

Fiscal Estimate Narratives

DOR 11/10/2021

LRB Number	21-1513/2	Introduction Number	SB-672	Estimate Type	Original
Description modifying the sales and use tax exemption for renewable energy property					

Assumptions Used in Arriving at Fiscal Estimate

This bill expands the types of property that qualify for the sales and use tax exemption provided under current law for products whose power source is wind, solar radiation, or gas generated from the digestion of animal manure and other agricultural waste. Under the bill, the sales and use tax exemption applies to tangible personal property that is used to store electricity or heat and has at least one kilowatt of energy storage capacity, other than batteries for use in electric vehicles, and the hardware required for installation of such property.

According to the Wood Mackenzie Energy Storage Monitor, the energy storage market is estimated to be \$7.1 billion in 2022. The Wisconsin share of US population is about 1.7%, however Wisconsin has a lower share of alternate energy product adoption. Assuming the Wisconsin share of energy storage is one percent, the Wisconsin energy storage market is estimated to be \$71.0 million. The department does not have data on the share of such expenditures that would qualify under the bill. To the extent the market for such products is smaller/larger in Wisconsin as a result of usage and/or eligibility, the estimate will vary.

The department estimates sales and use tax to decrease by about \$3.6 million ($\$71.0 \text{ million} * 5\%$) on an annual basis under the bill.

County taxes were 8.3% of state sales taxes in FY 2021. Assuming this percentage does not change, county sales and use taxes would decrease by about \$295,000 ($\$3.6 \text{ million} * 8.3\%$) annually.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description modifying the sales and use tax exemption for renewable energy property		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
Annualized Fiscal Impact on funds from:		
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-3,600,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-3,600,000
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-3,600,000	-\$295,000
Agency/Prepared By		
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		11/10/2021