

1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received: **06/23/99**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Assembly Republican Caucus**

By/Representing: **Kratochwill**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Alt. Drafters:

Subject: **Tax - sales**

Extra Copies:

Pre Topic:

ARC:.....Kratochwill - TP (4),

Topic:

Sales tax exemption for food sold in vending machines

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 06/24/99	chanaman 06/24/99		_____			
/1	jkreye 06/25/99	ygeller 06/25/99	ismith 06/24/99	_____	ismith 06/24/99		
/2	jkreye 06/26/99	ygeller 06/26/99	kfollet 06/25/99	_____	lrb_docadmin 06/26/99		
/3			hhagen 06/26/99	_____	lrb_docadmin 06/26/99		

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/2		13 6/26 jlg	kfollet 06/25/99	_____	lrb_docadmin 06/26/99		

Handwritten signatures and initials

FE Sent For:

<END>

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/1		<i>1/2 6/25 JLG</i>	ismith 06/24/99	_____	ismith 06/24/99		
FE Sent For:			<i>KJF 6/25</i>	<i>KJF/mrc 6/25</i>			

<END>

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1?	jkreye	cmr /	IS 6/24	IS/HRE 6/24			

FE Sent For:

6/24

<END>

of time-shares are subject to the real estate transfer fee and not the sales tax. The fiscal effect is estimated to be a net reduction of general fund tax collections of \$70,000 in 1999-00 and \$90,000 in 2000-01, assuming an effective date of October 1, 1999.

77.54 (20) (c) 1.
(20) 2.
(c) 6.

58

4. *Vending Machine Sales Tax Exemption.* Provide that, effective July 1, 2001, food and beverages that are exempt from the state sales tax when sold in a store for off-premises consumption would also be exempt when sold through a vending machine. Under current law, DOR assumes that sales of such items through vending machines are sold for on-premises consumption and are therefore subject to the sales tax. Due to the effective date of the provision, there would be no effect on general fund revenues during the 1999-01 biennium. However, it is estimated that this provision would result in reduced general fund revenues of \$3,700,000 annually, beginning in 2001-02. This estimate, which is in 1999-00 dollars, reflects a recent DOR study of vending machine compliance.

5. *Sales Tax Exemption for Internet Access Services.* Provide a sales and use tax exemption for internet access services effective July 1, 2001. Under current law, DOR has interpreted the general statute relating to taxation of telecommunications services to include internet access charges. Therefore, such services are taxable if they originate or terminate in this state and are charged to a Wisconsin billing address. This provision would exempt internet access charges from the state sales and use tax. Due to the effective date of the provision, there would be no effect on general fund revenues during the 1999-01 biennium. However, it is estimated that this provision would result in reduced general fund revenues of \$6,400,000 annually, beginning in 2001-02. This estimate is in 1999-00 dollars and does not account for anticipated growth in sales of internet access services subsequent to 2000-01.

6. *Individual Income Tax -- Miscellaneous Itemized Deductions.* Allow travel and home office expenses to continue to be claimed as a miscellaneous deduction under the itemized deduction credit. The income tax proposal as recommended by the Governor and modified by the Committee would eliminate miscellaneous deductions from the itemized deduction credit, with a provision to continue to allow union and professional dues to be deducted as a miscellaneous expense. The modification relating to travel and home office expenses is estimated to have a minimal fiscal effect.

1165

7. *Corporate Income and Franchise Tax -- Sourcing of Receipts from Sales of Certain Services.* Provide that, in determining sales that would be included in the single-sales factor apportionment formula, in cases where a service is rendered from a jurisdiction outside of Wisconsin that situates services based on a standard different than where the benefit of the service is received, the service provider may elect to use the cost of performance standard for all services provided. Under the Joint Finance version of the bill, sales from services are attributed to the state where the benefit is received. This provision would reduce state corporate income and franchise tax revenues by an unknown amount.



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb11587

JK:.....

cmj

ARC:.....Kratochwill - TP (4), Sales tax exemption for food sold in vending machines

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

SOON

score
↓
subds.

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 953, line 21: after that line insert: ✓

3 "SECTION 1812Ln. 77.54 (20) (c) 1. of the statutes is amended to read: ✓

4 77.54 (20) (c) 1. The gross receipts from sales of meals, food, food products and
5 beverages sold by any person, organization or establishment for direct consumption
6 on the premises are taxable, except as provided in ~~subd. 4~~ and 4m. ✓
strike ↓

7 SECTION 1812Ln. 77.54 (20) (c) 2. (intro.) of the statutes is amended to read: ✓

8 77.54 (20) (c) 2. (intro.) The gross receipts from sales by any person,
9 organization or establishment of the following items for off-premises consumption
10 are taxable, except as provided in subd. 4m. ✓

1 *li* **SECTION 1812no.** 77.54 (20) (c) 4m. of the statutes is created to read:

2 77.54 (20) (c) 4m. Taxable sales do not include food and beverages that are sold
3 in a vending machine.

