



2001 ASSEMBLY BILL 64

February 1, 2001 - Introduced by Representatives SINICKI, MUSSER, BALOW, BERCEAU, GRONEMUS, HUEBSCH, LA FAVE, F. LASEE, PLALE, POWERS, RICHARDS, VRAKAS, WASSERMAN and HUBER, cosponsored by Senators GROBSCHMIDT, SCHULTZ, BURKE and DARLING. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 77.51 (4) (c) 2. and 77.51 (15) (c) 1.; and **to create** 77.51 (4) (b)
2 2m., 77.51 (15) (b) 2m. and 77.52 (5m) of the statutes; **relating to:** the sales tax
3 and the use tax on tips and gratuities.

Analysis by the Legislative Reference Bureau

Under current law, the state imposes a sales tax on all retailers at the rate of 5% of the gross receipts from the sale, lease, or rental of tangible personal property and the sale of services. Under current law, retailers generally pass on all sales taxes to the consumer.

Under current law, for purposes of imposing a sales tax, gross receipts include any addition to the sales price of tangible personal property that is charged to a customer in lieu of a tip or a gratuity. Under this bill, for purposes of imposing a sales tax, gross receipts do not include any addition to the sales price of tangible personal property that is charged to a customer in lieu of a tip or a gratuity.

Under current law, the state imposes a use tax on all consumers, at the rate of 5% of the sales price, for the consumption, use, or storage of goods in this state that the consumer purchases from an out-of-state retailer or purchasers without paying the appropriate sales tax and the consumption or use of services in this state that the consumer purchases from an out-of-state retailer or purchases without paying the appropriate sales tax.

Under current law, for purposes of imposing a use tax, the sales price of tangible personal property includes any addition to the sales price that is charged to a customer in lieu of a tip or a gratuity. Under this bill, for purposes of imposing a use

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tax, the sales price of tangible personal property does not include any addition to the sales price of tangible personal property that is charged to a customer in lieu of a tip or a gratuity.

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:

1 **SECTION 1.** 77.51 (4) (b) 2m. of the statutes is created to read:

2 77.51 (4) (b) 2m. Any services that are a part of the sale of tangible personal
3 property, including any fee, service charge, labor charge, or other addition to the price
4 charged a customer by the retailer that represents or is in lieu of a tip or gratuity.

5 **SECTION 2.** 77.51 (4) (c) 2. of the statutes is amended to read:

6 77.51 (4) (c) 2. ~~Any~~ For taxes imposed under subch. V, any services that are a
7 part of the sale of tangible personal property, including any fee, service charge, labor
8 charge, or other addition to the price charged a customer by the retailer which
9 represents or is in lieu of a tip or gratuity.

10 **SECTION 3.** 77.51 (15) (b) 2m. of the statutes is created to read:

11 77.51 (15) (b) 2m. Any services that are a part of the sale of tangible personal
12 property, including any fee, service charge, labor charge, or other addition to the price
13 charged a customer by the retailer that represents or is in lieu of a tip or gratuity.

14 **SECTION 4.** 77.51 (15) (c) 1. of the statutes is amended to read:

15 77.51 (15) (c) 1. ~~Any~~ For taxes imposed under subch. V, any services that are
16 a part of the sale of tangible personal property, including any fee, service charge,
17 labor charge, or other addition to the price charged a customer by the retailer which
18 represents or is in lieu of a tip or gratuity.

19 **SECTION 5.** 77.52 (5m) of the statutes is created to read:

