

*STATE OF WISCONSIN**REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**2015 SENATE BILL 506*

[Introduced by Senators Petrowski, Marklein, Olsen, Ringhand, Stroebel and Wanggaard; cosponsored by Representatives Bernier, August, Ballweg, E. Brooks, Gannon, Horlacher, Jarchow, Knodl, Kremer, T. Larson, Murphy, Sanfelippo and Skowronski.]

General Nature of the Proposal

Generally, under current law, the price of an item that is subject to sales or use tax is calculated to include taxes imposed on the seller of that item. Current law provides an exception to the calculation of price for taxes imposed on the seller if those taxes are separately stated on the invoice that the seller gives to the purchaser and if the seller may, but is not required to, pass on to and collect the tax from the user or consumer.

2015 Senate Bill 506 would create an exemption from the calculation of price for the federal tax imposed on the seller in the retail sale of a heavy truck or trailer, if that tax is separately stated on the invoice that the seller gives to the purchaser. Under the bill, the sales tax exemption would apply retroactively to September 1, 2014.

Legality Involved

There are no issues of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

The Department of Revenue (DOR) estimates the annual fiscal effect of Senate Bill 506 to result in a reduction of state sales tax revenue of \$314,000 and a reduction of county and football stadium district sales tax revenue of \$23,000. Additionally, DOR estimates the retroactive nature of the sales tax exemption would result in a one-time reduction of state sales tax revenue of \$485,000 and a reduction of county and football stadium district sales tax revenue of \$35,000.

Public Policy Involved

The Joint Survey Committee on Tax Exemptions finds that there is appropriate public policy on the tax exemptions in Senate Bill 506.

01/28/16

JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS