

1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received: 06/23/99

Received By: shoveme

Wanted: As time permits

Identical to LRB:

For: Assembly Republican Caucus 6-1452

By/Representing: Kratochwill

This file may be shown to any legislator: NO

Drafter: shoveme

May Contact:

Alt. Drafters:

Subject: Tax - sales

Extra Copies: JK

Pre Topic:

ARC:.....Kratochwill - Am # 312(5)

Topic:

Sales tax exemption for Internet access services

Instructions:

See Attached. Same as 1999 -1660, 1439

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>
/?	shoveme 06/23/99	gilfokm 06/23/99		_____			
/1			hhagen 06/23/99	_____	lrb_docadmin 06/24/99		

FE Sent For:

<END>

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<i>1?</i>	shoveme	<i>11-6-23 King</i>		_____ _____			

FE Sent For:

<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.

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.

MES

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.

MES

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.

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 situs 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

LRBb1191
MES...

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312(5)

ARC:.....Kratochwill - Am; # ~~TP~~ Sales tax exemption for Internet access services

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

Fix Request
Sheet

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

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

3

(END)



1999 BILL

1 AN ACT *to amend* 77.51 (21m) of the statutes; **relating to:** a sales tax and use
2 tax exemption for providing access to, or use of, the internet.

Analysis by the Legislative Reference Bureau

This bill creates a sales tax and use tax exemption for access to, and use of, the internet.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this 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:

3 " SECTION ¹⁸¹⁴ 77.51 (21m) of the statutes is amended to read:

4 77.51 (21m) "Telecommunications services" means sending messages and
5 information transmitted through the use of local, toll and wide-area telephone
6 service; channel services; telegraph services; teletypewriter; computer exchange
7 services; cellular mobile telecommunications service; specialized mobile radio;

BILL

SECTION 1

1 stationary two-way radio; paging service; or any other form of mobile and portable
 2 one-way or two-way communications; or any other transmission of messages or
 3 information by electronic or similar means between or among points by wire, cable,
 4 fiber optics, laser, microwave, radio, satellite or similar facilities.
 5 "Telecommunications services" does not include sending collect telecommunications
 6 that are received outside of the state. In this subsection, "computer exchange
 7 services" does not include providing access to or use of the internet. In this
 8 subsection, "internet" means interconnecting networks that are connected to
 9 network access points by telecommunications services. " ,

10 SECTION 2. Effective date
 #. Page 1614, line 14: after that line insert: (CS) Internet access services.
 11 This act takes effect on the first day of the 2nd month beginning after
 12 publication. The treatment of section 77.51(21m) of the
 13 statutes
 (END)
 July 1, 2001



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb1191/1
MES:kmg:ksh

ARC:.....Kratochwill - Am # 312(5) Sales tax exemption for Internet access services

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:

3 "SECTION 1814i. 77.51 (21m) of the statutes is amended to read:

4 77.51 (21m) "Telecommunications services" means sending messages and
5 information transmitted through the use of local, toll and wide-area telephone
6 service; channel services; telegraph services; teletypewriter; computer exchange
7 services; cellular mobile telecommunications service; specialized mobile radio;
8 stationary two-way radio; paging service; or any other form of mobile and portable
9 one-way or two-way communications; or any other transmission of messages or
10 information by electronic or similar means between or among points by wire, cable,

1 fiber optics, laser, microwave, radio, satellite or similar facilities.
2 “Telecommunications services” does not include sending collect telecommunications
3 that are received outside of the state. In this subsection, “computer exchange
4 services” does not include providing access to or use of the internet. In this
5 subsection, “internet” means interconnecting networks that are connected to
6 network access points by telecommunications services.”.

7 **2.** Page 1614, line 14: after that line insert:

8 “(7w) INTERNET ACCESS SERVICES. The treatment of section 77.51 (21m) of the
9 statutes takes effect on July 1, 2001.”.

10 (END)