



State of Wisconsin
2017 - 2018 LEGISLATURE

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2017 SENATE BILL 89

March 2, 2017 - Introduced by Senator MARKLEIN, cosponsored by Representatives NOVAK, E. BROOKS, RIPP, SKOWRONSKI and SPIROS. Referred to Committee on Revenue, Financial Institutions and Rural Issues.

1 **AN ACT** *to repeal* 74.41 (2) (a); *to renumber and amend* 71.255 (2) (c), 71.34
2 (1k) (h), 125.02 (18), 139.11 (4) (a) and 196.025 (6) (d) 2.; *to consolidate,*
3 *renumber and amend* 196.025 (6) (d) (intro.) and 1.; *to amend* 70.52, 71.05
4 (25) (a) 2., 71.255 (7) (b) 7., 74.41 (2) (intro.), 74.41 (2) (b), 77.51 (5), 77.51 (11d),
5 77.54 (30) (a) 6., 77.70, 77.76 (3), 77.82 (8), 77.98 (3), 77.98 (4) (a), 125.29 (6),
6 139.38 (6), 139.82 (6), 177.24 (3) (a), 196.025 (6) (b) 1., 196.025 (6) (b) 2., 196.025
7 (6) (c) 2., 565.02 (1) (c), 565.02 (2) (d), 565.25 (4) and 565.30 (5); and *to create*
8 71.05 (25) (a) 1m., 71.05 (26) (a) 2m., 71.255 (2) (c) 2., 71.255 (2) (c) 3., 71.34 (1k)
9 (h) 1., 71.34 (1k) (h) 2., 74.41 (2) (bm), 77.51 (13) (fm), 77.51 (17g), 77.52 (2m)
10 (am), 77.52 (4), 77.54 (30) (g), 77.54 (64), 125.02 (18) (a) to (h), 139.11 (4) (a) 2.,
11 177.24 (3) (c), 196.025 (6) (cm), 565.01 (6p), 565.17 (1m) and 565.40 (3) of the
12 statutes; **relating to:** tax administration changes, the police and fire protection
13 fee, defining restaurant for purposes of alcohol beverage regulation, lottery

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1 ticket couriers, background investigations of persons associated with the
2 lottery, and providing a criminal penalty.

Analysis by the Legislative Reference Bureau

This bill makes various changes to laws administered by the Department of Revenue.

Taxation

The bill creates a sales and use tax exemption for patient health care records sold to the patient or a person that the patient authorizes to receive the records. The exemption is consistent with a recent Tax Appeals Commission decision. See *Cannon & Dunphy, S.C. v. Wisconsin Dept. of Revenue* (CCH 401-970).

The bill also provides that tangible personal property transferred by a service provider in conjunction with the sale of a service is not considered incidental to the sale if the seller charges a separate and optional fee for the transferred property.

With regard to the county sales tax, the bill prohibits DOR from acting on any claim for a refund or adjustment of the tax after the end of the year that is four years after the year in which the county enacts an ordinance to repeal the tax.

The bill also replaces an obsolete reference to the definition of “active foreign business income” under the Internal Revenue Code with the actual language of that definition that existed prior to 2011. In addition, the bill modifies the law related to filing informational returns for the payment of wages, salaries, commissions, bonuses, and rent so that the same provisions that apply to individuals and corporations apply to tax-options corporations.

For purposes of claiming a capital gains income tax deferral or exclusion based on investments in a qualified business, the bill defines “investment” as amounts paid to acquire stock or other ownership interest in a partnership, corporation, tax-option corporation, or limited liability company treated as a partnership or corporation.

Under the bill, with regard to the administration of various excise taxes, DOR must publish on its Internet site a list of persons holding valid permits for the sale of cigarettes, tobacco products, and fermented malt beverages.

Finally, the bill makes technical changes related to the property tax assessment roll, filing duplicate paperwork with DOR regarding managed forest land, the charge-back of refunded or rescinded property taxes, the sales and use tax exemption for fuel and electricity consumed in manufacturing, and the administration of the food and beverage taxes imposed by an exposition district.

Unclaimed property

The bill does not require DOR to pay interest to a person who receives the person’s previously unclaimed property from the state if that property is a U.S. savings bond. Under current law, DOR pays interest on unclaimed property received by a claimant if the property was interest bearing to the owner on the date that the person holding the property surrendered it to DOR.

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The bill explicitly prohibits the operation of a ticket courier service to sell Wisconsin lottery tickets. Under the bill, a ticket courier service is a service operated for the purpose of purchasing Wisconsin lottery tickets on behalf of individuals located within or outside Wisconsin and delivering or transmitting those tickets, or electronic images of those tickets, to those individuals as a for-profit, business service. Currently, the Wisconsin Constitution generally prohibits the purchase of Wisconsin lottery tickets or participation in the lottery by use of the telephone, computer, or other electronic, telecommunication, video, or technological aid.

The bill specifies that DOR, with assistance of the Department of Justice, must repeat, every five years, the background investigation of lottery employees, the lottery administrator, and lottery vendors and certain associates of vendors. The bill also allows DOR, with assistance from DOJ, to conduct initial background investigations of any person who may come into contact with sensitive information associated with the lottery and any person who may have access to secured areas and requires DOR, with assistance from DOJ, to repeat the background investigation every five years.

The bill changes from \$1,000 to \$600 the amount of lottery prize winnings for which the lottery administrator must report the amounts of the winnings for the purpose of determining whether the winner owes taxes or delinquent child support. DOR must withhold the owed taxes or child support from the lottery winnings.

Police and fire protection fee

This bill makes changes to the administration of a fee charged for phone line connections and prepaid wireless telecommunications plans. Under current law, the Public Service Commission charges a communications provider or retailer a fee, known as the police and fire protection fee, for each phone line connection or prepaid wireless telecommunications plan provided by the communications provider or retailer. Current law also provides that the PSC may contract with DOR only for the collection of the fee for prepaid wireless telecommunications plans. The bill allows the PSC to contract with DOR to administer the collection of the fee for each phone line connection. If the PSC contracts with DOR for the collection of the fee, DOR may require communications providers and retailers to register with DOR, conduct audits of communications providers and retailers to ensure compliance with the fee, and collect delinquent fee payments. The bill provides that a communications provider or retailer may request a redetermination of the fee from DOR and may file an objection to that redetermination with the PSC.

Alcohol regulation; restaurants

This bill changes the definition of "restaurant" for purposes relating to the licensing and regulation of alcohol beverage establishments, and makes a change to correspond to this definitional change. Under the bill, a place where meals are prepared or served or sold to the general public may qualify as a restaurant even if this is not the predominant activity at that place.

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Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 70.52 of the statutes is amended to read:

2 **70.52 Clerks to examine and correct rolls.** Each city, village, and town
3 clerk upon receipt of the assessment roll shall carefully examine the roll. The clerk
4 shall correct all double assessments, imperfect descriptions, and other errors
5 apparent ~~upon the face of~~ on the roll, and ~~strike off all~~ correct the value of parcels of
6 real property not liable to taxation. The clerk shall add to the roll any parcel of real
7 property not listed on the assessment roll or item of personal property omitted ~~by the~~
8 assessors from the roll and immediately notify the assessors of the additions and
9 omissions. The assessors shall immediately view and value the omitted property and
10 certify the valuation to the clerk. The clerk shall enter the valuation ~~upon~~ and
11 property classification on the roll, and the valuation shall be final. To enable the
12 clerk to properly correct defective descriptions, the clerk may request aid, when
13 necessary, from the county surveyor, whose fees for the services rendered shall be
14 paid by the city, village, or town.

15 **SECTION 2.** 71.05 (25) (a) 1m. of the statutes is created to read:

16 71.05 **(25)** (a) 1m. "Investment" means amounts paid to acquire stock or other
17 ownership interest in a partnership, corporation, tax-option corporation, or limited
18 liability company treated as a partnership or corporation.

19 **SECTION 3.** 71.05 (25) (a) 2. of the statutes is amended to read:

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1 71.05 (25) (a) 2. “Qualifying gain” means a long-term capital gain under the
2 Internal Revenue Code realized from the sale of an investment made after December
3 31, 2010, and held for at least 5 uninterrupted years in a business that for the year
4 of investment and at least 2 of the 4 subsequent years was a qualified Wisconsin
5 business; except that a qualifying gain may not include any amount for which the
6 claimant claimed a subtraction under sub. (24) (b) or any gain described under sub.
7 (26) (b) and may not exceed the fair market value of the investment on the date sold,
8 less the fair market value of the investment on the date acquired.

9 **SECTION 4.** 71.05 (26) (a) 2m. of the statutes is created to read:

10 71.05 (26) (a) 2m. “Investment” means amounts paid to acquire stock or other
11 ownership interest in a partnership, corporation, tax-option corporation, or limited
12 liability company treated as a partnership or corporation.

13 **SECTION 5.** 71.255 (2) (c) of the statutes is renumbered 71.255 (2) (c) 1. and
14 amended to read:

15 71.255 (2) (c) 1. Except as provided in par. (d), if 80 percent or more of a
16 corporation’s worldwide income is active foreign business income, ~~as defined in~~
17 ~~section 861 (e) (1) (B) of the Internal Revenue Code,~~ the income and apportionment
18 factor or factors of the corporation shall not be included in the combined report, but
19 the corporation shall compute and allocate or apportion its income from the unitary
20 business separately.

21 **SECTION 6.** 71.255 (2) (c) 2. of the statutes is created to read:

22 71.255 (2) (c) 2. For purposes of subd. 1., “active foreign business income”
23 means gross income derived from sources outside the United States, as determined
24 in subchapter N of the Internal Revenue Code, including income of a subsidiary

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1 corporation, and attributable to the active conduct of a trade or business in a foreign
2 country or in a U.S. possession.

3 **SECTION 7.** 71.255 (2) (c) 3. of the statutes is created to read:

4 71.255 (2) (c) 3. For purposes of subd. 2., a corporation is considered a
5 subsidiary if the parent corporation owns, directly or indirectly, stock with at least
6 50 percent of the total voting power of the corporation and the stock has a value equal
7 to at least 50 percent of the total value of the stock of the corporation.

8 **SECTION 8.** 71.255 (7) (b) 7. of the statutes is amended to read:

9 71.255 (7) (b) 7. Executing waivers, closing agreements, powers of attorney,
10 and other documents as necessary or required regarding the combined report filed
11 under sub. (2) (a). Any waiver, agreement, power of attorney, or document executed
12 by the designated agent relating to a combined report shall be considered as executed
13 by all members of the combined group, including any corporation not included in the
14 combined report that the department asserts is a member of the combined group.

