

2009 DRAFTING REQUEST

Bill

Received: 09/23/2008

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Administration-Budget

By/Representing: Lillethun

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Other - miscellaneous

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Lillethun, BB0095 -

Topic:

Internet posting of revoked seller's permit

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>
/P1	jkreye 09/23/2008	jdyer 09/24/2008	phenry 09/24/2008	_____	sbasford 09/24/2008		State
	jkreye 11/12/2008	jdyer 11/12/2008		_____			
/P2			jfrantze 11/12/2008	_____	lparisi 11/12/2008		State

FE Sent For:

<END>

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FE Sent For:

*1/2 1/2 jld*

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/P1	jkreye	PI 9/24 jld	9/24 Ph	9/24 Ph/JF			

FE Sent For:

<END>

## 2009-11 Budget Bill Statutory Language Drafting Request

- Topic: Post a List of Revoked Seller's Permits on the Internet
- Tracking Code: BB0095
- SBO team: Tax, Transportation and Budget Development Team
- SBO analyst: Chad Lillethun
  - Phone: 266-7597
  - Email: Chad.Lillethun@wisconsin.gov
- Agency acronym: DOR
- Agency number: 566
- Priority (Low, Medium, High): Low

### Intent:

The Department of Revenue is provided the authority to revoke a seller's permit due to failure to comply with Wisconsin sales tax laws or rules, s. 77.52(11), Wis Stats. Despite this, some businesses continue to operate and make retail sales after their seller's permits are revoked. In response, please provide statutory authority to allow public display of revoked seller's permits on the Internet in order to enhance efforts to prevent sales by businesses with revoked permits. (See attached for description and drafting instructions.)

**2009 – 2011 Legislative Proposal  
Wisconsin Department of Revenue  
IS & E Division**

Date: September 15, 2008

**PROPOSAL 2: Post a List of Revoked Sellers's Permits on the Internet**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Sec. 77.52(11), Wis. Stats., allows the department to revoke a seller's permit if the person fails to comply with any provision of the sales tax laws or rules.

The problem is that some businesses continue to operate and make retail sales after their seller's permits are revoked. It is possible for the department to seize and sell the assets of some types of businesses, such as a book store. However, it is impractical to sell the assets of other types of businesses, such as a food store or florist, where the assets are perishable.

**RECOMMENDATION FOR ACTION**

Amend Sec. 73.03, Wis. Stats., to allow posting of revoked seller's permits on the Internet.

This proposal is similar to Sec. 73.03(62), Wis. Stats., which requires the department to post the names of certain delinquent taxpayers on the Internet.

**ADMINISTRATIVE IMPACT**

The department will need to create and maintain a list of revoked accounts on the Internet. Computer programming will be needed to select accounts for posting, and for periodic updates to the list.

**FAIRNESS/TAX EQUITY**

Tax fairness and equity will improve because businesses operating without a valid seller's permit will be exposed to the public. The public will be able to make an informed choice about making retail purchases at a business that is operating illegally, which may put pressure on the business to resolve their tax debt.

**IMPACT ON ECONOMIC DEVELOPMENT**

There should be little to no impact on economic development. Revoked businesses should not be making retail sales.

**FISCAL EFFECT**

Costs for programming resources will be absorbed within current base budget authority. The proposal will result in an estimated \$234,000 annual increase in GPR collections revenue as some businesses with revoked seller's permits make arrangements to pay their tax debts.

## **DRAFTING INSTRUCTIONS**

To prepare and post on the Internet, at a site that is created and maintained by the department, a list of revoked seller's permits. The Internet site shall list the real name, business name, address, type of tax due, amount due, including interest, penalties, fees, and costs, and date revoked. The Internet site will be updated periodically to add newly revoked accounts and to remove accounts that are no longer revoked or have made sufficient arrangements to be issued a monthly seller's permit. The list will be updated quarterly to remove revoked accounts that have been out of business at least one year. Sec. 73.03, Wis. Stats.,

## **EFFECTIVE DATE AND/OR INITIAL APPLICATION**

The legislation should be effective 120 days after passage.

## **INTERESTED/AFFECTED PARTIES**

Revoked businesses, municipalities that issue liquor licenses, retailers holding valid permits, and the general public will be interested/affected parties.

## **DOR CONTACT PERSON**

Diane Hardt, 266-6798  
[diane.hardt@revenue.wi.gov](mailto:diane.hardt@revenue.wi.gov)

## **PREPARED BY**

Catherine Bink

**Kreye, Joseph**

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**From:** Gates-Hendrix, Sherrie L - DOR [Sherrie.GatesHendrix@revenue.wi.gov]  
**Sent:** Thursday, September 18, 2008 9:25 AM  
**To:** Kreye, Joseph  
**Subject:** FW: Draft review: LRB 09-0052/P1 Topic: Internet list of revoked seller's permits  
**Attachments:** LRB-0052\_P1.pdf

One more in the same situation. I have these suggestions from our delinquent tax director, so perhaps if you are prepare something for DOA you can incorporate some or all of these suggestions. Some of Cathy's points below may be a little too detailed, but she does want to include an effective date so we have time to implement, which is definitely needed.

I'll continue to try to touch base with Kirsten Grinde to discuss how she wants to handle this.

Sherrie

---

**From:** Bink, Catherine M - DOR  
**Sent:** Tuesday, September 16, 2008 7:05 AM  
**To:** Gates-Hendrix, Sherrie L - DOR  
**Subject:** FW: Draft review: LRB 09-0052/P1 Topic: Internet list of revoked seller's permits

Proposed changes:

2nd line under Analysis: insert "more than \$5000 of" after the phrase "persons who owe"

6th line, the sentence should change to "This bill requires DOR to post a list of businesses who have had their seller's permits revoked on an Internet site created and maintained by DOR."

Page 1, changes to lines 4 - 5. "To prepare, maintain, **and post on the Internet**, a list of every person who has had a seller's permit revoked under s.77.52 (11).

Eliminae line 1 on page 2.

Line 11, add "This act takes effect on the 1st day o f the 2nd calendar quarter beginning after publication."

Sherrie, I'm proposing the wording changes on line 4-5 because we won't prepare a paper list. We will run a computer program to identify the accounts to post, and post them at the beginning of a quarter. I don't want to give the impression that a paper list exists that can be requested by taxpayers or businesses.

0360/P1

DOA -

BB0095...

stays

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

LPS -  
please fix  
request sheet

in 9-23-08

DO NOT GEN

1 AN ACT *to create* 73.03 (64) of the statutes; **relating to:** an Internet posting of

2 a person's revoked seller's permit. ✓ *the budget*

TAXATION ← head  
OTHER TAXATION ← subhead

**Analysis by the Legislative Reference Bureau**

Under current law, the Department of Revenue (DOR) prepares and maintains a list of persons who owe delinquent state taxes and posts the names of all such persons on an Internet site created and maintained by DOR.

Under current law, for sales and use tax purposes, a person in this state who sells tangible personal property or services must have a valid seller's permit from DOR. This bill requires DOR to prepare and maintain a list of every person who has had a seller's permit revoked and to post the names of all such persons on an Internet site created and maintained by DOR.

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:**

3 SECTION 1. 73.03 (64) of the statutes is created to read:

4 73.03 (64) ✓ To prepare and maintain a list of every person who has had a seller's

5 permit revoked under s. 77.52 (11) ✓ and to post the names of all persons from the list

*and post on the internet*

1 on the Internet at a site that is created and maintained by the department of revenue

2 The Internet site shall list the real name, business name, address, revocation date,  
3 type of tax due, and amount due, including interests, penalties, fees, and costs, for  
4 each person who has had a seller's permit revoked under s. 77.52 (11). The  
5 department shall update the Internet site periodically to add revoked permits and  
6 to remove permits that are no longer revoked or for which the permit holder has made  
7 sufficient arrangements with the department so that the permit holder may be  
8 issued a monthly seller's permit. The department shall update the Internet site  
9 quarterly to remove revoked permits for entities that have been out of business for  
10 at least one year.

11 (END)

plain period

move

Sec. 944.3 Effective dates; Revenue.

(#) REVOKED SELLER'S PERMIT.

CS The treatment of section 73.03 (64)

of the statute taken effect on the first day of the 2nd calendar quarter beginning after publication.

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## 2009-11 LRB Draft Review

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**Date:** 10/2/08

**LRB Number:** 0360/P1

**Reviewed by:** Catherine Bink

**Brief Description of LRB Draft:**

This is a proposal to post a list of revoked sellers permit accounts on the Internet.

**Comments on Draft:**

Draft will accomplish intent.

**Changes Needed & Why:**

Page 1, 1st paragraph, 1st line under Analysis, insert "more than \$5000 of" after the phrase "persons who owe"

This change will clarify there is a minimum threshold for posting accounts on the Internet.

Page 1, 2nd paragraph, 3<sup>rd</sup> line under Analysis, change "This bill requires DOR to prepare and maintain a list of every person who has had a seller's permit revoked and to post the names of all such persons on an Internet site created and maintained by DOR", to "This bill requires DOR to post a list of persons who have had their seller's permits revoked on an Internet site created and maintained by DOR."

The change is needed in order to operate efficiently. There should be no need to create and maintain a paper list when the information will be available on the Internet.

Page 1, line 3, change "To prepare, maintain, and post on the Internet a list of every person..." to "To post on the Internet a list of every person..."

The change is needed in order to operate efficiently. There should be no need to create and maintain a paper list when the information will be available on the Internet.



nmrk

DOA:.....Lillethun, BB0095 - Internet posting of revoked seller's permit  
FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

in 11-12-08

X

don't gen

1 AN ACT ...; relating to: the budget. ✓

*Analysis by the Legislative Reference Bureau*

**TAXATION**

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Under current law, for sales and use tax purposes, a person in this state who sells tangible personal property or services must have a valid seller's permit from DOR. This bill requires DOR to prepare and maintain a list of every person who has had a seller's permit revoked and to post the names of all such persons on an Internet site created and maintained by DOR.

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4 who has had a seller's permit revoked under s. 77.52 (11). The Internet site shall list

more than \$5,000 in ✓

post ✓

1 the real name, business name, address, revocation date, type of tax due, and amount  
2 due, including interests, penalties, fees, and costs, for each person who has had a  
3 seller's permit revoked under s. 77.52 (11). The department shall update the Internet  
4 site periodically to add revoked permits and to remove permits that are no longer  
5 revoked or for which the permit holder has made sufficient arrangements with the  
6 department so that the permit holder may be issued a monthly seller's permit. The  
7 department shall update the Internet site quarterly to remove revoked permits for  
8 entities that have been out of business for at least one year.

9 **SECTION 9443. Effective dates; Revenue.** ✓

10 (1) REVOKED SELLER'S PERMIT. The treatment of section 73.03 (64) ✓ of the statutes  
11 takes effect on the first day of the 2nd calendar quarter beginning after publication.

12 (END)



DOA:.....Lillethun, BB0095 - Internet posting of revoked seller's permit

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

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*Analysis by the Legislative Reference Bureau*

**TAXATION**

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Under current law, DOR prepares and maintains a list of persons who owe more than \$5,000 in delinquent state taxes and posts the names of all such persons on an Internet site created and maintained by DOR.

Under current law, for sales and use tax purposes, a person in this state who sells tangible personal property or services must have a valid seller's permit from DOR. This bill requires DOR to post a list of every person who has had a seller's permit revoked on an Internet site created and maintained by DOR.

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