



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

February 20, 2014

MEMORANDUM

To: Senator Jauch

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

Subject: Technical Memorandum to **2013 SB 593** (LRB-3960/1) by **DOR**

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

February 19, 2014

TO: Joe Kreye
Legislative Reference Bureau

FROM: Bob Schmidt
Department of Revenue

SUBJECT: Technical Memorandum on 2013 SB 593 – relating to an additional county sales and use tax for highway improvements.

The department has the following concerns with the bill:

1. The bill would allow a county to impose the additional sales and use tax with an effective date of January 1, April 1, July 1, or October 1. An effective date other than January 1 would create complexity for retailers that file sales and use tax returns on an annual basis. Annual filers would be required keep separate records for each different rate period during the calendar year. The department suggests the bill be modified to require a January 1 effective date for any additional sales and use tax.
2. The bill provides that "A certified copy of the ordinance shall be delivered to the secretary of revenue at least 120 days prior to its effective date." In order to provide at least 120 days' notice after a referendum and clarify when a county must notify the department, we suggest the following change:

"Once approved by referendum, Aa certified copy of the ordinance shall be delivered to the secretary of revenue at least 120 days prior to its effective date."

3. The bill provides that an ordinance to impose the additional tax is valid for six years but may be renewed at a county referendum. The Streamlined Sales and Use Tax Agreement requires that states provide sellers at least 120 days' notice for a local tax rate change. In the event that a referendum to renew an additional county tax takes place within 120 days of termination of the tax, the department must notify sellers of the termination of the tax prior to the referendum. In order to provide the 120 days' notice of a local tax rate change resulting from the outcome of a referendum, the department suggests the following language be added to the end of line 2 on page 3:

"Once approved by referendum, a certified copy of the renewal ordinance shall be delivered to the secretary of revenue at least 120 days prior to the effective date of the renewal."

4. Under the bill, a county may impose an additional tax of up to 0.5%. A county could adopt a rate that is difficult for retailers and the department to accommodate in their systems. To ensure that retailers' and the department's systems can accommodate the

tax rates adopted by a county, the department recommends that the bill restrict sales and use tax rates to increments of one-tenth of one percent (for example, 0.3% or 0.2%) up to the bill's maximum of 0.5%.

If you have questions regarding this technical memorandum, please contact Bob Schmidt at (608) 266-5773 or robertk1.schmidt@revenue.wi.gov.

cc: Senator Jauch