15 **SECTION 9.** 71.34 (1k) (h) of the statutes is renumbered 71.34 (1k) (h) (intro.)
16 and amended to read:

17 71.34 (1k) (h) (intro.) Section 162 of the ~~internal revenue code~~ Internal
18 Revenue Code (relating to trade or business expenses) is modified so as follows:

19 3. So that payments for wages, salaries, bonuses, interest or other expenses
20 paid to an entertainer or entertainment corporation may be deducted only if the
21 corporation complies with ss. 71.63 (3) (b), 71.64 (4) and (5), and 71.80 (15) (e).

22 **SECTION 10.** 71.34 (1k) (h) 1. of the statutes is created to read:

23 71.34 (1k) (h) 1. So that payments for wages, salaries, commissions, and
24 bonuses of employees and officers may be deducted only if the name, address, and
25 amount paid to each resident of this state to whom compensation of \$600 or more has

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1 been paid during the taxable year is reported or if the department of revenue is
2 satisfied that failure to report has resulted in no revenue loss to this state.

3 **SECTION 11.** 71.34 (1k) (h) 2. of the statutes is created to read:

4 71.34 **(1k)** (h) 2. So that payments for rent may be deducted only if the amount
5 paid, together with the names and addresses of the parties to whom rent has been
6 paid, is reported as provided under s. 71.70 (2).

7 **SECTION 12.** 74.41 (2) (intro.) of the statutes is amended to read:

8 74.41 **(2)** AMOUNT REQUIRED FOR SUBMISSION. (intro.) A tax may be included on
9 a form submitted under sub. (1) only if ~~one~~ all of the following ~~applies~~ apply:

10 **SECTION 13.** 74.41 (2) (a) of the statutes is repealed.

11 **SECTION 14.** 74.41 (2) (b) of the statutes is amended to read:

12 74.41 **(2)** (b) The tax under sub. (1) for any single description of property in the
13 tax roll for any one year is ~~\$500~~ \$250 or more.

14 **SECTION 15.** 74.41 (2) (bm) of the statutes is created to read:

15 74.41 **(2)** (bm) The tax under sub. (1) was refunded or rescinded for any of the
16 5 assessment years immediately preceding the year in which the form under sub. (1)
17 is submitted or refunded or rescinded because of a court determination and
18 submitted under sub. (1) no later than one year after the date of the court's
19 determination.

20 **SECTION 16.** 77.51 (5) of the statutes is amended to read:

21 77.51 **(5)** For purposes of subs. (13) (e) and (f) and (15a) and s. 77.52 (2m),
22 “incidental” means depending upon or appertaining to something else as primary;
23 something necessary, appertaining to, or depending upon another which is termed
24 the principal; or something incidental to the main purpose of the service. Tangible
25 personal property or items, property, or goods under s. 77.52 (1) (b), (c), or (d)

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1 transferred by a service provider in conjunction with the sale of a service is incidental
2 to the service if the purchaser's main purpose or objective is to obtain the service
3 rather than the property, items, or goods, even though the property, items, or goods
4 may be necessary or essential to providing the service. Tangible personal property
5 or items, property, or goods under s. 77.52 (1) (b), (c), or (d) transferred by a service
6 provider in conjunction with the sale of a service is not incidental to the service if the
7 service provider charges a separate and optional fee for the property, items, or goods.

8 **SECTION 17.** 77.51 (11d) of the statutes is amended to read:

9 77.51 (11d) For purposes of subs. (1ag), (1f), (3pf), and (9p), and (17g) and ss.
10 77.52 (4), (20), and (21), 77.522, and 77.54 (51), (52), and (60), "product" includes
11 tangible personal property, and items, property, and goods under s. 77.52 (1) (b), (c),
12 and (d), and services.

13 **SECTION 18.** 77.51 (13) (fm) of the statutes is created to read:

14 77.51 (13) (fm) A person selling, performing, or furnishing any service under
15 s. 77.52 (2) (a) 5. or 12. to a service provider described in s. 77.52 (2m) (am).

16 **SECTION 19.** 77.51 (17g) of the statutes is created to read:

17 77.51 (17g) "Separate and optional fee" means a fee charged to receive a
18 distinct and identifiable product, if any of the following applies:

19 (a) The fee is in addition to fees that the seller charges for other distinct and
20 identifiable products sold to the same buyer, the fee is separately set forth on the
21 invoice given by the seller to the buyer, and the seller does not require the buyer to
22 pay the fee if the buyer chooses not to receive the additional distinct and identifiable
23 product for which the fee applies.

24 (b) The seller charges a single amount for multiple distinct and identifiable
25 products and offers the buyer the option of paying a lower amount if the buyer

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1 chooses not to receive one or more of the distinct and identifiable products. For
2 purposes of this paragraph, the separate and optional fee is the single amount the
3 seller charges for the multiple distinct and identifiable products less the reduced
4 amount the seller charges to the buyer because the buyer chooses not to receive one
5 or more of the products.

