STATE OF WISCONSIN

REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS

2015 ASSEMBLY BILL 781

[Introduced by Representatives VanderMeer, Heaton, Horlacher, Krug, Petryk, Rohrkaste, Sinicki and Skowronski; cosponsored by Senators LeMahieu, Wanggaard, Gudex and L. Taylor.]

General Nature of the Proposal

2015 Assembly Bill 781 creates a sales tax holiday, consisting of the first Saturday and first Sunday in August, beginning in August 2016. Under the bill, the following items would be exempt from sales tax during the sales tax holiday:

- Clothing, except clothing accessories and equipment, if the sales price of any single item is no more than $75.

- A computer for personal use, if the sales price of the computer is no more than $2,000.

- School computer supplies for personal use, if the sales price of any single item is no more than $250.

- School instructional materials, if the sales prices of any single item is no more than $300.

- School supplies, if the sales price of any single item is no more than $75.

Under the bill, the sales tax holiday would not apply if the Department of Revenue (DOR) determines that the state's financial situation would make implementation of the holiday imprudent.

Legality Involved

There are no issues of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

In its fiscal estimate, DOR indicates that Assembly Bill 781 would reduce state sales tax revenue by a total of $13.2 million on an annual basis, arising from reductions of $8.5 million for clothing, $1.2 million for school supplies, $722,000 for school instructional materials, and $2.8 million for computers and school computer supplies. Additionally, the bill would reduce local sales tax revenue by approximately $952,000 on an annual basis.

Public Policy Involved

The Joint Survey Committee on Tax Exemptions finds that there is appropriate public policy on the tax exemptions in Assembly Bill 781.

01/28/16   *JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS*