)</b>	<b>(\$1,580,200)</b>	<b>0.00</b>	<b>0.00</b>

# Decision Item by Fund Source

## Department of Revenue

	Source of Funds			1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3001	Turnover Reduction					
	GPR	S	(\$1,462,300)	(\$1,462,300)	0.00	0.00	
	SEG	S	(\$117,900)	(\$117,900)	0.00	0.00	
	<b>Total</b>		<b>(\$1,580,200)</b>	<b>(\$1,580,200)</b>	<b>0.00</b>	<b>0.00</b>	
<b>Agency Total</b>			<b>(\$1,580,200)</b>	<b>(\$1,580,200)</b>	<b>0.00</b>	<b>0.00</b>	

**Decision Item (DIN) - 3003**

**Decision Item (DIN) Title - Full Funding of Continuing Position Salaries and Fringe Benefits**

**NARRATIVE**

Standard Budget Adjustment - Full Funding of Continuing Position Salaries and Fringe Benefits



# Decision Item by Line

1315 Biennial Budget

	<b>CODES</b>	<b>TITLES</b>
<b>DEPARTMENT</b>	566	Department of Revenue
	<b>CODES</b>	<b>TITLES</b>
<b>DECISION ITEM</b>	3003	Full Funding of Continuing Position Salaries and Fringe Benefits

	<b>Expenditure items</b>	<b>1st Year Cost</b>	<b>2nd Year Cost</b>
01	Permanent Position Salaries	(\$1,546,200)	(\$1,546,200)
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	(\$835,800)	(\$835,800)
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
<b>17</b>	<b>Total Cost</b>	<b>(\$2,382,000)</b>	<b>(\$2,382,000)</b>
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

## Decision Item by Numeric

## Department of Revenue

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	<b>3003</b>	<b>Full Funding of Continuing Position Salaries and Fringe Benefits</b>			
<b>01</b>	<b>Collection of taxes</b>				
	01 General program operations	(\$1,729,500)	(\$1,729,500)	0.00	0.00
	19 Admin liquor tax special agent	(\$9,700)	(\$9,700)	0.00	0.00
	22 Administration of local professional football stadium districts	(\$1,000)	(\$1,000)	0.00	0.00
	23 Administration of special district taxes	(\$3,700)	(\$3,700)	0.00	0.00
	24 Business tax registration	\$19,600	\$19,600	0.00	0.00
	26 Administration of local taxes	(\$100)	(\$100)	0.00	0.00
	30 Administration of county sales and use taxes	\$4,000	\$4,000	0.00	0.00
	31 Administration of liquor tax and alcohol beverages enforcement	(\$56,800)	(\$56,800)	0.00	0.00
	32 Debt collection	(\$2,800)	(\$2,800)	0.00	0.00
	35 Administration of resort tax	(\$200)	(\$200)	0.00	0.00
	39 Collections from the financial record matching program	(\$600)	(\$600)	0.00	0.00
	61 Motor fuel tax administration	\$66,500	\$66,500	0.00	0.00
	62 Economic development surcharge	\$15,000	\$15,000	0.00	0.00
	63 Petroleum inspection fee collection	(\$500)	(\$500)	0.00	0.00
	65 Administration of rental vehicle fee	(\$8,500)	(\$8,500)	0.00	0.00
	<b>Collection of taxes SubTotal</b>	<b>(\$1,708,300)</b>	<b>(\$1,708,300)</b>	<b>0.00</b>	<b>0.00</b>
<b>02</b>	<b>State and local finance</b>				
	01 General program operations	(\$232,400)	(\$232,400)	0.00	0.00
	03 Integrated property assessment system technology	\$24,800	\$24,800	0.00	0.00
	31 Manufacturing property assessment	(\$119,800)	(\$119,800)	0.00	0.00
	34 Administration of TID	\$5,100	\$5,100	0.00	0.00
	61 Railroad and air carrier tax administration	\$19,400	\$19,400	0.00	0.00
	62 Lottery and gaming credit administration	(\$10,200)	(\$10,200)	0.00	0.00
	<b>State and local finance SubTotal</b>	<b>(\$313,100)</b>	<b>(\$313,100)</b>	<b>0.00</b>	<b>0.00</b>
<b>03</b>	<b>Administrative services and space rental</b>				
	01 General program operations	(\$475,100)	(\$475,100)	0.00	0.00
	25 Internal services	\$1,500	\$1,500	0.00	0.00
	31 Services	\$100	\$100	0.00	0.00
	<b>Administrative services and space rental SubTotal</b>	<b>(\$473,500)</b>	<b>(\$473,500)</b>	<b>0.00</b>	<b>0.00</b>

# Decision Item by Numeric

## Department of Revenue

08	<b>Lottery</b>				
	60 General program operations	\$112,900	\$112,900	0.00	0.00
	<b>Lottery SubTotal</b>	<b>\$112,900</b>	<b>\$112,900</b>	<b>0.00</b>	<b>0.00</b>
	<b>Full Funding of Continuing Position Salaries and Fringe Benefits SubTotal</b>	<b>(\$2,382,000)</b>	<b>(\$2,382,000)</b>	<b>0.00</b>	<b>0.00</b>
	<b>Agency Total</b>	<b>(\$2,382,000)</b>	<b>(\$2,382,000)</b>	<b>0.00</b>	<b>0.00</b>

# Decision Item by Fund Source

## Department of Revenue

				1st Year	2nd
	Source of Funds	1st Year Total	2nd Year Total	FTE	Year
				FTE	FTE
<b>Decision Item</b>	<b>3003</b>	<b>Full Funding of Continuing Position Salaries and Fringe Benefits</b>			
	GPR	S	(\$2,412,200)	(\$2,412,200)	0.00
	PR	S	(\$164,400)	(\$164,400)	0.00
	SEG	S	\$194,600	\$194,600	0.00
	<b>Total</b>		<b>(\$2,382,000)</b>	<b>(\$2,382,000)</b>	<b>0.00</b>
<b>Agency Total</b>			<b>(\$2,382,000)</b>	<b>(\$2,382,000)</b>	<b>0.00</b>

**Decision Item (DIN) - 3005**

**Decision Item (DIN) Title - Reclassifications and Semiautomatic Pay Progression**

**NARRATIVE**

Standard Budget Adjustment - Reclassifications and Semiautomatic Pay Progression

# Decision Item by Line

1315 Biennial Budget

	<b>CODES</b>	<b>TITLES</b>
<b>DEPARTMENT</b>	566	Department of Revenue
	<b>CODES</b>	<b>TITLES</b>
<b>DECISION ITEM</b>	3005	Reclassifications and Semiautomatic Pay Progression

	<b>Expenditure items</b>	<b>1st Year Cost</b>	<b>2nd Year Cost</b>
01	Permanent Position Salaries	\$120,000	\$149,000
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$18,800	\$23,500
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
<b>17</b>	<b>Total Cost</b>	<b>\$138,800</b>	<b>\$172,500</b>
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

# Decision Item by Numeric

## Department of Revenue

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	<b>3005</b>	<b>Reclassifications and Semiautomatic Pay Progression</b>			
<b>01</b>	<b>Collection of taxes</b>				
	22 Administration of local professional football stadium districts	\$1,400	\$1,400	0.00	0.00
	23 Administration of special district taxes	\$6,900	\$6,900	0.00	0.00
	24 Business tax registration	\$36,500	\$36,500	0.00	0.00
	30 Administration of county sales and use taxes	\$21,500	\$27,900	0.00	0.00
	31 Administration of liquor tax and alcohol beverages enforcement	\$18,300	\$24,700	0.00	0.00
	32 Debt collection	\$2,800	\$2,800	0.00	0.00
	39 Collections from the financial record matching program	\$2,800	\$5,100	0.00	0.00
	61 Motor fuel tax administration	\$12,000	\$24,800	0.00	0.00
	62 Economic development surcharge	\$2,500	\$2,800	0.00	0.00
	65 Administration of rental vehicle fee	\$3,500	\$3,500	0.00	0.00
	<b>Collection of taxes SubTotal</b>	<b>\$108,200</b>	<b>\$136,400</b>	<b>0.00</b>	<b>0.00</b>
<b>02</b>	<b>State and local finance</b>				
	31 Manufacturing property assessment	\$21,200	\$25,000	0.00	0.00
	62 Lottery and gaming credit administration	\$9,400	\$11,100	0.00	0.00
	<b>State and local finance SubTotal</b>	<b>\$30,600</b>	<b>\$36,100</b>	<b>0.00</b>	<b>0.00</b>
	<b>Reclassifications and Semiautomatic Pay Progression SubTotal</b>	<b>\$138,800</b>	<b>\$172,500</b>	<b>0.00</b>	<b>0.00</b>
	<b>Agency Total</b>	<b>\$138,800</b>	<b>\$172,500</b>	<b>0.00</b>	<b>0.00</b>

# Decision Item by Fund Source

## Department of Revenue

	Source of Funds			1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	
<b>Decision Item</b>	<b>3005</b>	<b>Reclassifications and Semiautomatic Pay Progression</b>						
	PR	S	\$111,400	\$130,300	0.00	0.00		
	SEG	S	\$27,400	\$42,200	0.00	0.00		
	<b>Total</b>		<b>\$138,800</b>	<b>\$172,500</b>	<b>0.00</b>	<b>0.00</b>		
<b>Agency Total</b>			<b>\$138,800</b>	<b>\$172,500</b>	<b>0.00</b>	<b>0.00</b>		



**Decision Item (DIN) - 3010**

**Decision Item (DIN) Title - Full Funding of Lease and Directed Moves Costs**

**NARRATIVE**

Standard Budget Adjustment - Full Funding of Lease and Directed Moves Costs

# Decision Item by Line

1315 Biennial Budget

	<b>CODES</b>	<b>TITLES</b>
<b>DEPARTMENT</b>	566	Department of Revenue
	<b>CODES</b>	<b>TITLES</b>
<b>DECISION ITEM</b>	3010	Full Funding of Lease and Directed Moves Costs

	<b>Expenditure items</b>	<b>1st Year Cost</b>	<b>2nd Year Cost</b>
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$144,000	\$259,300
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
<b>17</b>	<b>Total Cost</b>	<b>\$144,000</b>	<b>\$259,300</b>
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

## Decision Item by Numeric

## Department of Revenue

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	<b>3010</b>	<b>Full Funding of Lease and Directed Moves Costs</b>			
<b>01</b>	<b>Collection of taxes</b>				
	19 Admin liquor tax special agent	\$4,000	\$4,000	0.00	0.00
	20 Targeted tax collection	\$0	\$900	0.00	0.00
	22 Administration of local professional football stadium districts	\$0	\$1,000	0.00	0.00
	23 Administration of special district taxes	\$0	\$500	0.00	0.00
	24 Business tax registration	\$0	\$500	0.00	0.00
	30 Administration of county sales and use taxes	\$6,400	\$9,200	0.00	0.00
	31 Administration of liquor tax and alcohol beverages enforcement	\$0	\$800	0.00	0.00
	<b>Collection of taxes SubTotal</b>	<b>\$10,400</b>	<b>\$16,900</b>	<b>0.00</b>	<b>0.00</b>
<b>02</b>	<b>State and local finance</b>				
	31 Manufacturing property assessment	\$1,000	\$1,800	0.00	0.00
	34 Administration of TID	\$200	\$700	0.00	0.00
	61 Railroad and air carrier tax administration	\$1,300	\$1,800	0.00	0.00
	62 Lottery and gaming credit administration	\$3,400	\$4,000	0.00	0.00
	<b>State and local finance SubTotal</b>	<b>\$5,900</b>	<b>\$8,300</b>	<b>0.00</b>	<b>0.00</b>
<b>03</b>	<b>Administrative services and space rental</b>				
	02 Space rental payments	\$56,600	\$149,400	0.00	0.00
	25 Internal services	\$29,700	\$30,300	0.00	0.00
	<b>Administrative services and space rental SubTotal</b>	<b>\$86,300</b>	<b>\$179,700</b>	<b>0.00</b>	<b>0.00</b>
<b>08</b>	<b>Lottery</b>				
	60 General program operations	\$41,400	\$54,400	0.00	0.00
	<b>Lottery SubTotal</b>	<b>\$41,400</b>	<b>\$54,400</b>	<b>0.00</b>	<b>0.00</b>
	<b>Full Funding of Lease and Directed Moves Costs SubTotal</b>	<b>\$144,000</b>	<b>\$259,300</b>	<b>0.00</b>	<b>0.00</b>
	<b>Agency Total</b>	<b>\$144,000</b>	<b>\$259,300</b>	<b>0.00</b>	<b>0.00</b>

# Decision Item by Fund Source

## Department of Revenue

	Source of Funds			1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
<b>Decision Item</b>	<b>3010</b>	<b>Full Funding of Lease and Directed Moves Costs</b>					
	GPR	S	\$56,600	\$149,400	0.00	0.00	
	PR	S	\$41,300	\$49,700	0.00	0.00	
	SEG	S	\$46,100	\$60,200	0.00	0.00	
	<b>Total</b>		<b>\$144,000</b>	<b>\$259,300</b>	<b>0.00</b>	<b>0.00</b>	
<b>Agency Total</b>			<b>\$144,000</b>	<b>\$259,300</b>	<b>0.00</b>	<b>0.00</b>	

**Decision Item (DIN) - 3011**

**Decision Item (DIN) Title - Minor Transfers Within the Same Alpha Appropriation**

**NARRATIVE**

Standard Budget Adjustment - Minor Transfers Within the Same Alpha Appropriation

# Decision Item by Line

1315 Biennial Budget

	<b>CODES</b>	<b>TITLES</b>
<b>DEPARTMENT</b>	566	Department of Revenue
	<b>CODES</b>	<b>TITLES</b>
<b>DECISION ITEM</b>	3011	Minor Transfers Within the Same Alpha Appropriation

	<b>Expenditure items</b>	<b>1st Year Cost</b>	<b>2nd Year Cost</b>
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
<b>17</b>	<b>Total Cost</b>	<b>\$0</b>	<b>\$0</b>
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

# Decision Item by Numeric

## Department of Revenue

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	<b>3011</b>	<b>Minor Transfers Within the Same Alpha Appropriation</b>			
<b>03</b>	<b>Administrative services and space rental</b>				
	01 General program operations	\$0	\$0	0.00	0.00
	<b>Administrative services and space rental SubTotal</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>0.00</b>
<b>08</b>	<b>Lottery</b>				
	60 General program operations	\$0	\$0	0.00	0.00
	<b>Lottery SubTotal</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Minor Transfers Within the Same Alpha Appropriation SubTotal</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Agency Total</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>0.00</b>

# Decision Item by Fund Source

## Department of Revenue

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3011	Minor Transfers Within the Same Alpha Appropriation				
	GPR	S	\$0	\$0	0.00	0.00
	SEG	S	\$0	\$0	0.00	0.00
	<b>Total</b>		<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>0.00</b>
<b>Agency Total</b>			<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>0.00</b>



**Decision Item (DIN) - 3500**

**Decision Item (DIN) Title - Permanent GPR Reductions**

**NARRATIVE**

Standard Budget Item-Permanent GPR Reductions

# Decision Item by Line

1315 Biennial Budget

	<b>CODES</b>	<b>TITLES</b>
<b>DEPARTMENT</b>	566	Department of Revenue
	<b>CODES</b>	<b>TITLES</b>
<b>DECISION ITEM</b>	3500	Permanent GPR Reductions

	<b>Expenditure items</b>	<b>1st Year Cost</b>	<b>2nd Year Cost</b>
01	Permanent Position Salaries	(\$1,629,500)	(\$1,629,500)
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	(\$289,100)	(\$289,100)
05	Fringe Benefits	(\$683,500)	(\$683,500)
06	Supplies and Services	(\$1,838,100)	(\$1,838,100)
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
<b>17</b>	<b>Total Cost</b>	<b>(\$4,440,200)</b>	<b>(\$4,440,200)</b>
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	-28.95	-28.95
20	Unclassified Positions Authorized	0.00	0.00

# Decision Item by Numeric

## Department of Revenue

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	<b>3500</b>	<b>Permanent GPR Reductions</b>			
<b>01</b>	<b>Collection of taxes</b>				
	01 General program operations	(\$2,685,600)	(\$2,685,600)	(11.00)	(11.00)
	<b>Collection of taxes SubTotal</b>	<b>(\$2,685,600)</b>	<b>(\$2,685,600)</b>	<b>(11.00)</b>	<b>(11.00)</b>
<b>03</b>	<b>Administrative services and space rental</b>				
	01 General program operations	(\$1,327,300)	(\$1,327,300)	(17.95)	(17.95)
	02 Space rental payments	(\$427,300)	(\$427,300)	0.00	0.00
	<b>Administrative services and space rental SubTotal</b>	<b>(\$1,754,600)</b>	<b>(\$1,754,600)</b>	<b>(17.95)</b>	<b>(17.95)</b>
	<b>Permanent GPR Reductions SubTotal</b>	<b>(\$4,440,200)</b>	<b>(\$4,440,200)</b>	<b>(28.95)</b>	<b>(28.95)</b>
	<b>Agency Total</b>	<b>(\$4,440,200)</b>	<b>(\$4,440,200)</b>	<b>(28.95)</b>	<b>(28.95)</b>

# Decision Item by Fund Source

## Department of Revenue

	Source of Funds			1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	
<b>Decision Item</b>	<b>3500</b>	<b>Permanent GPR Reductions</b>						
	GPR	S	(\$4,440,200)	(\$4,440,200)	(28.95)	(28.95)		
	<b>Total</b>		<b>(\$4,440,200)</b>	<b>(\$4,440,200)</b>	<b>(28.95)</b>	<b>(28.95)</b>		
<b>Agency Total</b>			<b>(\$4,440,200)</b>	<b>(\$4,440,200)</b>	<b>(28.95)</b>	<b>(28.95)</b>		

**Decision Item (DIN) - 5000**

**Decision Item (DIN) Title - Minor Transfers Between Appropriations**

**NARRATIVE**

The Revenue department requests the following minor adjustments between appropriations. 1) Adjusts space rental budgets to reflect estimated costs in the next biennium. 2) Realigns positions and dollars to the correct program and appropriation by moving .15 FTE from s. 20.566(1)(a) to s. 20.566(3)(a), moving 1.00 FTE liquor tax and alcohol enforcement agent from s. 20.566(1)(a) to s. 20.566(1)(ha). 3) Reallocates budget authority between appropriations for the proper accounting of costs related to s. 20.566(1)(ha) liquor tax and alcohol enforcement and postage costs in s. 20.566(1)(q). The funds originate from s. 20.566(3)(gm).

# Decision Item by Line

1315 Biennial Budget

	<b>CODES</b>	<b>TITLES</b>
<b>DEPARTMENT</b>	566	Department of Revenue
	<b>CODES</b>	<b>TITLES</b>
<b>DECISION ITEM</b>	5000	Minor Transfers Between Appropriations

	<b>Expenditure items</b>	<b>1st Year Cost</b>	<b>2nd Year Cost</b>
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
<b>17</b>	<b>Total Cost</b>	<b>\$0</b>	<b>\$0</b>
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

## Decision Item by Numeric

## Department of Revenue

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	<b>5000</b>	<b>Minor Transfers Between Appropriations</b>			
<b>01</b>	<b>Collection of taxes</b>				
	01 General program operations	(\$96,100)	(\$96,100)	(1.15)	(1.15)
	20 Targeted tax collection	(\$1,500)	(\$1,500)	0.00	0.00
	22 Administration of local professional football stadium districts	(\$2,500)	(\$2,500)	0.00	0.00
	23 Administration of special district taxes	(\$2,000)	(\$2,000)	0.00	0.00
	24 Business tax registration	(\$14,700)	(\$14,700)	0.00	0.00
	26 Administration of local taxes	(\$2,000)	(\$2,000)	0.00	0.00
	30 Administration of county sales and use taxes	\$3,100	\$3,100	0.00	0.00
	31 Administration of liquor tax and alcohol beverages enforcement	\$99,200	\$99,200	1.00	1.00
	32 Debt collection	(\$1,500)	(\$1,500)	0.00	0.00
	39 Collections from the financial record matching program	(\$900)	(\$900)	0.00	0.00
	61 Motor fuel tax administration	(\$8,000)	(\$8,000)	0.00	0.00
	62 Economic development surcharge	\$23,800	\$23,800	0.00	0.00
	63 Petroleum inspection fee collection	(\$2,500)	(\$2,500)	0.00	0.00
	<b>Collection of taxes SubTotal</b>	<b>(\$5,600)</b>	<b>(\$5,600)</b>	<b>(0.15)</b>	<b>(0.15)</b>
<b>02</b>	<b>State and local finance</b>				
	31 Manufacturing property assessment	\$12,800	\$12,800	0.00	0.00
	34 Administration of TID	\$10,700	\$10,700	0.00	0.00
	<b>State and local finance SubTotal</b>	<b>\$23,500</b>	<b>\$23,500</b>	<b>0.00</b>	<b>0.00</b>
<b>03</b>	<b>Administrative services and space rental</b>				
	01 General program operations	\$7,900	\$7,900	0.15	0.15
	25 Internal services	(\$25,000)	(\$27,000)	0.00	0.00
	32 Reciprocity agreement and publications	(\$37,500)	(\$37,500)	0.00	0.00
	<b>Administrative services and space rental SubTotal</b>	<b>(\$54,600)</b>	<b>(\$56,600)</b>	<b>0.15</b>	<b>0.15</b>
<b>08</b>	<b>Lottery</b>				
	60 General program operations	\$36,700	\$38,700	0.00	0.00
	<b>Lottery SubTotal</b>	<b>\$36,700</b>	<b>\$38,700</b>	<b>0.00</b>	<b>0.00</b>
	<b>Minor Transfers Between Appropriations SubTotal</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Agency Total</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>0.00</b>

# Decision Item by Numeric

Department of Revenue



# Decision Item by Fund Source

## Department of Revenue

	Source of Funds			1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
<b>Decision Item</b>	<b>5000</b>	<b>Minor Transfers Between Appropriations</b>					
	GPR	S	(\$88,200)	(\$88,200)	(1.00)	(1.00)	
	PR	S	\$38,200	\$36,200	1.00	1.00	
	SEG	S	\$50,000	\$52,000	0.00	0.00	
	<b>Total</b>		<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>0.00</b>	
<b>Agency Total</b>			<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>0.00</b>	

**Decision Item (DIN) - 6090**

**Decision Item (DIN) Title - Lottery Sum Sufficient Adjustments**

**NARRATIVE**

The department requests adjustments to the Lottery sum sufficient appropriations s. 20.566 (8)(r) Retailer Compensation and s. 20.566 (8)(v) Vendor Fees to reflect Lottery sales reestimates for the 2013-15 biennium. The department is projecting Lottery sales of \$508,352,811 in FY14 and in FY15. The department requests an adjustment of \$1,938,000 SEG in FY14 and in FY15 in Retailer Compensation. The department also requests an adjustment of \$1,718,800 SEG in FY14 and in FY15 in Vendor Fees.