6 **SECTION 20.** 77.52 (2m) (am) of the statutes is created to read:

7 77.52 (2m) (am) A person selling, performing, or furnishing any service in sub.
8 (2) (a) 1., regardless of whether the selling, performing, or furnishing of the service
9 is a retail sale, is the consumer of any services under sub. (2) (a) 5. or 12. purchased
10 by the person for the person's use or for the use of the person's customers.

11 **SECTION 21.** 77.52 (4) of the statutes is created to read:

12 77.52 (4) If a seller charges a separate and optional fee for a product, the fee
13 is a separate sale and the tax treatment is determined independently from fees that
14 the seller charges for other products.

15 **SECTION 22.** 77.54 (30) (a) 6. of the statutes is amended to read:

16 77.54 (30) (a) 6. Fuel and electricity consumed directly in manufacturing
17 tangible personal property, or items or property under s. 77.52 (1) (b) or (c), in this
18 state.

19 **SECTION 23.** 77.54 (30) (g) of the statutes is created to read:

20 77.54 (30) (g) For purposes of par. (a) 6., fuel and electricity "consumed directly
21 in manufacturing" means only fuel and electricity used to operate machines and
22 equipment used directly in the step-by-step manufacturing process. For purposes
23 of par. (a) 6., fuel and electricity are not "consumed directly in manufacturing" if they
24 are used in providing plant heating or cooling, air conditioning, communications,
25 lighting, safety and fire prevention, research and product development, receiving,

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1 storage, sales, distribution, warehousing, shipping, advertising, or administrative
2 activities. For purposes of par. (a) 6., fuel and electricity used directly in
3 manufacturing steam that is used by the manufacturer in further manufacturing or
4 to heat a facility, or both, is consumed directly in manufacturing.

5 **SECTION 24.** 77.54 (64) of the statutes is created to read:

6 77.54 (64) The sales price from the sale of and the storage, use, or other
7 consumption of patient health care records that are sold to the patient or to a person
8 that the patient authorizes to receive the records.

9 **SECTION 25.** 77.70 of the statutes is amended to read:

10 **77.70 Adoption by county ordinance.** Any county desiring to impose county
11 sales and use taxes under this subchapter may do so by the adoption of an ordinance,
12 stating its purpose and referring to this subchapter. The rate of the tax imposed
13 under this section is 0.5 percent of the sales price or purchase price. The county sales
14 and use taxes may be imposed only for the purpose of directly reducing the property
15 tax levy and only in their entirety as provided in this subchapter. That ordinance
16 shall be effective on the first day of January, the first day of April, the first day of July
17 or the first day of October. A certified copy of that ordinance shall be delivered to the
18 secretary of revenue at least 120 days prior to its effective date. The repeal of any
19 such ordinance shall be effective on December 31. A certified copy of a repeal
20 ordinance shall be delivered to the secretary of revenue at least 120 days before the
21 effective date of the repeal. Except as provided under s. 77.60 (9), the department
22 of revenue may not issue any assessment nor act on any claim for a refund or any
23 claim for an adjustment under s. 77.585 after the end of the calendar year that is 4
24 years after the year in which the county has enacted a repeal ordinance under this
25 section.

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1 **SECTION 26.** 77.76 (3) of the statutes is amended to read:

2 77.76 (3) From the appropriation under s. 20.835 (4) (g) the department of revenue shall distribute 98.25 percent of the county taxes reported for each enacting
3 county, minus the county portion of the retailers' discounts, to the county and shall
4 indicate the taxes reported by each taxpayer, no later than 75 days following the last
5 day of the calendar quarter in which such amounts were reported. In this subsection,
6 the "county portion of the retailers' discount" is the amount determined by
7 multiplying the total retailers' discount by a fraction the numerator of which is the
8 gross county sales and use taxes payable and the denominator of which is the sum
9 of the gross state and county sales and use taxes payable. The county taxes
10 distributed shall be increased or decreased to reflect subsequent refunds, audit
11 adjustments, and all other adjustments of the county taxes previously distributed.
12 Interest paid on refunds of county sales and use taxes shall be paid from the
13 appropriation under s. 20.835 (4) (g) at the rate paid by this state under s. 77.60 (1)
14 (a). The county may retain the amount it receives or it may distribute all or a portion
15 of the amount it receives to the towns, villages, cities, and school districts in the
16 county. After receiving notice from the department of revenue, a county shall
17 reimburse the department for the amount by which any refunds, including interest,
18 of the county's sales and use taxes that the department pays or allows in a reporting
19 period exceeds the amount of the county's sales and use taxes otherwise payable to
20 the county under this subsection for the same or subsequent reporting period. Any
21 county receiving a report under this subsection is subject to the duties of
22 confidentiality to which the department of revenue is subject under s. 77.61 (5) and
23 (6).
24

25 **SECTION 27.** 77.82 (8) of the statutes is amended to read:

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1 77.82 (8) ORDER. If an application under sub. (2), (4m), or (12) is approved, the
2 department shall issue an order designating the land as managed forest land for the
3 time period specified in the application. If an application under sub. (4) is approved,
4 the department shall amend the original order to include the additional parcel. The
5 department shall provide the applicant with a copy of the order or amended order and
6 shall also file a copy with the department of revenue, ~~the supervisor of assessments,~~
7 and the clerk of each municipality in which the land is located, and shall record the
8 order with the register of deeds in each county in which the land is located.

