



## 2001 SENATE BILL 382

January 16, 2002 – Introduced by Senators LAZICH and SCHULTZ, cosponsored by Representatives F. LASEE, GUNDERSON, DUFF, GROTHMAN and HINES. Referred to Joint Committee on Tax Exemptions.

1     **AN ACT to amend** 77.54 (5) (c) and 77.54 (26m); and **to create** 77.51 (12m) of the  
2             statutes; **relating to:** the sales tax and use tax exemptions for motor vehicles  
3             used for recycling activities and for equipment used to collect and transport  
4             waste for recycling activities.

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### *Analysis by the Legislative Reference Bureau*

Under current law, a motor vehicle that is not required to be licensed for highway use and that is used for waste reduction or recycling activities is exempt from the sales tax and the use tax. Under this bill, a motor vehicle that is used for waste reduction or recycling activities is exempt from the sales tax and the use tax, regardless of whether or not the motor vehicle is required to be licensed for highway use.

Under current law, waste recycling machinery and equipment that are used for recycling are exempt from the sales tax and the use tax. The court of appeals has held that equipment that is used in the collection of waste materials is not exempt from the sales tax and the use tax. See *Department of Revenue v. Parks-Pioneer Corporation*, 170 Wis.2d 44 (Ct. App. 1992). Under the bill, machinery and equipment that are used for waste collection and transportation related to recycling activities 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.

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

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

1           **SECTION 1.** 77.51 (12m) of the statutes is created to read:

2           77.51 **(12m)** “Recycler” means a person engaged in recycling activities,  
3 including activities that are classified under industry numbers 421930 and 562920  
4 of the North American Industry Classification System Manual, 1997 edition,  
5 published by the U.S. office of management and budget.

6           **SECTION 2.** 77.54 (5) (c) of the statutes is amended to read:

7           77.54 **(5)** (c) Motor vehicles ~~which are not required to be licensed for highway~~  
8 ~~use and which~~ that are used by a recycler and that are exclusively and directly used  
9 in conjunction with waste reduction or recycling activities, including waste collection  
10 and transportation, which reduce the amount of solid waste generated, reuse solid  
11 waste, recycle solid waste, compost solid waste, or recover energy from solid waste.  
12 For the purposes of this paragraph, “solid waste” means garbage, refuse, sludge, or  
13 other materials or articles, whether these materials or articles are discarded or  
14 purchased, including solid, semisolid, liquid, or contained gaseous materials or  
15 articles resulting from industrial, commercial, mining, or agricultural operations or  
16 from domestic use or from public service activities.

17           **SECTION 3.** 77.54 (26m) of the statutes is amended to read:

18           77.54 **(26m)** The gross receipts from the sale of and the storage, use, or other  
19 consumption of waste reduction or recycling machinery and equipment, including  
20 parts therefor, used by a recycler and exclusively and directly used for waste  
21 collection and transportation, waste reduction, or waste recycling activities which

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1 reduce the amount of solid waste generated, reuse solid waste, recycle solid waste,  
2 compost solid waste, or recover energy from solid waste. The exemption applies even  
3 though an economically useful end product results from the use of the machinery and  
4 equipment. For the purposes of this subsection, "solid waste" means garbage, refuse,  
5 sludge, or other materials or articles, whether these materials or articles are  
6 discarded or purchased, including solid, semisolid, liquid, or contained gaseous  
7 materials or articles resulting from industrial, commercial, mining, or agricultural  
8 operations or from domestic use or from public service activities.

9 **SECTION 4. Effective date.**

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

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(END)