

2001 DRAFTING REQUEST

Bill

Received: 11/16/2000

Received By: jkreye

Wanted: As time permits

Identical to LRB: 99 AB 515

For: Lorraine Seratti (608) 266-3780

By/Representing: minette

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - sales

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Sales and use tax exemption for property used in farming

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 11/17/2000	csicilia 11/22/2000					S&L Tax
/1	jkreye 01/13/2001	csicilia 01/16/2001	jfrantze 11/22/2000		lrb docadmin 11/22/2000	lrb docadmin 12/20/2000	S&L Tax
/2			pgreensl 01/18/2001		gretskl 01/18/2001	lrb docadmin 01/18/2001	

FE Sent For:

<END>

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1/1	jkreye	1 cjs 11/22	10/22	10/22			

FE Sent For:

<END>

JK
2

Bill Request Form

Legislative Reference Bureau
100 N. Hamilton Street
Legal Section 266-3561

*Use of this form is optional. It is often better to talk directly with the LRB attorney who will draft the bill.
Use this form only for bill draft requests. Attach more pages if necessary.*

Date 11-16-2000

Legislator, agency, or other person requesting this draft Rep. Seratti

Person submitting request (name and phone number) Minette

Persons to contact for questions about this draft (names and phone numbers) " "

Describe the problem, including any helpful examples. How do you want to solve the problem?

Please attach a copy of any correspondence or other material that may help us. If you know of any statute sections that might be affected, list them or provide a marked-up copy.

You may attach a marked-up copy of any LRB draft or provide its number (e.g., 1999 LRB-2345/1 or 1997 AB-67). 1999 AB 515 → redraft for 2001 session

Requests are confidential unless stated otherwise. May we tell others that we are working on this for you? YES NO

If yes: Anyone who asks? YES NO
 Any legislator? YES NO

Only the following persons _____

Do you consider this request urgent? YES NO If yes, please indicate why _____

Should we give this request priority over any pending request of this legislator, agency, or person?
YES NO

over the phone *MJB*

other
in 11-17-00

1999 ASSEMBLY BILL 515

D-N

October 5, 1999 - Introduced by Representatives SERATTI, RHOADES, GRONEMUS, PETROWSKI, SCHNEIDER, OTT, SUDER, FRIESE, AINSWORTH, HUNDERTMARK, SCHOOFF, GARD, GROTHMAN, HAHN, LASSA, ALBERS, GUNDRUM, PETTIS, OLSEN, HASENOHRL, F. LASEE, REYNOLDS, SKINDRUD, MUSSER, PLOUFF, JENSEN, SPILLNER, WASSERMAN, KESTELL, LEIBHAM, GUNDERSON, SYKORA, KREIBICH, WARD, HUTCHISON, STONE, POWERS, KLUSMAN, JOHNSRUD, HANDRICK, BRANDEMUEHL, KEDZIE, TOWNSEND, HUEBSCH and GOETSCH, cosponsored by Senators BRESKE, DRZEWIECKI, ROESSLER, SCHULTZ, ZIEN, A. LASEE, WELCH, RUDE, FITZGERALD, PANZER, LAZICH, BAUMGART and SHIBILSKI. Referred to Joint survey committee on Tax Exemptions.

re-gen

1 AN ACT to repeal 77.54 (3) (b) 1., 77.54 (3) (b) 2., 77.54 (3) (c), 77.54 (3m), 77.54
2 (27), 77.54 (30) (a) 3. and 5., 77.54 (33) and 77.54 (34); to amend 77.54 (3) (a);
3 and to create 77.54 (3) (b) 2m. of the statutes; relating to: a sales tax and use
4 tax exemption on tangible personal property used in the business of farming.

Analysis by the Legislative Reference Bureau

Under current law, tractors and other machines that are used for farming are exempt from the sales tax and the use tax. Under current law, a machine that is used for farming is, generally, not exempt from the sales tax and the use tax if the machine is attached to or becomes part of real property, regardless of the extent to which the machine is used ~~in the business of~~ farming.

Under this bill, tangible personal property that is used for farming is exempt from the sales tax and the use tax, ~~regardless of whether the tangible personal property is attached to or becomes part of real property.~~ Under the bill, tangible personal property that is consumed or loses its identity in the business of farming is also exempt from the sales tax and the use tax.

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.

Under the bill, tangible personal property that is used for farming is, generally, not exempt from the sales tax and the use tax if the tangible personal property is attached to or becomes part of real property, or is used to improve real property, regardless of the extent to which the tangible personal property is used for farming.

for or is used to improve real property, exclusively and directly

exclusively and directly

~~regardless of whether the tangible personal property is attached to or becomes part of real property.~~

ASSEMBLY BILL 515

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:

SECTION 1. 77.54 (3) (a) of the statutes is amended to read:

77.54 (3) (a) The gross receipts from the sales of and the storage, use or other consumption of tractors and machines, including accessories, attachments and parts therefor, tangible personal property that is used exclusively and directly in the business of farming, including dairy farming, agriculture, horticulture, floriculture and custom farming services, but excluding automobiles, trucks, and other motor vehicles for highway use; ~~excluding personal property that is attached to, fastened to, connected to or built into real property or that becomes an addition to, component of or capital improvement of real property~~ and excluding tangible personal property used or consumed in the erection of buildings or in the alteration, repair or improvement of real property, ~~regardless of any contribution that that personal property makes to the production process in that building or real property and regardless of the extent to which that personal property functions as a machine.~~

Remove Striking

Remove Striking

P.W.f.

~~SECTION 2. 77.54 (3) (b) 2. of the statutes is repealed.~~

SECTION 3. 77.54 (3) (b) 2. of the statutes is repealed.

SECTION 4. 77.54 (3) (b) 2m. of the statutes is created to read:

77.54 (3) (b) 2m. Notwithstanding s. 77.51 (20), "tangible personal property" includes tangible personal property that is fastened to, connected to or built into real property and tangible personal property that is consumed or loses its identity in the business of farming.

~~SECTION 5. 77.54 (3) (c) of the statutes is repealed.~~

except as provided in

par. (c)

ASSEMBLY BILL 515

1

~~SECTION 6. 77.54 (3m) of the statutes is repealed.~~

2

~~SECTION 7. 77.54 (27) of the statutes is repealed.~~

3

SECTION 8. 77.54 (30) (a) 3. and 5. of the statutes are repealed.

4

~~SECTION 9. 77.54 (33) of the statutes is repealed.~~

5

SECTION 10. 77.54 (34) of the statutes is repealed.

6

SECTION 11. **Effective date.**

7

(1) This act takes effect on the first day of the 2nd month beginning after

8

publication.

9

(END)

D-N

1075/1

date

VK:cjs:

Seratti;
Representative Seratti:

Please review this draft carefully to ^{ensure} ensure that it is consistent with your intent. The bill reflects not only the content of 1999 Assembly Bill 515, but also certain technical changes based on the ^{held} meetings and discussions last session related to the bill. Please contact me if you have any questions.

VK

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1075/1dn
JK:cjs:jf

November 22, 2000

Representative Seratti:

Please review this draft carefully to ensure that it is consistent with your intent. The bill reflects not only the content of 1999 Assembly Bill 515, but also certain technical changes based on the meetings and discussions held last session related to the bill. Please contact me if you have any questions.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
5TH FLOOR
MADISON, WI 53701-2037

STEPHEN H. MILLER
CHIEF

LEGAL SECTION: (608) 266-3561
LEGAL FAX: (608) 264-6948

November 22, 2000

MEMORANDUM

To: Representative Seratti

From: Joseph T. Kreye, Legislative Attorney

Rc: LRB-1075 Sales and use tax exemption for property used in farming

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

JACKET FOR ASSEMBLY JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 266-2263 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.

Tim - Perotti's

redraft no. reflects
99 - 3537/3

(redraft 01-1075)

+ 50422/1

+ a 0745/1 — verify accuracy of DOR's

intent re construction

materials

→ need jacket back



2001 BILL

*tractors and other machines, lubricants,
nonpowered equipment, and other*

m 1-13-01

SDON

, including horticulture and floriculture,

- 1 **AN ACT to repeal 77.54 (3) (b) 2., 77.54 (30) (a) 3. and 5. and 77.54 (34); and to**
- 2 **amend 77.54 (3) (a) of the statutes; relating to: a sales tax and use tax**
- 3 **exemption on tangible personal property used in the business of farming.**

Analysis by the Legislative Reference Bureau.

Under current law, tractors and other machines that are used exclusively and directly for farming are exempt from the sales tax and the use tax. Under current law, a machine that is used for farming is, generally, not exempt from the sales tax and the use tax if the machine is attached to or becomes part of real property, or is used to improve real property, regardless of the extent to which the machine is used for farming.

Under this bill, tangible personal property that is used exclusively and directly for farming is exempt from the sales tax and the use tax. Under the bill, tangible personal property that is used for farming is, generally, not exempt from the sales tax and the use tax if the tangible personal property is attached to or becomes part of real property, or is used to improve real property, regardless of the extent to which the tangible personal property is used for farming.

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.

*or husbandry activities, including aquaculture, horticulture,
and floriculture,*

are

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:

SECTION 1. 77.54 (3) (a) of the statutes is amended to read:

77.54 (3) (a) The gross receipts from the sales of and the storage, use or other consumption of ~~tractors and machines, including accessories, attachments and parts therefor,~~ tangible personal property that is used exclusively and directly in the business of farming, including dairy farming, agriculture, horticulture, floriculture and custom farming services, but excluding automobiles, trucks, and other motor vehicles for highway use; excluding personal property that is attached to, fastened to, connected to or built into real property or that becomes an addition to, component of or capital improvement of real property and excluding tangible personal property used or consumed in the erection of buildings or in the alteration, repair or improvement of real property, regardless of any contribution that that personal property makes to the production process in that building or real property and regardless of the extent to which that personal property functions as a machine, except as provided in par. (c).