9 **SECTION 28.** 77.98 (3) of the statutes is amended to read:

10 77.98 (3) ~~Except as provided in sub. (4), for~~ For purposes of sub. (1) (a),
11 “premises” shall be broadly construed and shall include the lobby, aisles, and
12 auditorium of a theater or the seating, aisles, and parking area of an arena, a rink,
13 or a stadium, or the parking area of a drive-in or an outdoor theater. The premises
14 of a caterer with respect to catered meals or beverages shall be the place where
15 served.

16 **SECTION 29.** 77.98 (4) (a) of the statutes is amended to read:

17 77.98 (4) (a) Except as provided in par. (b), the tax imposed under this section
18 shall not be imposed on the sale of alcoholic beverages, candy, prepared food, or soft
19 drinks sold by a person primarily engaged, as determined by the department, in the
20 retail trade as a food and beverage store, as classified under sector 44-45, subsector
21 445, of the North American Industry Classification System, 1997 2017 edition,
22 published by the U.S. office of management and budget, beginning on the first day
23 of the calendar quarter that is at least 120 days after the date on which the bonds
24 issued by the district under subch. II of ch. 229 during the first 60 months after April
25 26, 1994, and any debt issued to fund or refund those bonds, are retired. The district

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1 shall notify the department of revenue, in the manner prescribed by the department,
2 when such bonds and debt are retired.

3 **SECTION 30.** 125.02 (18) of the statutes is renumbered 125.02 (18) (intro.) and
4 amended to read:

5 125.02 (18) (intro.) “Restaurant” means ~~a restaurant, as defined in s. 97.01~~
6 ~~(14g). any building, room, or place where meals are prepared or served or sold to~~
7 ~~transients or the general public, including all places used in connection with it and~~
8 ~~including any public or private school lunchroom for which food service is provided~~
9 ~~by contract. For purposes of this subsection, “meals” does not include soft drinks, ice~~
10 ~~cream, milk, milk drinks, ices, and confections. “Restaurant” does not include any~~
11 ~~of the following:~~

12 **SECTION 31.** 125.02 (18) (a) to (h) of the statutes are created to read:

13 125.02 (18) (a) Taverns that serve free lunches consisting of popcorn, cheese,
14 crackers, pretzels, cold sausage, cured fish, or bread and butter.

15 (b) Churches, religious, fraternal, youths’ or patriotic organizations, service
16 clubs and civic organizations which occasionally prepare, serve, or sell meals to
17 transients or the general public.

18 (c) Any public or private school lunchroom for which food service is directly
19 provided by the school, or a private individual selling foods from a movable or
20 temporary stand at public farm sales.

21 (d) Any bed and breakfast establishment, as defined in s. 97.01 (1g), that serves
22 breakfasts only to its lodgers.

23 (e) The serving of food or beverage through a licensed vending machine, as
24 defined in s. 97.01 (15p).

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1 (f) Any college campus, as defined in s. 36.05 (6m), institution as defined in s.
2 36.51 (1) (b), or technical college that serves meals only to the students enrolled in
3 the college campus, institution, or technical college or to authorized elderly persons
4 under s. 36.51 or 38.36.

5 (g) A concession stand at a locally sponsored sporting event, such as a little
6 league game.

7 (h) A potluck event, as defined in s. 97.01 (13g).

8 **SECTION 32.** 125.29 (6) of the statutes is amended to read:

9 125.29 (6) RESTAURANTS. A brewer may operate a restaurant on the brewery
10 premises and at an off-site retail outlet established by the brewer. A brewer may not
11 hold a license under s. 97.30 for a restaurant for the operation of operate a restaurant
12 at any other location except that a brewer may possess or hold an indirect interest
13 in a Class "B" license for not more than 20 restaurants in each of which the sale of
14 alcohol beverages accounts for less than 60 percent of the restaurant's gross receipts
15 if no fermented malt beverages manufactured by the brewer are offered for sale in
16 any of these restaurants.

17 **SECTION 33.** 139.11 (4) (a) of the statutes is renumbered 139.11 (4) (a) (intro.)
18 and amended to read:

19 139.11 (4) (a) (intro.) Sections 71.78 (1), (1m), and (4) to (9) and 71.83 (2) (a) 3.
20 and 3m., relating to confidentiality of income and franchise tax returns, apply to any
21 information obtained from any person on a fermented malt beverage tax return,
22 report, schedule, exhibit, or other document or from an audit report relating to any
23 of those documents, except that the department of revenue shall publish brewery the
24 following:

25 1. Brewery production and sales statistics.

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1 **SECTION 34.** 139.11 (4) (a) 2. of the statutes is created to read:

2 139.11 (4) (a) 2. A current list, available on paper and on the department's
3 Internet site, providing detailed information regarding every person issued a
4 wholesalers permit under s. 125.28, brewers permit under s. 125.29, brewpub permit
5 under s. 125.295, or out-of-state shippers permit under s. 125.30. The information
6 provided under this subdivision shall include the name and address of the permit
7 holder and the date on which the department issued the permit.

8 **SECTION 35.** 139.38 (6) of the statutes is amended to read:

9 139.38 (6) Sections 71.78 (1), (1m), and (4) to (9) and 71.83 (2) (a) 3. and 3m.,
10 relating to confidentiality of income and franchise tax returns, apply to any
11 information obtained from any person on a cigarette tax return, report, schedule,
12 exhibit, or other document or from an audit report pertaining to the same return,
13 report, schedule, exhibit, or document, except that the department shall publish on
14 its Internet site, at least quarterly, a current list of permits issued to distributors and
15 jobbers under s. 139.34 and include on the list the name and address of the permit
16 holder and the date on which the department issued the permit.

17 **SECTION 36.** 139.82 (6) of the statutes is amended to read:

18 139.82 (6) Sections 71.78 (1), (1m), and (4) to (9) and 71.83 (2) (a) 3. and 3m.,
19 relating to confidentiality of income and franchise tax returns, apply to any
20 information obtained from any person on a tobacco product tax return, report,
21 schedule, exhibit, or other document or from an audit report pertaining to the same
22 return, report, schedule, exhibit, or document, except that the department shall
23 publish on its Internet site, at least quarterly, a current list of permits issued to
24 distributors and subjobbers under s. 139.79 and include on the list the name and

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1 address of the permit holder and the date on which the department issued the
2 permit.

3 **SECTION 37.** 177.24 (3) (a) of the statutes is amended to read:

4 177.24 (3) (a) Except as provided in ~~par. pars.~~ par. (b) and (c), if a claim is allowed,
5 the administrator shall deliver the property to the claimant or pay the claimant the
6 amount the administrator actually received or the net proceeds of the sale of the
7 property, together with any additional amount required under s. 177.21. If the
8 property claimed was interest bearing to the owner on the date of surrender by the
9 holder, the administrator shall pay interest at a rate of 6 percent per year or any
10 lesser rate the property earned while in the possession of the holder. Interest begins
11 to accrue when the property is delivered to the administrator and ceases on the
12 earlier of the expiration of 10 years after delivery or the date on which payment is
13 made to the owner. No interest on interest-bearing property is payable for any
14 period before December 31, 1984.

15 **SECTION 38.** 177.24 (3) (c) of the statutes is created to read:

16 177.24 (3) (c) The administrator shall not pay interest under par. (a) on claimed
17 property that is a U.S. savings bond.

18 **SECTION 39.** 196.025 (6) (b) 1. of the statutes is amended to read:

19 196.025 (6) (b) 1. Except as provided in subd. 2., a communications provider
20 shall ~~impose~~ collect from each subscriber a monthly fee of \$0.75 on each
21 communications service connection with an assigned telephone number, including
22 a communication service provided via a voice over Internet protocol connection. If
23 a communications provider provides multiple communications service connections
24 to a subscriber, the fee required to be collected by the communications provider under
25 this subdivision shall ~~impose~~ be a separate fee ~~under this subdivision~~ on each of the

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1 first 10 connections and one additional fee for each 10 additional connections per
2 billed account. A communications provider may list the fee separately from other
3 charges on a subscriber's bill, and if a communications provider does so, the
4 communications provider shall identify the fee as "police and fire protection fee," or,
5 if the communications provider combines the fee with a charge imposed under s.
6 256.35 (3), the communications provider shall identify the combined fee and charge
7 as "charge for funding countywide 911 systems plus police and fire protection fee."
8 Any partial payment of a fee by a subscriber shall first be applied to any amount the
9 subscriber owes the communications provider for communications service.

10 **SECTION 40.** 196.025 (6) (b) 2. of the statutes is amended to read:

11 196.025 (6) (b) 2. A communications provider that offers a prepaid wireless
12 telecommunications plan, or a retailer that offers such a plan on behalf of a
13 communications provider, shall ~~impose~~ collect from each subscriber or purchaser a
14 fee equal to \$0.38 on each retail transaction for such a plan that occurs in this state.
15 A communications provider or retailer may state the amount of the fee separately on
16 a bill for the retail transaction, and if a communications provider or retailer does so,
17 the communications provider or retailer shall identify the fee as "police and fire
18 protection fee."

19 **SECTION 41.** 196.025 (6) (c) 2. of the statutes is amended to read:

20 196.025 (6) (c) 2. The commission may contract with the department for the
21 collection of fees imposed under par. (b) -2. If the commission and department enter
22 into such a contract, no later than the first calendar month following the calendar
23 month in which a communications provider or retailer receives from a subscriber a
24 fee imposed under par. (b) -2., the communications provider or retailer shall remit
25 the fee to the department.

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1 **SECTION 42.** 196.025 (6) (cm) of the statutes is created to read:

2 196.025 **(6)** (cm) If the commission contracts with the department to collect fees
3 as provided under par. (c) 2., all of the following apply:

4 1. The department may require communications providers and retailers to
5 register with the department, file returns with the department, and pay the fees
6 required under this section to the department in the manner and form prescribed by
7 the department, subject to par. (c) 2.

8 2. a. The department may determine compliance with this section using a field
9 or office audit. Sections 77.59 (1) to (5m), (8), and (8m) and 77.62, as they apply to
10 taxes under subch. III of ch. 77, apply to fees required under this section.

