

*STATE OF WISCONSIN**REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**2015 SENATE BILL 421*

[Introduced by Senator Gudex; cosponsored by Representatives Born, Jacque, A. Ott, Kulp, E. Brooks, Horlacher, Rohrkaste, R. Brooks, Hintz, Kremer, Tittl and Petryk.]

**General Nature of the Proposal**

Generally, under current law, the occasional sales, including event admissions, of a non-profit organization are not subject to sales tax if the non-profit is not engaged in a trade or business and if the aggregate expenditures made by the organization relating to entertainment do not exceed \$500. For purposes of the exemption, a non-profit organization is deemed to be engaged in a trade or business if it makes sales, not including sales of event tickets, or holds events, on more than 20 days per year, unless its taxable receipts do not exceed \$25,000 during the year.

2015 Senate Bill 421 raises the thresholds related to the sales tax exemption for non-profit sales to \$10,000 for the limit on entertainment expenditures, and to 75 days and taxable receipts of \$50,000 for purposes of determining whether an organization is engaged in a trade or business.

**Legality Involved**

There are no issues of legality involved.

**Fiscal Effect Upon the State and Its Subdivisions**

The Department of Revenue estimates that the increase of the taxable sales threshold from \$25,000 to \$50,000 in Senate Bill 421 would reduce state sales tax revenue by \$590,000 and county and stadium district tax revenue by \$42,000 on an annual basis. The department indicates that the fiscal effects of the other elements of the bill are minimal or indeterminate.

**Public Policy Involved**

The Joint Survey Committee on Tax Exemptions finds that there is appropriate public policy on the tax exemptions in Senate Bill 421.

01/28/16

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