



ORDER OF THE DEPARTMENT OF REVENUE  
AMENDING, REPEALING AND RECREATING AND CREATING RULES

The Wisconsin Department of Revenue adopts an order to amend Tax 11.03(1)(b) and (3)(intro.) and (a); to repeal and recreate Tax 11.03(1)(a); and to create Tax 11.03(2)(a)6, relating to sales by elementary and secondary schools.

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Analysis by the Department of Revenue

Statutory authority: s. 227.11(2)(a), Stats.

Statutes interpreted: ss. 77.52(2)(a) and 77.54(4), (9) and (9a), Stats.

SECTIONS 1, 2 and 3. Tax 11.03(1)(a) is repealed and recreated, Tax 11.03(1)(b) amended and Tax 11.03(2)(a)6 created to reflect the department's position that sales of tangible personal property by a school district fall within the sales and use tax exemption provided in s. 77.54(4), Stats., because a school district is the legal entity for secondary and elementary schools.

SECTION 4. Tax 11.03(3)(intro.) is amended for the same reason given in SECTIONS 1, 2 and 3. Tax 11.03 (3)(a) is amended to improve language as required by the Legislative Council Rules Clearinghouse.

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SECTION 1. Tax 11.03(1)(a) is repealed and recreated to read:

Tax 11.03(1)(a) In this section:

1. "Elementary school" means a school providing any of the first 8 grades of a 12 grade system and kindergarten where applicable.
2. "Secondary school" means a school providing grades 9 through 12 of a 12 grade system and includes the junior and senior trade schools described in s. 119.30, Stats.
3. "School district" has the same meaning as provided for in s. 115.01(3), Stats.

SECTION 2. Tax 11.03(1)(b) is amended to read:

Tax 11.03(1)(b) Elementary and secondary schools include parochial and private schools not operated for profit which offer any academic levels comparable to those described in par. (a)1 and 2 and which are educational institutions having a regular curriculum offering courses for at least

6 months in the year. Elementary and secondary schools also include school districts for purposes of exemption under s. 77.54(4), Stats.

SECTION 3. Tax 11.03(2)(a)6 is created to read:

Tax 11.03(2)(a)6 The transfer of tangible personal property to a contractor for performance of a real property construction activity in exchange for a reduction in the contract price, even though the contract provides that the contractor is to supply all materials.

SECTION 4. Tax 11.03(3)(intro.) and (a) are amended to read:

Tax 11.03(3)(intro.) SALES BY SCHOOL-RELATED ORGANIZATIONS AND OTHERS. Sales by school-related organizations and others, not including school districts, the gross receipts from which are taxable, include:

(a) The sale of class rings, photographs or caps and gowns rented or sold to students by retailers or photographers ~~whereby~~ where the school acts as a collection agent for the seller, whether or not the school receives a commission for the collection. The retailer, such as a photographer, is subject to the tax on these sales.

The rules contained in this order shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in s. 227.22(2)(intro.), Stats.

Final Regulatory Flexibility Analysis

This rule order does not have a significant economic impact on a substantial number of small businesses.

Dated:

February 19, 1993

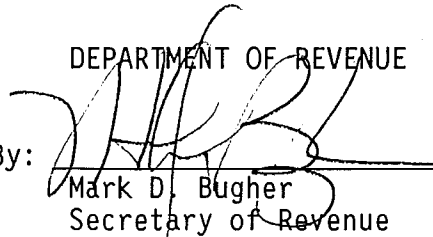
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Revisor of Statutes  
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DEPARTMENT OF REVENUE

By:

  
Mark D. Bugher  
Secretary of Revenue

CKLEG/901

FISCAL ESTIMATE

DOA-2048 (R11/90)

- ORIGINAL
- CORRECTED
- UPDATED
- SUPPLEMENTAL

Subject

Sales Tax Treatment of Property Sold by School Districts

Fiscal Effect

State:  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget  Yes  No

- Increase Existing Appropriation
- Decrease Existing Appropriation
- Create New Appropriation
- Increase Existing Revenues
- Decrease Existing Revenues

Decrease Costs

Local:  No local government costs

- 1.  Increase Costs
  - Permissive
  - Mandatory
- 2.  Decrease Costs
  - Permissive
  - Mandatory

- 3.  Increase Revenues
  - Permissive
  - Mandatory
- 4.  Decrease Revenues
  - Permissive
  - Mandatory

5. Types of Local Governmental Units Affected:
- Towns
  - Villages
  - Cities
  - Counties
  - Others \_\_\_\_\_
  - School Districts
  - VTAE Districts

Fund Sources Affected

- GPR
- FED
- PRO
- PRS
- SEG
- SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

This rule extends to school districts the sales tax exemption for sales of tangible personal property by elementary and secondary schools. Data on sales by school districts that are currently taxed are not available, therefore, an estimate of the fiscal effect of this rule is not possible; however, the revenue loss is believed to be minimal.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)  
Wisconsin Department of Revenue  
Dennis Collier, 266-9706

Authorized Signature/Telephone No. 266-2700  
Ron Rosner

Date  
June 19 '92

**FISCAL ESTIMATE WORKSHEET**

1991 Session

Detailed Estimate of Annual Fiscal Effect  ORIGINAL  UPDATED  
 CORRECTED  SUPPLEMENTAL

LRB or Bill No./Adm. Rule No. Tax 11.03	Amendment No.
--------------------------------------------	---------------

Subject

Sales Tax Treatment of Property Sold by School Districts

**I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$ -
(FTE Position Changes)	( FTE)	( FTE)
State Operations - Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	\$	\$ -
<b>B. State Costs by Source of Funds</b>		
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>III. State Revenues-</b> Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ - Unknown
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	\$	\$ - Unknown

**NET ANNUALIZED FISCAL IMPACT**

STATE

LOCAL

NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ Unknown loss _____	\$ Unknown loss _____

Agency/Prepared by: (Name & Phone No.)  
 Wisconsin Department of Revenue  
 Dennis Collier, 266-9706

Authorized Signature/Telephone No: 266-2700

Date

*Ron Rosen*

*June 19 '92*



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-8466 • FAX 608-266-5718

Tommy G. Thompson  
Governor

Mark D. Bugher  
Secretary of Revenue

February 22, 1993

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Gary L. Poulson  
Assistant Revisor  
131 West Wilson Street, Suite 800  
Madison, WI 53703-3233

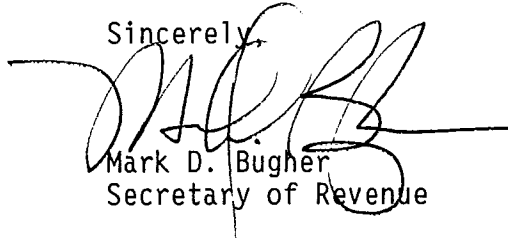
Re: Clearinghouse Rule 92-127

Dear Mr. Poulson:

Enclosed are a certified copy and an extra copy of an Order of the Department of Revenue promulgating rules relating to sales and use taxes.

These materials are filed with you pursuant to s. 227.20(1), Stats.

Sincerely,



Mark D. Bugher  
Secretary of Revenue

MDB:MPW:c11  
CKLEG/1168

Enclosure

cc: Douglas J. LaFollette, Secretary of State  
Commerce Clearing House, Inc.  
Research Institute of America, Inc.



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718

*Tommy G. Thompson*  
Governor

*Mark D. Bugar*  
Secretary of Revenue

February 22, 1993

Douglas LaFollette  
Secretary of State  
30 West Mifflin Street, 10th Floor  
Madison, WI 53703

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FEB 23 1993

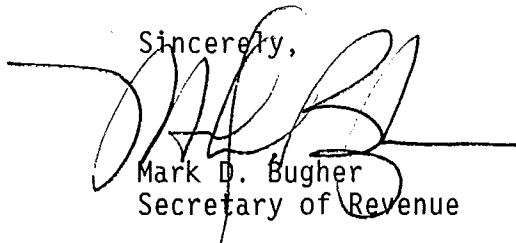
Revisor of Statutes  
Bureau

Dear Secretary LaFollette:

Enclosed are a Certificate and an Order of the Department of Revenue adopting Clearinghouse Rule 92-127.

These materials are filed with you pursuant to s. 227.20, Stats.

Sincerely,



Mark D. Bugar  
Secretary of Revenue

MDB:MPW:c11  
CKLEG/1167

Enclosure

cc: Revisor of Statutes