11 b. If, as a result of an audit under subd. 2. a., the department provides a notice
12 to a communications provider or retailer about a fee amount that is due, a refund that
13 is due to the communications provider or retailer, or a refund claim denial, and the
14 communications provider or retailer disagrees with the notice, the communications
15 provider or retailer may petition the department for a redetermination. The petition
16 for redetermination shall be in writing and signed and shall state the facts and
17 reasons for disagreeing with the amount due, refund due, or refund claim denial and
18 include supporting documents. A communications provider or retailer shall mail or
19 transmit by fax machine the petition within 60 days after the department mails the
20 notice of a fee due, a refund, or a refund claim denial. The petition shall be submitted
21 to the address or fax number provided in the notice. A petition that is mailed is
22 considered timely if it is postmarked on or before the date provided in the notice and
23 is received by the department within 5 days of that date.

24 c. Within 6 months of the receipt by the department of a petition for
25 redetermination under subd. 2. b., the department shall notify the communications

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1 provider or retailer of its redetermination. The redetermination is final 30 days after
2 mailing unless, within that 30-day period, the communications provider or retailer
3 files an objection to the redetermination with the commission as provided under
4 subd. 2. d.

5 d. Within 30 days after a redetermination under subd. 2. c. is mailed, the
6 communications provider or retailer may file an objection to that redetermination
7 with the commission. The objection shall set out in detail the grounds upon which
8 the communications provider or retailer finds the redetermination to be erroneous.
9 The commission, after providing no less than 10 days' notice to the communications
10 provider or retailer, shall hold a hearing on the objection. After the hearing, the
11 commission shall mail its decision on the objection, including any amount to be paid,
12 by registered mail. If the amount to be paid is not paid within 10 days after the
13 decision has been mailed, the commission or department may bring an action to
14 collect any amount that is due under this section.

15 3. A decision of the commission under subd. 2. d. may be reviewed under s.
16 227.52.

17 **SECTION 43.** 196.025 (6) (d) (intro.) and 1. of the statutes are consolidated,
18 renumbered 196.025 (6) (d) and amended to read:

19 196.025 (6) (d) The commission may ~~do any of the following:~~ Promulgate
20 promulgate rules for administering this subsection.

21 **SECTION 44.** 196.025 (6) (d) 2. of the statutes is renumbered 196.025 (6) (e) and
22 amended to read:

23 196.025 (6) (e) ~~Bring~~ The commission or the department may bring an action
24 to collect any amount that is required to be remitted under par. (c).

25 **SECTION 45.** 565.01 (6p) of the statutes is created to read:

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1 565.01 (6p) "Ticket courier service" means a service operated for the purpose
2 of purchasing Wisconsin lottery tickets on behalf of individuals located within or
3 outside this state and delivering or transmitting those Wisconsin lottery tickets, or
4 electronic images of those Wisconsin lottery tickets, to those individuals as a
5 for-profit, business service.

6 **SECTION 46.** 565.02 (1) (c) of the statutes is amended to read:

7 565.02 (1) (c) Before appointment of an administrator is made, the department,
8 with the assistance of the department of justice, shall conduct a background
9 investigation of the proposed administrator. The department shall require the
10 proposed administrator to be photographed and fingerprinted ~~on 2 fingerprint cards~~
11 ~~each bearing a complete set of the person's fingerprints.~~ The department of justice
12 may submit the ~~fingerprint cards~~ fingerprints to the federal bureau of investigation
13 for the purposes of verifying the identity of the person fingerprinted and obtaining
14 records of his or her criminal arrests and convictions. The department, with the
15 assistance of the department of justice, shall repeat the background investigation of
16 the administrator every 5 years. The department shall reimburse the department
17 of justice for the ~~department's~~ department of justice's services under this paragraph.

18 **SECTION 47.** 565.02 (2) (d) of the statutes is amended to read:

19 565.02 (2) (d) Before appointment of employees is made under par. (b), the
20 department, with the assistance of the department of justice, shall conduct a
21 background investigation of the proposed employees. The department shall require
22 the persons proposed as employees to be photographed and fingerprinted ~~on 2~~
23 ~~fingerprint cards each bearing a complete set of the person's fingerprints.~~ The
24 department of justice may submit the ~~fingerprint cards~~ fingerprints to the federal
25 bureau of investigation for the purposes of verifying the identity of the person

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1 fingerprinted and obtaining records of his or her criminal arrests and convictions.
2 The department, with the assistance of the department of justice, shall repeat the
3 background investigation of each employee every 5 years. The department shall
4 reimburse the department of justice for the department's department of justice's
5 services under this paragraph.

6 **SECTION 48.** 565.17 (1m) of the statutes is created to read:

7 565.17 (1m) TICKET COURIERS PROHIBITED. No person may operate a ticket
8 courier service in this state.

9 **SECTION 49.** 565.25 (4) of the statutes is amended to read:

10 565.25 (4) BACKGROUND INVESTIGATIONS. The department of justice shall
11 conduct a background investigation of any person proposing to contract or
12 contracting for a major procurement and of all partners, members, officers, directors,
13 owners and beneficial owners identified under sub. (3) (b). The department of justice
14 may require the person and partners, members, officers, directors and shareholders
15 identified under sub. (3) (b) to be photographed and fingerprinted ~~on 2 fingerprint~~
16 ~~cards each bearing a complete set of the person's fingerprints.~~ The department of
17 justice may submit the ~~fingerprint cards~~ fingerprints to the federal bureau of
18 investigation for the purposes of verifying the identity of the persons fingerprinted
19 and obtaining records of their criminal arrests and convictions. If the results of the
20 background investigation disclose information specified in sub. (3) (a) with respect
21 to the person, partner, member, officer, director, owner or beneficial owner, a contract
22 with the vendor, if entered into prior to the disclosure, is void and the vendor shall
23 forfeit any amount filed, deposited or established under sub. (5) (b). The department
24 of justice shall repeat the background investigation of each vendor, and each vendor's
25 partners, members, officers, directors, owners, and beneficial owners, under sub. (3)

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1 (b), every 5 years. The department of revenue shall reimburse the department of
2 justice for the department of justice's services under this subsection and shall obtain
3 payment from the person proposing to contract or the vendor in the amount of the
4 reimbursement.

5 **SECTION 50.** 565.30 (5) of the statutes is amended to read:

6 **565.30 (5) WITHHOLDING OF DELINQUENT STATE TAXES, CHILD SUPPORT OR DEBTS**
7 **OWED THE STATE.** The administrator shall report the name, address and social security
8 number or federal income tax number of each winner of a lottery prize equal to or
9 greater than ~~\$1,000~~ \$600 and the name, address and social security number or
10 federal income tax number of each person to whom a lottery prize equal to or greater
11 than ~~\$1,000~~ \$600 has been assigned to the department of revenue to determine
12 whether the payee or assignee of the prize is delinquent in the payment of state taxes
13 under ch. 71, 72, 76, 77, 78 or 139 or, if applicable, in the court-ordered payment of
14 child support or has a debt owing to the state. Upon receipt of a report under this
15 subsection, the department of revenue shall first ascertain based on certifications by
16 the department of children and families or its designee under s. 49.855 (1) whether
17 any person named in the report is currently delinquent in court-ordered payment
18 of child support and shall next certify to the administrator whether any person
19 named in the report is delinquent in court-ordered payment of child support or
20 payment of state taxes under ch. 71, 72, 76, 77, 78 or 139. Upon this certification by
21 the department of revenue or upon court order the administrator shall withhold the
22 certified amount and send it to the department of revenue for remittance to the
23 appropriate agency or person. The department of revenue shall charge the winner
24 or assignee of the lottery prize for the department of revenue's administrative
25 expenses associated with withholding and remitting debt owed to a state agency and

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1 may withhold the amount of the administrative expenses from the prize payment.
2 The administrative expenses received or withheld by the department of revenue
3 shall be credited to the appropriation under s. 20.566 (1) (h). In instances in which
4 the payee or assignee of the prize is delinquent both in payments for state taxes and
5 in court-ordered payments of child support, or is delinquent in one or both of these
6 payments and has a debt owing to the state, the amount remitted to the appropriate
7 agency or person shall be in proportion to the prize amount as is the delinquency or
8 debt owed by the payee or assignee.

9 **SECTION 51.** 565.40 (3) of the statutes is created to read:

10 565.40 (3) BACKGROUND INVESTIGATION. (a) In this subsection:

11 1. "Secured area" means any areas where sensitive information is stored or
12 accessible and any areas associated with the lottery with limited or controlled access.

13 2. "Sensitive information" means any report or study containing trade secrets,
14 as defined in s. 134.90 (1) (c); any process or production technique which is unique
15 to the lottery; any information or documentation the disclosure of which would
16 adversely affect the security or the competitive position of the lottery; any
17 individual's mailing address, e-mail address, telephone number, or social security
18 or federal employer identification number; any financial account numbers; any
19 personnel or employee information; any employee or vendor background
20 investigation documents; any personal information provided by retailers for
21 contracting purposes; and any personally identifiable information, as defined in s.
22 19.62 (5).

23 (b) The department of revenue, with the assistance of the department of justice,
24 may conduct a background investigation of any person who may come into contact
25 with any sensitive information associated with the lottery or who may have access

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1 to secured areas. The department of revenue may require the person to be
2 photographed and fingerprinted. The department of justice may submit the
3 fingerprints to the federal bureau of investigation for the purpose of verifying the
4 identity of the person fingerprinted and obtaining records of his or her criminal
5 arrests and convictions. The department of revenue, with the assistance of the
6 department of justice, shall repeat the background investigation of each person
7 under this subsection every 5 years. The department of revenue shall reimburse the
8 department of justice for the department of justice's services under this subsection.

SECTION 52. Initial applicability.

9
10 (1) CHARGING BACK REFUNDED OR RESCINDED TAXES. The treatment of section
11 74.41 (2) (intro.), (a), (b), and (bm) of the statutes first applies to the property tax
12 assessments as of January 1, 2018.

13 (2) COMBINED REPORTS. The treatment of section 71.255 (7) (b) 7. of the statutes
14 first applies to documents executed on January 1, 2017.

15 (3) INFORMATION RETURNS. The renumbering and amendment of section 71.34
16 (1k) (h) of the statutes and the creation of section 71.34 (1k) (h) 1. and 2. of the
17 statutes first apply to taxable years beginning on January 1, 2017.

18 (4) LOTTERY PRIZE REPORTING AND WITHHOLDING. Unless the effective date of this
19 subsection is later than May 15, 2017, the treatment of section 535.30 (5) of the
20 statutes first applies to lottery prizes claimed on May 15, 2017. If the effective date
21 of this subsection is later than May 15, 2017, the treatment of section 535.30 (5) of
22 the statutes first applies to lottery prizes claimed on the first day of the 3rd month
23 beginning after the effective date of this subsection.

24 (END)