

## Lee, Chris

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**From:** Christianson, Bill  
**Sent:** Wednesday, July 3, 2024 3:22 PM  
**To:** Dimitrijevic, Marina; Spiker, Scott; Burgelis, Peter; Moore, Sharlen; Coggs, Milele  
**Cc:** Lee, Chris; Brengosz, Kathleen; Kovac, Nik  
**Subject:** Follow up on Sales Tax questions

Chairwoman Dimitrijevic and Esteemed Members of the Finance & Personnel Committee,

During the presentation on YTD revenue from the 2% City Sales Tax at the June 26<sup>th</sup> Finance & Personnel Committee meeting, there were two questions that arose that are addressed below. The first has to do with the proportion of retailers who are required to report the previous month's sales on the 20<sup>th</sup> vs. the 30<sup>th</sup> of the following month. The second question had to do with methodologies for evaluating the impact of the RNC or other large events on taxable sales in the City of Milwaukee. Responses to both questions are below.

Question #1- Why are some retailers required to report prior year sales tax on the 20<sup>th</sup> of the following month and others on the 30<sup>th</sup>, and what proportion of retailers have the 20<sup>th</sup> vs. the 30<sup>th</sup> as the due date?

Answer- Filer frequency/due date depend on the size of the business. The statutes provide that if the tax amount for any calendar quarter exceeds \$1,200, DOR may require the taxpayer to submit returns on a monthly basis (instead of quarterly). If the amount exceeds \$3,600 in any quarter, DOR may require the taxpayer to submit returns by the 20<sup>th</sup> day of the month following the tax period. Here is a breakdown comparing the share of filers that report at each frequency vs that group's share of state sales and use tax reported. I'd note statewide tax amounts drive the frequency requirements, not the amount in any particular county.

### CY2023 Sales Tax Accounts

	Share of Filers	Share of Tax
Annual	46.2%	0.4%
Quarterly	21.5%	1.3%
Monthly	15.6%	3.5%
Early Monthly	16.6%	94.8%

Early monthly (due the 20<sup>th</sup>) filers are just under 17% of the filers, but make up nearly 95% of tax.

Question #2- Is it possible to use Sales Tax data to evaluate the extent to which large events such as the RNC drove an increase in the amount of taxable sales?

Answer- There are a number of challenges that make using sales tax data to evaluate the impact of the RNC challenging. First, we do not have historical data for taxable sales in the City of Milwaukee. We only have historical data for Milwaukee County. Using a larger base (all of Milwaukee County vs. just the City of Milwaukee) dilutes the ability to evaluate the impact of a singular event such as the RNC, and adds a larger number of variables such as events in suburban Milwaukee County communities. In addition, the recent historical data could be significantly skewed by the COVID-19 pandemic and the measures taken in response to the pandemic. Comparing monthly taxable sales in 2024 to years when many businesses were closed or limited and events were cancelled could lead one to draw certain conclusions that may not be warranted.

If the City wanted to conduct a reliable economic impact analysis of the RNC or other similar large events, I would recommend utilizing a consultant or reaching out to a university applied economics program with expertise and software capable of performing this analysis.

Thank you,

Bill



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