

1999 DRAFTING REQUEST

Bill

Received: **12/18/98**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Alvin Ott (608) 266-5831**

By/Representing: **Linda**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact: **Linda**

Alt. Drafters:

Subject: **Tax - sales**

Extra Copies:

Topic:

Sales tax exemption for equipment to administer air to sleep apnea patient

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 12/23/98	chanaman 12/29/98		_____			S&L Tax
/1			martykr 01/5/99	_____	lrb_docadmin 01/5/99	lrb_docadmin 01/22/99	

FE Sent For: **01/22/99.**

(**1/1**)

<END>

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1?	jkreye	CMM 12/23 1	1/2	1/5			
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		1 12/25 jlg					
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FE Sent For:

<END>

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Linda - Rep. D.T.T

current law only
allows exemption ~~that~~
for machines that admin.
oxygen.

sales tax exemption for sleep-apnea machine
{C - PAP machine }

used to administer ~~oxygen~~ air
purses ^{air} oxygen when people stop
breathing

12/07

Marc,

Please call if you
need further info. Thanks.

Linda

266-5831



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WI 53708-8933
(608) 266-6466 • FAX (608) 266-5718 • <http://www.dor.state.wi.us>



Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

September 15, 1998

The Honorable Al Ott
Wisconsin State Assembly
State Capitol, Room 318 North
Madison, Wisconsin 53702

Dear Representative Ott:

This letter is in response to your request for information regarding the sales tax treatment of air pressure devices used to treat sleep apnea. I am pleased to have this opportunity to respond.

Under current law, the sale or rental of equipment used to administer oxygen is exempt from the sales tax. This exemption is established under sec. 77.54 (14s), Wis. Stats. Since this section specifically refers to equipment used to administer oxygen, it does not apply to the sale or rental of similar devices that administer air.

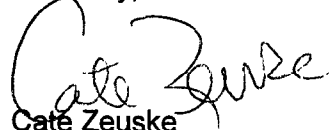
Broadening the existing exemption under sec. 77.54 (14s) to include airway devices that treat sleep apnea would require legislation, because the law is clear in allowing an exemption only for machines that administer oxygen. In other words, the Department could not address this issue by rule, because the law currently does not allow for an exemption for devices that administer air.

A preliminary revenue estimate for exempting the sale and rental of airway pressure devices that are used to treat sleep apnea and their replacement parts is \$740,000 annually. Please note that this is a preliminary estimate and that the Department would need to review any legislative language in order to complete a formal fiscal estimate.

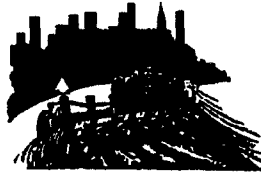
Your letter also requested that the Department provide legislative language to create an exemption for sleep apnea airway pressure devices. It is most appropriate for the LRB to draft the legislative language, however, the Department would welcome the opportunity to review and comment on any legislative drafts.

I hope that you find this information helpful. Please let me know if I can be of further assistance.

Sincerely,


Cate Zeuske
Secretary of Revenue

CZ:CK:ds
t:\secltr\ck:tmb



Al Ott

State Representative • 3rd Assembly District

July 1, 1998

Cate Zeuske, Secretary
Wisconsin Department of Revenue
125 South Webster, 2nd Floor
Madison, WI
INTER-DEPARTMENTAL

Dear Secretary Zeuske:

At the request of a constituent, I am writing to respectfully request the Department of Revenue to investigate the impact of exempting prescribed medical machinery from sales tax.

My constituent suffers from sleep apnea, a medical condition where his breathing stops during sleep. In order to correct this condition, doctors at the Appleton Sleep Clinic have prescribed a ventilating machine which assists breathing during the night.

Unfortunately, because this machine does not use oxygen and is not considered a custom made machine, the sale of a ventilator is subject to sales tax. As my constituent points out, this machine is crucial to his life, much like a sales-tax free prescribed medication.

Because of this double-standard on prescribed medication, I respectfully request a fiscal projection on the removal of these prescribed machines from the sales tax roles. I am interested in the fiscal possibility and impact of removing these prescribed machines which are not currently exempted from sales tax. Furthermore, I would be interested in either the rule or legislative language which would be needed to remove these machines.

Thank you in advance for your attention to this matter. I am looking forward to your response.

Sincerely,

AL OTT
State Representative
3rd Assembly District

cc: John Reinemann
Ernie Brown

September 28, 1998

Mr. Ernie Brown
W3610 County Road F
Chilton, WI 53014

Dear Mr. Brown:

Enclosed is a copy of the letter I received from the Department of Revenue (DOR) regarding the request I made on your behalf about the sales tax exemption for prescribed medical machinery.

According to the DOR, exempting the type of device prescribed for your sleep apnea condition would require a legislative change in the section 77.54 (14s) of the Wisconsin Statutes. It could not be changed by administrative rule because the law is clear in what it allows to be exempted. As a result, I plan to introduce a bill in the 1999-2000 legislative session to make this change. I will hopefully be able to introduce the bill in January, when the new session begins.

I am in the process of getting the bills I want to introduce next session ready for drafting. I will let you know when I have more information.

If you have any questions or concerns, please feel free to contact me.

Sincerely

Al Ott
State Representative
3rd Assembly District

1999

Date (time) needed

D-Note

LRB - 1373 1 1

BILL

SK: CMH:
+
JIG

Use the appropriate components and routines developed for bills.

AN ACT . . . [generate catalog] *to repeal . . . ; to renumber . . . ; to consolidate and renumber . . . ; to renumber and amend . . . ; to consolidate, renumber and amend . . . ; to amend . . . ; to repeal and recreate . . . ; and to create . . .* of the statutes; relating to: *a sales tax and use tax exemption for equipment used to administer air to treat sleep apnea.*

[NOTE: See section 4.02 (2) (br), Drafting Manual, for specific order of standard phrases.]

Analysis by the Legislative Reference Bureau

For the 3 titles used in an analysis, in the component bar:

For the main heading [old =M], execute: create → anal: → title: → head

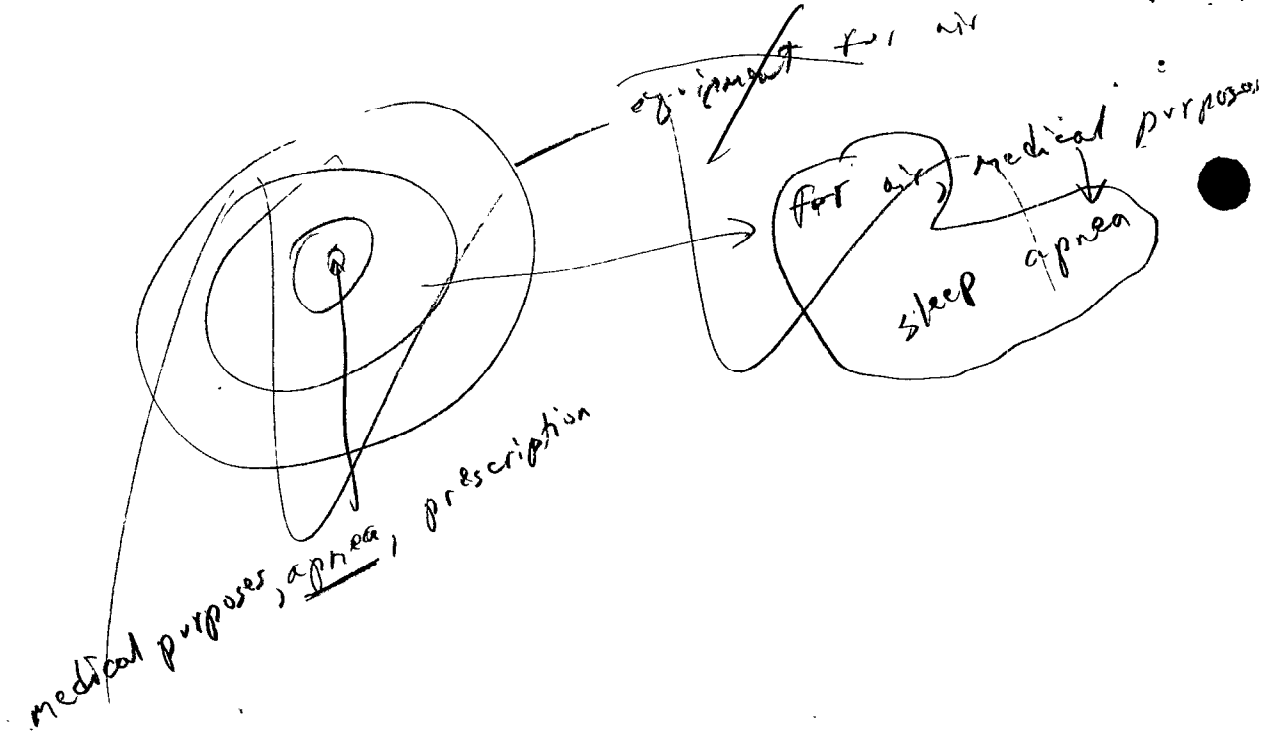
For the subheading [old =S], execute: create → anal: → title: → sub

For the sub-subheading [old =P], execute: create → anal: → title: → sub-sub

91 This bill creates a sales tax and use tax exemption for equipment used to administer air to treat sleep apnea.
91 TAXEXM
91 FE-S, L

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

SECTION #.



603
4
SEL. # CR; 77.54⁴(14t):

77.54^(B)(14t) The gross receipts from the sale or rental of and the storage, use or other consumption in this state of equipment used to administer air to treat sleep apnea by a person who has a prescription for air written by a person authorized to prescribe air.

1999

Nonstat File Sequence: **FFF**

LRB _____ / _____

_____ : _____ : _____

EFFECTIVE DATE

1. In the component bar: For the action phrase, execute: ... create → action: → *NS: → effdate
For the text, execute: create → text: → *NS: → effdateA
2. Nonstatutory subunits are numbered automatically if "(#1)", "(#2)", etc., is filled in. Below, fill in "____" or "()" only if a "frozen" number is needed.

SECTION # _____ . Effective date.

CS

(#1) *Equipment for administering air* This act takes effect on *the first day of the 2nd month beginning after publication.*

✓ (End)

NOTE

1. In the component bar: For the action phrase, execute: .. create → action: → *NS: → effdateE
For the text, execute: create → text: → *NS: → effdate
2. Nonstatutory subunits are numbered automatically if "(#1)", "(#2)", etc., is filled in. Below, fill in "____" or "()" only if a "frozen" number is needed.

SECTION # _____ . Effective dates;

..... This act takes effect on the day after publication, except as follows:

(#1) () The treatment of sections of the statutes takes effect on

1. In the component bar: For the budget action phrase, execute:..create → action: → *NS: → 94XX
For the text, execute: create → text: → *NS: → effdate
2. Nonstatutory subunits are numbered automatically if "(#1)", "(#2)", etc., is filled in. Below, for the budget, fill in the 9400 department code; and fill in "()" only if a "frozen" number is needed.

SECTION 94 _____ . Effective dates;

(#1) () The treatment of sections of the statutes takes effect on

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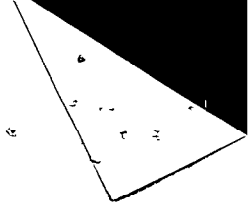


CMH

D-NOTE

Q1 I have drafted an exemption which parallels the current exemption for equipment used to administer ^{oxygen} ~~oxygen~~. Please let me know if you do not want to include rental equipment ~~or~~ ^{or} a prescription requirement in the exemption.

or



**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1373/1dn
JK:cmh&jlg:km

January 5, 1999

I have drafted an exemption which parallels the current exemption for equipment used to administer oxygen. Please let me know if you do not want to include rental equipment or a prescription requirement in the exemption.

Joseph Kreye
Legislative attorney
266-2263

**SUBMITTAL
FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

Date: 1/5/99

To: Representative Ott

Relating to LRB drafting number: LRB-1373

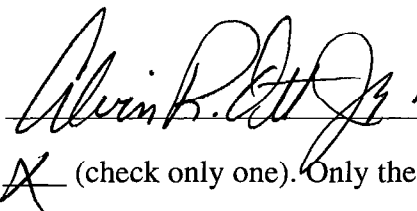
Topic

sales tax exemption for equipment to administer air to sleep apnea patient

Subject(s)

Tax - sales

1. **JACKET** the draft for introduction

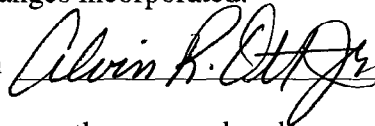


in the **Senate** ____ or the **Assembly** (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____.

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction



If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Joseph T. Kreye, Legislative Attorney
Telephone: (608) 266-2263

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