

*STATE OF WISCONSIN**REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**2015 SENATE BILL 300*

[Introduced by Senators Tiffany, Roth, Olsen, Lazich, Stroebel and Shilling; cosponsored by Representatives Swearingen, Nygren, Barca, Jarchow, E. Brooks, Kulp, Petersen, Steffen, Kitchens, Schraa, A. Ott, Genrich, Murphy, T. Larson, Murtha, Mursau, Sinicki, C. Taylor, Czaja, Stuck, Hintz, Jacque and Knodl.]

General Nature of the Proposal

Under current law, music in a tangible or digital form purchased by a jukebox operator for use in a jukebox is subject to sales and use tax. Sales tax also applies to the sale of playing time on a jukebox to a customer by a jukebox operator.

Under 2015 Senate Bill 300, music in a tangible or digital form purchased by a jukebox operator for use in a jukebox is not subject to sales or use tax.

Senate Bill 300 specifies that, to the extent that playing time on a jukebox derives from playing digital goods on the jukebox, sales and use tax do not apply to the digital goods sold, licensed, leased, or rented for use on the jukebox.

Additionally, the bill provides an exemption from sales and use tax for tangible personal property that is sold to a person in the business of providing a taxable service through a jukebox, if the tangible personal property holds music for the jukebox and is used exclusively for the jukebox. This exemption also applies to digital music because current law, unchanged by the bill, provides that a good that is exempt from the sales and use tax in its tangible form is also exempt in its digital form.

Legality Involved

There are no issues of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

Based on its estimates of the overall size and Wisconsin's share of the national jukebox market, the Department of Revenue estimates that Senate Bill 300 would decrease state sales tax collections by \$230,000 and county and baseball stadium district sales tax collections by about \$17,000 per year.

Public Policy Involved

The Joint Survey Committee on Tax Exemptions finds that there is appropriate public policy on the tax exemptions in Senate Bill 300.

01/28/16

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