# Decision Item by Line

1315 Biennial Budget

	<b>CODES</b>	<b>TITLES</b>
<b>DEPARTMENT</b>	566	Department of Revenue
	<b>CODES</b>	<b>TITLES</b>
<b>DECISION ITEM</b>	6090	Lottery Sum Sufficient Adjustments

	<b>Expenditure items</b>	<b>1st Year Cost</b>	<b>2nd Year Cost</b>
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$1,718,800	\$1,718,800
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$1,938,000	\$1,938,000
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
<b>17</b>	<b>Total Cost</b>	<b>\$3,656,800</b>	<b>\$3,656,800</b>
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

# Decision Item by Numeric

## Department of Revenue

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	<b>6090</b>	<b>Lottery Sum Sufficient Adjustments</b>			
<b>08</b>	<b>Lottery</b>				
	61 Retailer compensation	\$1,938,000	\$1,938,000	0.00	0.00
	65 Vendor fees	\$1,718,800	\$1,718,800	0.00	0.00
	<b>Lottery SubTotal</b>	<b>\$3,656,800</b>	<b>\$3,656,800</b>	<b>0.00</b>	<b>0.00</b>
	<b>Lottery Sum Sufficient Adjustments SubTotal</b>	<b>\$3,656,800</b>	<b>\$3,656,800</b>	<b>0.00</b>	<b>0.00</b>
	<b>Agency Total</b>	<b>\$3,656,800</b>	<b>\$3,656,800</b>	<b>0.00</b>	<b>0.00</b>

# Decision Item by Fund Source

## Department of Revenue

				1st Year FTE	2nd Year FTE
	Source of Funds		1st Year Total	2nd Year Total	
<b>Decision Item</b>	<b>6090</b>	<b>Lottery Sum Sufficient Adjustments</b>			
	SEG	S	\$3,656,800	\$3,656,800	0.00
	<b>Total</b>		<b>\$3,656,800</b>	<b>\$3,656,800</b>	<b>0.00</b>
<b>Agency Total</b>			<b>\$3,656,800</b>	<b>\$3,656,800</b>	<b>0.00</b>

**Decision Item (DIN) - 7000**

**Decision Item (DIN) Title - Add Collection Tools To Telephone Company And Public Utilities Statutes**

**NARRATIVE**

Add Collection Tools to Telephone Company and Public Utilities Statutes

**TITLE: ADD COLLECTION TOOLS TO TELEPHONE COMPANY AND PUBLIC UTILITIES STATUTES**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Secs. 76.84 and 76.14, Wis. Stats., do not provide for the use of delinquent tax collection tools or filing of administrative levies to collect unpaid telephone company and public utilities taxes. This proposal will clarify that delinquent telephone company and public utilities taxes will be collected as taxes in Chapter 71 are collected.

This will allow the department to use collection tools, such as administrative tax warrants and financial institution levies, frequently used to collect delinquent taxes. Without the clarification to the statutes, there is not much the department can do to collect the taxes other than send letters, and go to court to file a warrant, if the debt justifies the cost of the action. Fairness to other entities and individuals should also be considered. It is not fair to have collection tools available to collect from individuals and businesses, but not have those same tools available to collect telephone company and public utility taxes.

**RECOMMENDATION FOR ACTION**

Revise secs. 76.84 and 76.14, Wis. Stats., to authorize the use of collection tools used in Chapter 71, Wis. Stats.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

At the end of FY 12, \$23,200 in delinquent assessments were outstanding. The department collected \$7,443 during the year. Previous fiscal year collections were \$92,000 in FY09, \$33,000 in FY10, and \$43,000 in FY 11.

**DRAFTING INSTRUCTIONS**

Sec. 76.84 – add a new paragraph

In addition to all other collection remedies provided under this subchapter, the collection provisions in Chapter 71 apply to the collection of the taxes imposed under this subchapter.

Sec. 76.14 – add a paragraph:

In addition to all other collection remedies provided under this subchapter, the collection provisions in Chapter 71 apply to the collection of the taxes imposed under this subchapter.

**EFFECTIVE DATE**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

Taxpayers and businesses who owe telephone and public utility taxes.

**Decision Item (DIN) - 7001**

**Decision Item (DIN) Title - Add Definition Of "Person" To Chapters 78, 139, and 168, Wis. Stats.**

**NARRATIVE**

Add definition of "person" to chapters 78, 139, and 168, Wis. Stats.



**TITLE: ADD DEFINITION OF "PERSON" TO CHAPTERS 78, 139, AND 168, WIS. STATS.**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Although the term "person" is used throughout these statutes, the term "person" is not defined in chapters 78, 139, and 168, Wis. Stats., which are the governing statutes for excise taxes.

**RECOMMENDATION FOR ACTION**

Add a definition of person to chapters 78, 139, and 168, Wis. Stats. The definition compares to other chapters administered by the department of revenue.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

None.

**DRAFTING INSTRUCTIONS**

Amend secs. 78.005, 78.39, 78.55, 78.64, 139.01, 139.30, 139.75, 139.87, and 168.01, Wis. Stats., to add the following definition of a person.

“Person” means a natural person, sole proprietorship, partnership, Limited Liability Company, corporation, association or the owner of a single-owner entity that is disregarded as a separate entity under Ch. 71.

**EFFECTIVE DATE**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

Those affected by Chapters 78, 139 and 168 of the statutes.

**Decision Item (DIN) - 7002**

**Decision Item (DIN) Title - Add Exposition, Premier Resort, And Rental Vehicle Tax To s. 73.03 (27)**

**NARRATIVE**

Add Exposition, Premier Resort, and Rental Vehicle Tax to s. 73.03 (27)

**TITLE: ADD EXPOSITION, PREMIER RESORT, AND RENTAL VEHICLE TAX TO  
S. 73.03 (27)**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Sec. 73.03 (27), Wis. Stats., authorizes the Secretary of Revenue to write off uncollectible taxes owed to the Department of Revenue. The written off taxes remain legal obligations.

The problem is that Exposition Tax, Premier Resort Tax, and Rental Vehicle Tax are not listed as debts that may be written off once they are determined to be uncollectible.

**RECOMMENDATION FOR ACTION**

Modify Sec. 73.03 (27), Wis. Stats. to permit the Secretary to write off Exposition, Premier Resort, Rental Vehicle, and other taxes administered by the department, once they are determined to be uncollectible.

**IMPACT ON JOB CREATION**

Minimal.

**FISCAL EFFECT**

None.

**DRAFTING INSTRUCTIONS**

Amend sec. 73.03 (27) as follows:

**(27)** To write off from the records of the department income, franchise, sales, use, withholding, motor fuel, gift, beverage and cigarette tax, economic surcharge liabilities, and other taxes administered by the department, following a determination by the secretary of revenue that they are not collectible. Taxes written off under this subsection remain legal obligations.

**EFFECTIVE DATE**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

Those concerned with more efficient delinquent tax collection efforts.

**Decision Item (DIN) - 7003**

**Decision Item (DIN) Title - Allow Continuous Levy**

**NARRATIVE**

Allow Continuous Levy

## TITLE: ALLOW CONTINUOUS LEVY

### DESCRIPTION OF CURRENT LAW AND PROBLEM

Sec. 71.91 (6), Wis. Stats., allows the Department of Revenue to levy upon any property belonging to a delinquent taxpayer to collect the expenses of the levy and the delinquent taxes.

The statute provides that a levy on commissions, wages or salaries is continuous until the liability is satisfied. A levy on other property is not continuous.

The department frequently issues levies. Expanding the law to allow continuous levies will allow the department to operate more efficiently.

Rather than issuing a levy, waiting for a response, and then issuing another levy, the department will be able to issue one continuous levy which will remain open until the debt is resolved or the department determines it should be released. The debt may be resolved when it is paid in full or when the debtor enters an approved payment plan or compromise with the department.

This requested collection tool is similar to sec. 108.225(15), Wis. Stats., which permits the Department of Workforce Development to issue continuous levies.

Allowing continuous levies may result in increased collections or in resolution of accounts through full payment or payment plans. Increased delinquent tax collections reduce the tax burden on all citizens of Wisconsin.

### RECOMMENDATION FOR ACTION

Amend sec. 71.91 (6)(a) and (b), Wis. Stats., to allow continuous levies.

### IMPACT ON JOB CREATION

None.

### FISCAL EFFECT

Minimal.

### DRAFTING INSTRUCTIONS

Amend sec 71.91 (6)(a) and (b) as follows:

(a) *Definitions.* In this subsection:

1. "Department" means the department of revenue.
2. "Levy" means all powers of distraint and seizure.
3. "Property" includes real and personal property and tangible and intangible property and rights to property but is limited to property and rights to property existing at the time of levy.
4. "Taxes" means the principal of the tax as defined in sub. (5) (k), interest, penalties and costs
5. "Continuous" means the levy is effective from the date on which the levy is first served on the 3<sup>rd</sup> party until the liability out of which the levy arose is satisfied, or until the levy is released, whichever occurs first.
6. "Non-Continuous" means the levy is effective on the date on which the levy is served on the 3<sup>rd</sup> party.

b) *Powers of levy and distraint.* If any person who is liable for any tax administered by the department neglects or refuses to pay that tax within 10 days after that tax becomes

delinquent, the department may collect that tax and the expenses of the levy by levy upon, and sale of, any property belonging to that person or any property on which there is a lien as provided by sub. (4) in respect to that delinquent tax. Whenever any property that has been levied upon under this section is not sufficient to satisfy the claim of the department, the department may levy upon any other property liable to levy of the person against whom that claim exists until the taxes and expenses of the levy are fully paid. A levy on commissions, wages or salaries is continuous until the liability out of which it arose is satisfied. A levy may be continuous or non-continuous.

### EFFECTIVE DATE AND/OR INITIAL APPLICABILITY

The effective date is the day after publication.

**INTERESTED/AFFECTED PARTIES**

Delinquent taxpayers and financial institutions.

**Decision Item (DIN) - 7004**

**Decision Item (DIN) Title - Allow Deduction on Current Sales Tax Return -  
Exemption Certificates Received...**

**NARRATIVE**

Allow Deduction on Current Sales Tax Return - Exemption Certificates Received After Taxable Sale Reported

**TITLE: ALLOW DEDUCTION ON CURRENT SALES TAX RETURN - EXEMPTION  
CERTIFICATES RECEIVED AFTER TAXABLE SALE REPORTED**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Section 77.585, Wis. Stats. (2009-10), contains provisions related to adjustments/deductions that retailers may claim on the current sales and use tax returns they are filing.

Other than in certain limited situations (bad debts and returns and allowances), current law does not allow a retailer to claim a deduction on its current sales and use tax return for a transaction that the retailer reported as a taxable transaction on a sales and use tax return covering a previous reporting period.

For example, a retailer receives an exemption certificate from a customer in July 2012 for a transaction which the retailer reported as a taxable sale on its May 2012 return. The retailer is required to file an amended return for the May 2012 reporting period in order to obtain a refund of the tax it reported to the Department of Revenue on that transaction, rather than claiming a deduction on its July 2012 return to get credit. This creates additional work for the retailer (preparing the amended return) and additional work for the Department (processing the amended return). In addition, the Department is also required to pay interest on the refunded amount from the later of the due date of the return or when the tax was paid to the Department until that tax is refunded to the retailer.

Retailers often ask to be allowed to claim credit on a current return for tax paid in error on a previous return. Some retailers use this approach even though not authorized by law.

**RECOMMENDATION FOR ACTION**

Create a provision in sec. 77.585, Wis. Stats., that allows a retailer who receives an exemption certificate after reporting a sale as taxable the option of either (1) claiming a deduction on a subsequent sales and use tax return within the same taxable year for the measure of tax previously reported on the transaction or (2) filing an amended sales and use tax return for the period in which the transaction was originally reported.

"Taxable year" means the tax year that the retailer uses for Wisconsin income/franchise tax purposes.

Example: Retailer A sells property to Customer B for \$1,000 plus the 5% sales tax (\$50) on February 15, 2012. Retailer A's taxable year for income/franchise tax purposes is January 1 through December 31, 2012. Retailer A reports the taxable sale when it files its February 2012 sales tax return on March 31, 2012. On April 10, 2012, Customer B provides Retailer A an exemption certificate along with its \$1,000 payment (\$1,050 less the tax of \$50) relating to the February 15, 2012 sale. Currently, Retailer A is required to file an amended return for February 2012 to get a refund of the \$50 tax on this transaction.

Under this recommendation, Retailer A could either (1) claim a \$1,000 deduction on the next sales and use tax return filed with the Department (i.e., the April 2012 return in this example), since that return is within the same "taxable year" that Retailer A uses for income/franchise tax reporting, or (2) file an amended return for the February 2012 reporting period. However, if the certificate is received after the earlier of: (1) the due date of the last sales and use tax return for the same taxable year in which the sale was made, or (2) the date the last sales and use tax return for the same taxable year in which the sale was made was filed, Retailer A cannot claim this deduction on the next sales and use tax return it files, but instead must amend the return upon which this taxable sale was originally reported.\*

\*Allowing a deduction on a return outside the taxable year the transaction was originally reported creates confusion for audit purposes.



This proposal is a win-win for taxpayers and the Department. Retailers will not be required to file amended returns which they have indicated imposes an additional burden on them, but still have the option to do so. In turn, the Department will process fewer amended returns and pay less interest.

### **IMPACT ON JOB CREATION**

No impact.

### **FISCAL EFFECT**

Unknown, but minimal effect anticipated. If retailers elect to claim a deduction on their current return for these types of transactions rather than filing amended returns, the total interest expense paid out by the Department on these types of transactions will decline.

### **DRAFTING INSTRUCTIONS**

Create sec. 77.585(4m), Wis. Stats. to read as follows:

"(a) Except as provided in par. (d), a seller who receives an exemption certificate in accordance with the requirements provided in sec. 77.52(14), Stats., that applies to a transaction which the seller reported as taxable and paid the applicable tax to the Department on a previous sales and use tax return, may either:

1. Claim a deduction on a subsequent sales and use tax return within the same taxable year for the measure of tax previously reported on that transaction or
2. Claim the deduction by filing an amended return for the period in which that transaction was previously reported.

(c) An entity's 'taxable year,' as used in this subsection, is the same as the entity's taxable year under ch. 71.

(d) A seller who receives an exemption certificate that applies to a transaction reported on a return covering a reporting period from a previous taxable year may not claim a deduction on a return that covers a reporting period in a subsequent taxable year. The seller must file an amended return to obtain a refund of that tax as provided in s. 77.59(4)."

### **EFFECTIVE DATE**

For returns filed on or after the day after publication.

### **INTERESTED/AFFECTED PARTIES**

Any sellers who obtain an exemption certificate from a customer after the seller has reported that transaction on its sales and use tax return.

**Decision Item (DIN) - 7005**

**Decision Item (DIN) Title - Charge Interest On Withholding Tax Personal Liability Assessments**

**NARRATIVE**

Charge interest on Withholding Tax Personal Liability Assessments

## **TITLE: CHARGE INTEREST ON WITHHOLDING TAX PERSONAL LIABILITY ASSESSMENTS**

### **DESCRIPTION OF CURRENT LAW AND PROBLEM**

Sec. 71.83(1)(b)2, Wis. Stats., allows the department to assess withholding tax personal liability to responsible persons. The withholding tax is assessed as a penalty equal to the total amount of the tax, interest, and penalties that are not paid at the time of the assessment. There is currently \$52,045,000 in delinquent withholding tax, interest, and penalty assessed as personal liability to responsible persons.

The problem is that interest does not accrue on withholding personal liability assessments because the unpaid tax, interest, and penalty are assessed as a “penalty”. The debtor has less incentive to pay this bill than other bills he may owe because there is no consequence of interest accrual.

Sales tax personal liability assessments continue to accrue interest after the unpaid taxes are assessed to the responsible persons.

An additional problem is that the core functionality of the current integrated tax system, Wisconsin Income, Processing and Audit System (WINPAS), has difficulty handling the situation where the personal liability assessment does not accrue interest, but the underlying debt of the business continues to accrue interest.

### **RECOMMENDATION FOR ACTION**

Modify sec. 71.83(1)(b)2, Wis. Stats., to assess the unpaid withholding tax, interest, and penalty of the corporation or other entity as tax, interest, and penalty to the responsible person, and allow delinquent interest to accrue once the bill passes the due date and becomes delinquent.

### **IMPACT ON JOB CREATION**

None.

### **FISCAL EFFECT**

Withholding personal liability of \$52,045,000 is outstanding. Annual interest of \$4,700,000 would accrue under this proposal. In FY 12, 5% of the outstanding balance was collected. Collection will increase by \$235,000 if we assume 5% of the additional interest will be collected ( $\$4,700,000 \times 5\% = \$235,000$ ).

### **DRAFTING INSTRUCTIONS**

Amend sec. 71.83(1)(b)2 to say:

“Any person required to withhold, account for or pay over any tax imposed by this chapter, whether exempt under s. 71.05(1) to (3), 71.26(1) or 71.45 or not, who intentionally fails to withhold such tax, or account for or pay over such tax, ~~shall be liable to a penalty equal to the total amount of tax plus interest and penalties on that tax~~ shall be personally liable for such amounts, including interest and penalties, thereon, that is not withheld, collected, accounted for or paid over.”

The underlined language mirrors language in Sec. 77.60(9), Wis. Stats., which permits sales tax personal liability assessments.

Interest will not accrue for withholding tax previously assessed to responsible persons.

### **EFFECTIVE DATE**

For new withholding tax person liability assessments, the effective date and initial applicability of the law change should be 120 days after publication to allow time to update the delinquent tax accounts receivable system.

**INTERESTED/AFFECTED PARTIES**

Persons who will be assessed withholding tax personal liability.

**Decision Item (DIN) - 7006**

**Decision Item (DIN) Title - Cigarette Stamp Application Method**

**NARRATIVE**

Cigarette Stamp Application Method

## **TITLE: CIGARETTE STAMP APPLICATION METHODS**

### **DESCRIPTION OF CURRENT LAW AND PROBLEM**

Current definition of a stamp under sec. 139.30 (13), Wis. Stats., only addresses water transfer stamps and heat applied stamps. With changing technology, cigarette tax stamps are being designed with methods of application other than water transfer and heat applied, such as pressure applied and impressions by machines.

### **RECOMMENDATION FOR ACTION**

Update statutes to account for changes in cigarette stamp technology and provide options under Wisconsin law.

### **IMPACT ON JOB CREATION**

None.

### **FISCAL EFFECT**

The proposal will have no impact on cigarette tax collections. By explicitly allowing a greater range of stamping technologies, the proposal may reduce costs to cigarette manufacturers and distributors (who are required under s.139.32 (5m) to pay the department for the cost of the printing and shipping the tax stamps).

### **DRAFTING INSTRUCTIONS**

Amend sec. 139.30 (13), Wis. Stats., to read: "Stamp" means the authorized indicia of cigarette tax payment including but not limited to ~~water transfer stamps and heat applied stamps~~ and pressure applied stamps.

Amended sec. 139.32 (4), Wis. Stats., to read: "In lieu of stamps the secretary may authorize images, marks or impressions applied by the use of ~~meter~~ machines. The secretary shall prescribe by rule the type of image, mark or impression and the kind of machines which may be used.

Amend sec. 139.44(1m), Wis. Stats., to read: " Any person who falsely or fraudulently tampers with a cigarette tax application machine ~~meter~~ in order to evade the tax under s. 139.31 is guilty of a Class G felony."

### **EFFECTIVE DATE**

Day after publication

### **INTERESTED/AFFECTED PARTIES**

Cigarette distributors

**Decision Item (DIN) - 7007**

**Decision Item (DIN) Title - Civil and Criminal Penalties for False Credit Claims**

**NARRATIVE**

Civil and Criminal Penalties for False Credit Claims

## **TITLE: CIVIL AND CRIMINAL PENALTIES FOR FALSE CREDIT CLAIMS**

### **DESCRIPTION OF CURRENT LAW AND PROBLEM**

Current law does not impose civil or criminal penalties for income tax returns filed with intent to receive a fraudulent refund. The typical refund fraud cases are:

- Large refund claims based on fraudulent W-2 statement(s) where the state tax withholding is greater than the tax liability shown on the return
- False or intentionally overstated earned income credit or homestead credit

While there are civil penalties in sec. 71.83(1)(a)2 and (b)1, Wis. Stats., those penalties only apply if a taxpayer fails to report income or evades taxes that are due.

While there are criminal penalties in sec. 71.83(2), those penalties only apply if the return is required by law. For example, sec. 71.83(2)(b)1 applies a criminal penalty to “Any person ...who renders a false... income tax return with intent to *defeat or evade any assessment required by this chapter.....*” (emphasis added).

The current statutory language doesn't work because in many refund fraud cases, the person filing the false return isn't required to file a return and is not attempting to defeat or evade tax (they have no tax liability to begin with).

Based on a plain reading of the statutes, individuals who make false credit claims have no consequences other than to have their claim denied. In practice, this means we deny false claims for some of the same individuals year after year. The department estimates that between 10 to 15% of the denied claims are from the same individuals year after year.

### **RECOMMENDATION FOR ACTION**

- Create civil penalties for negligently or fraudulently filed individual income tax refund claims, comparable to those that currently exist in sec. 77.60(12), for incorrect and excessive sales/use tax refund claims.
- Amend sec. 71.83(2)(b)1, relating to criminal penalties for income tax return fraud, to impose penalties on individuals who file a false or fraudulent income tax return to obtain a fraudulent refund.

### **IMPACT ON JOB CREATION**

Minimal impact on job creation.

### **FISCAL EFFECT**

Minimal.

### **DRAFTING INSTRUCTIONS**

1. For civil penalties, create secs. 71.83(1)(a)11 and (b)7, as follows:
  - *71.83(1)(a)11. 'Negligently filed refund claims.'* A person who negligently files an incorrect claim for refund of tax or credits under this chapter is subject to a penalty of 25% of the difference between the amount claimed and the amount, if any, that should have been claimed.
  - *71.83(1)(b)7. 'Fraudulently filed refund claims.'* A person who fraudulently files an incorrect claim for refund of tax or credits under this chapter is subject to a penalty of 100% of the difference between the amount claimed and the amount, if any, that should have been claimed.



2. For criminal penalties, amend sec. 71.83(2)(b)1 as follows:

- *71.83(2)(b)1. 'False income tax return; fraud.'* Any person, other than a corporation or limited liability company, who renders a false or fraudulent income tax return with intent to defeat or evade any assessment required by this chapter, or to obtain a refund with fraudulent intent, is guilty of a Class H felony and may be assessed the cost of prosecution.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

- Persons who want to stop fraudulent credit claims
- County District Attorneys and the Attorney General's Office

**Decision Item (DIN) - 7008**

**Decision Item (DIN) Title - Clarify Definition of "Sales Price" and "Purchase Price" - Taxes Imposed on Retailer...**

**NARRATIVE**

Clarify Definition of "Sales Price" and "Purchase Price" - Taxes Imposed on Retailer Which May Be Passed on To Consumer

**TITLE: CLARIFY DEFINITION OF "SALES PRICE" AND "PURCHASE PRICE" – TAXES IMPOSED ON RETAILER WHICH MAY BE PASSED ON TO CONSUMER**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

*Current Law:*

Section 77.51(12m), Wis. Stats. (2009-10), provides the definition of "purchase price."  
Section 77.51(12m)(a)2., Wis. Stats. (2009-10), specifically provides that "purchase price" includes, among other things, "...all taxes imposed on the seller..."

Section 77.51(12m)(b)3., Wis. Stats. (2009-10), specifically provides that "purchase price" does not include, among other things, "Any taxes legally imposed directly on the purchaser that are separately stated on the invoice, bill of sale, or similar document that the seller gives to the purchaser."

Section 77.51(15b), Wis. Stats. (2009-10), provides the definition of "sales price."  
Section 77.51(15b)(a)2., Wis. Stats. (2009-10), specifically provides that "sales price" includes, among other things, "...all taxes imposed on the seller..."

Section 77.51(15b)(b)3., Wis. Stats. (2009-10), specifically provides that "sales price" does not include, among other things, "Any taxes legally imposed directly on the purchaser that are separately stated on the invoice, bill of sale, or similar document that the seller gives to the purchaser."

Wisconsin has several taxes imposed on the seller which may, at the seller's option, be passed on to the purchaser. Based on the definition of "sales price" contained in the Wisconsin Statutes, it is not clear which of these types of taxes may be excluded and which of these types of taxes must be included in the measure upon which sales tax is imposed. (Note: An amendment was made to the SSUTA and a corresponding rule was also adopted by the Streamlined Sales Tax Governing Board (SSTGB) setting forth clear rules the member states must follow if the member state wants to exclude certain types of taxes from the measure upon which the state, county, and stadium sales and use tax is computed.) This legislative proposal would allow Wisconsin to continue doing what it has been doing in the past in this area, be in compliance with the SSUTA, and provide clear guidance for Wisconsin retailers.