SECTION 2. 77.54 (3) (b) 2. of the statutes is repealed.

SECTION 3. 77.54 (30) (a) 3. and 5. of the statutes are repealed.

SECTION 4. 77.54 (34) of the statutes is repealed.

SECTION 5. Effective date.

(1) This act takes effect on the first day of the 2nd month beginning after publication.

INSERT 2-20

**ASSEMBLY SUBSTITUTE AMENDMENT,
TO 1999 ASSEMBLY BILL 515**

INSERT
2-20

1 **AN ACT to amend** 77.54 (3) (a) of the statutes, **relating to:** a sales tax and use
2 tax exemption on tangible personal property used in the business of farming.

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

3 ~~SECTION 77.54~~ 77.54 (3) (a) of the statutes is amended to read:

4 77.54 (3) (a) The gross receipts from the sales of and the storage, use or other
5 consumption of tractors and machines, including accessories, attachments, and parts
6 therefor, lubricants, nonpowered equipment, and other tangible personal property
7 used exclusively and directly in the business of farming or husbandry activities,
8 including dairy farming, agriculture, aquaculture, horticulture, floriculture, and
9 custom farming services, but excluding automobiles, trucks, and other motor
10 vehicles for highway use; excluding personal property that is attached to, fastened
11 to, connected to or built into real property or that becomes an addition to, component
12 of or capital improvement of real property and excluding tangible personal property

P.W.S.



P.W.S.

1 used or consumed in the erection of buildings or in the alteration, repair or
 2 improvement of real property, regardless of any contribution that that personal
 3 property makes to the production process in that building or real property and
 4 regardless of the extent to which that personal property functions as a machine,
 5 except as provided in par. (c).

6 SECTION ~~A~~ Effective date.

7 (1) This act takes effect on the first day of the 2nd month beginning after
 8 publication.

9 (END)

END OF INSERT
2-20

- # sec #, rp; 77.54(3m) ✓
- # sec #, rp; 77.54(30)(a) 3. and 5. ✓
- # sec #, rp; 77.54(34) ✓



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 266-5648

STEPHEN R. MILLER
CHIEF

March 16, 2001

MEMORANDUM

To: Representative Seratti

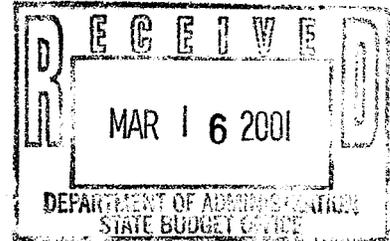
From: Joseph T. Kreye, Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2001 AB-121** (LRB 01-1075/2)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

March 12, 2001



TO: Joseph T. Kreye
Legislative Reference Bureau

FROM: Yeang-Eng Braun *YEB*
Department of Revenue

SUBJECT: Technical Memorandum on LRB 1075/2, Relating to Expanding Sales and Use Tax Exemption for Tangible Personal Property Used in the Business of Farming

The Department of Revenue has several concerns related to language of the bill.

First, it appears that the bill inadvertently narrows the exemption currently extended to certain farm inputs. The bill repeals sec. 77.54(3m), which exempts, among other items, seeds, fertilizer, soil conditioners, sprays, pesticides, fungicides and animal waste containers. The bill presumably intends to exempt these items under sec. 77.54(3)(a) to the extent that these items are tangible personal property. However, sec. 77.54(3)(a) excludes from exemption personal property that is used or consumed in the alteration, repair or improvement of real property, regardless of any contribution that that personal property makes to the production process. To the extent that seeds, plants, fertilizer, soil conditioners, sprays, pesticides, fungicides, and animal waste containers are used in the alteration of real property, namely land, these items would no longer be exempt under the bill.

To retain the current exemption for these items, the Department suggests that sec. 77.54(3)(c) be repealed and a new subdivision be created to exempt the items currently exempt under that subdivision and under sec. 77.54(3m), which is also being repealed. This exemption should apply to property used exclusively and directly in farming regardless of the extent the property is attached to real property.

Secondly, the bill expands the exemption of tangible personal property used in husbandry activities and aquaculture. It is unclear whether "used exclusively and directly in the business of" on lines 4 and 5 of page 2 applies to "farming" only or to both "farming" and "husbandry" activities. Also, the term "husbandry activities" is not defined. The current definition of "farming" includes the raising and breeding of many animals with the exception of raising dogs, cats, pets and laboratory animals. Unless it is the author's intent to expand the exemption to include these activities, this insertion appears unnecessary to the extent that most husbandry activities are already exempted. Without a specific definition of "husbandry activities," the bill may go beyond the author's intent.

Similarly, since the current definition of "farming" includes the commercial raising of fish for food, it is unclear what the author's intent is for the addition of "aquaculture" in sec. 77.54(3)(a).

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>
one-time	s. 20.566 (1) (a)	\$56,100

If you have questions regarding this technical memorandum, please contact Rebecca Boldt at 266-6785.

YEB:RAB:dls
i:\fsn01-02\rb\rb10752.tec

YEB 3/12/07