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STEPHEN R. MILLER
CHIEF

March 7, 2006

MEMORANDUM

To: Senator Schultz

From: Marc E. Shovers, Sr. Legislative Attorney, (608) 266–0129

Joseph T. Kreye, Sr. Legislative Attorney, (608) 266–2263

Subject: Technical Memorandum to **2005 SB–638** (LRB 05–4074/1)

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 6, 2006

TO: Marc E. Shovers
Joseph T. Kreye
Legislative Reference Bureau

FROM: Paul Ziegler
Department of Revenue

SUBJECT: Technical Memorandum on 2005 SB 638 Regarding Authorizing a Premier Resort Area to Limit or Prohibit Managed Time-Share Projects and to Impose a Tax on the Exchange of Time-Share Units

We have the following concerns with the bill.

(1) To assist the Department of Revenue in its administration of the premier resort area tax, it is suggested that the Department be given 120 days notice before the tax is imposed on time-share units.

(2) It is unclear to which type of transaction(s) the proposed taxes would apply. The sections of the law that impose the room tax and the premier resort area tax do not define "exchange". In the absence of a statutory definition, the standard dictionary definition would apply. This definition could be considered to apply to the initial sale of a time-share unit, a resale of such unit, or the swapping of the use of one time-share unit for another time-share unit.

(3) The bill has the potential to increase administrative complexity for retailers since the room tax and premier resort area tax on time-share units would apply to transactions that are not subject to the state sales tax.

If you have any questions regarding this technical memorandum, please contact Daniel Huegel at (608) 266-5705.

cc: Senator Dale W. Schultz