**RECOMMENDATION FOR ACTION**

The statutes should be amended to clarify that the definition of "sales price" and "purchase price" do not include taxes that are imposed on the seller if those taxes are separately stated on the invoice, bill of sale, or similar document given to the purchaser and if the statutes authorizing or imposing those taxes provide that those taxes may, but are not required to be, passed on to and collected from the purchaser. This amendment will make it clearer and easier for retailers, purchasers and Department personnel to know when a separately stated tax should or should not be included in the measure subject to sales or use tax. See Attachment 1 for a list of the Wisconsin taxes and fees that are imposed, how they are currently treated and how they would be treated depending on whether or not this amendment is adopted in its entirety. The items highlighted in **yellow** in Attachment 1 indicate changes that would result if this amendment is not adopted in its entirety. The items highlighted in **red** are items that may result in Wisconsin being found out of compliance with the requirements of the SSUTA if this amendment is not adopted in its entirety.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

None. These changes will allow Wisconsin to continue to exclude certain taxes from the measure upon which the sales and use tax is currently imposed and remain in compliance with the requirements of the SSUTA.

However, if these amendments are not adopted, it will either result in (1) an increase in the measure subject to sales and use tax equal to the amount of other taxes, such as room taxes and local exposition district taxes, that are imposed on certain retail sales, or (2) Wisconsin will not be in compliance with the requirements of the SSUTA. If Wisconsin is found to be out of compliance with the requirements of the SSUTA, this will result in a reduction in the sales tax revenues that Wisconsin is collecting of approximately \$2 million per year from retailers who have volunteered to collect and remit Wisconsin taxes on their remote sales that are sourced to Wisconsin.

**DRAFTING INSTRUCTIONS**

See Attachment 2.

**EFFECTIVE DATE**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

Any person providing lodging services, including hotels, motels and bed and breakfasts, any retailers selling items subject to the local exposition district taxes, premier resort area taxes, local rental car tax, state rental vehicle fee, any retailers collecting the state universal service fund fee, retailers charging PEG transport fees under sec. 66.0420(5), Stats., persons charging video service provider fees under sec. 66.0420(7), Stats.

### Wisconsin Taxes Potentially Affected by Sales Price Amendment

Name of Tax or Fee Imposed	Statutory Reference	Covered by SSUTA?	Is Tax/Fee Required, May Be, or Prohibited by Statute from Being Passed on to Customer?	Currently Included or Excluded from Sales Price?	Treatment under Proposed Rule if Amendment <b>NOT</b> Adopted by WI	Treatment under Proposed Rule if Amendment Adopted by WI
County tax	77.70	Y	May Be	Excluded	Excluded – Tax covered by SSUTA	Excluded
Stadium Tax	77.705 & 77.706	Y	May Be	Excluded	Excluded- Tax covered by SSUTA	Excluded
Local Expo Food and Beverage Tax	77.98	N	May Be	Excluded	Included – Not covered by SSUTA	Excluded
Local Expo Room Tax	66.0615(1m)	N	May Be	Excluded	Included – Not covered by SSUTA	Excluded
Municipal Room Taxes	66.0615(1m)	N	Silent	Excluded	Included (Language in 66.0615(1m)(a) conflicts – Need to change or Compliance Issue)	Excluded
Premier Resort Area Tax	77.994	N	May Be	Excluded	Included – Not covered by SSUTA	Excluded
Local Rental Car Tax	77.99	N	May Be	Excluded	Included – Not covered by SSUTA	Excluded
State Rental Vehicle Fee	77.995	N	May Be	Excluded	Included – Not covered by SSUTA	Excluded
Dry Cleaning Fee	77.9961	N	Silent	Included	Included	Included
Police and Fire Protection Fee	196.025	N	Shall	Excluded	Excluded – Not covered by SSUTA - Prohibited exemption (Compliance Issue)	Excluded
Public Benefits Fee	16.957(4) & (5)	N	Shall	Excluded	Excluded – Required to be collected from	Excluded

					consumer	
Wireless 911 Fee	256.35(3m)	N	Shall	Excluded	Excluded – Required to be collected from consumer	Excluded
Landline 911 Fee	256.35(3)	N	User liable for tax	Excluded	Excluded	Excluded
State USF fee	196.218	N	May Be	Excluded	Included – Not covered by SSUTA	Excluded
PUC Fee	196.85	N	Silent	Included	Included	Included
Telephone Relay Service Surcharge	196.858	N	Prohibited	Included	Included	Included
Telecom Trade practices	196.859	N	Prohibited	Included	Included	Included
PEG Transport Fees (Video)	66.0420(5)	N	May Be	Excluded	Included – Not covered by SSUTA	Excluded
Video Service Provider Fee	66.0420(7)	N	May Be	Excluded	Included – Not covered by SSUTA	Excluded
State Issued Franchise Fee (Video)	66.0420(3)	N	Silent	Included	Included	Included
Fermented Malt Beverage Tax	139.02(1)	N	Silent	Included – Not imposed on retail sale	Included – Not imposed on retail sale	Included – Not imposed on retail sale
Liquor Tax	139.03	N	Silent	Included – Not imposed on retail sale	Included – Not imposed on retail sale	Included – Not imposed on retail sale
Cigarette Tax	139.31	N	Shall	Included – Not imposed on retail sale	Included – Not imposed on retail sale	Included – Not imposed on retail sale
Petroleum Inspection Fee	168.12	N	Silent	Included – Not imposed on retail sale	Included – Not imposed on retail sale	Included – Not imposed on retail sale
Motor Fuel Taxes	78.01	N	Shall	Included – Not imposed on retail sale	Included – Not imposed on retail sale	Included – Not imposed on retail sale

### Drafting Instructions

Amend section 77.51(12m)(a), Stats., as follows:

"2. The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller except as provided in par. (b)3m., and any other expense of the seller."

Create section 77.51(12m)(b)3m., Stats., to read as follows:

"3m. Taxes imposed on the seller that are separately stated on the invoice, bill of sale, or similar document given to the purchaser if the state statute imposing or authorizing the tax provides that the seller may, but is not required to, pass on and collect the tax from the user or consumer."

Amend section 77.51(15b)(a), Stats., as follows:

"2. The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller except as provided in par. (b)3m., and any other expense of the seller."

Create section 77.51(15b)(b)3m., Stats., to read as follows:

"3m. Taxes imposed on the seller that are separately stated on the invoice, bill of sale, or similar document given to the purchaser if the state statute imposing or authorizing the tax provides that the seller may, but is not required to, pass on and collect the tax from the user or consumer."

Amend section 66.0615(1m)(a), Stats. to read as follows:

"The governing body of a municipality may enact an ordinance, and a district, under par. (e), may adopt a resolution, imposing a tax on the privilege of furnishing, at retail, except sales for resale, rooms or lodging to transients by hotelkeepers, motel operators and other persons furnishing accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations. A tax imposed under this paragraph may be collected from the consumer or user, but is not subject to the selective sales tax imposed by s. 77.52(2)(a) 1. and may not be imposed on sales to the federal government and persons listed under s. 77.54 (9a). A tax imposed under this paragraph by a municipality shall be paid to the municipality and may be forwarded to a commission if one is created under par. (c), as provided in par. (d). Except as provided in par. (am), a tax imposed under this paragraph by a municipality may not exceed 8%. Except as provided in par. (am), if a tax greater than 8% under this paragraph is in effect on May 13, 1994, the municipality imposing the tax shall reduce the tax to 8%, effective on June 1, 1994. "

**Decision Item (DIN) - 7009**

**Decision Item (DIN) Title - Clarify Definitions of (1) "Prosthetic Device" and (2) "Prepared Food;" (3) Change...**

**NARRATIVE**

CLARIFY DEFINITIONS OF (1) "PROSTHETIC DEVICE" AND (2) "PREPARED FOOD;" (3) CHANGE "MEDICINES" TO "DRUGS" IN SEC. 77.54(57) FOR CONSISTENCY PURPOSES; (4) CHANGE "DIRECT MAIL" TO "ADVERTISING AND PROMOTIONAL DIRECT MAIL" IN SEC. 77.53(16); AND (5) ADD SPECIFIC LANGUAGE FOR DEFINITION OF "PLACE OF PRIMARY USE"



**TITLE: CLARIFY DEFINITIONS OF (1) "PROSTHETIC DEVICE" AND (2) "PREPARED FOOD;" (3) CHANGE "MEDICINES" TO "DRUGS" IN SEC. 77.54(57) FOR CONSISTENCY PURPOSES; (4) CHANGE "DIRECT MAIL" TO "ADVERTISING AND PROMOTIONAL DIRECT MAIL" IN SEC. 77.53(16); AND (5) ADD SPECIFIC LANGUAGE FOR DEFINITION OF "PLACE OF PRIMARY USE"**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

**(1) Prosthetic Device Definition**

*Current Law:*

Section 77.51(11m), Wis. Stats. (2009-10), provides the definition of "prosthetic device"

The Streamlined Sales and Use Tax Agreement (SSUTA) also requires that a "prosthetic device" be a "replacement, corrective, or supportive device." (Note: The difference between the definition contained in the Wisconsin Statutes and the definition contained in the SSUTA is that the modifiers "replacement, corrective, or supportive" before the word "device" are not included in the definition contained in the Wisconsin Statutes.)

*Problem:*

As currently drafted, a person may come to the conclusion that items such as football helmets, mouth guards, steel toe boots, welding gloves, hard hats, safety glasses, etc., fall within the definition of "prosthetic device" and qualify for the exemption from Wisconsin sales and use tax for prosthetic devices used for a human being since they prevent a physical deformity or malfunction (i.e., injury). Other normal wearing apparel type items may also be considered to fall within the definition of "prosthetic device" if the recommendation for action indicated below is not enacted.

**(2) Prepared Food Definition**

*Current Law:*

Section 77.51(10m), Wis. Stats. (2009-10), provides the definition of "prepared food."

*Problem:*

As currently drafted, the word "bowls" was not included in two different places in sec. 77.51(10m)(a), Wis. Stats. (2009-10), and should be added for consistency purposes.

**(3) Change "Medicines" to "Drugs" in sec. 77.54(57)**

*Current Law:*

Section 77.54(57)(b)4., Wis. Stats. (2009-10), uses the term "medicine" in describing what qualifies for exemption from Wisconsin sales and use tax.

*Problem:*

The term "medicine" is not defined in the Wisconsin Statutes. The word "medicine" was changed to "drug" when Wisconsin conformed its laws to the requirements of the Streamlined Sales and Use Tax Agreement and the definition of "drug" was also added.

**(4) Change "Direct Mail" to "Advertising and Promotional Direct Mail" in sec. 77.53(16)**

*Current Law:*

Section 77.53(16), Wis. Stats. (2009-10), uses the term "direct mail" in explaining a situation in which credit for taxes paid to other states may be disallowed.

*Problem:*

The phrase "direct mail" was split into two categories (a) "advertising and promotional direct mail" and (b) "other direct mail." Credit for taxes paid to other state may only be disallowed for "advertising and promotional direct mail" in the situation covered by the statute.

**(5) Add Specific Language for Definition of "Place of Primary Use"**

*Current Law:*

Section 77.522(4)(a)9., Wis. Stats. (2009-10), defines the term "place of primary use" by referring to specific public laws and amendments to those laws.

*Problem:*

Rather than just providing references to various public laws and amendments to those laws and to be consistent with the definition contained in the Streamlined Sales and Use Tax Agreement, the specific definition language needs to be included in the statute.

**RECOMMENDATION FOR ACTION**

(1) The words "replacement, corrective, or supportive" need to be inserted in the Wisconsin statutory definition of prosthetic device between the words "a" and "device" at the beginning of the definition.

(2) Insert the word "bowls" in two different places within the definition of "prepared food" as indicated in the drafting instructions below.

(3) To be consistent throughout ch. 77, Wis. Stats., the word "medicine" should be changed to "drug" in sec. 77.54(57)(b)4., Wis. Stats. (2009-10).

(4) Insert the words "advertising and promotional" before the phrase "direct mail" in all 4 places in sec. 77.53(16), Wis. Stats. (2009-10).

(5) Insert the specific definition of "place of primary use" contained in the Streamlined Sales and Use Tax Agreement.

**IMPACT ON JOB CREATION**

No impact on job creation.

**FISCAL EFFECT**

None.

**DRAFTING INSTRUCTIONS**

See Attachment 1.

**EFFECTIVE DATE**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

Any persons selling prosthetic devices, prepared foods, raising animals that are sold primarily to a biotechnology business, a public or private institution of higher education, or a governmental unit for exclusive and direct use by any such entity in qualified research or manufacturing, selling advertising and promotional direct mail, and services sourced based on the place of primary use.

**(1) Prosthetic Device Definition**

Amend section 77.51(11m), Stats., so that it reads as follows:

"'Prosthetic device' means a replacement, corrective, or supportive device, including the repair parts and replacement parts for the device, that is placed in or worn on the body to artificially replace a missing portion of the body; to prevent or correct a physical deformity or malfunction; or to support a weak or deformed portion of the body."

**(2) Prepared Food Definition**

Amend section 77.51(10m), Stats., to insert the word "bowls" between "plates" and "knives" in sec. 77.51(10m)(a)3., Wis. Stats., and between "plates" and "glasses" in sec. 77.51(10m)(a)3.b., Wis. Stats.

**(3) Change "Medicines" to "Drugs" in sec. 77.54(57), Wis. Stats. (2009-10)**

Amend sec. 77.54(57)(b)4., Wis. Stats. (2009-10), to strike the word "medicines" and replace it with the word "drugs."

**(4) Change "Direct Mail" to "Advertising and Promotional Direct Mail" in sec. 77.53(16)**

Amend sec. 77.53(16), Wis. Stats. (2009-10), so that it reads as follows:

"If the purchase, rental or lease of tangible personal property, or items, property, or goods under s. 77.52 (1) (b), (c), or (d), or service subject to the tax imposed by this section was subject to a sales tax by another state in which the purchase was made, the amount of sales tax paid the other state shall be applied as a credit against and deducted from the tax, to the extent thereof, imposed by this section, except no credit may be applied against and deducted from a sales tax paid on the purchase of advertising and promotional direct mail, if the advertising and promotional direct mail purchaser did not provide to the seller a direct pay permit, an exemption certificate claiming advertising and promotional direct mail, or other information that indicates the appropriate taxing jurisdiction to which the advertising and promotional direct mail is delivered to the ultimate recipients. In this subsection "sales tax" includes a use or excise tax imposed on the use of tangible personal property, or items, property, or goods under s. 77.52 (1) (b), (c), or (d), or taxable service by the state to which the sale was sourced and "state" includes the District of Columbia and the commonwealth of Puerto Rico but does not include the several territories organized by congress."

**(5) Add Specific Language for Definition of "Place of Primary Use"**

Amend sec. 77.522(4)(a)9., Wis. Stats. (2009-10), so that it reads as follows:

"'Place of primary use' means ~~place of primary use, as determined under 4 USC 116 to 126, as amended by P.L. 106-252~~the street address representative of where the customer's use of the telecommunications service primarily occurs, which must be the residential street address or the primary business street address of the customer. In the case of mobile telecommunications services, 'place of primary use' must be within the licensed service area of the home service provider."

**Decision Item (DIN) - 7010**

**Decision Item (DIN) Title - Clarify Sales Tax Levy**

**NARRATIVE**

Clarify Sales Tax Levy

**TITLE: CLARIFY SALES TAX LEVY**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Sec. 77.62, Wis. Stats., authorized the Department of Revenue to use the collection powers permitted in ss. 71.80 (12), 71.91 (1) (a) and (c) and (2) to (5m) and (7), to collect delinquent sales and use taxes.

The problem is that sec. 71.91 (6), Wis. Stats., is not mentioned as one of the tools that may be used to collect delinquent sales and use taxes. The subsection permits the levy upon property for collection of delinquent taxes.

This proposal is legislation to clarify levy is included in collection tools available for delinquent sales tax collection.

**RECOMMENDATION FOR ACTION**

Modify sec. 77.62 to include collection tools authorized by sec. 71.91 (6), Wis. Stats.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

None.

**DRAFTING INSTRUCTIONS**

Amend Sec. 77.62:

77.62 Collection of delinquent sales and use taxes. The department of revenue may exercise the powers vested in it by ss. 71.80 (12), 71.82 (2), 71.91 (1) (a) and (c), (2) to ~~(5m) and (7)~~, 71.92 and 73.0301 in connection with collection of delinquent sales and use taxes including, without limitation because of enumeration, the power incorporated by reference in s. 71.91 (5) (j), and the power to:...

**EFFECTIVE DATE**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

Delinquent taxpayers.

**Decision Item (DIN) - 7011**

**Decision Item (DIN) Title - Clarify Tax Treatment of Property Provided With Services**

**NARRATIVE**

Clarify Tax Treatment of Property Provided With Services

## **TITLE: CLARIFY TAX TREATMENT OF PROPERTY PROVIDED WITH SERVICES**

### **DESCRIPTION OF CURRENT LAW AND PROBLEM**

#### *Current Law:*

Section 77.51(11d), Wis. Stats. (2009-10), provides that "For purposes of subs. (1ag), (1f), (3pf), and (9p) and ss. 77.52(20) and (21), 77.522, and 77.54(51) and (52), 'product' includes tangible personal property, and items, property, and goods under s. 77.52(1)(b), (c), and (d), and services."

Section 77.51(13)(e), Wis. Stats. (2009-10), provides, in part, that "retailer" includes "A person selling tangible personal property or items, property, or goods under s. 77.52(1)(b), (c), or (d) to a service provider who transfers the property, items, or goods in conjunction with the selling, performing or furnishing of any service and the property, items, or goods are incidental to the service, unless the service provider is selling, performing or furnishing the services under s. 77.52(2)(a) 7., 10., 11. and 20. ..."

Section 77.52(2m)(a), Wis. Stats. (2009-10), provides that "With respect to the services subject to tax under sub. (2), no part of the charge for the service may be deemed a sale or rental of tangible personal property or items, property, or goods under sub. (1)(b), (c), or (d) if the property, items, or goods transferred by the service provider are incidental to the selling, performing or furnishing of the service, except as provided in par. (b)."

Section 77.52(21)(b), as created by 2011 Wis. Act 32, effective September 1, 2011, provides that "A person who provides a product that is not distinct and identifiable because it is provided free of charge to a purchaser who must also purchase another product that is subject to the tax imposed under this subchapter from that person in the same transaction may purchase the product provided free of charge without tax, for resale."

Although a service provider is liable for the payment of sales or use tax on purchases of property that it provides to customers incidentally with taxable services (i.e., the property is not resold to the customer if it transferred incidentally with the service - sec. 77.52(2m)(a), Stats.), it may be argued that service providers may purchase such property without tax for resale under sec. 77.52(21)(b), Stats. (Note: "Product," as used in sec. 77.52(21)(b), Stats., includes services.)

### **RECOMMENDATION FOR ACTION**

The statutes should be amended to clarify that sec. 77.52(21)(b), Stats., does not apply to property that is transferred incidentally with a taxable service that is not a service listed in sec. 77.52(2)(a)7., 10., 11., or 20., Stats.

### **IMPACT ON JOB CREATION**

No significant effect on job creation is anticipated.

### **FISCAL EFFECT**

None. Purchases of property transferred by the purchaser incidentally with taxable services, other than services subject to tax under sec. 77.52(2)(a)7., 10., 11., and 20, Stats., have been subject to sales or use tax and will continue to be taxable under this amendment. Attachment 1 displays the estimated sales and use taxes collected on certain

items provided with the purchase of a taxable service. The amounts in Attachment 1 represent potential sales and use tax losses if the items are interpreted or determined to be exempt from sales tax.

### **DRAFTING INSTRUCTIONS**

Amend section 77.52(21)(b), Stats., as follows:

"-A Except as provided in sub. (2m)(a), a person who provides a product that is not distinct and identifiable because it is provided free of charge to a purchaser who must also purchase another product that is subject to the tax imposed under this subchapter from that person in the same transaction may purchase the product provided free of charge without tax, for resale."

### **EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

Day after publication.

### **INTERESTED/AFFECTED PARTIES**

Service providers who transfer tangible personal property incidentally with taxable services, other than services subject to tax under sec. 77.52(2)(a)7., 10., 11., and 20, Stats., may oppose this proposal.



**Attachment 1**

The table below provides estimated sales tax amounts on examples of personal property provided along with a taxable service. This list is not exhaustive, and depending on the interpretation of the exemption, the fiscal effect could increase significantly. The total fiscal effect is unknown. This list includes items that are transferred to customers on both a temporary and permanent basis.

Estimated State Sales Tax On Tangible Personal Property  
Provided Along With A Taxable Service, 2011

Taxable Tangible Personal Property	State Sales Tax
Hotel Soap, Shampoo, Conditioner	\$ 377,000
Cable and Satellite TV Equipment	1,078,000
Ticket Stock (Movies, Sporting Events, Other)	40,000
Sporting Events Promotional Items	268,000
Hotel Room Furnishings	2,809,000
Movie Theater Seats	389,000
Golf Scorecards and Pencils	49,000
Dry Cleaner Hangers, Bags, Tickets	164,000
Total Identified	\$ 5,175,000

Additional examples of tangible personal property provided along with a taxable service include (this list is also not exhaustive):

- Exercise equipment at health clubs and hotels
- Free concert and performing arts programs
- Office supplies, such as cash register paper (receipts)
- Driving range golf balls
- Bowling pins, pin-setting equipment, lanes
- Miniature golf putters, balls, scorecards and pencils
- Tokens for arcade video games
- Towing equipment at ski hills
- Picnic tables and waste receptacles at campsites

While the state sales tax loss from exempting the list of items identified in the table above would reduce state revenues by \$5.2 million annually, the total revenue loss may be substantially higher when the full impact of the exemption is considered.

County and stadium district sales taxes were 8.2% of state sales tax revenues in FY11. Assuming this percentage does not change, the items identified in the table above would reduce county and stadium district sales taxes by \$426,000.

**Decision Item (DIN) - 7012**

**Decision Item (DIN) Title - Clarify Time Limit for Filing Claim for Refund of Sales/Use Tax**

**NARRATIVE**

Clarify Time Limit for Filing Claim for Refund of Sales/Use Tax

**TITLE: CLARIFY TIME LIMIT FOR FILING CLAIM FOR REFUND OF SALES/USE TAX**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Current law sec. 77.59(4)(a), Wis. Stats., provides, in part, that: "...at any time within 4 years after the due date, or in the case of buyers the unextended due date, of a person's corresponding Wisconsin income or franchise tax return,..."

The language suggests that persons other than buyers who are filing a claim for refund have a due date other than the *unextended* due date associated with filing their Wisconsin income or franchise tax return.

Current and past Department policy has been to implement the due date for filing a claim for refund of sales or use taxes as the *unextended* due date of the Wisconsin income or franchise tax return for any claimant.

Changing the statute as recommended will eliminate any question as to the due date being the unextended due date of any claimant's associated Wisconsin income or franchise tax return.

**RECOMMENDATION FOR ACTION**

Amend sec. 77.59(4)(a), Wis. Stats., to provide that a claim for refund of sales or use taxes may be filed within 4 years of the due date of the claimant's corresponding income or franchise tax return.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

None.

**DRAFTING INSTRUCTIONS**

Modify the existing statutory language in sec. 77.59(4)(a), Stats., as follows:

"Except as provided in sub (3m), at any time within 4 years after the due date, ~~or in the case of buyers the unextended due date,~~"

**EFFECTIVE DATE**

The first day of the first month after publication.

**INTERESTED/AFFECTED PARTIES**

Retailers subject to Wisconsin sales and use taxes.

**Decision Item (DIN) - 7013**

**Decision Item (DIN) Title - Confidentiality of Un-cashed Refund Checks**

**NARRATIVE**

Confidentiality of Un-cashed Refund Checks

**TITLE: CONFIDENTIALITY OF UN-CASHED REFUND CHECKS**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Wisconsin issued checks are closed to the public if the checks have been cancelled and are more than a year old. Un-cashed checks less than 1 year old are open to the public. Sec. 20.912(3m)

Problematically, the public, including asset recovery firms, can make an open records request and receive the name, address and amount of the un-cashed check. The Department of Revenue (DOR) has received complaints from taxpayers that asset recovery firms then contact the payee and charge the payee a percentage of the amount of the check to ask the state to reissue the check. The state will reissue the check to the payee at no charge.

There is a likelihood of fraud or error when this information is provided to the public. There is a public expectation that this information is already confidential.

**RECOMMENDATION FOR ACTION**

Amend statute to provide for confidentiality of all payee information from state checks regardless of the age of the check.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

None.

**DRAFTING INSTRUCTIONS**

Amend section 20.912(3m) as follows:

CONFIDENTIALITY OF CANCELED CHECKS, SHARE DRAFTS AND OTHER DRAFTS. Information appearing in the register of canceled checks, share drafts and other drafts about a check, share draft or other draft canceled under sub. (1) is not available for inspection or copying under s. 19.35(1) until 6 years after the date of issue or until the check, share draft or other draft is reissued under sub. (3), whichever is earlier, except that section 71.78(1) and (4) relating to confidentiality of income and franchise tax returns applies to a check, share draft or other draft, cancelled or outstanding, as it relates to tax refund amounts certified by the department of revenue to the department of administration for payment.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

- Department of Administration who issues the state checks.
- Citizens of Wisconsin who expect that information on state checks is confidential.
- Asset recovery firms who can no longer obtain this information and charge citizens for what is a free state service.
- State Treasurer's Office.

**Decision Item (DIN) - 7014**

**Decision Item (DIN) Title - Disregarded Entities - Local Expo Taxes and Rental Vehicle Fees**

**NARRATIVE**

Disregarded Entities - Local Expo Taxes and Rental Vehicle Fees

## TITLE: DISREGARDED ENTITIES - LOCAL EXPO TAXES AND RENTAL VEHICLE FEES

### DESCRIPTION OF CURRENT LAW AND PROBLEM

Although a single-owner entity that is disregarded as a separate entity for Wisconsin income and franchise tax purposes ("disregarded entity") is also disregarded as a separate entity for Wisconsin sales and use tax purposes, this sales and use tax statute ([sec. 77.61\(19m\)](#), Wis. Stats.) is not cited in the administration provisions for the state rental vehicle fee or the local expo taxes. The law can, therefore, be interpreted to mean that a disregarded entity is a separate entity from its owner for purposes of the state rental vehicle fee and the local expo taxes.

A description of how this can be a problem for a car rental business is provided below:

The state rental vehicle fee applies to short-term rentals of certain automobiles by establishments that are primarily engaged in the business of such short-term rentals. The department considers an "establishment" to mean a business location.

Therefore, when a company has multiple business locations, only the activities at a particular location are considered when determining whether that establishment is primarily engaged in the business of short-term rentals. The activities at other business locations are not a factor.

For example, if a company has two divisions that consist of an automobile dealership and an auto rental facility, whether the company's automobile rentals are subject to the state rental vehicle fee depends on whether both divisions are at the same business location:

- If the dealership and the rental business are *at the same business location*, the receipts of both divisions are used to determine whether the establishment is **primarily** engaged in the business of short-term rentals (more than 50% of its receipts). It is likely that the business is *not* primarily engaged in the business of short-term rentals and, therefore, would not be required to charge the rental vehicle fee.
- If the dealership and the rental business are *at different business locations*, the receipts of each division are looked at separately to determine whether each "establishment" is **primarily** engaged in the business of short-term rentals. The establishment/division that is engaged in the business of short-term rentals will be required to charge the rental vehicle fee.

The problem occurs when the rental business is a disregarded entity, rather than a division of the dealership. Since the law does not provide that the disregarded entity is disregarded for purposes of the rental car tax, the owner (i.e., dealership) and the disregarded entity (i.e., rental business) may be considered to be separate entities. In this case, the state rental car tax would apply, since the receipts of the owner and the disregarded entity would be treated separately. The rental business would be considered to be *an establishment primarily engaged in the business of short-term rentals*.

With the proposed law change, it would be clear that the state rental car tax would not apply, since the establishment would not be **primarily** engaged in the business of short-term rentals. The receipts of the dealership and the rental business would be combined to make this determination.

### RECOMMENDATION FOR ACTION

Reference the sales and use tax disregarded entity provision in the administrative provisions of the following taxes:

- Local food and beverage tax
- Local rental car tax

- Local expo lodging tax
- State rental vehicle fee

#### **IMPACT ON JOB CREATION**

None.

#### **FISCAL EFFECT**

Minimal.

#### **DRAFTING INSTRUCTIONS**

Amend the following expo tax and state rental vehicle fee administrative provisions to reference [sec. 77.61\(19m\)](#), Wis. Stats. (i.e., sales and use tax disregarded entity provision):

- Local food and beverage tax – [Section 77.982\(2\)](#), Wis. Stats.
- Local rental car tax – [Section 77.991\(2\)](#), Wis. Stats.
- Local expo lodging tax – [Section 66.0615\(1m\)\(f\)2.](#), Wis. Stats.
- State rental vehicle fee – [Section 77.9951\(2\)](#), Wis. Stats.

#### **EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

Day after publication.

#### **INTERESTED/AFFECTED PARTIES**

Businesses who have created limited liability companies (LLCs) to run a separate part of its business, such as an automobile dealer who creates an LLC to run its automobile rental activities.



**Decision Item (DIN) - 7015**

**Decision Item (DIN) Title - Dry Cleaning Fee - Technical Correction to Definition of "Sales Price"**

**NARRATIVE**

Dry Cleaning Fee - Technical Correction to Definition of "Sales Price"

**TITLE: DRY CLEANING FEE - TECHNICAL CORRECTION TO DEFINITION OF "SALES PRICE"**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Under current law, the dry cleaning fee is based on the "sales price," including sales tax, of certain sales made by a dry cleaning facility. As explained below, including the sales tax in the amount on which the dry cleaning fee is computed is an unintended result of changes made in 2009 Wis. Act 2.

Under current law, the definition of "gross receipts" (see sec. 77.996(6), Wis. Stats. (2009-10)), for purposes of the dry cleaning fee in subchapter XII of chapter 77, means "sales price," (see sec. 77.51(15b), Wis. Stats. (2009-10)), as defined for purposes of the sales tax under subchapter III of Chapter 77.

Prior to October 1, 2009, "gross receipts" (see sec. 77.996(6), Wis. Stats. (2007-08)), for purposes of the dry cleaning fee referred to the definition of "gross receipts" used for sales tax purposes in sec. 77.51(4)(a), (b)1. and 5., (c)1. to 4., and (d), Wis. Stats. (2007-08). Since 2009 Wis. Act 2 repealed the term "gross receipts" for sales tax purposes and replaced it with the term "sales price," sec. 77.996(6), Wis. Stats., was also amended to reference the term "sales price" instead of "gross receipts."

The term "gross receipts," as used for sales tax purposes prior to October 1, 2009, specifically excluded sales tax imposed on the seller if the seller could establish to the satisfaction of the Department of Revenue that the sales tax was not absorbed by the retailer. (See sec. 77.51(4)(a)4., Wis. Stats. (2007-08)).

The term "sales price," as used for sales tax purposes and the dry cleaning fee on and after October 1, 2009, does not contain such a provision that excludes the sales tax imposed on the retailer. Instead, this provision is now in sec. 77.585(7), Wis. Stats., which states that, for sales tax purposes, "sales price" does not include sales tax if the retailer can establish to the Department of Revenue's satisfaction that the sales tax has been added to the sales price and not absorbed by the retailer.

There was no intention in 2009 Wis. Act 2 to substantively modify the definition of "gross receipts" for purposes of the dry cleaning fee. As such, it is recommended that sec. 77.996(6), Wis. Stats., be amended to define "gross receipts" by reference to both secs. 77.51(15b) and 77.585(7), Wis. Stats. These references, when read together, are consistent with the previous definition of "gross receipts" used for the dry cleaning fee.

**RECOMMENDATION FOR ACTION**

Amend sec. 77.996(6), Wis. Stats., to provide that the term "gross receipts" means "sales price" as defined in secs. 77.51(15b) and 77.585(7), Wis. Stats.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

None.

**DRAFTING INSTRUCTIONS**

Amend sec. 77.996(6), Wis. Stats., by deleting "s. 77.51(15b)," and inserting "ss. 77.51(15b) and 77.585(7),".

**EFFECTIVE DATE**

First day after publication.

**INTERESTED/AFFECTED PARTIES**

Dry cleaners.

**Decision Item (DIN) - 7016**

**Decision Item (DIN) Title - Due Date of Liquor License Information from Clerks**

**NARRATIVE**

Due Date of Liquor License Information from Clerks

**TITLE: DUE DATE OF LIQUOR LICENSE INFORMATION FROM CLERKS**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Sec. 125.04(4), Wis. Stats., requires municipal clerks to send the Department by July 15<sup>th</sup>, each year, a list of each person holding a license issued by the municipal clerk.

The problem is that the statute does not require the municipal clerk to include the Wisconsin Seller's Permit number with the list, which makes it difficult for department staff to work with the list and ensure they identify the correct persons. In addition, the Department of Revenue does not need the information by July 15 each year.

**RECOMMENDATION FOR ACTION**

Modify Sec.125.04(4) to require the municipal clerk to send the license information by August 31<sup>st</sup> each year, and to include the Wisconsin Seller's Permit number listed on the license application or renewal form.

This proposal will give the municipal clerks additional time to prepare their lists for the Department of Revenue. Including the Wisconsin Seller's Permit number on the list will enable the department to efficiently determine the identity of each license holder and to determine whether the license holder owes delinquent taxes.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

Providing a faster and more accurate way to determine which businesses hold municipal licenses may enhance collections, though this cannot be measured.

**DRAFTING INSTRUCTIONS**

**Amend sec. 125.04(4)**

(4) List of licensees. By August 31 annually, the clerk of a municipality issuing licenses shall send in a manner prescribed by the department, a list containing the name, address, Wisconsin Seller's Permit number issued under s. 77.52(7) and listed on the application or renewal form, and trade name of each person holding a license issued by that municipality, other than a manager's or operator's license or a license issued under s. 125.26 (6), and s. 125.51(10), the type of license held and, if the person holding the license is a corporation or limited liability company, the name of the agent appointed under sub. (6).

**EFFECTIVE DATE**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

Municipal clerks.

**Decision Item (DIN) - 7017**

**Decision Item (DIN) Title - Electronic Medical Records Credit - Limit to In-State Use and Restricted Hardware Purchases**

**NARRATIVE**

Electronic Medical Records Credit - Limit to In-State Use and Restricted Hardware Purchases of Smaller Providers

**TITLE: ELECTRONIC MEDICAL RECORDS CREDIT – LIMIT TO IN-STATE USE FOR  
HARDWARE AND SOFTWARE; LIMIT TO HARDWARE PURCHASES OF SMALLER  
PROVIDERS**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Under current law, the credit is allowed for information technology hardware and software regardless of where it is used. This provides an incentive to invest in hardware and software used outside of Wisconsin.

The existing cap on the credit (\$10,000,000) could limit the benefit of the credit for small, rural-based health care providers because large health care providers would have substantially higher qualifying expenditures in hardware and software and thus a much larger portion of the available credit.

**RECOMMENDATION FOR ACTION**

Limit the credit to information technology hardware and software placed in service in Wisconsin.

Limit the credit for hardware related to software licensed to or used by ten or fewer health care providers. This number is consistent with that used by the federal Health Information Technology Extension Program, which places a priority on individual and small group practices of ten or fewer professionals.

**IMPACT ON JOB CREATION**

This proposal has the potential to create additional jobs, especially in rural areas and in small medical and dental practices, in Wisconsin by requiring that the software and hardware be used in Wisconsin to qualify for the credit.

**FISCAL EFFECT**

None.

**DRAFTING INSTRUCTIONS**

Amend sec. 71.07(5i)(b), Wis. Stats., to read:

*Filing claims.* Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2011, a claimant may claim as a credit against the taxes imposed under ss. 71.02 and 71.08, up to the amount of those taxes, an amount equal to 50 percent of the amount the claimant paid in the taxable year for information technology hardware or software that is placed in service in this state and used to maintain medical records in electronic form, if the claimant is a health care provider, as defined in s. 146.81 (1) (a) to (p).

Create sec. 71.07(5i)(c)3., Wis. Stats., to read:

The credit is not allowed for information technology hardware used to maintain medical records in electronic form, if the related software is licensed to or used by more than ten health care providers.

Amend sec. 71.28(5i)(b), Wis. Stats., to read:

*Filing claims.* Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2011, a claimant may claim as a credit against the taxes imposed under s. 71.23, up to the amount of those taxes, an amount equal to 50 percent of the amount the claimant paid in the taxable year for information technology hardware or software that is placed in service in this state and used to maintain medical records in electronic form, if the claimant is a health care provider, as defined in s. 146.81 (1) (a) to (p).

Create sec. 71.28(5i)(c)3., Wis. Stats., to read:

The credit is not allowed for information technology hardware used to maintain medical records in electronic form, if the related software is licensed to or used by more than ten health care providers.

Amend sec. 71.47(5i)(b), Wis. Stats., to read:

*Filing claims.* Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2011, a claimant may claim as a credit against the taxes imposed under s. 71.43, up to the amount of those taxes, an amount equal to 50 percent of the amount the claimant paid in the taxable year for information technology hardware or software that is placed in service in this state and used to maintain medical records in electronic form, if the claimant is a health care provider, as defined in s. 146.81 (1) (a) to (p).

Create sec. 71.47(5i)(c)3., Wis. Stats., to read:

The credit is not allowed for information technology hardware used to maintain medical records in electronic form, if the related software is licensed to or used by more than ten health care providers.

#### **EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

For taxable years beginning after December 31, 2012.

#### **INTERESTED/AFFECTED PARTIES**

Persons who are health care providers as defined by s. 146.81(1)(a) to (p), Wis. Stats., that purchase computer hardware and/or software used to maintain medical records in electronic form.



**Decision Item (DIN) - 7018**

**Decision Item (DIN) Title - Exception to Penalty for Copies of Vital Records**

**NARRATIVE**

Exception to Penalty for Copies of Vital Records

## **TITLE: EXCEPTION TO PENALTY FOR COPIES OF VITAL RECORDS**

### **DESCRIPTION OF CURRENT LAW AND PROBLEM**

The Department of Revenue (DOR) often needs to request birth certificates to verify a taxpayer's eligibility for the earned income credit. However, sec. 69.24(1)(a), Stats., provides that making a photocopy of a "vital record," such as a birth certificate, is a Class I felony with a penalty of up to \$10,000 and/or imprisonment of up to 3 ½ months, or both. This creates three problems:

1. When the original documents are returned to the taxpayer, there is risk that the documents will be returned to the wrong taxpayer. Handling multiple similar documents at the same time increases the risk. Last year, DOR returned original birth certificates to over 1700 taxpayers.
2. Taxpayers are often unwilling to submit original birth certificates in the mail and frequently contact DOR staff asking to fax or send a photocopy instead. DOR cannot give them permission to fax or send a photocopy because of the provisions of sec. 69.24(1)(a). Some taxpayers send faxes or photocopies anyways and staff use discretion on whether to accept them.
3. DOR incurs the cost of returning the original birth certificate to the taxpayer by certified mail.

### **RECOMMENDATION FOR ACTION**

Create an exception to the penalty for copying vital records, which would allow taxpayers to submit photocopies of vital records to the Department of Revenue. However, the statutory language should include the following safeguards:

- Expressly state that the department reserves the right to require the original document. This would allow DOR to require the original document in situations where fraud or forgery of the photocopied document is suspected.
- Provide that a person who possesses a photocopy of a vital record must also possess a copy of the correspondence from the Department of Revenue requesting the vital record.

This proposal reduces administrative costs and provides good customer service by:

- Reducing the risk of a breach of confidential information
- Satisfying customers' wishes to send photocopies instead of the original documents
- Lowering mailing costs

### **IMPACT ON JOB CREATION**

This proposal has minimal impact on job creation.

### **FISCAL EFFECT**

This proposal has minimal fiscal effect.

### **DRAFTING INSTRUCTIONS**

1. Amend sec. 69.24(1)(a) as follows:
  - (a) Other than as authorized under s. 69.21(2)(d), prepares or issues any paper or film which purports to be, or carries the appearance of, an original or a copy of a vital record, certified or uncertified, except as provided under this subchapter, s. 71.80(25), or s. 610.50 . . .

2. Create sec. 71.80(25) as follows:

(25) COPIES OF VITAL RECORDS. If the department requests a document that is a vital record, as defined in s. 69.01(26), from a taxpayer for purposes of verifying a credit, deduction, or exemption claimed on a return, the taxpayer shall not be subject to s. 69.24(1)(a) for producing or possessing a copy, including a photocopy or facsimile, of the requested record if that copy is produced solely for purposes of submitting it to the department and the taxpayer maintains a copy of the department's request for the record with the copy of the record. However, the department has the right to require the original document when it deems necessary.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

- Persons who want to stop fraudulent credit claims
- County constitutional officers
- Wisconsin Counties Association
- Preparers and claimants of earned income credit

**Decision Item (DIN) - 7019**

**Decision Item (DIN) Title - Expand State Reciprocal Refund Setoff to Include Non-Tax Debt**

**NARRATIVE**

Expand State Reciprocal Refund Setoff to Include Non-Tax Debt

**TITLE: EXPAND STATE RECIPROCAL REFUND SETOFF TO INCLUDE NON-TAX DEBT**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Sec. 73.03 (52m), Wis. Stats., allows the department to enter into agreements with other states to offset state tax refunds against tax obligations of other states if the states reciprocate and offset refunds against Wisconsin Department of Revenue (DOR) tax debts.

The problem is that Wisconsin and some other states collect both tax and non-tax debts. The current statute only allows the refund setoff to pay tax debts.

**RECOMMENDATION FOR ACTION**

Modify Sec. 73.03 (52m), Wis. Stats., to permit reciprocal refund setoff to pay both tax and non-tax debts owed directly to state and local governments and collected by Wisconsin and the other states.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

The increase in collections for non-tax debt cannot be estimated at this time. However, DOR started reciprocal refund setoff of tax debt with Minnesota in the 2nd half of FY 2009. Minnesota intercepted \$463,724 for Wisconsin DOR tax debts in FY 2012.

**DRAFTING INSTRUCTIONS**

Amend Sec. 73.03 (52m), Wis. Stats., as follows:

(52m) To enter into agreements with other states that provide for offsetting state tax refunds against ~~tax~~ obligations directly owed to or of other states and their local governments, and offsetting tax refunds of other states against obligations directly owed to the state tax and local governments, ~~obligations~~, if the agreements provide that setoffs under ss. 71.93 and 71.935 occur before setoffs under those agreements.

**EFFECTIVE DATE**

The effective date of the law change should be the day after publication.

**INTERESTED/AFFECTED PARTIES**

The interested/affected parties are other states and delinquent debtors who owe non-tax debt that was referred to DOR for collection.

**Decision Item (DIN) - 7020**

**Decision Item (DIN) Title - Fuel Tax and Petroleum Inspection Fee at Airport Fuel Hydrant Systems**

**NARRATIVE**

Fuel Tax and Petroleum Inspection Fee at Airport Fuel Hydrant Systems

**TITLE: FUEL TAX AND PETROLEUM INSPECTION FEE AT AIRPORT FUEL HYDRANT SYSTEMS**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Motor fuel is taxed when it is disbursed from an IRS registered terminal. The tax is paid by the position holder in the IRS registered terminals. Petroleum inspection fees are imposed in the same manner. Some airports have a fuel hydrant system where fuel is filled directly into planes or into delivery trucks. These hydrant systems are treated as registered terminals by the IRS. Depending on who flies in and out of airports, the position holders in the fuel hydrant system change constantly, making compliance very difficult. Extensive record keeping is also required.

**RECOMMENDATION FOR ACTION**

Update statutes so that motor vehicle fuel taxes and petroleum inspection fees are imposed at an airport fuel hydrant system when the fuel is received into the airport's primary storage facility instead of on disbursements.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

The proposal will have no impact on state tax collections. Compliance with state excise tax laws will be easier for motor fuel tax and petroleum inspection fee filers.

**DRAFTING INSTRUCTIONS**

Amend sec. 78.07(1), Wis. Stats., to read: "Except as provided in sub. (1a), motor vehicle fuel...vehicle fuel are made directly."

Add sec. 78.07(1a) to read: "(1a) Motor vehicle fuel shipped by pipeline spur to an airport hydrant system is received when the motor vehicle fuel is received from the main pipeline into the initial or primary storage facility or holding terminal, by the owner of the storage facility or holding terminal."

**EFFECTIVE DATE**

90 days after publication.

**INTERESTED/AFFECTED PARTIES**

Milwaukee Fuel Hydrant System position holders and owner of airport's primary fuel storage facility.

**Decision Item (DIN) - 7021**

**Decision Item (DIN) Title - Homestead Credit Qualification**

**NARRATIVE**

Limitations For Homestead Credit; Add Contributions To College Savings Accounts To Household Income For Homestead Credit



**TITLE: LIMITATIONS FOR HOMESTEAD CREDIT; ADD CONTRIBUTIONS TO COLLEGE SAVINGS ACCOUNTS TO HOUSEHOLD INCOME FOR HOMESTEAD CREDIT**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Although homestead credit is intended to benefit low-income households, high-income households sometimes receive the credit because of losses claimed for income tax purposes.

Claimants who have the financial means to pay into a college savings account or college tuition and expenses program receive a deduction from Wisconsin income, but are not required to include the amount deducted in household income when computing homestead credit.

**RECOMMENDATION FOR ACTION**

Amend the homestead credit statutes to disqualify claimants with sufficient wages (household wages exceed \$50,000) or investment income (household investment income exceeds \$10,000) to pay rent or property taxes or who own property with a high assessed value (assessed value exceeds \$500,000) on which the credit is based.

Require amounts deducted for contributions to college savings accounts or college tuition and expenses programs be included in household income for purposes of computing the homestead credit.

**IMPACT ON JOB CREATION**

This credit is not an incentive for job creation or investment. Rather, its purpose is to provide cash assistance to low-income households. The maximum homestead credit amount is \$1,168. For the taxpayers that would be affected, this amount is unlikely to have an effect on investment decisions.

**FISCAL EFFECT**

\$1.3 million annually beginning in 2014.

**DRAFTING INSTRUCTIONS**

See Attachment A.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

Taxable years beginning on or after January 1, 2013

**INTERESTED/AFFECTED PARTIES**

Claimants of homestead credit

Amend sec. 71.52(6), Wis. Stats., to read:

"Income" means the sum of Wisconsin adjusted gross income and the following amounts, to the extent not included in Wisconsin adjusted gross income: maintenance payments (except foster care maintenance and supplementary payments excludable under section 131 of the internal revenue code), support money, cash public assistance (not including credit granted under this subchapter and amounts under s. 46.27), cash benefits paid by counties under s. 59.53 (21), the gross amount of any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act and veterans disability pensions), nontaxable interest received from the federal government or any of its instrumentalities, nontaxable interest received on state or municipal bonds, worker's compensation, unemployment insurance, the gross amount of "loss of time" insurance, compensation and other cash benefits received from the United States for past or present service in the armed forces, scholarship and fellowship gifts or income, capital gains, gain on the sale of a personal residence excluded under section 121 of the internal revenue code, dividends, income of a nonresident or part-year resident who is married to a full-year resident, housing allowances provided to members of the clergy, the amount by which a resident manager's rent is reduced, nontaxable income of an American Indian, nontaxable income from sources outside this state and nontaxable deferred compensation. Intangible drilling costs, depletion allowances and depreciation, including first-year depreciation allowances under section 179 of the internal revenue code, amortization, contributions to individual retirement accounts under section 219 of the internal revenue code, contributions to Keogh plans, amounts paid into a college savings account or college tuition and expenses program, net operating loss carry-forwards and capital loss carry-forwards deducted in determining Wisconsin adjusted gross income shall be added to "income". "Income" does not include gifts from natural persons, cash reimbursement payments made under title XX of the federal social security act, surplus food or other relief in kind supplied by a governmental agency, the gain on the sale of a personal residence deferred under section 1034 of the internal revenue code or nonrecognized gain from involuntary conversions under section 1033 of the internal revenue code. Amounts not included in adjusted gross income but added to "income" under this subsection in a previous year and repaid may be subtracted from income for the year during which they are repaid. Scholarship and fellowship gifts or income that are included in Wisconsin adjusted gross income and that were added to household income for purposes of determining the credit under this subchapter in a previous year may be subtracted from income for the current year in determining the credit under this subchapter. A marital property agreement or unilateral statement under ch. 766 has no effect in computing "income" for a person whose homestead is not the same as the homestead of that person's spouse.

Create secs. 71.53(2)(g), (h), and (i), Wis. Stats., to read:

**71.53(2)(g)** The investment income received by all persons of a household in the year to which the claim relates while members of the household exceeds \$10,000. In this paragraph, "investment income" means taxable and tax-exempt interest, dividends, and net capital gain. For purposes of this paragraph, net capital gain shall be determined in the same manner as, but before application of, the percentages under s. 71.05 (6) (b) 9. and 9m., Stats.

**71.53(2)(h)** The wages, salary, and tips received by all persons of a household in the year to which the claim relates while members of the household exceeds \$50,000.

**71.53(2)(i)** The claimant or a member of the claimant's household owns a homestead during any portion of the calendar year to which the claim relates whose assessed value exceeds \$500,000. In this paragraph, "assessed value" means the assessed value of improvements shown on the property tax bill that includes the claimant's homestead and that reflects the ownership percentage of the claimant and the claimant's household.

Amend sec. 71.58(7)(a), Wis. Stats., to read:

**71.58(7)(a)** For an individual, means income as defined under s. 71.52 (6), plus nonfarm business losses, plus amounts under s. 46.27, less net operating loss carry-forwards, less first-year depreciation allowances under section 179 of the internal revenue code, ~~and less the first \$25,000 of depreciation expenses in respect to the farm claimed by all of the individuals in a household, and less amounts paid into a college savings account or college tuition and expenses program deducted in determining Wisconsin adjusted gross income.~~

**Decision Item (DIN) - 7022**

**Decision Item (DIN) Title - Increase Fee to Obtain Net Tax**

**NARRATIVE**

Increase Fee to Obtain Net Tax

**TITLE: INCREASE FEE TO OBTAIN NET TAX**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Sec. 71.78(2), Wis. Stats., provides that a requester must pay a fixed fee of \$4 per year per taxpayer to request the net tax of a taxpayer. The amount of that fee was set over 20 years ago.

The cost to the Department of Revenue to fill these requests is considerably more than the fee. In a study done several years ago of fiscal year 2005-06, net tax requests cost the department \$7,500 more than the fees collected. Costs include salaries of employees who provide the service required to fill the request, supplies, and postage. Costs have continued to increase. A conservative estimate of the current cost to fill a request is about \$15 per year per individual request.

**RECOMMENDATION FOR ACTION**

Amend sec. 71.78(2) to provide for increased fees.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

The intent is to collect a fee that more accurately covers the cost to the department to fill the requests. The fiscal effect is minimal.

**DRAFTING INSTRUCTIONS**

Amend the last sentence of sec. 71.78(2) to read as follows:

The department shall collect from the person requesting the information a fee of \$15 for each return for each taxpayer for all requests made during calendar years 2014 through 2018. For requests made during calendar year 2019 and thereafter, the department may set the fee based on its costs to provide the information.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

Effective for requests made in calendar year 2014 and after.

**Decision Item (DIN) - 7023**

**Decision Item (DIN) Title - Ineligibility for Credits Based on Previous Fraudulent or Reckless Refund Claims**

**NARRATIVE**

Ineligibility for Credits Based on Previous Fraudulent or Reckless Refund Claims

**TITLE: INELIGIBILITY FOR CREDITS BASED ON PREVIOUS FRAUDULENT OR RECKLESS REFUND CLAIMS**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

The Department of Revenue (DOR) spends a substantial amount of resources denying earned income credit and homestead credit claims that are incorrect, false, or fraudulent. Over the past four years, the amount of the denied credits has increased by over 50%. Attachment A illustrates this trend and presents other key data.

It is estimated that between 10% and 15% of credit claims that are denied are from the same individuals year after year. Under current law, there is no penalty for false credit claims, so these claimants have nothing to lose by trying to obtain a false or fraudulent refund every year.

At the federal level, there is a safeguard against repeat offenders. Section 32(k) of the Internal Revenue Code (IRC) provides that if a person makes a fraudulent or reckless claim of earned income credit, that person becomes ineligible for the credit for either a 10-year or a 2-year period.

At the state level, Wisconsin has a similar provision in sec. 49.151(2)(a), Wis. Stats., relating to applications for public assistance benefits, but does not have one in its tax statutes that would apply to claims of earned income credit or homestead credit.

**RECOMMENDATION FOR ACTION**

- Create a Wisconsin Statute parallel to sec. 32(k), IRC, and make it applicable to Wisconsin earned income credit and homestead credit claims.
- Create/amend Wisconsin Statutes to impose penalties for false and fraudulent refund claims. This recommendation is addressed in a separate proposal, titled "Civil and Criminal Penalties for False Credit Claims."

**IMPACT ON JOB CREATION**

Minimal impact.

**FISCAL EFFECT**

Minimal.

**DRAFTING INSTRUCTIONS**

Create sec. 71.83(5), Stats., as follows:

**(5) RESTRICTIONS ON PERSONS WHO IMPROPERLY CLAIMED CREDIT IN PRIOR YEAR.** (a) *Persons making prior fraudulent or reckless claims.* No earned income credit or homestead credit shall be allowed under this chapter for any taxable year the claimant is in a disallowance period. For purposes of this paragraph a disallowance period is one of the following:

1. The period of 10 taxable years after the most recent taxable year for which the department determined that the person's improper claim of the credit under this chapter was due to fraud, or

2. The period of 2 taxable years after the most recent taxable year for which the department determined that the person's improper claim of the credit under this chapter was due to reckless or intentional disregard of rules and regulations.

(b) *Reinstatement of eligibility.* For a person who is denied a credit under this subsection, no credit shall be allowed for any subsequent taxable year until the disallowance period expires and the taxpayer provides such information as the department may require to demonstrate eligibility for the credit.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

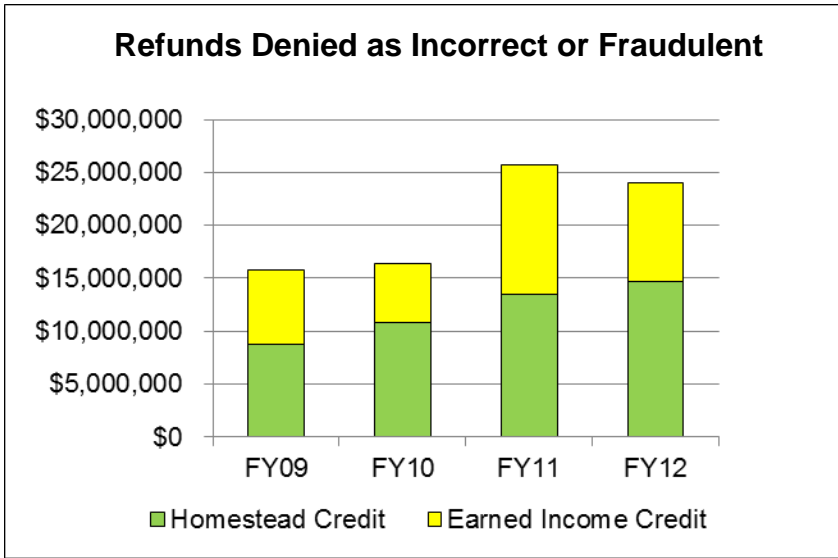
Day after publication.

**INTERESTED/AFFECTED PARTIES**

- Persons who want to stop fraudulent credit claims
- Preparers and claimants of homestead credit and earned income credit

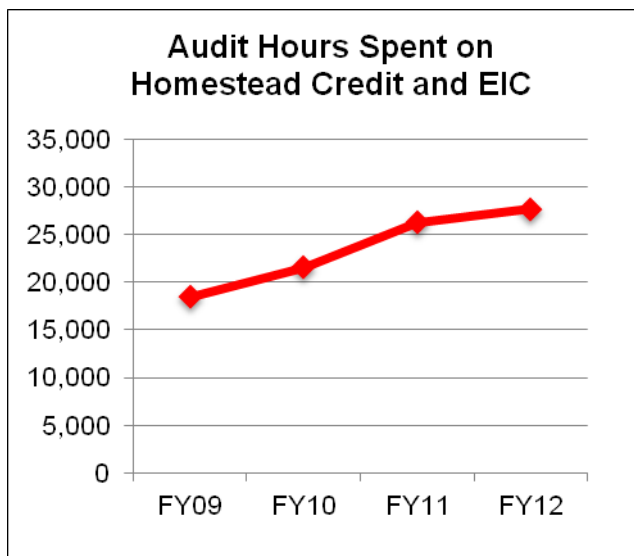
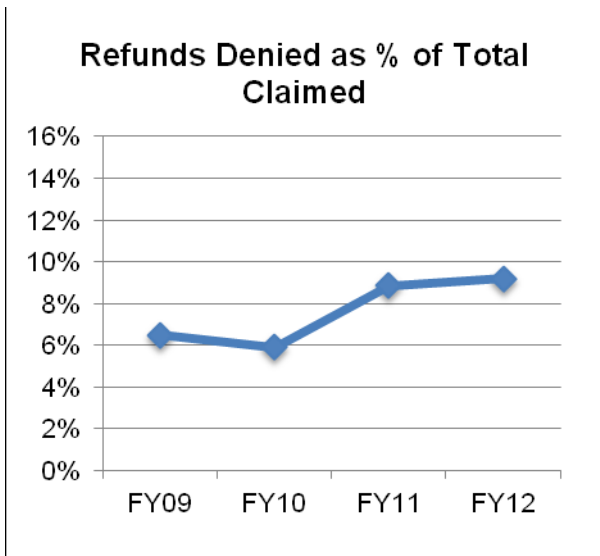


## Attachment A: Trends in Auditing Homestead Credit and Earned Income Credit Claims



The amount of homestead credit and earned income credit (EIC) that we denied as incorrect or fraudulent has increased by over 50% in 4 years.

The amount denied in FY12 was slightly lower than FY11 because of a law change which reduced the maximum EIC percentages.



In FY12, total homestead credit claims were \$148,226,248 and EIC claims were \$112,558,954.

We review approximately 16% of all homestead claims and 5% of all EIC claims.

The IRS estimates that between 23% and 28% of all EIC claims are incorrect or fraudulent, so we believe there are a lot more adjustments we aren't getting to.

The total revenue impact (refund denials + collections) per hour spent auditing these credit claims is estimated as follows:

- Homestead credit: \$1,140/hr
- EIC: \$735/hr

Based on the current trend and high rate of revenue savings relative to other office audit projects, we will continue to increase the amount of resources we spend auditing these credit claims.

**Decision Item (DIN) - 7024**

**Decision Item (DIN) Title - Internal Revenue Code Update**

**NARRATIVE**

Internal Revenue Code Update - Items with minimal fiscal effect or statutorily required

**TITLE: INTERNAL REVENUE CODE UPDATE**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Wisconsin generally conforms the tax bases for the state individual income and corporate income and franchise taxes to the bases for the federal income taxes by adopting changes in the Internal Revenue Code (IRC) made in a prior year.

Since the last update to the IRC, Congress enacted three bills that affect the IRC:

- Public Law 112-10 – Department of Defense and Full-Year Continuing Appropriations Act
- Public Law 112-95 – FAA Modernization and Reform Act of 2012
- Public Law 112-141 – Moving Ahead for Progress in the 21<sup>st</sup> Century Act

In addition, sec. 9016 of Public Law 111-148, related to tax treatment of certain health organizations, and Public Law 106-573, relating to installment sales, are two provisions that cause complexity because of the difference between federal and Wisconsin law.

Certain provisions of the above three Public Laws, sec. 9016 of Public Law 111-148, and Public Law 106-573 should be adopted to federalize the Wisconsin and federal tax treatment, which will reduce complexity for taxpayers.

**RECOMMENDATION FOR ACTION**

Update the reference to the IRC for taxable years that begin after December 31, 2012. A list of provisions recommended to be adopted is shown in Attachment A.

The provisions being adopted should apply for Wisconsin purposes at the same time they apply for federal purposes with the exception of Public Law 106-573, which should first apply to installment sales in taxable years beginning after December 31, 2012.

Update the reference to the IRC for taxable years that begin after December 31, 2009, and before January 1, 2011 to adopt sec. 9016 of P.L. 111-148.

Update the reference to the IRC for taxable years that begin after December 31, 2010, to adopt sec. 9016 of Public Law 111-148, Public Law 112-10, sec.1108 of Public Law 112-95, and Public Law 112-141.

**IMPACT ON JOB CREATION**

The adoption of the various provisions will not have a significant impact on job creation.

**FISCAL EFFECT**

See Attachment A for fiscal effect of each provision. Adopting all recommended provisions will result in a fiscal effect of +\$3.5 million in fiscal year 2013, +\$7.2 million in fiscal year 2014, and +\$9.0 million in fiscal year 2015.

(Note: the majority of the fiscal effect is related to item 4, Pension funding rules for determining the segment rates; the other items have a minimal fiscal effect).

**DRAFTING INSTRUCTIONS**

See Attachment B.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

The changes to the IRC laws should apply for Wisconsin purposes at the same time that they apply for federal purposes except the adoption of Public Law 106-573 which should first apply to installment sales in taxable years beginning after December 31, 2012. .

**INTERESTED/AFFECTED PARTIES**

Tax professionals and firms that prefer the Wisconsin and federal definition of income to be the same as much as possible.

## ATTACHMENT A

### PROVISIONS RECOMMENDED TO BE ADOPTED

1. Modification of tax treatment of certain health organizations

Section 9016 of P.L. 111-148

The special tax treatment that Blue Cross, Blue Shield, or other health insurance organizations that qualify for the special Code Sec. 833 tax treatment previously received will no longer apply unless the health insurance organization's percentage of total premium revenue expended on reimbursement for clinical services provided to enrollees during the tax year is 85 percent or more.

Adoption of this provision would conform Wisconsin to federal law and eliminate problems that arise when an organization is treated differently for federal and Wisconsin tax purposes.

*Fiscal Effect: Minimal*

2. Repeal of rules relating to free choice vouchers

P.L. 112-10

The only tax-related provision in P.L. 112-10 is section 1858 which repeals the rules requiring employers to provide free choice vouchers to employees who do not participate in employer-offered health plans and excludes the amount of the voucher from gross income of the employee. This applies to vouchers provided after December 31, 2013.

Wisconsin previously adopted the provisions of P.L. 111-148 that required the amount of a voucher to be treated as compensation for services. There are always problems and complexity for employers and employees when an item is taxable for Wisconsin purposes but not for federal purposes.

To reduce complexity, it is recommended that P.L. 112-10 be adopted for Wisconsin.

*Fiscal Effect: Minimal*

3. Corporate repurchase of debt instrument

P.L. 112-95, section 1108

Where a corporation repurchases a debt instrument that is convertible into its stock, or into the stock of a corporation in control of, or controlled by, the corporation, sec. 249 (IRC) may disallow or limit the issuer's deduction for a premium paid to repurchase the debt instrument. Section 1108 of P.L. 112-95 modifies the definition of control to incorporate indirect control relationships.

It is easier for the taxpayer with less chance for error when a federal and Wisconsin definition are the same. It is recommended that this provision be adopted for Wisconsin.

*Fiscal Effect: Minimal*

4. Pension funding rules for determining the segment rates

P.L. 112-141, section 40211

This provision revises the pension funding rules for determining the segment rates under the single-employer plan funding rules by adjusting a segment rate if the rate determined under the regular rules

is outside a specified range of the average of the segment rates for the preceding 25-year period. This is effective for plan years beginning after December 31, 2011.

The Internal Revenue Code provides rules for qualified pension plans. If rules are not followed, a plan may be disqualified which results in the amount in employees' accounts being taxable to the employee. To prevent disqualification just for Wisconsin when Wisconsin law is different than federal, sec. 71.01(7m) provides that a qualified retirement fund for federal income tax purposes is a qualified retirement fund for Wisconsin. Therefore, provisions that affect qualification of plans would not affect Wisconsin even if the provision was not adopted for Wisconsin.

The IRS also has the authority to impose certain penalties. Wisconsin has not adopted any penalties associated with employer retirement plans. Wisconsin would be unable to enforce any difference in the federal and Wisconsin treatment of pension plans. In this case where there is an increase in funding, the employer must contribute the amount provided under federal law. The employer could not contribute less under Wisconsin law. A provision that affects pension plans should be adopted to avoid confusion.

*Fiscal Effect: +\$3.5 million in FY 13, +\$7.2 million in FY 14, +\$9.0 million in FY 15*

5. Transfers from excess pension assets to retiree medical accounts

P.L. 112-141, section 40241

This provision extends the time for making qualified transfers, qualified future transfers, and collectively bargained transfers from excess pension assets to retiree medical accounts. The transfers may be made through December 31, 2021 (2013 under prior law). Wisconsin has adopted the original provision, and it is recommended that the extension be adopted

*Fiscal Effect: Minimal*

6. Transfers from excess pension assets to fund the purchase of retiree group term life insurance.

P.L. 112-141, section 40242

This provision allows qualified transfers, qualified future transfers, and collectively bargained transfers from excess pension assets to fund the purchase of retiree group term life insurance (not in excess of \$50,000). This provision is effective for transfers after July 6, 2012.

*Fiscal Effect: Minimal*

7. Phased retirement payments exempt from 10% early distribution tax

P.L. 112-141, section 100121

Payments under a phased retirement annuity or a composite retirement annuity are exempt from the 10% additional tax on early distributions. This is effective on the date of regulations implementing the phased retirement annuity or composite annuity.

*Fiscal Effect: Minimal*

8. Installment Method for Accrual Basis Taxpayers

P.L. 106-573

In 1999, P. L. 106-170 amended federal law to provide that taxpayers who used the accrual method of accounting could not report income from an installment sale using the installment method. Public Law 106-170 was adopted for Wisconsin tax purposes. Because of numerous objections to the law, P.L.

106-170 never took effect for federal purposes and was repealed by P.L. 106-573, *Installment Tax Correction Act of 2000*.

Wisconsin did not adopt P.L. 106-573. The result is that taxpayers that use the accrual method of accounting can report installment sales using the installment method for federal purposes, but the gain on the installment sale is taxable in the year of the sale for Wisconsin.

Many complaints are received from taxpayers on this issue. This issue causes complexity as taxpayers have to adjust the Wisconsin return each year in which installment payments are received. It is recommended that P.L. 106-573 be adopted for installment sales in taxable years beginning after December 31, 2012.

*Fiscal Effect: Minimal*

## ATTACHMENT B

### DRAFTING INSTRUCTIONS

1. Repeal secs. 71.01(6)(o), 71.22(4)(o) and 71.22(4m)(m), 71.26(2)(b)15, 71.34(1g)(o), and 71.42(2)(n), Wis. Stats.
2. Amend secs. 71.01(6)(um), 71.22(4)(um) and 71.22(4m)(sm), 71.26(2)(b)22, 71.34(1g)(um), and 71.42(2)(tm), Wis. Stats., to:
  - Adopt the amendment made by sec. 9016 of P.L. 111-148. Amend the last sentence of each section to adopt sec. 9016 of P.L. 111-148 both as a change to the Internal Revenue Code and as a change that indirectly affects the provisions.
3. Amend secs. 71.01(6)(un), 71.22(4)(un) and 71.22(4m)(sn), 71.26(2)(b)23., 71.34(1g)(un), and 71.42(2)(tn), Wis. Stats., to:
  - Limit each provision to taxable years that begin after December 31, 2010, and before January 1, 2013.
  - Adopt sec. 9016 of P.L. 111-148. Note: The affected sections currently exclude P.L. 111-148 with 8 exceptions. Section 9016 should be added to the list of exceptions.

Under the "as indirectly affected by" language, include section 9016 of P.L. 111-148 with the other sections of P.L. 111-148 that are indirectly affected.

- Adopt P.L. 112-10, section 1108 of P.L. 112-95, and P.L. 112-141. The last sentence of each section should be amended to read "Amendments to the federal Internal Revenue Code enacted after December 31, 2010, do not apply to this paragraph with respect to taxable years beginning after December 31, 2010, and before January 1, 2013, except that changes to the Internal Revenue Code made by P.L. 112-10, section 1108 of P.L. 112-95, and P.L. 112-141 and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 112-10, section 1108 of P.L. 112-95, and P.L. 112-141 apply for Wisconsin purposes at the same time as for federal purposes."
4. Create secs. 71.01(6)(uo), 71.22(4)(uo) and 71.22(4m)(so), 71.26(2)(b)24., 71.34(1g)(uo), 71.42(2)(to), Wis. Stats., to provide that for taxable years that begin after December 31, 2012, "Internal Revenue Code" means the federal Internal Revenue Code as amended to December 31, 2012, except that the IRC:
    - Excludes the provisions that were listed in secs. 71.01(6)(un), 71.22(4)(un), 71.22(4m)(sn), 71.26(2)(b)23., 71.34(1g)(un), and 71.42(2)(tn), Wis. Stats., after their amendment in 3 above.
    - Delete the exclusion for P.L. 106-573
    - Excludes sec. 1106 of P.L. 112-95

The Internal Revenue Code is indirectly affected by:

- Include P.L. 106-573
- Include P.L. 112-10.
- Include sec. 1108 of P.L. 112-95.



- Include P.L. 112-141

Specify that:

- The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes, except that changes made by P.L. 106-573 first applies to installment sales after December 31, 2012.
- Amendments to the federal Internal Revenue Code enacted after December 31, 2012, do not apply to this paragraph with respect to taxable years beginning after December 31, 2012.

**Decision Item (DIN) - 7025**

**Decision Item (DIN) Title - Levy Receipt**

**NARRATIVE**

Levy Receipt

## **TITLE: LEVY RECEIPT**

### **DESCRIPTION OF CURRENT LAW AND PROBLEM**

Sec. 71.91(6)(f), Wis. Stats., requires the Department of Revenue to notify in writing the owner of any real property and the possessor of any personal property levied, once the department receives the property. The department issues approximately 100,000 levies annually, and issued 68,500 receipts to financial institutions and delinquent debtors.

The delinquent debtor will always receive a receipt for the proceeds of the levy. Not all financial institutions require a receipt. Several financial institutions have advised the department that they do not want a levy receipt. Some financial institutions would like to continue receiving a receipt and some financial institutions would like to receive an electronic receipt.

Changing the requirement to issue a levy receipt in writing to financial institutions and other levied entities will save the department approximately \$11,000 in annual printing and postage costs. There will also be cost savings to financial institutions because they will no longer need to handle the levy receipts.

### **RECOMMENDATION FOR ACTION**

Change the requirement for the department to issue a receipt to the possessor of the levy proceeds. Provide that the department will issue a receipt in the manner prescribed by the department.

### **IMPACT ON JOB CREATION**

There is no impact on job creation.

### **FISCAL EFFECT**

There will be an annual cost savings to DOR of approximately \$11,000 for printing and postage costs associated with sending levy receipts to financial institutions. There will also be an unknown savings to financial institutions and other levied parties who will no longer need to handle the levy receipt.

### **DRAFTING INSTRUCTIONS**

Amend sec. 71.91(6)(f):

1. As soon as practicable after obtaining property, the department shall notify, ~~in writing,~~ the owner of any real or personal property in a manner prescribed by the department, and the possessor of any personal property obtained by the department under this subsection. That notice may be left at the person's usual place of residence or business. If the owner cannot be located or has no dwelling or place of business in this state, or if the property is obtained as a result of a continuous levy on commissions, wages or salaries, the department may mail a notice to the owner's last-known address. That notice shall specify the sum demanded and shall contain, in the case of personal property, an account of the property obtained and, in the case of real property, a description with reasonable certainty of the property seized.

2. As soon as practicable after obtaining property, the department ~~shall notify the owner in the manner prescribed under subd. 1.~~ and shall cause a notice of the sale to be published in a newspaper published or generally circulated within the county where the property was obtained. If there is no newspaper published or generally circulated in that county, the department shall post that notice at the city, town or village hall nearest the place where the property was obtained and in at least 2 other public places. That notice shall specify the property to be sold and the time, place, manner and conditions of sale.

### **EFFECTIVE DATE**

The effective date of the proposal should be the day after publication.

### **INTERESTED/AFFECTED PARTIES**

Financial institutions and other possessors of levied property are the interested parties.

**Decision Item (DIN) - 7026**

**Decision Item (DIN) Title - Motor Vehicle Fuel Offset**

**NARRATIVE**

Motor Vehicle Fuel Offset

**TITLE: MOTOR VEHICLE FUEL OFFSET**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Language that would allow the department to offset motor vehicle fuel refunds against taxes owed was omitted from the Motor Vehicle Fuel Tax statutes. Without this change, the department would be required to refund taxes paid when the taxpayer still owes other taxes to the department.

Offsetting prevents a scenario that has DOR sending a payment to an individual who has a delinquent debt to the state.

**RECOMMENDATION FOR ACTION**

Add language that clearly authorizes the department to offset taxes owed to it from motor vehicle fuel refunds.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

Approximately \$280,000 was offset in FY 12.

**DRAFTING INSTRUCTIONS**

Amend sec. 78.68(10), as follows as follows:

**(10)** Except as provided in ss. 78.19, 78.20(2) and 78.75(1m) (b), s. 71.75(2), (4) to (7), (9) and (10) as it applies to the taxes under ch. 71 applies to the taxes under this chapter. Section 71.74(13) and s. 71.75(9) and (10), s. 71.80(3), s. 71.93, s. 71.935, s. 73.03(52), 73.03(52M), 73.03(52n), as it they applies apply to refunds of the taxes under ch. 71 applies apply to the refund of taxes under this chapter.

**EFFECTIVE DATE**

The effective date should be the day after publication.

**INTERESTED/AFFECTED PARTIES**

Delinquent taxpayers who would otherwise collect a motor vehicle fuel refund.

**Decision Item (DIN) - 7027**

**Decision Item (DIN) Title - Pass Federal Refund Offset Fee to the Debtor**

**NARRATIVE**

Pass Federal Refund Offset Fee to the Debtor

**TITLE: PASS FEDERAL REFUND OFFSET FEE TO THE DEBTOR**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Sec. 73.03(52)(a), Wis. Stats., allows the Department of Revenue to participate in the Federal tax refund offset program. The IRS currently charges \$22 per offset.

The Department of Revenue currently does not pass on the cost of the offset to the debtor. The debtor receives credit against their delinquent tax account for the total amount of the offset, and the state absorbs the cost of the offset. In FY 12, a total of 7,080 federal offsets were sent to the department at a cost to the state of \$155,760.

Sec. 73.03(52)(b), Wis. Stats., allows the Department of Revenue to pass on to debtors, the costs charged by the Federal government for non-tax payment offsets.

**RECOMMENDATION FOR ACTION**

Amend sec. 73.03(52)(a), Wis. Stats., to allow the department to pass on the IRS refund offset fee to the debtor.

**IMPACT ON JOB CREATION**

No impact on job creation is anticipated.

**FISCAL EFFECT**

This change will increase collections by approximately \$155,760 per year.

**DRAFTING INSTRUCTIONS**

Amend sec. 73.03(52)(a), Wis. Stats., as follows:

(52) (a) To enter into agreements with the Internal Revenue Service that provide for offsetting state tax refunds against federal tax obligations; and to charge a fee up to \$25 per transaction for such offsets; and offsetting federal tax refunds against state tax obligations, and collecting the offset cost from the debtor, if the agreements provide that setoffs under ss. 71.93 and 71.935 occur before the setoffs under those agreements.

**EFFECTIVE DATE**

6 months after publication to allow time for integrated tax system changes.

**INTERESTED/AFFECTED PARTIES**

Delinquent taxpayers.

**Decision Item (DIN) - 7028**

**Decision Item (DIN) Title - Prepaid Wireless Calling Services - Technical Correction**

**NARRATIVE**

Prepaid Wireless Calling Services - Technical Correction



**TITLE: PREPAID WIRELESS CALLING SERVICES - TECHNICAL CORRECTION**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

When Wisconsin adopted the legislation necessary to conform our laws to the requirements of the Streamlined Sales and use Tax Agreement (SSUTA), the definition of "prepaid wireless calling service" in the SSUTA contained a typographical error. Wisconsin's definition was drafted consistent with that definition that contained the typographical error.

The typographical error was found and corrected in the SSUTA in May 2011 so the definition in the Wisconsin Statutes is no longer consistent with the definition contained in the SSUTA as amended through May 19, 2011.

This legislation is necessary for Wisconsin to stay in compliance with the SSUTA. It is supported by the telecommunication companies.

**RECOMMENDATION FOR ACTION**

Amend the definition of "prepaid wireless calling service" contained in sec. 77.51(10f), Wis. Stats. (2009-10), so that it is consistent with the definition contained in the SSUTA. This will make it clearer for retailers to understand the taxability of prepaid wireless calling services.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

None.

**DRAFTING INSTRUCTIONS**

Amend sec. 77.51(10f), Wis. Stats. (2009-10) so that it reads as follows:

"Prepaid wireless calling service" means a telecommunications service that provides the right to utilize mobile wireless service as well as other non-telecommunications services, including the download of digital products delivered electronically, content, and ancillary services, and that is paid for prior to use and sold in predetermined ~~dollar units or dollars whereby the number of units declines that decrease~~ with use in a known amount.

**EFFECTIVE DATE**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

All retailers registered under the SSUTA and interested in uniformity among the states and also all retailers engaged in selling prepaid wireless calling services.

**Decision Item (DIN) - 7029**

**Decision Item (DIN) Title - Refund Setoff Hierarchy**

**NARRATIVE**

Refund Setoff Hierarchy

## TITLE: REFUND SETOFF HIERARCHY

### DESCRIPTION OF CURRENT LAW AND PROBLEM

Sec. 71.93(3), Wis. Stats., specifies the hierarchy for applying refunds to other state agency debt through the Tax Refund Intercept Program (TRIP). Sec. 71.93(8)(b)6, Wis. Stats., specifies the payment hierarchy for debts collected through Statewide Debt Collection (SDC). Two separate statutes with two separate hierarchies when debts sometimes overlap in TRIP and SDC make it confusing as to which debts should receive the refund setoff first.

This proposal clarifies the setoff hierarchy so debts submitted under Statewide Debt Collection (SDC) in section 71.93(8)(b)6, Wis. Stats., will be collected before debts submitted under TRIP for other state agencies in section 71.93(2), Wis. Stats., and TRIP for municipalities and counties in section 71.935, Wis. Stats.

Currently, state agency debt certified to DOR for TRIP refund setoff is collected on a first-in, first-out basis. The Department of Children and Families has 100,000 debts certified for collection of child support. Moving child support debt to be first in the refund setoff hierarchy, after DOR debt, will bring the state in alignment with the Federal setoff provisions for child support enforcement. The Department of Children and Families proposed similar legislation to move child support debt ahead of other state agency debt in the refund setoff hierarchy in February 2012.

### RECOMMENDATION FOR ACTION

Create one hierarchy for all debts certified for refund setoff as follows:

- Department of Revenue debt
- Child support debt certified by the Department of Children and Families
- State agency debt for Statewide Debt Collection (SDC) certified under 71.93(8)(b)6
- Local government debt for SDC collection certified under 71.93(8)(b)6
- State agency debt certified for refund intercept only under 71.93(2)
- Local government debt certified for refund intercept only under 71.935(2)
- Federal tax debt certified for refund intercept under 73.03(52a)
- Tribal debt certified for refund intercept under 73.03(52n)
- Other states' tax debt certified for refund intercept under 73.03(52m)

### IMPACT ON JOB CREATION

None

### FISCAL EFFECT

The fiscal effect is unknown. The proposed change will move payment of child support debt ahead of payment of other state agency debt, so state agencies will see a decrease in refund setoff to their debts. The proposal also moves payment of local government debt certified for Statewide Debt Collection ahead of state agency debt certified only for refund interception. This may encourage state agencies to certify more debts to DOR for full collection efforts through Statewide Debt Collection, rather than relying solely on refund setoff.

### DRAFTING INSTRUCTIONS

Amend Sec. 71.93(3)(a), Wis. Stats.

71.93(3)(a) The department of revenue shall setoff any debt or other amount owed to the department, regardless of the origin of the debt or of the amount, its nature or its date. If after the setoff there remains a refund in excess of \$10, the department shall set off the remaining refund against ~~certified debts of other state agencies~~ child support debt certified under s. 49.855 (1), then against state agency debt, the courts, the legislature, and authorities, as defined in s. 61.41(4), certified for collection under state agency debt agreements under s. 71.93(8)(b)(6), then against local government debt certified for collection under debt agreements under s. 71.93(8)(b)(6), then against state agency debts certified for refund interception under s. 71.93(2), then against local government debt certified for refund interception under s. 71.935(2), then against federal tax debt certified under s. 73.03(52a), then against tribal debt certified under s. 73.03(52n), then against other state tax debt certified under s. 73.03(52m). If more than one certified debt exists for any debtor, the refund shall be first set off against the earliest debt certified except that no child support or spousal support obligation submitted by an agency of another state may be set off until all debts owed to and certified by ~~state~~ agencies of this state have been set off. When all debts have been satisfied, any remaining refund shall be refunded to the debtor by the department. Any legal action contesting a setoff under this paragraph shall be brought against the ~~state~~ agency that certified the debt to the department for collection. ~~under sub. (2).~~

Amend sec. 71.93(8)(b)6, Wis. Stats.

**71.93(8)(b)6.** If the debtor owes debt to the department and to other entities, payments shall be applied in the order specified in s. 71.93(3)(a). ~~first apply to debts owed to the department, then to the state agencies, the courts, the legislature, and authorities, as defined in s. 16.41 (4), in the order in which the debts were referred to the department, then to local units of government in the order in which the debts were referred to the department.~~

#### **EFFECTIVE DATE**

Six months after publication.

#### **INTERESTED/AFFECTED PARTIES**

Wisconsin Department of Children and Families

Families paying and receiving child support

Wisconsin Child Support Enforcement Association

Wisconsin Council on Children and Families

Wisconsin Counties Association

Any other entity relying on TRIP or SDC to fund government programs or flow-through to end recipients

Other state agencies and local governments

**Decision Item (DIN) - 7030**

**Decision Item (DIN) Title - Reliance on Past Audits**

**NARRATIVE**

Reliance on Past Audits

## TITLE: RELIANCE ON PAST AUDITS

### DESCRIPTION OF CURRENT LAW AND PROBLEM

Act 68, the Department of Revenue procedural reform bill, was effective on March 1, 2012, and required the department to submit a provision that addresses the ability of a taxpayer to rely on a past audit in the department's 2013-15 biennial budget request.

Section 73.03(47), Wis. Stats., (effective May 7, 1992) already provides the department with authority to absolve a taxpayer of liability for *interest and penalties* if the taxpayer shows that the liability resulted because the taxpayer relied on an erroneous *written* statement made by an employee of the department acting in an official capacity and that the taxpayer had given the employee *adequate and accurate information*.

Section 73.16(1)(a), Wis. Stats., provides definitions related to reliance on published guidance. One definition in sec. 73.16(1)(a), "commonly controlled group," is not referenced at all in that published guidance section. It needs to be repealed and replaced with a definition of "combined group" for a definition related to audit reliance.

### RECOMMENDATION FOR ACTION

Adopt a statutory provision that allows taxpayers to avoid liability for *tax, interest and penalty* asserted on a tax issue in a current audit determination when the tax issue is the same as a tax issue in a prior audit determination, as shown by written schedules, exhibits, audit reports, documents or other written evidence pertaining to the audit determination, and the written schedules, exhibits, audit reports, documents or other written evidence show that an auditor reviewed the tax issue and did not adjust the person's tax treatment of the issue. Exceptions would apply when: (1) there was a statutory or administrative rule change that affects the tax issue since the prior audit determination; (2) written guidance was disseminated to the public or to the person who was subject to the audit determination since the prior audit determination; or (3) there was a final tax appeals decision or court decision since the prior audit determination. Also, exceptions apply when the taxpayer did not give the department employee adequate and accurate information as in sec. 73.03(47), Wis. Stats., or when the tax issue was settled per a written agreement.

### IMPACT ON JOB CREATION

None.

### FISCAL EFFECT

Since the Department regularly audits the largest corporations and also re-audits other taxpayers, this provision would potentially affect the revenue generated by such activities. In FY07, it was estimated that a broader provision would reduce revenue by \$6.5 million annually. This provision is expected to have a substantially smaller fiscal impact, but the amount is unknown. Annual revenue loss is expected to fluctuate based on audit selection.

### DRAFTING INSTRUCTIONS

Repeal sec. 73.16(1)(a) "Commonly controlled group" and replace with:

(1)(a) "Combined group" has the meaning given in s. 71.255(1)(a).

Create the following in sec. 73.16:

**(3) RELYING ON PAST AUDITS.** (a) A person who is subject to an audit determination by the department, including all other members of that person's combined group for purposes of determining the tax due under s. 71.23 for taxable years beginning after December 31, 2008, shall not be liable for any amount that the department asserts the person owes if all of the following conditions are satisfied:

1. The liability asserted by the department in the current audit determination is the result of a tax issue that is the same as the tax issue associated with a prior audit determination.

2. A department employee who was involved in the prior audit determination identified and reviewed the tax issue before completing the prior audit determination, as shown by any schedules, exhibits, audit reports, documents, or other written evidence pertaining to the audit determination, and the schedules, exhibits, audit reports,

documents or other written evidence show that the department did not adjust the person's treatment of the tax issue.

3. The liability asserted by the department as described under subd.1. was not asserted by the department in the prior audit determination.

(b) This subsection does not apply if:

1. The liability asserted by the department in the current audit determination is the result of an amendment to law, promulgation of rule, guidance published by the department, written guidance that was provided to a person who is a party to an audit determination, or final and conclusive decision of the tax appeals commission or courts since that prior audit determination. The department shall determine the liability from the effective date of the amendment to law or promulgation of rule, the date of publication or issuance of written guidance, or the date on which there is a final and conclusive decision of the tax appeals commission or a court.

2. The taxpayer did not give the department employee adequate and accurate information to make an accurate audit determination on the tax issue in the prior audit determination.

3. The department and the taxpayer had a written agreement about the treatment of a tax issue in the prior audit determination as shown by any schedules, exhibits, audit reports, documents or other written evidence.

#### **INITIAL APPLICABILITY LANGUAGE**

The treatment of amended 73.16(1)(a) and created section 73.16(3) of the statutes first applies to current audit determinations issued on or after January 1, 2014, regardless of when a prior audit determination was made.

#### **INTERESTED/AFFECTED PARTIES**

All taxpayers subject to a department audit determination.

**Decision Item (DIN) - 7032**

**Decision Item (DIN) Title - Sales Tax Exemption for Veterinarians Performing Custom Farming Services**

**NARRATIVE**

Sales Tax Exemption for Veterinarians Performing Custom Farming Services



## **TITLE: SALES TAX EXEMPTION FOR VETERINARIANS PERFORMING CUSTOM FARMING SERVICES**

### **DESCRIPTION OF CURRENT LAW AND PROBLEM**

Wisconsin sales tax law currently allows persons performing "custom farming services" to utilize the sales tax exemptions under ss. 77.54(3) and (3m), Wis. Stats, for purchases of property used in the business of farming.

Currently, the Wisconsin Administrative Code provides that exempt purchases by veterinarians include property used by veterinarians in performing "custom farming services."

There is some question as to whether or not veterinarians perform "custom farming services" for farmers when the veterinarian services the farmers' livestock and/or work stock.

### **RECOMMENDATION FOR ACTION**

Provide statutory language exempting purchases by veterinarians used in performing services to animals that are farm livestock and/or farm work stock.

### **IMPACT ON JOB CREATION**

None expected.

### **FISCAL EFFECT**

None. No change from current policy.

### **DRAFTING INSTRUCTIONS**

Create the following definition under sec. 77.51, Wis. Stats.: "For purposes of ss. 77.54(3) and (3m), 'custom farming services' includes services performed by veterinarians on farm livestock and farm work stock used exclusively in the business of farming, for a farmer, for a fee."

### **EFFECTIVE DATE**

Day after publication.

### **INTERESTED/AFFECTED PARTIES**

Veterinarians and persons engaged in the business of farming.

**Decision Item (DIN) - 7033**

**Decision Item (DIN) Title - Sales Tax Filing Frequency**

**NARRATIVE**

Sales Tax Filing Frequency

## TITLE: SALES TAX FILING FREQUENCY

### DESCRIPTION OF CURRENT LAW AND PROBLEM

The thresholds used to determine how often sales tax filers report and pay sales tax have not changed in decades. The current threshold for annual filers was established for tax years beginning January 1, 1979. The current thresholds for quarterly and monthly filers were established for tax years beginning January 1, 1985 (WTB #37, page 32). This means some filers are filing more frequently than they would have in the past.

#### *Current Law:*

Section 77.58(1), Wis. Stats., provides that the taxes imposed by this subchapter for each calendar quarter are due and payable on the last day of the month next succeeding the calendar month for which imposed except in the following situations:

Section 77.58(1)(a), Wis. Stats., provides that if the amount of tax for any calendar quarter exceeds \$600, the department may require by written notice to the taxpayer that the taxes imposed on and after the date specified in the notice are due and payable on the last day of the month next succeeding the calendar month for which imposed. (When quarterly sales tax exceeds \$600, a monthly filing frequency may be imposed.)

Section 77.58(1)(b), Wis. Stats., provides that if the amount of tax from any calendar quarter exceeds \$3600, the department require by written notice to the taxpayer that the taxes imposed on and after the date specified in the notice are due and payable on the 20<sup>th</sup> day of the month next succeeding the calendar month for which imposed. The payment is timely if it fulfills the requirements under s. 77.61 (14). (When quarterly sales tax exceeds \$3600, an early monthly filing frequency may be imposed.)

Sec. Tax. 11.93, Wis. Adm. Code, provides that a retailer holding a regular seller's permit who during the previous calendar or fiscal year had a sales and use tax liability not exceeding \$300 will be notified by the department that it must only file one sales and use tax return for the following year. If the retailer wants to continue to file returns on a quarterly basis, it must contact the department.

### RECOMMENDATION FOR ACTION

Increase the statutory thresholds for annual and quarterly sales tax filing. Revise statutes and rule for annual, quarterly, and monthly filers. (Amounts are shown on an annual basis.)

Annual **\$600** or less (currently \$300 or less)

Quarterly **\$601 - \$4800** (currently \$301 - \$2400)

Monthly **\$4801 - \$14,400** (currently \$2,401 - \$14,400)

**IMPACT ON JOB CREATION**

Unknown; however, the greater thresholds for filing frequency for small, start-up ventures will reduce administrative costs for start-ups enabling them to focus resources on growing the business.

**FISCAL EFFECT**

General fund interest earnings would fall by a minor amount at current interest rates but about \$300,000 annually if the State Investment Fund yield returns to 5%.

**DRAFTING INSTRUCTIONS**

Amend section 77.58(1)(a), Wis. Stats., as follows:

"If the amount of tax for any calendar quarter exceeds ~~\$600~~ **\$1200**, the department may require by written notice to the taxpayer that the taxes imposed on and after the date specified in the notice are due and payable on the last day of the month next succeeding the calendar month for which imposed."

Note: Because the threshold for annual filing is provided by rule, not by statute, sec. Tax 11.93(1), Wis. Adm. Code, would have to be revised as follows:

"A retailer holding a regular seller's permit who during the previous calendar or fiscal year had a sales and use tax liability not exceeding ~~\$300~~ **\$600** will be notified by the department that it must only file one sales and use tax return for the following year. If the retailer wants to continue to file returns on a quarterly basis, it must contact the department."

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

The department will need 90 days in advance of the annual scan to implement and test changes. Depending on timing, possible effective dates:

January 1, 2014 (if enacted by August 15, 2013)

January 1, 2015 (if enacted by August 15, 2014)

**INTERESTED/AFFECTED PARTIES**

An estimated 25,439 retailers would file sales tax less frequently. See Attachment 1.

Estimated shift (# of retailers with less frequent filing)

Monthly to quarterly: 13,510

Quarterly to annually: 11,929

These estimates are based on sales tax amounts from CY 2011 sales/use tax returns.

Current Law	Number of Filers
Early Monthly	23,841
Monthly	33,565
Quarterly	37,510
Annually	58,060
Total	152,976
Alternative	Number of Filers
Early Monthly	23,841
Monthly	20,055
Quarterly	39,091
Annually	69,989
Total	152,976

**Decision Item (DIN) - 7034**

**Decision Item (DIN) Title - State Agency Data Sharing to Address Fraud, Identity Theft, and Nonfiling/Underreporting**

**NARRATIVE**

State Agency Data Sharing to Address Fraud, Identity Theft, and Nonfiling/Underreporting

## **TITLE: STATE AGENCY DATA SHARING TO ADDRESS FRAUD, IDENTITY THEFT, AND NONFILING/UNDERREPORTING**

### **DESCRIPTION OF CURRENT LAW AND PROBLEM**

Refund fraud and identity theft are growing concerns which pose a threat to the tax base and cause hardship to innocent taxpayers.

The most common refund fraud cases are:

- Large refund claims based on fraudulent W-2 statement(s) where the state tax withholding is greater than the tax liability shown on the return
- Refund claims made by perpetrators using a stolen social security number to file a return under someone else's identity
- False or intentionally overstated earned income credit (EIC) or homestead credit refund claims

Data from other Wisconsin state agencies (e.g. Department of Transportation, Department of Children and Families, etc.) is a valuable resource to help in identifying fraudulent refunds before they are released and to protect taxpayers from identity theft. The problem is that the data is dispersed among several agencies that are often uncertain as to whether law permits them to share information with the Department of Revenue (DOR).

Attachment 1 summarizes the data that resides in various agencies which may assist in identifying refund fraud, reduce identity theft, and the nonfiling/underreporting of tax. Over the years DOR has had varying degrees of success in obtaining information from these agencies.

With the growing concerns over refund fraud and identity theft, now is the time to enact legislation which specifically authorizes other agencies in this state to share information with the Department of Revenue.

### **RECOMMENDATION FOR ACTION**

Identify and amend numerous statutes that apply to disclosure of various types of information by specific state agencies.

### **IMPACT ON JOB CREATION**

This proposal has minimal impact on job creation.

### **FISCAL EFFECT**

While it's difficult to estimate a fiscal effect, the following points illustrate the scale of the refund fraud problem and potential to recover collections by obtaining the various types of data described on Attachment 1:

- The IRS estimates that in 2011, it received between \$11.5 billion and \$16.5 billion in fraudulent refund claims. Of this amount, it detected and prevented about \$6.5 billion.
- Translating the above numbers to Wisconsin (adjusting for Wisconsin's population and differences in tax rates) results in a Wisconsin estimate of between \$40 million and \$65 million in fraudulent claims received.
- In FY12 alone, DOR denied over \$23 million in incorrect or fraudulent EIC and homestead credit refund claims and about \$3.1 million in fraudulent refunds from filers using stolen identities or falsified W-2s.
- The observed error/fraud rate for Wisconsin EIC and homestead credit refund claims is 9.2% (up from 6.5% in 2008). However, the IRS estimates that the *actual* error/fraud rate for EIC is between 23% and 28%. That means Wisconsin may be detecting less than half of the errors/fraud.
- In the past, when data was obtained from Department of Employee Trust Funds on tax deferred annuity payments, DOR collected \$753,052 from audits based on that data.

### **DRAFTING INSTRUCTIONS**

See Attachment 2.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

- Persons who want to stop fraudulent credit claims
- Delinquent taxpayers
- Department of Children and Families (DCF)
- Department of Employee Trust Funds (ETF)
- Department of Health Services (DHS)
- Department of Transportation (DOT)
- Department of Workforce Development (DWD)



## Attachment 1: State Agency Data That Would Help Us Fight Fraud and Increase Compliance

What the data would most directly help DOR with

Data Type	Agency	Is Current Statute Sufficient? *	ID-Related Fraud	Homestead	EIC	Nonfiling/ Understated Income
State/Federal SSI and SSI-E	DCF			x		
Caretaker Supplement Payments	DCF			x		
Child Support	DCF			x	x	
Alimony	DCF			x	x	x
Kinship Care/Child Welfare	DCF			x	x	
Marriage Licenses	DHS			x	x	
Birth Records	DHS				x	
Medicaid Vendor Payments	DHS			x	x	x
Professional Licenses from DSPS	DSPS	✓			x	x
Prison Inmates	DOC	✓	x	x	x	
Validated SSNs	DOT		x	x	x	
Worker's Compensation	DWD			x		x
Unemployment Applications	DWD				x	
Tax Deferred Annuity Payments	ETF					x
Eligible WRS Participants	ETF					x
Professional Licenses – agencies other than DSPS	**				x	x

\*For those not checked, the current statute may be sufficient, depending on how the various agencies interpret the statutes and memoranda of understanding that are already in place.

\*\*Agencies other than DSPS that have data relating to professional licenses and credentials: DCF, DFI, DHS, DNR, DOT, DPI, OCI

## **Attachment 2: Drafting Instructions**

### **Data from Department of Children and Families**

The proposed statutory changes that relate to data from the Department of Children and Families are to:

- Amend sec. 49.83 so it specifically allows DOR to access databases maintained by DCF and includes "verifying refundable credits" as an allowable purpose.
- Add language in ch. 48 of the statutes which parallels sec. 49.83.

#### ***Drafting Instructions:***

- I.** Amend sec. 49.83 as follows:

**Sec. 49.83. Limitation on giving information.** Except as provided under ss. 49.25 and 49.32 (9), (10), and (10m), no person may use or disclose information concerning applicants and recipients of relief funded by a relief block grant, aid to families with dependent children, Wisconsin Works under ss. 49.141 to 49.161, social services, child and spousal support and establishment of paternity and medical support liability services under s. 49.22, or supplemental payments under s. 49.77 for any purpose not connected with the administration of the programs, except that the department of children and families may disclose such information to the department of revenue, including transmitting or granting access to electronic data, for the solely for purposes of verifying refundable credits and administering state taxes. Any person violating this section may be fined not less than \$25 nor more than \$500 or imprisoned in the county jail not less than 10 days nor more than one year or both.

- II.** Create sec. 48.78(3) as follows:

(3) Notwithstanding sub. (2), the department may, upon request, provide to the department of revenue information on kinship care payments and any other payments made by the department that are described in this chapter, solely for purposes of verifying refundable credits and administering state taxes. This includes transmitting or granting access to electronic data. Any information so obtained by the department of revenue shall be subject to the confidentiality provisions of s. 71.78.

### **Data from Department of Employee Trust Funds**

#### ***Drafting Instructions:***

Create sec. 40.016 as follows:

**Sec. 40.016.** Upon request of the department of revenue, the department may disclose information, including social security numbers, to the department of revenue concerning an annuity for the sole purpose of administering state taxes, for the purposes of locating persons, or the assets of persons, who have failed to file tax returns, who have underreported their taxable income or who are delinquent taxpayers, identifying fraudulent tax returns or providing information for tax-related prosecutions.

## **Data from Department of Health Services – Vital Records**

### ***Drafting Instructions***

Create sec. 69.20(3)(g) as follows:

**Sec. 69.20(3)(g).** Upon request of the department of revenue, the state or a local registrar may disclose information, including social security numbers, to the department of revenue concerning a birth or death record for the sole purpose of administering state taxes, for the purposes of locating persons, or the assets of persons, who have failed to file tax returns, who have underreported their taxable income or who are delinquent taxpayers, identifying fraudulent tax returns or providing information for tax-related prosecutions.

## **Data from Department of Transportation**

Specifically authorize the Department of Transportation to allow the Department of Revenue to access records for identification card holders, including social security numbers.

### ***Drafting Instructions:***

I. Renumber sec. 343.50(8)(c)3 to (c)4

II. Create sec. 343.50(8)(c)3 as follows:

3. Notwithstanding par. (b) and s. 343.14(2j), the department may, upon request, provide to the department of revenue any applicant information maintained by the department of transportation and identified in s. 343.14(2), including social security numbers. This includes providing electronic access to the information. Any information so obtained by the department of revenue shall be subject to the confidentiality provisions of s. 71.78.

## **Data from Department of Workforce Development**

### ***Drafting Instructions:***

Create sec. 108.14(7)(d) as follows:

**Sec. 108.14(7)(d).** Upon request of the department of revenue, the department may disclose information, including social security numbers, to the department of revenue concerning a claimant for the sole purpose of administering state taxes, for the purposes of locating persons, or the assets of persons, who have failed to file tax returns, who have underreported their taxable income or who are delinquent taxpayers, identifying fraudulent tax returns or providing information for tax-related prosecutions.

**Decision Item (DIN) - 7035**

**Decision Item (DIN) Title - State Regulation of Roll-Your-Own (RYO) Cigarette  
Machines for Non-Personal Use ...**

**NARRATIVE**

State Regulation of Roll-Your-Own (RYO) Cigarette Machines for Non-Personal Use In Wisconsin

**TITLE: STATE REGULATION OF ROLL-YOUR-OWN (RYO) CIGARETTE MACHINES FOR NON-PERSONAL USE IN WISCONSIN**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Commercial grade automated RYO machines became available in 2009. The Department of Revenue (DOR) estimates there are over 100 of the machines in place at 60-75 retailers across the state. One vendor of the machines has over 1,000 machines in operation nationwide. The growth of this industry and the significant impacts on the sale of cigarette and tobacco products as well as impact on the taxes collected on these products have caused great concern among the federal and state governments and within the tobacco industry. The Alcohol and Tobacco Tax and Trade Bureau (TTB) reports that monthly sales of pipe tobacco increased from 240,000 pounds in January of 2009 to over 3 million pounds in September 2011, while monthly sales of RYO tobacco dropped from 2 million pounds to 315,000 pounds for the same period.

In September 2010, the U.S. Department of the Treasury issued a ruling determining that retailers who make commercial cigarette-making machines available for use on their premises are cigarette manufacturers and are thus subject to the permit and tax requirements of the Internal Revenue Code. Those requirements include: payment of federal excise tax on cigarettes of \$1.01 per pack; packaging the cigarettes with federally required marks and labels, including ingredients and Surgeon General's cigarette health warnings; abiding by the federally required minimum package size for cigarettes; and obtaining a federal permit to engage in the business and filing a security bond.

In October 2010, RYO Machine Rental, LLC, the maker of the RYO Filling Station, sued Treasury over the Sept. 2010 ruling. In December 2010, a federal district court in Ohio issued a preliminary injunction on the enforcement of the Treasury rule, which was not reversed until August, 2012

After the Treasury ruling, a number of states including Wisconsin began issuing their own enforcement guidelines and notices taking a comparable position that the operation of automated RYO machines in a commercial setting was the manufacture of cigarettes. Among the states adopting this position were AR, CT, IA, IL, MI, NH, and WV. In addition, twelve states have enacted laws, ranging from licensing RYO operators, to requiring payment of the equivalent tax paid on prepackaged cigarettes sold in the state, to outright bans on the operation of commercial cigarette rolling machines. Many other states have been considering legislative proposals, eventually leading to Congressional action amending the Internal Revenue Code to define RYO commercial store operators as tobacco manufacturers under federal law.

Despite the fact that federal legislation was signed into law on July 6, 2012 (Public Law 112-141), it appears that certain persons are engaging in schemes to avoid the federal prohibition on production and sale of cigarettes using RYO machines in commercial settings by characterizing the operation of their machines as "non-profit" corporations, "clubs", "cooperatives" or the like, in order to exploit a perceived loophole in the law. TTB issued a notice on July 25, 2012, saying that they were "not currently processing [tobacco product manufacturer] applications or providing any guidance regarding administration or enforcement of the [Public Law 112-141] provisions." Additionally, another challenge to the federal law was filed in federal district court in August, 2012.

***MSA implications:***

In 1998, the attorneys general of 46 states and the four largest U.S. tobacco companies entered into a master settlement agreement (MSA) that provided for the states to receive \$246 billion over 25 years (2000-2025). Wisconsin's share of the settlement funds was initially projected to be more than \$5 billion. Participating manufacturers (PM's) agreed to make annual payments to the states, while the states agreed to pass legislation requiring tobacco products manufacturers to either sign the MSA, or as non-participating manufacturers (NPM's), establish escrow accounts and deposit funds annually, based on the number of cigarettes or amount of RYO tobacco they sold each year in the state. The states are responsible for diligently enforcing the legislation enacted and failure to do so can result in a substantial reduction of the funds allocated to the state from funds deposited by the PM's. The Wisconsin MSA statutes are ss. 995.10 and 995.12, Wis. Stats.

The terms of the MSA also apply to sales of RYO tobacco. For purposes of determining the amount of funds required to be deposited in the escrow account, RYO tobacco is converted into cigarette units sold. The escrow per carton of cigarettes was \$5.65 for cigarettes sold in 2011 and \$5.82 per carton for cigarettes sold in 2012.

These electronic RYO machines have not been available for commercial use previously, and as they are producing cigarettes, their cigarette manufacture becomes subject to the provisions of the MSA. Owners/operators of RYO cigarette machines are unlikely to join the MSA, therefore becoming NPM's, required to make MSA escrow payments. That will pose major new challenges to the state's diligent enforcement of the MSA statutes and threaten a loss of MSA payments. According to the 2012 results of the DHS Tobacco Control Program, Wisconsin has in excess of 7,000 cigarette and tobacco retailers, and if they are allowed to operate RYO machines for commercial use, it would be a tremendous compliance issue, to diligently enforce that all of the RYO machine cigarette production is in compliance with the MSA.

Loose tobacco products are taxed as "other tobacco product" at a much lower tax rate than cigarettes. "Pipe tobacco" is being used by retailers to produce these cigarettes, and is not covered by the Master Settlement Agreement (MSA) payments as required when used as "cigarette roll-your-own" tobacco. Pipe tobacco is also subject to a significantly lower federal tax rate than cigarette tobacco.

### **RECOMMENDATION FOR ACTION**

Amend the sec. 139.30 (7) definition of cigarette manufacturer to include any entity or person who owns an automated roll-your-own machine used to make cigarettes, but excluding any natural person who owns such a machine and uses that machine solely to make cigarettes without compensation for the use of themselves and persons living in their household. Regulate the operation of RYO machines and require RYO operators to comply with the following provisions: obtain a s. 139.34 cigarette manufacturer's permit for each separate premises where a RYO machine is stored or maintained; pay a per cigarette fee equivalent to the tax assessed on pre-packaged cigarettes; use only federal tax-paid RYO tobacco that is listed on the DOJ directory of approved tobacco brands and sell tobacco products to consumers only in packages as sold by the manufacturer; maintain a secure meter that counts the number of cigarettes dispensed by the machine; restrict RYO machines to adult only facilities; and use cigarette tubes and rolling papers compliant with the state's fire-safe cigarette standard.

### **IMPACT ON JOB CREATION**

Without this explicit permitting requirement in statute for RYO machines operating for non-personal use, those operating these machines for non-personal purposes will have an unfair advantage in the marketplace. This results in a direct, negative impact on businesses that are selling cigarettes that were manufactured and taxed according to the letter and spirit of the law.

Persons operating RYO machines would be required to comply with the requirements applying to any cigarette manufacturer, making these sales comparable to the sale and taxation of pre-packaged cigarettes. Home use for personal consumption would still be permitted.

### **FISCAL EFFECT**

The fiscal effect of the proposal is dependent on the status and application of the July 2012 federal law change. Based on the July 2012 federal law change, the number of RYO machines being operated in Wisconsin for non-personal use is expected to be substantially diminished but not eliminated. Under this assumption, this proposal for state regulation of RYO machines is expected to increase state tax collections by \$2.7 million annually.

### **DRAFTING INSTRUCTIONS**

Amend the definition of cigarette manufacturer to include any entity or person who owns an automated roll-your-own machine used to make cigarettes, but excluding any natural person who owns such a machine and uses that machine solely to make cigarettes without compensation for the use of themselves and persons living in their household. This definition is found in sec. 139.30(7) pertaining to cigarettes intended for legal resale distribution, in the definition of cigarette vending machines found in sec. 139.30 (14), in the regulation of fire-safe cigarettes in sec. 167.35(1)(f), and in the master settlement agreement provisions of sec. 995.10(1)(i). Amend the definition of "vending machine operator" in sec. 139.30 (15) to include operators of RYO cigarette machines.

### **EFFECTIVE DATE**

First day of the third month after publication.

**INTERESTED/AFFECTED PARTIES**

Cigarette and tobacco product manufacturers, distributors, and retailers. Campaign for Tobacco Free Kids, Health First Wisconsin and other public health advocacy organizations.

**Decision Item (DIN) - 7036**

**Decision Item (DIN) Title - Technical Correction to 2011 Wis. Act 68 -  
Confidentiality of Sales Tax Records**

**NARRATIVE**

Technical Correction to 2011 Wis. Act 68 - Confidentiality of Sales Tax Records



**TITLE: TECHNICAL CORRECTION TO 2011 WIS. ACT 68 – CONFIDENTIALITY OF SALES TAX RECORDS**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

2011 Wis. Act 68 created sec. 77.61(6), Wis. Stats., effective as of March 1, 2012. This provision applies to:

- state employees inspecting Wisconsin sales and use tax returns and claims for refunds of sales and use taxes;
- county employees inspecting county sales and use tax information furnished under sec. 77.76(3),
- baseball stadium district personnel inspecting baseball stadium tax return information furnished under sec. 77.76(3m);
- football stadium district personnel inspecting football stadium tax information furnished under sec. 77.76(3p);
- Wisconsin Center District personnel inspecting exposition district food and beverage tax information furnished under sec. 77.982(3);
- City of Bayfield, City of Eagle River, City of Wisconsin Dells, and Village of Lake Delton personnel inspecting premier resort area tax information for their municipality furnished under sec. 77.9941(5).

Section 77.61(6), Wis. Stats., provides that no person, except the person who filed a return or claim, may inspect that return or claim or any related information unless the person does so in performing the duties of his or her position. This section also provides requirements for (1) the Secretary to notify each taxpayer whose return or claim was improperly inspected and (2) penalties for the person who improperly inspected the return or claim

2011 Wis. Act 68 did not amend secs. 66.0615(1m)(f)3. (local expo room taxes) and 77.991(3) (local expo car rental tax) to provide that sec. 77.61(6) applies to the reports received by a local exposition district under those sections. As a result, the provisions of sec. 77.61(6) do not apply in the case of the Wisconsin Center District receiving tax information from the Department of Revenue relating to its local expo food and beverage tax and its local expo car rental tax.

**RECOMMENDATION FOR ACTION**

Amend secs. 66.0615(1m)(f)3. and 77.991(3) to provide that any local exposition district that receives a report under such section is subject to the provisions of sec. 77.61(6).

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

None.

**DRAFTING INSTRUCTIONS**

At the end of secs. 66.0615(1m)(f)3. and 77.991(3), insert "and (6)" between ")" and ".", to read: "...is subject under s. 77.61(5) and (6)."

**EFFECTIVE DATE OR INITIAL APPLICABILITY**

1<sup>st</sup> day of the second month beginning after publication.

**INTERESTED/AFFECTED PARTIES**

Wisconsin Center District personnel.

**Decision Item (DIN) - 7037**

**Decision Item (DIN) Title - Three Tier Beer Law Amendments**

**NARRATIVE**

Three Tier Beer Law Amendments

## **TITLE: THREE TIER BEER LAW AMENDMENTS**

### **DESCRIPTION OF CURRENT LAW AND PROBLEM**

Act 32 brewery and beer wholesaler changes were intended to strengthen Wisconsin's three-tier system for the regulation of manufacture, distribution and sale of fermented malt beverages. The Act made numerous changes in Chapter 125 affecting state permitting of breweries and beer wholesalers.

After the passage of the law changes, the Department of Revenue (DOR) made multiple contacts with representatives of the various tiers of the industry in an effort to smooth the transition to the new regulations.

Among the concerns identified by DOR is a prohibition on issuing an out-of-state shipper's (OOS) permit to an applicant who maintains an office or street address in Wisconsin. The shipment of fermented malt beverages and intoxicating liquors from outside the state to wholesalers distributing the product in Wisconsin requires the OOS shipper to hold an OOS permit from the department. Prohibiting shippers and importers with an office in the state from holding a permit would result in the disruption of established beer distribution channels and could cause the loss of certain product types from the Wisconsin market. The primary proponents of the Act 42 changes indicate that it was not their intent that existing permit holders would be prohibited from continued approval from the department and continued sales and distribution of their product.

### **RECOMMENDATION FOR ACTION**

Amend sec. 125.30 (3) to delete the provision that OOS permits may only be issued to a person who "does not maintain an office or street address in this state."

### **IMPACT ON JOB CREATION**

Several OOS permit holders, including breweries with significant operations and employment in Wisconsin, would be unable to renew their OOS permits under the law as amended by Act 32. Passage of the department's proposed change would allow DOR to issue permits to these shippers of fermented malt beverages, and maintain their economic activity in the state, preserving the jobs they have created here.

### **FISCAL EFFECT**

Removing the prohibition on issuing OOS permits to persons with a Wisconsin office or street address will maintain DOR's prior practice of issuing permits to several existing beer shippers. The change would have a minimal effect on state revenues.

### **DRAFTING INSTRUCTIONS**

Amend sec. 125.30 (3) as noted in "Recommendation for Action" section.

**EFFECTIVE DATE**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

Breweries, beer wholesalers, OOS shippers and beer importers.

**Decision Item (DIN) - 7038**

**Decision Item (DIN) Title - Update Motor Fuel Definition of Bulk Plant in Motor Fuel Statutes**

**NARRATIVE**

Update Motor Fuel Definition of Bulk Plant in Motor Fuel Statutes

**TITLE: UPDATE MOTOR FUEL DEFINITION OF BULK PLANT IN MOTOR FUEL STATUTES**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

The definition of bulk plant under s. 78.005(3), Wis. Stats, is outdated and does not meet current business practices. Sections 78.09 (6) and (7), Wis. Stats., are also outdated. Bulk tanks are larger and vehicles are travelling more than 25 miles to deliver fuel.

**RECOMMENDATION FOR ACTION**

Remove the 25 mile and 4,200 gallon limits from these sections.

**IMPACT ON JOB CREATION**

Removing these limits will allow businesses to operate, as they currently are, without being in violation of the law.

**FISCAL EFFECT**

No impact. This proposal merely matches the statutes to current DOR and industry practices.

**DRAFTING INSTRUCTIONS**

Amend sec. 78.005 (3), Wis. Stats., to read: "Bulk plant" means a motor vehicle fuel storage facility, other than a terminal, that is primarily used to redistribute motor vehicle fuel by vehicle.s ~~that have a capacity of 4,200 gallons or less.~~

Amend sec. 78.09 (6), Wis. Stats., to read: "Subject to ~~gallonage limits and other~~ conditions established by the department, the department shall provide for the payment of the tax imposed by this subchapter by a person importing motor vehicle fuel from a bulk plant ~~in a vehicle capable of carrying not more than 4,200 gallons if the destination of that vehicle is no more than 25 miles from~~ originating from outside the border of this state.

Amend sec. 78.09 (7), Wis. Stats., to read: "Subject to ~~gallonage limits and other~~ conditions established by the department, the department shall provide for export by and the certification for exemption from the tax imposed by this subchapter to a wholesale distributor exporting motor vehicle fuel out of a bulk plant ~~in a vehicle capable of carrying not more than 4,200 gallons if the destination of that vehicle is no more than 25 miles from~~ is outside the border of this state.

**EFFECTIVE DATE**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

Wholesale distributors located within and around the state.

**Decision Item (DIN) - 7039**

**Decision Item (DIN) Title - Option to Cash Out Lottery Annuity Upon Death**

**NARRATIVE**

Option to Cash Out Lottery Annuity Upon Death

**TITLE: OPTION TO CASH OUT LOTTERY ANNUITY UPON DEATH**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Persons who win a lottery prize for certain games are allowed to select their prize as a lump-sum or as an annuity paid over a number of years. However, in some cases, the winner may become deceased before their annuity is fully paid. In these cases, the annuitant's estate would typically become the payee of the remainder of annuity.

It may not be desired by the executor of the estate to wait to realize the full benefit of the prize for the term of years left on the annuity. The executor may deem it beneficial to the estate for the annuity to be paid in full as a lump sum. Further, when an annuitant dies, the Lottery must continue to maintain paperwork and payment records for the estate and executor(s), to complete the payment terms.

**RECOMMENDATION FOR ACTION**

It is recommended that a one-time option to cash out upon death be created for all current and future annuitants. The one-time option should have a window of opportunity that starts with the date on a certificate of death or other similar document, and which is long enough to provide executor(s) reasonable time of consideration, possibly 12 months.

**IMPACT ON JOB CREATION**

None

**FISCAL EFFECT**

None. When an annuity is broken, the breakages, if any, are deducted from the cash out lump-sum payment.

**DRAFTING INSTRUCTIONS**

Language similar to the industry standard, as maintained by the Multi-State Lottery Association (MUSL), is recommended. Sec. 565.29, Wis. Stats., would need to be revised similar in structure to sec. 565.28, Wis. Stats.

**EFFECTIVE DATE**

A minimum of 3 months between the passage of the legislation and the effective date of the language will allow time for implementation.

**INTERESTED/AFFECTED PARTIES**

Taxpayers who are eligible to receive the lottery property tax credit and current and future annuity winners.



**Decision Item (DIN) - 7040**

**Decision Item (DIN) Title - Prize Claim Clarification**

**NARRATIVE**

Prize Claim Clarification

**TITLE: PRIZE CLAIM CLARIFICATION**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Lottery players have 180 days from the date of the number drawing to claim their prize. The time for redemption of a scratch ticket is 180 days after the end of the game is announced.

Sec. 565.30(3)(a), Wis. Stats., has language that indicates that a prize may be claimed “within 180 days after the drawing ... or within 180 days after the game’s end date ... whichever is later.”

A player could interpret the statute to mean that he or she has 180 days after the end of a lotto game to redeem a prize. Under this interpretation, tickets could be valid for years, as the Lottery rarely ends lotto games. Legal challenges to similar statutory language in other states have led the Lottery to request this change.

**RECOMMENDATION FOR ACTION**

Clarify the statutes to eliminate any ambiguity for claiming prizes.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

There is no fiscal effect for changing the statute. Potential litigation costs could incur if the change is not made.

**DRAFTING INSTRUCTIONS**

Changes sec. 565.01 and sec.565.30, Wis. Stats. will be needed. Suggested language can be provided.

**EFFECTIVE DATE**

The effective date can be the date after enactment.

**INTERESTED/AFFECTED PARTIES**

Current and future players and winners of lottery prizes.

**Decision Item (DIN) - 7041**

**Decision Item (DIN) Title - Changes to Payment of Interest for Refunds Resulting from Refundable Credits**

**NARRATIVE**

Changes to Payment of Interest for Refunds Resulting from Refundable Credits

**TITLE: CHANGES TO PAYMENT OF INTEREST FOR REFUNDS RESULTING FROM REFUNDABLE CREDITS**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Under current law, the Department must pay interest at an annual rate of 9% on refunds issued more than 90 days past the date on which taxes would have been delinquent or 90 days past the date when a return is originally filed, whichever is later.

This provision is subject to abuse in cases where the taxpayer files an initial return by the statutory due date, and then files at a later date to claim a refund for a refundable credit that was not claimed on the initial return. There have been cases where taxpayers have claimed refunds for refundable credits over a year after the initial return was filed, and interest was paid back to the date the return was initially filed. This creates an incentive for the taxpayer to delay claiming the refundable credit, since the interest rate they receive from the state is greater than the interest rate they would receive at current market rates.

