

1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received: 06/22/99

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Senate Democratic Caucus

By/Representing: Walter

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - cigarettes and t.p.

Extra Copies:

Pre Topic:

SDC:.....Walter - CN#2310.

Topic:

Two percent tax stamping discount for cigarette distributors

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 06/23/99	ygeller 06/23/99		_____			
/1			martykr 06/25/99	_____	lrb_docadmin 06/25/99		

FE Sent For:

<END>

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1?	jkreye	1 6/23 jlg	km 6/25	ds 6/25 km 6/25			

FE Sent For:

<END>

yes

Agency: Revenue

6923 SDC

caucus number 1838

duplicate flag:
duplicate with:

Other reference numbers:	LFB Sum #:
bill number/amendment number:	
LRB draft #	LRB P-draft:

description: Direct DOR to exempt from income the amount paid by their employer for a public transportation pass, token or fare. Negligible fiscal effect.

other notes

drafting instructions: See above and attached

more instructions:

caucus number 2302

duplicate flag:
duplicate with:

Other reference numbers:	LFB Sum #:
bill number/amendment number:	
LRB draft # 0777/2	LRB P-draft:

description: Allow Eagle River to adopt a .5% tax on gross receipts from sale, lease or rental of goods or services sold by tourism-related retailers without reaching the 40% equalized assessed value of taxable property used by tourism-related retailers threshold.

other notes

drafting instructions: Include LRB 0777/2 (see above)

more instructions:

caucus number 2310

duplicate flag:
duplicate with:

Other reference numbers:	LFB Sum #:
bill number/amendment number:	
LRB draft #	LRB P-draft:

description: Restore the 2% discount for cigarette distributors that was cut to 1.6% in the last state budget

other notes Modification to above: delay implementation to July 1, 2000

drafting instructions: See above

more instructions:

Agency: Revenue

Number of Amendments: 3

CIGARETTE TAX STAMP DISCOUNT

CN 2310

DESCRIPTION

This amendment would restore the 2 percent discount for cigarette distributors.

EXPLANATION/JUSTIFICATION

The cigarette tax stamping discount, Wis. Stats. § 139.32(5) acts as reimbursement to distributors for the cost of collecting and administering the cigarette stamp tax and the Other Tobacco Products Act tax of 20 percent. Since its inception, the DOR has passed substantial costs on to distributors, who have become responsible for the printing, application, administration and collection of the stamp tax. Unlike other taxes imposed on retailers, the cigarette stamp tax law requires distributors to: (1) make payment of the tax; (2) oversee administration of the tax; and (3) collect the tax in order to reimburse themselves. In other words, the law essentially requires the distributor to provide the state with an unsecured interest-free loan and then makes the distributor responsible for insuring repayment.

As part of the last state budget, we slashed the stamping discount by \$1.9 million when we reduced the discount from 2 percent to 1.6 percent which is woefully inadequate to cover distributors' costs. Essentially, under current law, distributors must pay an average of 25% more than they receive for the tax stamps.

AGENCY

Department of Revenue

LRB/FISCAL BUREAU HISTORY

None.

TOTAL FISCAL EFFECT

\$1.6 million GPR (estimate)

MOD: DELAY IMPLEMENTATION
TO JULY 1, 2000



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb09232

JK:...

W 6-23-99

JG

SDC:.....Walter - CN#2310, Two percent tax stamping discount for cigarette distributors

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 1140, line 6: after that line insert:

3 "SECTION 2171p. 139.32 (5) of the statutes is amended to read:

4 139.32 (5) Manufacturers and distributors having a permit from the secretary
5 shall receive a discount of 1.6% 2% of the tax."

6 2. Page 1614, line 14: after that line insert:

7 eff date (7p) CIGARETTE TAX STAMP DISCOUNT. The treatment of section 139.32 (5) of the
8 statutes takes effect on July 1, 2000."

9 (END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0923/1
JK:jl:km

SDC:.....Walter - CN#2310, Two percent tax stamping discount for cigarette distributors

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 1140, line 6: after that line insert:

3 **"SECTION 2171p.** 139.32 (5) of the statutes is amended to read:

4 139.32 (5) Manufacturers and distributors having a permit from the secretary
5 shall receive a discount of ~~1.6%~~ 2% of the tax."

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

7 "(8d) CIGARETTE TAX STAMP DISCOUNT. The treatment of section 139.32 (5) of the
8 statutes takes effect on July 1, 2000."

9 (END)