4 **SECTION 1812np.** 77.54 (20) (c) 6. of the statutes is amended to read:

5 77.54 (20) (c) 6. For purposes of subd. 1., "premises" shall be construed broadly,
6 and, by way of illustration but not limitation, shall include the lobby, aisles and
7 auditorium of a theater or the seating, aisles and parking area of an arena, rink or
8 stadium or the parking area of a drive-in or outdoor theater. The premises of a
9 caterer with respect to catered meals or beverages shall be the place where served.
10 ~~Vending machine premises shall include the room or area in which located.~~

11 *effective date*
12
13

2. Page 1614, line 5: after that line insert:

g ← letter "g"
"(7^g) VENDING MACHINE SALES. The treatment of sections ^{g1} 77.54 (20) (c) 1., 2., *(intro.)*
4m. and 6. takes effect on July 1, 2001."

(END)

of the statutes



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb1158/1

JK:cmh:ijs

Handwritten initials and scribbles

in 6-25-99

ARC:.....Kratochwill – TP (4), Sales tax exemption for food sold in vending machines

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

SOON

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 953, line 21: after that line insert:

3 ~~SECTION 1812Ln. 77.54 (20) (c) 1. of the statutes is amended to read:~~

4 ~~77.54 (20) (c) 1. The gross receipts from sales of meals, food, food products and~~
5 ~~beverages sold by any person, organization or establishment for direct consumption~~
6 ~~on the premises are taxable, except as provided in subd. subds. 4. and 4m.~~

7 ~~SECTION 1812Ln. 77.54 (20) (c) 2. (intro.) of the statutes is amended to read:~~

8 ~~77.54 (20) (c) 2. (intro.) The gross receipts from sales by any person,~~
9 ~~organization or establishment of the following items for off-premises consumption~~
10 ~~are taxable, except as provided in subd. 4m.~~

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~~SECTION 1812no. 77.54 (20) (c) 4m. of the statutes is created to read:
77.54 (20) (c) 4m. Taxable sales do not include food and beverages that are sold
in a vending machine.~~

~~SECTION 1812np. 77.54 (20) (c) 6. of the statutes is amended to read:
77.54 (20) (c) 6. For purposes of subd. 1., "premises" shall be construed broadly,
and, by way of illustration but not limitation, shall include the lobby, aisles and
auditorium of a theater or the seating, aisles and parking area of an arena, rink or
stadium or the parking area of a drive-in or outdoor theater. The premises of a
caterer with respect to catered meals or beverages shall be the place where served.
Vending machine premises shall include the room or area in which located.~~

2. Page 1614, line 5: after that line insert:

"(7g) VENDING MACHINE SALES. The treatment of section 77.54 (20) (c) ~~4m.~~
~~(intro), 4m and~~ 6. of the statutes takes effect on July 1, 2001."

(END)

*Sales from a vending machine
shall be considered sales for
off-premises^s consumption^{ns} as
provided under subd. 2. plain*



State of Wisconsin
1999 - 2000 LEGISLATURE

3
LRBb1158/2
JK:cmh&jlg:kjf

in 6-27-99

ARC:.....Kratochwill - TP (4), Sales tax exemption for food sold in vending machines

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

SOON

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 953, line 21: after that line insert:

3 "SECTION 1812np. 77.54 (20) (c) 6. of the statutes is amended to read:

4 77.54 (20) (c) 6. For purposes of subd. 1., "premises" shall be construed broadly,

5 and, by way of illustration but not limitation, shall include the lobby, aisles and

6 auditorium of a theater or the seating, aisles and parking area of an arena, rink or

7 stadium or the parking area of a drive-in or outdoor theater. The premises of a

8 caterer with respect to catered meals or beverages shall be the place where served.

9 ~~Vending machine premises shall include the room or area in which located~~ Sales from

1
2

a vending machine shall be considered sales for off-premises consumption
provided under subd. 2.

3
4
5
6

2. Page 1614, line 5: after that line insert:

“(7g) VENDING MACHINE SALES. The treatment of section 77.54 (20) (c) 6. of the
statutes takes effect on July 1, 2001.”

(END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb1158/3
JK:cmh&jlg:ksh

ARC:.....Kratochwill – TP (4), Sales tax exemption for food sold in vending machines

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 953, line 21: after that line insert:

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7 stadium or the parking area of a drive-in or outdoor theater. The premises of a

8 caterer with respect to catered meals or beverages shall be the place where served.

9 ~~Vending machine premises shall include the room or area in which located~~ Sales from

10 a vending machine shall be considered sales for off-premises consumption.”