There is no similar incentive for non-refundable credits, because the taxpayer would have had to either make estimated payments or a payment with the initial return, therefore tying up needed capital. With a refundable credit, the taxpayer can claim the refund and receive a return on investment of 9% without having first paid the amount to the Department.

**RECOMMENDATION FOR ACTION**

Disallow interest for refund claims involving refundable tax credits. The treatment would be similar to the treatment of the Homestead Credit, where interest is not allowed.

Alternatively, the disallowance of interest could be limited to the Enterprise Zone Jobs Tax Credit. This credit accounts for the largest refunds for refundable credits, and therefore has the greatest incentive for abuse.

**IMPACT ON JOB CREATION**

Minimal.

**FISCAL EFFECT**

Within the past twelve months, DOR has paid out greater than \$1.5 million in interest claims for refundable credits. As WEDC continues to certify Enterprise Zones, the annual fiscal impact will continue to increase.

**DRAFTING INSTRUCTIONS**

In the limitations portion of the statutory subsection for each of the credits in the list below, insert the following paragraph:

**INTEREST NOT ALLOWED.** No interest may be allowed on any payment made to a claimant under this subsection.

Credits for which the above limitation would apply:

- Enterprise Zones Jobs Tax Credit
- Farmland Preservation Credit
- Film Production Company Services Credit
- Film Production Investment Credit
- Dairy Manufacturing Facility Investment Credit
- Dairy Cooperative Manufacturing Facility Investment Credit
- Meat Processing Facility Investment Credit
- Food Processing and Warehousing Credit
- Job Tax Credit
- Woody Biomass Harvesting and Processing Credit

Beginning Farmer Credit  
Farm Asset Credit

**EFFECTIVE DATE**

Taxable years beginning after December 31, 2010

**INTERESTED/AFFECTED PARTIES**

Taxpayers eligible to claim refundable credits.

**Decision Item (DIN) - 7042**

**Decision Item (DIN) Title - Marriage Penalty Reduction Options**

**NARRATIVE**

Marriage Penalty Reduction Options

## **TITLE: MARRIAGE PENALTY REDUCTION**

### **DESCRIPTION OF CURRENT LAW AND PROBLEM**

Married couples filing jointly often face a marriage penalty. The marriage tax penalty occurs when the couple's tax exceeds the combined tax they would pay if they were single and each was filing his or her own tax return.

Wisconsin provides a married couple credit (MCC) to offset the marriage tax penalty some couples may face when both spouses are working. Wisconsin's joint filers may claim a married couple credit if both spouses have earnings. The MCC is calculated as 3% of the earnings of the lower earning spouse and is capped at \$480.

The MCC is effective at eliminating or reducing the penalty for many two-earner joint filers. However, the penalty facing one-earner couples and couples with no earnings is not addressed by the credit. Moreover, a marriage penalty still exists for many joint filers even after the MCC. In 2013, 51% of married couples are expected to have a marriage tax penalty under current law.

### **RECOMMENDATION FOR ACTION**

There are a number of alternatives available to address the marriage penalty. These alternatives vary in cost and effectiveness as described below.

- Option 1: Expand the MCC so that the calculation includes retirement income. Under this option, the maximum MCC will remain \$480, but the credit will be available to retirees as well as workers.
- Option 2: Double the school property tax credit (SPTC) property tax limit for married couples. The SPTC is equal to 12% of property tax up to \$2,500 for a maximum credit of \$300. Two single filers may each be able to claim the credit for their share of property tax on a residence, while their credit would have been capped if they had filed jointly. Under this option the maximum property tax for married couples would be \$5,000.
- Option 3: Widen the income tax brackets for married couples. The income thresholds of each tax bracket for married couples are currently set at 33% higher levels than for single individuals. As a result, two single filers may each be in a lower tax bracket than if they filed jointly. Under this option, the income tax bracket thresholds for married filers are set at twice the amount of single filers.
- Option 4: Double the standard deduction for married couples. The income parameters of the standard deduction for married couples are currently set at higher levels than for single individuals, but not twice the level of single individuals. As a result, two single filers may claim a higher combined standard deduction than they could if they filed jointly. Under this option, the standard deduction base amount, phase-out starting point, and phase-out ending point for married couples are set at twice the level of single individuals.
- Option 5: Double the standard deduction and widen the income tax brackets for married couples. This option includes both option 3 and 4 above.
- Option 6: Double the standard deduction, widen the income tax brackets, and reduce the current married couple credit by half. This option includes both option 3 and 4 above, but also reduces the married couple credit. Reducing the married couple credit reduces the fiscal effect of the proposal, but also reduces its effectiveness at marriage penalty relief.

### **IMPACT ON JOB CREATION**

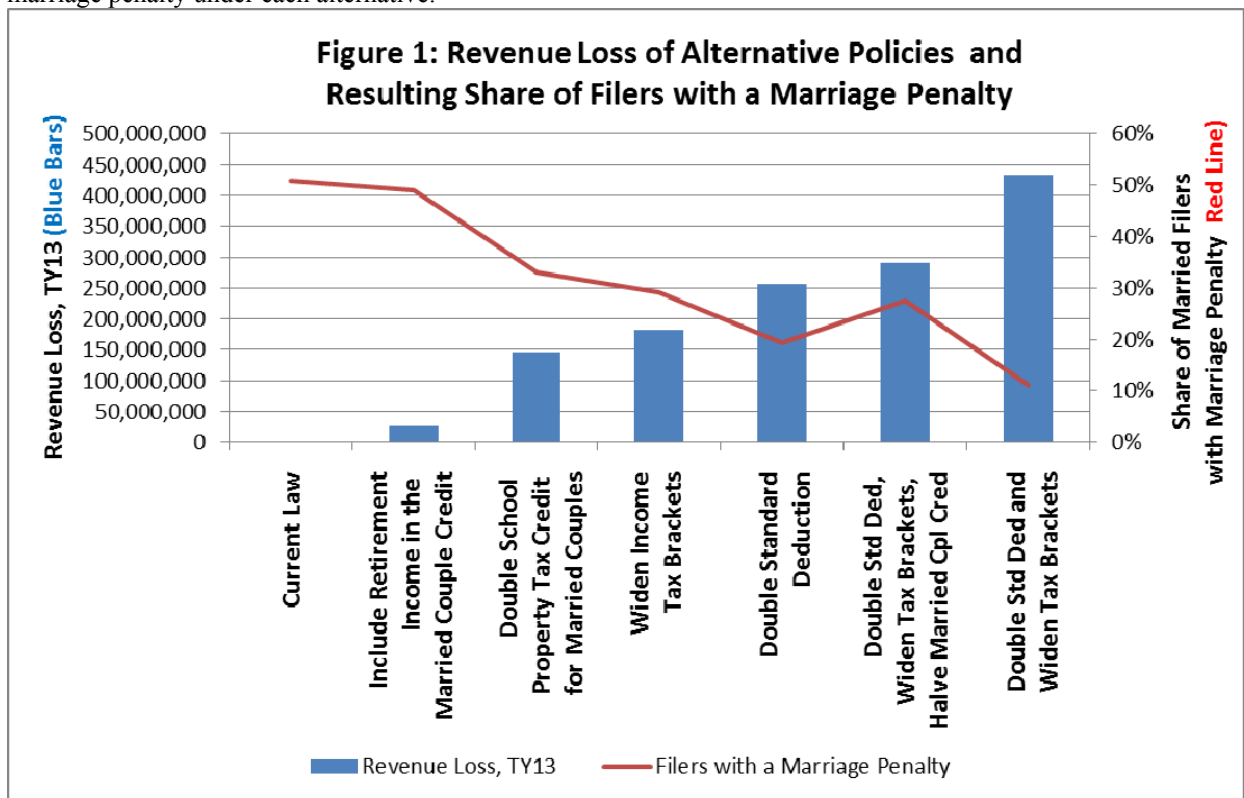
None.

### **FISCAL EFFECT**

- Option 1: Expand the MCC so that the calculation includes retirement income. Revenue loss of \$36.7 million in fiscal year 2014 and \$26.2 million in fiscal year 2015
- Option 2: Double the SPTC property tax limit for married couples. Revenue loss of \$215 million in fiscal year 2014 and \$159 million in fiscal year 2015
- Option 3: Widen the income tax brackets for married couples. Revenue loss of \$266 million in fiscal year 2014 and \$192 million in fiscal year 2015
- Option 4: Double the standard deduction for married couples. Revenue loss of \$375 million in fiscal year 2014 and \$264 million in fiscal year 2015
- Option 5: Double the standard deduction and widen the income tax brackets for married couples. Revenue loss of \$633 million in fiscal year 2014 and \$451 million in fiscal year 2015
- Option 6: Double the standard deduction, widen the income tax brackets, and reduce the current married couple credit by half. Revenue loss of \$427 million in fiscal year 2014 and \$307 million in fiscal year 2015

Note: In each case the fiscal year 2014 includes the full tax year 2013 fiscal effect and a partial tax year 2014 fiscal effect. The fiscal year 2015 numbers represent an ongoing annualized effect.

Figure 1 below shows the fiscal effects of the policy options in tax year 2013 and the share of married couple with a marriage penalty under each alternative.



## DRAFTING INSTRUCTIONS

- Option 1: Expand the MCC so that the calculation includes retirement income. See 2009 Senate Bill 165 and accompanying technical memo.
- Option 2: Double the SPTC property tax limit for married couples. Create sec. 71.07(9)(b)6, for taxable years beginning after December 31, 2012, to allow a credit of 12% of the first \$5,000 of property taxes or rent constituting property taxes of a married couple filing jointly.



- Option 3: Widen the income tax brackets for married couples. Create sec. 71.06(2)(i) for taxable years beginning after December 31, 2012, to designate that the taxable income boundaries for joint filers be twice the amounts determined for fiduciaries, single individuals, and heads of households. Create sec. 71.06(2)(j) for taxable years beginning after December 31, 2012, to designate that the taxable income boundaries for separate filers be equal to the amounts determined for fiduciaries, single individuals, and heads of households.
- Option 4: Double the standard deduction for married couples. Create sec. 71.05(22)(dq), for taxable years beginning after December 31, 2012, to designate deduction limits for married filers in 2013 and thereafter. The deduction base amount for married couples filing jointly should be twice that of single individuals. The Wisconsin adjusted gross income at which the standard deduction phase-out begins should be twice that of single individuals. The phase-out rate should be equal to single individuals. For married couples filing separately, the deduction base amount, the phase-out starting point, and the phase-out rate should be equal to the values for single individuals.
- Option 5: Double the standard deduction and widen the income tax brackets for married couples. See options 3 and 4 above.
- Option 6: Double the standard deduction, widen the income tax brackets, and reduce the current married couple credit by half. See options 3 and 4 above. Additionally, create sec. 71.07(6)(am)2.e, for taxable years beginning after December 31, 2012, to designate the credit is 3% of the earned income of the spouse with the lower earned income, but not more than \$240.

#### **EFFECTIVE DATE**

Tax year 2013.

#### **INTERESTED/AFFECTED PARTIES**

Married couples who file joint tax returns

**Decision Item (DIN) - 7043**

**Decision Item (DIN) Title - Repeal Woodland Tax Law (obsolete program)**

**NARRATIVE**

Repeal Woodland Tax Law (obsolete program)

**TITLE: REPEAL WOODLAND TAX LAW**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

The Woodland Tax Law (WTL) was provision under which an owner of a forest land parcel of 10 to 40 acres could enroll the land for a 15 year for the purpose of growing trees for harvest. WTL enrolled land was exempt from property taxes and instead subject to an annual payment of \$1.67 per acre. The last enrollment occurred in 1986, and the last WTL acreage payment was made in the 2000/2001 property tax year. Land that qualified for enrollment under the WTL is currently eligible for preferential property tax treatment under the Managed Forest Law program.

**RECOMMENDATION FOR ACTION**

The statutes should be repealed since they are no longer needed.

**IMPACT ON JOB CREATION**

The proposal has no effect on job creation.

**FISCAL EFFECT**

No fiscal effect on the state or local governments.

**DRAFTING INSTRUCTIONS**

See Attachment 1.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

The day after the bill is published.

**INTERESTED/AFFECTED PARTIES**

The Department of Natural Resources may have an interest in the proposal.

## DRAFTING INSTRUCTIONS (Attachment 1)

### Topic: Repeal of the Woodland Tax Law

**Item One:** Repeal Sec. 77.16

**Item Two:** Amend Sec. 77.17 as follows:

**77.17 Contracts for land in the lower Wisconsin state riverway.** An owner of timber that is exempt under s. 30.44 (3) (c) 1. shall comply with a rule regulating timber cutting and harvesting promulgated under s. 30.42 (1) (d):

(1) If the rule is not inconsistent with the contract entered into under s. 77.03 ~~or 77.16 (4)~~; or

(2) If the owner agrees to modify the contract entered into under s. 77.03 ~~or 77.16 (4)~~ to require compliance with the rules.

**Item Three:** Amend Sec. 77.91 (3m) as follows:

#### **77.91 Miscellaneous provisions.**

**(3m) REPORT TO LEGISLATURE.** Beginning with calendar year 1992, the department shall calculate for each calendar year whether the amount of land exempt from penalty or tax under s. 77.10 (2) (c), ~~77.16 (11m)~~ or 77.88 (8) that is withdrawn during that calendar year under s. 77.10 or 77.88 ~~or declassified or withdrawn under s. 77.16 (7)~~ exceeds 1% of the total amount of land that is subject to contracts under subch. I or subject to orders under this subchapter on December 31 of that calendar year. If the amount of withdrawn or classified land that is so exempt exceeds 1%, the department shall make a report of its calculations to the governor and the chief clerk of each house of the legislature for distribution to the appropriate standing committees under s. 13.172 (3).

**Item Four:** Amend Sec. 74.25 (1) (a) 8. as follows:

#### **74.25 February settlement.**

(a) *Special assessments, special charges and special taxes.*

8. Retain for the taxation district ~~all woodland tax law collections under s. 77.16~~ and 80% of collections of the taxes imposed under ss. 77.04 and 77.84 (2) (a) and (am).

**Item Five:** Amend Sec. 74.30 (1) (h) as follows:

#### **74.30 Settlement in certain taxation districts.**

**(1) FEBRUARY SETTLEMENT.** On or before February 20, the taxation district treasurer shall do all of the following:

(h) Retain for the taxation district ~~all woodland tax law collections under s. 77.16~~ and 80% of collections of the taxes imposed under ss. 77.04 and 77.84 (2) (a) and (am).

**Decision Item (DIN) - 7045**

**Decision Item (DIN) Title - Modify Computer Aid Payment Report Due Date**

**NARRATIVE**

Modify Computer Aid Payment Report Due Date

**TITLE: MODIFY COMPUTER AID PAYMENT REPORT DUE DATE**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Current law requires the municipal assessor to report the full value of all tax exempt computers by taxation district to the Department of Revenue (DOR) by May 1. The taxation districts receive a payment from the state to compensate for the taxes that otherwise would have been generated by this exempt value.

Assessors submit other reports to DOR by the second Monday in June. The May 1 deadline for exempt computer values results in estimated and incomplete filings, which are typically revised at a later date.

**RECOMMENDATION FOR ACTION**

Modify the due date, which will result in the following.

- A consistent time frame for reporting with other required forms.
- Allowance for electronic filing of said values on another currently required state form.
- Fewer amended reports to process between the current statutory filing date of May 1 and the proposed second Monday of June date.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

None.

**DRAFTING INSTRUCTIONS**

Modify sec. 79.905, Wis. Stats., to require computer exemption reports by the second Monday in June.

**EFFECTIVE DATE**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

Municipal Officials  
WI Towns Association  
League of WI Municipalities  
WI Association of Assessing Officers  
WI Municipal Clerks Association  
WI Municipal Treasurers Association  
WI Real Property Listers Association  
WI County Treasurers Association  
WI Counties Association

**Decision Item (DIN) - 7046**

**Decision Item (DIN) Title - Modify DOR Property Tax Publication Requirements**

**NARRATIVE**

Modify DOR Property Tax Publication Requirements

## **TITLE: MODIFY DOR PROPERTY TAX PUBLICATION REQUIREMENTS**

### **DESCRIPTION OF CURRENT LAW AND PROBLEM**

Under sec. 73.03(54), Wis. Stats., the Department of Revenue (DOR) is required to publish material on how to appeal an assessment. The statute also requires DOR to distribute the material to taxation districts.

DOR currently posts the instructional material to the Internet for taxation districts to view and print in lieu of a paper distribution. <http://www.revenue.wi.gov/html/govpub.html#property>

### **RECOMMENDATION FOR ACTION**

Amend sec. 73.03(54), Wis. Stats.

### **IMPACT ON JOB CREATION**

None.

### **FISCAL EFFECT**

Minimal.

### **DRAFTING INSTRUCTIONS**

Amend sec. 73.03(54), Wis. Stats., as follows. "To publish instructional material that provides information to persons who wish to object to valuations under s. 70.47 and to ~~distribute~~ make that material available in sufficient quantity to taxation districts."

### **EFFECTIVE DATE**

Day after publication.

### **INTERESTED/AFFECTED PARTIES**

Municipal Officials  
WI Towns Association  
League of WI Municipalities  
WI Association of Assessing Officers  
WI Municipal Clerks Association  
WI Municipal Treasurers Association  
WI Real Property Listers Association  
WI Country Treasurers Association  
WI Counties Association



**Decision Item (DIN) - 7047**

**Decision Item (DIN) Title - Real Estate Transfer Fee - Business Entity Owners of Record & Martial Property Law**

**NARRATIVE**

Real Estate Transfer Fee - Business Entity Owners of Record & Martial Property Law

**TITLE: REAL ESTATE TRANSFER FEE – BUSINESS ENTITY OWNERS OF RECORD & MARITAL PROPERTY LAW**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

The spouse of a shareholder, partner or member is mistakenly thought to be an actual shareholder, partner or member of record due to Wisconsin Marital Property Law under Ch. 766, Wis. Stats.

**RECOMMENDATION FOR ACTION**

Add a definition under sec. 77.21, Wis. Stats. to define that for the purposes of s. 77.25(15), (15m) and (15s), Wis. Stats. shareholders, partners or members only include the actual shareholders, partners or members of record.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

None.

**DRAFTING INSTRUCTIONS**

Add sec. 77.21(6), Wis. Stats. "Under s. 77.25(15), (15m) and (15s), Wis. Stats. shareholders, partners or members only include the actual shareholders, partners or members of record."

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

Filers of electronic real estate transfer returns.

**Decision Item (DIN) - 7048**

**Decision Item (DIN) Title - Limitation on Earned Income Credit Qualification**

**NARRATIVE**

Limitation on Earned Income Credit Qualification.

## **TITLE: LIMITATION FOR EARNED INCOME CREDIT**

### **DESCRIPTION OF CURRENT LAW AND PROBLEM**

Although earned income credit is intended to benefit low-income taxpayers, higher income taxpayers sometimes receive the credit because of business and investment activities.

### **RECOMMENDATION FOR ACTION**

Amend the earned income credit statute to disqualify claimants whose Wisconsin wages, salary, and tips equal or exceed a prescribed amount of earned income under which the federal credit is phased out (for 2011, this amount ranged from \$36,052 for a single taxpayer with one qualifying child to \$49,078 for married filing jointly with three or more qualifying children) and who claim depreciation, amortization, and section 179 expenses for Wisconsin purposes of over \$50,000.

### **IMPACT ON JOB CREATION**

This credit is not an incentive for job creation or investment. Rather, its purpose is to provide cash assistance to low-income taxpayers. The maximum earned income credit amount is \$1,955. For the taxpayers that would be affected, this amount is unlikely to have an effect on investment decisions.

### **FISCAL EFFECT**

Assuming an extension of the federal earned income credit provisions that are set to expire at the end of 2012, the fiscal effect of these disqualifiers is \$95,000 annually and 126 persons are excluded from the credit.

### **DRAFTING INSTRUCTIONS**

Create sec. 71.07(9e)(h), Wis. Stats., to read:

For taxable years beginning after December 31, 2012, no credit may be allowed under this subsection to a person if both of the following apply:

1. The wages, salary, and tips included in Wisconsin adjusted gross income for the taxable year of the claim equal or exceed the amount of earned income at which the person's credit is phased out under section 32(b) of the Internal Revenue Code.
2. The intangible drilling costs, amortization, depletion allowances, depreciation, and expenses under section 179 of the Internal Revenue Code deducted in determining the person's Wisconsin adjusted gross income for the taxable year of the claim exceed \$50,000.

### **EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

Taxable years beginning on or after January 1, 2013.

### **INTERESTED/AFFECTED PARTIES**

Claimants of earned income credit that have significant amounts of business or investment activity.

**Decision Item (DIN) - 7049**

**Decision Item (DIN) Title - MC-500 Merger/Conversion - Delete Filing Requirement**

**NARRATIVE**

MC-500 Merger/Conversion - Delete Filing Requirement Under Sec. 73.14, Wis. Stats., & Restore Requirement Under Chapters 179, 180, 181 & 183 To File A Deed and Real Estate Transfer Return

**TITLE: MC-500 MERGER/CONVERSION – DELETE FILING REQUIREMENT UNDER SEC. 73.14, WIS. STATS., & RESTORE REQUIREMENT UNDER CHAPTERS 179, 180, 181 & 183 TO FILE A DEED AND REAL ESTATE TRANSFER RETURN**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Under current law, a surviving entity of a merger / conversion is required to file a report under sec. 73.14(1), Wis. Stats. This report submitted to the Department of Revenue (DOR) collects information on the entities that were part of a merger or conversion and also the affected Wisconsin real estate parcels. For most mergers and conversions a deed and a Wisconsin Electronic Real Estate Transfer Return (eRETR) are also filed at the county register of deeds office in the county where the property is located. The information collected by the merger / conversion report is redundant and not needed as most of this information is already being reported through the recording of a deed and an eRETR.

Before the creation of sec. 73.14, Wis. Stats. the surviving entity of a merger or the converted entity of a conversion were required under Chapters 179, 180, 181 & 183 to file a deed and a eRETR in the county where the property is located.

**RECOMMENDATION FOR ACTION**

Delete sec. 73.14, Wis. Stats., as the MC-500 Merger/Conversion Report is not needed.  
Add language back to Chapters 179, 180, 181 & 183 to require the surviving entity of a merger or the converted entity of a conversion to file a deed and an eRETR in the county where the property is located.

**IMPACT ON JOB CREATION**

None.

**FISCAL EFFECT**

Deleting sec. 73.01(4), Wis. Stats., will reduce the work load of DOR.

**DRAFTING INSTRUCTIONS**

Delete sec. 73.14, Wis. Stats.  
Add language back to Chapters 179, 180, 181 & 183 to require the surviving entity of a merger or the converted entity of a conversion to file a deed and an eRETR in the county where the property is located.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

State Bar of Wisconsin, Business Law Section  
Wisconsin Department of Financial Institutions  
Parties to a merger/conversion

**Decision Item (DIN) - 9000****Decision Item (DIN) Title - Reorganizations****NARRATIVE**

The department reorganized the Division of Technology Services (DTS) and the Division of State and Local Finance (SLF). The DTS reorganization moves all funding and positions from the Business Intelligence Services Bureau(74), the WINPAS Project (76) and the IPAS Project (77) subprograms into the Applications Services Bureau (72). The State and Local Finance Division (SLF) reorganization transfers funds and FTE from the Assessment Practices Bureau (26), the Property Tax Bureau (27) to the Audit Bureau (11), the Equalization Bureau (23), the Manufacturing and Utility Bureau (24), SLF Administration (25), and Department Overhead (35). The decision item also aligns the departments FTE positions with the B-1 position listing.

**Decision Item (DIN) - 9001**

**Decision Item (DIN) Title - File Maintenance Fixes**

**NARRATIVE**

This decision item correct errors associated with file maintenance errors.