



2005 SENATE BILL 57

February 15, 2005 – Introduced by Senators GROTHMAN, KAPANKE, KEDZIE, A. LASEE, LASSA, LAZICH, LEIBHAM, REYNOLDS, ROESSLER, STEPP and ZIEN, cosponsored by Representatives VRAKAS, PETROWSKI, ALBERS, J. FITZGERALD, FREESE, GUNDERSON, HAHN, HINES, JENSEN, KERKMAN, KREIBICH, F. LASEE, LEMAHIEU, LOEFFELHOLZ, MUSSER, NASS, OTT, OWENS, RHOADES, STONE, SUDER, TOWNS, TOWNSEND, VAN ROY, VOS and WOOD. Referred to Joint Survey Committee on Tax Exemptions.

- 1 **AN ACT to create** 77.54 (48) of the statutes; **relating to:** a sales and use tax
2 exemption for building materials that become a part of a facility for a local unit
3 of government's or nonprofit organization.

Analysis by the Legislative Reference Bureau

Under current law, municipalities, school districts, and certain nonprofit organizations are exempt from paying the sales tax and the use tax on purchases of tangible personal property. To receive the sales tax or use tax exemption, the municipality, school district, or nonprofit organization must purchase the tangible personal property. A construction contractor hired by the municipality, school district, or nonprofit organization may not receive the exemption for property purchased by the contractor to be used for a municipality, school district, or nonprofit organization construction project.

Under this bill, the sale of tangible personal property that becomes a component of a facility in this state that is owned by a municipality or nonprofit organization is exempt from the sales tax and the use tax. The exemption applies to tangible personal property purchased by a construction contractor who transfers the property to the municipality or nonprofit organization as part of constructing the facility.

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.

