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LRB-0820/2 JK:wlj:rs

2005 ASSEMBLY BILL 346

April 22, 2005 – Introduced by Representatives Ainsworth, Albers, Ballweg, Bies, Gronemus, Gunderson, Hines, F. Lasee, Loeffelholz, Musser, Nerison, Ott, Owens, Petrowski, Suder, Towns and Vos, cosponsored by Senators A. Lasee, Leibham, Olsen and Reynolds. Referred to Committee on Agriculture. Referred to Joint Survey Committee on Tax Exemptions.

- 1 **AN ACT** to repeal 77.54 (30) (a) 3. and 5. and 77.54 (34); and to amend 77.54 (3)
- 2 (a) of the statutes; **relating to:** a sales tax and use tax exemption on tangible personal property used in the business of farming.

Analysis by the Legislative Reference Bureau

Under current law, tractors and other machines that are used exclusively and directly in the business of farming, including horticulture and floriculture, are exempt from the sales tax and the use tax.

Under this bill, tractors and other machines, lubricants, nonpowered equipment, and other tangible personal property that are used exclusively and directly, or are consumed or lose their identities, in the business of farming or husbandry activities, including aquaculture, horticulture, and floriculture, are exempt from the sales tax and the use tax.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Section 1. 77.54 (3) (a) of the statutes is amended to read:

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77.54 (3) (a) The gross receipts from the sales of and the storage, use, or other consumption of tractors and machines, including accessories, attachments, and parts therefor, lubricants, nonpowered equipment, and other tangible personal property that are used exclusively and directly, or are consumed or lose their identities, in the business of farming or husbandry activities, including dairy farming, agriculture, aquaculture, horticulture, floriculture, and custom farming services, but excluding automobiles, trucks, and other motor vehicles for highway use; excluding personal property that is attached to, fastened to, connected to, or built into real property or that becomes an addition to, component of, or capital improvement of real property; and excluding tangible personal property used or consumed in the erection of buildings or in the alteration, repair, or improvement of real property, regardless of any contribution that that personal property makes to the production process in that building or real property and regardless of the extent to which that personal property functions as a machine, except as provided in par. (c).

- **SECTION 2.** 77.54 (30) (a) 3. and 5. of the statutes are repealed.
- 17 **Section 3.** 77.54 (34) of the statutes is repealed.

Section 4. Effective date.

(1) This act takes effect on the first day of the 2nd month beginning after publication.

21 (END)