



## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

**2015 Assembly Bill 409**

**Assembly Amendments 1 and 2**

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*Contact:* Brian Larson, Staff Attorney (266-0680)

### **BACKGROUND**

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.

### **2015 ASSEMBLY BILL 409**

Under the bill, 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.

First, the bill 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.

Second, 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.

The bill provides that the changes will take effect on January 1, 2016.

### **ASSEMBLY AMENDMENT 1**

Under Assembly Amendment 1 (AA1), 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. AA1 removes the provisions of the bill that specify that sales and use tax do not apply to digital goods sold, leased,

or rented for use on a jukebox, but it retains the provisions of the bill that provide a sales and use tax exemption.

### **ASSEMBLY AMENDMENT 2**

Assembly Amendment 2 (“AA2”) changes the effective date of the bill. Instead of January 1, 2016, AA2 provides that the changes under the bill will take effect on the first day of the third month following publication.

### **BILL HISTORY**

Representative Swearingen offered AA1 on October 15, 2015. On October 22, 2015, the Assembly Committee on Ways and Means recommended adoption of AA1 and passage of the bill, as amended, on votes of Ayes, 13; Noes 0.

The Joint Committee on Finance offered AA2 on February 4, 2016, and recommended adoption of both amendments and the bill, as amended, on votes of Ayes, 16; Noes, 0.

BL:jal