

Assembly Hearing Slip

(Please print plainly)

Date: 3/10/99
Bill No. AB 90
Or
Subject

(Name) BRANDON SCHOLZ
(Street Address or Route Number) 2601 CROSSROADS DR #185
(City & Zip Code) MADISON WI 53718
(Representing) WISCONSIN GRACES AB8N

Speaking in favor:
Speaking against:
Registering in favor:
Registering against:
Speaking for information only:
Neither for nor against:

Please return this slip to a messenger promptly.
Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 3/10/99
Bill No. AB 90
Or
Subject

(Name) TOM DURADA
(Street Address or Route Number) 125 S Webster
(City & Zip Code) MADISON WI 53702
(Representing) Dept of Revenue

Speaking in favor:
Speaking against:
Registering in favor:
Registering against:
Speaking for information only:
Neither for nor against:

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State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 3/10/99
Bill No. AB 90
Or
Subject

(Name) VICKI GIBBONS
(Street Address or Route Number) 125 S Webster
(City & Zip Code) MADISON WI 53702
(Representing) Dept of Revenue

Speaking in favor:
Speaking against:
Registering in favor:
Registering against:
Speaking for information only:
Neither for nor against:

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Assembly Hearing Slip

(Please print plainly)

Date: 3/10/99
Bill No. AB 90
Or
Subject: Corporations
(Name) Tolene Phantz
4751 Hayes Rd #14
(Street Address or Route Number)
Madison WI 53704
(City & Zip Code)
Newick Trips Stores
(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only:
- Neither for nor against:

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State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 3/10/99
Bill No. AB 90
Or
Subject: Bob Ziegeborner
(Name)
2572 A.D.
(Street Address or Route Number)
(City & Zip Code)
(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only:
- Neither for nor against:

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State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 3-10-99
Bill No. AB 90
Or
Subject: Wayne Wood
(Name)
2429 Beckport Rd
(Street Address or Route Number)
JANESVILLE WI 53545
(City & Zip Code)
WY B A D
(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only:
- Neither for nor against:

Please return this slip to a messenger promptly.


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State Capitol
Madison, WI 53702

1999 - 2000 LEGISLATURE


1999 ASSEMBLY BILL 90 

February 4, 1999 - Introduced by Representatives Ziegelbauer, M. Lehman, Ainsworth, Bock, Handrick, Musser, Plale, Plouff, Powers, Ryba, Staskunas, Sykora and Wasserman. Referred to Committee on Ways and Means.

Pg1Ln1 **An Act** to amend 77.51 (4) (b) 1. and 77.51 (15) (b) 1. of the statutes; relating
Pg1Ln2 to: sales taxes for coupon purchases.

Analysis by the Legislative Reference BureauAB90 


Under current law, the state imposes a retail tax upon all retailers at the rate of 5% of the gross receipts from the sale of goods. The retailer generally passes the tax on to the consumer. Under current law, when a consumer purchases an item with an in-store coupon, the consumer pays the passed-on sales tax on the reduced price. However, when a consumer purchases an item with a manufacturer's coupon, the consumer pays sales tax on the original price.

AB90 

Under this bill, a manufacturer's coupon or rebate is treated the same as an in-store coupon. Therefore, when a consumer purchases an item using a manufacturer's coupon, the consumer pays the passed-on sales tax on the reduced price rather than the original price.

For further information see the state 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:

AB90, s. 1 

Pg1Ln3

Section 1. 77.51 (4) (b) 1. of the statutes is amended to read:

AB90, s. 1 - continued



Pg1Ln4

77.51 (4) (b) 1. Cash or term discounts, or manufacturer's coupons or rebates,
Pg1Ln5 allowed and taken on sales;

AB90, s. 2



Pg2Ln1

Section 2. 77.51 (15) (b) 1. of the statutes is amended to read:

AB90, s. 2 - continued



Pg2Ln2

Pg2Ln3

77.51 (15) (b) 1. Cash discounts, or manufacturer's coupons or rebates, allowed
and taken on sales;

AB90, s. 3



Pg2Ln4

Section 3. Effective date.

AB90, s. 3 - continued



Pg2Ln5

Pg2Ln6

Pg2Ln7

(1) **Manufacturer's coupon.** This act takes effect on the first day of the 2nd
month beginning after publication.

(End)



Rep. M. Lehman
103-West

BOB ZIEGELBAUER

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT

DATE: February 5, 1999

TO: ✓ Co-sponsors of 1999 AB 89, Property Taxpayers Protection Act
Co-sponsors of 1999 AB 90, Elimination of Sales Tax on Coupons

FROM: Luanne Kostelic
Office of Rep. Bob Ziegelbauer
266-0315

Thank you for co-sponsoring one of the above referenced bills. As you may have noticed, the co-sponsor lists on AB 89 and AB 90 were inadvertently switched. I apologize for this error. I have contacted Assembly Chief Clerk Charlie Sanders regarding this matter. We are currently researching possible remedies.

If you have any questions please feel free to contact me or Representative Ziegelbauer in Manitowoc at (920) 684-6783.

Again, I apologize for this error and will let you know how this situation is resolved.

STATE CAPITOL: P.O. BOX 8953, MADISON, WI 53708-8953 • (608) 266-0315
TOLL FREE : 1-888-529-0025 • FAX (608) 266-0316 • E-MAIL: bob.ziegelbauer@legis.state.wi.us

DISTRICT: 1213 S. 8TH STREET, P.O. BOX 325, MANITOWOC, WI 54221-0325
MANITOWOC OFFICE: (920) 684-6783 • HOME: (920) 684-4362

♻️ PRINTED ON RECYCLED PAPER

Printed in
Manitowoc Co.

Ways & Means Committee
Preliminary Report on Referred Legislation
February 8, 1999

Bill: AB90
Author: Ziegelbauer
Date Referred: 2-04-1999

Relating Clause: *sales taxes for coupon purchases.*

Comments from Department of Revenue-

Sales tax is on what the retailer takes in. In-store coupons, the retailer takes the loss. w/manuf coupon, it is the manuf that takes the

Comments from the Author-

loss not the retailer. The manuf ~~it~~ makes a "payment" to the retailer.

Author's reasoning for introducing legislation:

Equality

Author's intent:

To make the sales tax paid by a consumer using either a manufacturer's coupon or in-store coupon the same. *In-store currently does not pay sales tax on disc price but do pay sales on full amount w/manuf coupon. AB 90 would Δ the manuf coupon to in store*

Does the Author want the legislation moved forward?

Yes No

If no, do we have this in writing?

Yes No

Is the legislation in its final form?

Yes No

If major changes are required, the author shall prepare and introduce the necessary amendments.

Comments from potentially affected parties-

Very pricey ~\$9mil dollars. Mostly on automobile sales.

Grocers Assn - Support. Adds simplicity.

To pay tax on actual out-of-pocket expense.



2601 CROSSROADS DRIVE • SUITE 185 • MADISON, WI 53718 • 608/244-7150 • FAX 608/244-9030

March 9, 1999
Assembly Bill 90

Testimony to Assembly Ways and Means Committee

Good morning Chairman Lehman and members of the committee. My name is Brandon Scholz, I am president of the Wisconsin Grocers Association. The Wisconsin Grocers Association is a statewide trade association representing more than 1,500 independent grocers, retail grocery chain stores, warehouses and distributors, convenience stores, food brokers, suppliers and wholesalers.

Cumulatively, our industry employs over 66,000 people and generates more than \$6 billion in annual sales in Wisconsin, which is why I am here today. Due to the high volume of transactions that are performed everyday in our industry to reach the \$6 billion point, we support the overall simplicity that would be provided by Assembly Bill 90.

To ensure that I could provide accurate feedback on this proposal, we polled key members from the WGA. An overwhelming number of respondents said they would support this legislation solely based on the fact that it would be a benefit to customers. As many of them said, this is a win-win situation.

The number one goal of retailers in the food industry is to provide quality products at competitive prices. This proposal would help fulfill this goal as well as making the current process of taxing coupons fair.

Current law requires retailers to apply the sales tax before reducing the total sale for manufacturer's coupons. This is very confusing to customers who feel that they are being cheated by having to pay a tax on the amount of the coupon or rebate.

Some might think that this goes unnoticed to customers, but many people who use coupons are doing so to save money wherever possible. These are the people who notice that they may have saved \$5 in coupons, but they still had to pay the extra 25 cents in tax.

It becomes especially obvious to a customer who receives a coupon for a free item, such as a free 12-pack of pop with a value of \$2.99, and goes to the grocery store just to obtain this item. The cashier scans the item, applies the coupon and says, "That will be 16 cents". As one retailer commented, what normally happens in this situation is that the customer leaves the store feeling cheated and confused and is angry at the state and the store for having to take the tax.

According to the survey, members of the Wisconsin Grocers Association estimated that they discuss this issue with customers between 3 and 5 times each week.

Although we support this legislation and believe it is a necessary step in customer relations, some retailers brought up the administrative requirements that would be necessary for them to comply. Specifically, those who view this legislation from the technical side only have claimed that compliance will be a challenge.

Retailers would be required to re-program their current systems to apply the tax correctly. In addition, to implement this change, retailers and warehouses would need to contact software vendors and coupon issuers to make sure the modifications are done accurately and correctly.

The current language in AB 90 allows for two months to complete these requirements, but we feel it may take up to a year for all retailers to comply. In addition, we would hope that the Department of Revenue be made aware of the gray areas and technicalities that will need to be worked out and take that into consideration when they conduct audits.

In conclusion, we would like to once again offer our support for this bill and any legislation that is beneficial to consumers. Thank you for your time and I would be happy to answer any questions the committee may have.



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718 • <http://www.dor.state.wi.us>

Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

TESTIMONY ON AB 90 WAYS AND MEANS March 10, 1999

Thank you for the opportunity to comment on Assembly Bill 90, concerning sales taxes applied to coupon purchases.

Current law requires that the base for sales and use tax purposes is not reduced for manufacturer's coupons or rebates. AB 90 would change the law so that sales and use tax is applied to the purchase price of a taxable good or service after a manufacturer's coupon or rebate is applied.

Sales taxes are imposed on a retailer's gross receipts, or what the retailer gets for the sale. In the case of a manufacturer's coupon, the retailer receives a portion of the price from the manufacturer and the remainder from the consumer. In effect he is made whole. Thus the sales tax is imposed on the total sale price and not the price reduced by the rebate.

In the case of in-store discounts, the retailer makes the decision to sell at a reduced price and eats the loss. The total sale is for the reduced price and so the sales tax is on the reduced amount. Coupon and rebates are used by manufacturers to stimulate demand for an item and can be viewed as a marketing strategy. If the manufacturer returns a portion of the sale price to the retailer in some form, be it a rebate or payment that covers a portion of the retail price – that is an amount that should be included in the base for sales tax calculation purposes.

While the exact fiscal effect of this bill is not known, we do have an estimate based just on rebates for new automobile and truck purchases of \$9.3 million. Rebates or coupons for apparel and accessories, building materials and garden supplies, taxable food items, consumer electronics, furniture and home furnishings and other general merchandise could all add substantially to this figure.

COUPON

AB 90

\$2.00 OFF

On EACH Regular Priced Tape Or Compact Disc.
NO LIMIT!

(\$1.00 OFF On Sale Priced Items)

doctor freud's
RECORDS & TAPES
COMPACT DISCS

OPEN 9:30-9 Daily
Sundays 12-5

Expires
Mar. 16, 1996

DISCOUNT DOLLAR

Featuring:

- Rock
- Country
- Classical
- New Age
- Jazz
- Metal
- Rap

Discount Also Applies To Special Orders

684-6700

921 South 8th Street • Manitowoc

Advertise with Val-Pak, America's Favorite Mail 1-800-866-6992

eVal-Pak, 1/1996.

Val-Pak of WI-Appleton/Green Bay, 045478.0167

\$1 OFF



MANUFACTURER'S COUPON EXPIRATION DATE: 4/30/99

Two 24-packs of Diet Pepsi or Caffeine Free Diet Pepsi.

59001



5 12000 12033 1 (8100) 0 59001

SAVE \$1.00
 On Your Next Purchase of Two 12 packs of
 Orange Slice, Mug Root Beer or
 Wild Cherry Pepsi - Regular or Diet



PEEL HERE

Coupon Expires 6/30/99

MANUFACTURER COUPON EXP. DATE 6/30/99

\$200 OFF PRIME, PRIVATE STOCK OR SUMMIT

CONSUMER: Consumer must buy one of the products described on this coupon, be 21 or older, and pay applicable sales tax in order to use this coupon. Limit one coupon per purchase. Facsimiles and copies of this coupon are void. Coupon void where prohibited, taxed or restricted. Good only in continental United States, Alaska and Hawaii.

RETAILER: B&W will reimburse you the face amount of this coupon, plus 8¢ handling. If you honor this coupon for a consumer who buys the described product and quantity from you. You grant B&W the right to withhold payment on, and declare void, applicable coupon shipments if, when asked, you cannot prove that you complied with the terms of this coupon, or if the coupon is transferred except as authorized by B&W. Please send to B&W, P.O. Box 890053, El Paso, TX 89508-0053. Cash value: 1/20th of one cent. All promotional expenses paid by B&W.

VOID IF USED IN COMBINATION WITH ANY OTHER PROMOTIONAL OFFER.

45476 ©1997 B&W T Co.



MANUFACTURER COUPON EXP. DATE 6/30/99

\$200 OFF

This carton purchase

PRIME, PRIVATE STOCK OR SUMMIT

45476

1083381

\$1 OFF Two 24-packs of Diet Pepsi or Caffeine Free Diet Pepsi.



CONSUMER: Only one coupon per purchase. You pay sales tax and/or deposit charge. If 24-packs are not available in your area, this coupon is good for \$1 off four (4) 12-packs. Coupon may not be assigned, transferred or reproduced. Any other use constitutes fraud. Cash value: 1/100¢.

RETAILER: We will reimburse you for the face value of this coupon plus 8¢ handling if you and the consumer have complied with our Coupon Redemption Policy available at the redemption address. Mail coupons to: PEPSI-COLA COMPANY, CMS Dept. #12000, 1 Fawcett Dr., De/Rio, TX 78840. Coupon expires 4/30/99.

DIET PEPSI, CAFFEINE FREE DIET PEPSI and the Pepsi Globe design are registered trademarks of PepsiCo, Inc.

Manufacturer's Coupon/Expiration Date: 6/30/99

SAVE \$1.00
 On Your Next Purchase of Two 12 packs of
 Orange Slice, Mug Root Beer or
 Wild Cherry Pepsi - Regular or Diet

CONSUMER: Only one coupon per purchase. You pay sales tax and/or deposit charge. Coupon may not be assigned, transferred or reproduced. Any other use constitutes fraud. Cash value: 1/100¢.

RETAILER: We will reimburse you for the face value of this coupon plus 8¢ handling if you and the consumer have complied with our Coupon Redemption Policy available at the redemption address. Mail coupons to: Pepsi-Cola Company, CMS Dept. #12000, 1 Fawcett Dr., De/Rio, TX 78840. Coupon expires 6/30/99.

PEPSI, PEPSI-COLA the Pepsi Globe design and Slice are registered trademarks of PepsiCo, Inc. MUG is a Registered Trademark of New Century Beverage Co.

59003



5 12000 00033 6 (8100) 0 59003

In the event of a manufacturer rebate, say in an auto sale, is the money that the dealer receives from the manufacturer ~~from~~ as a result of the rebate, ~~is~~ ~~is~~ is this rebate \$\$ included in the retailers' gross receipts.

- Wood