

1999 DRAFTING REQUEST

Bill

Received: 02/3/99

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Timothy Carpenter (608) 266-1707

By/Representing:

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - sales

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Sales tax exemption on "necessities of life."

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 02/16/99	chanaman 02/16/99		_____			S&L Tax
/1			lpaasch 02/16/99	_____	lrb_docadmin 02/16/99	lrb_docadmin 03/2/99	

FE Sent For:

03-08-99

<END>

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1?	jkreye	cmh / 2/5	2/16LP.	2/16LP. JK			

FE Sent For:

<END>



STATE REPRESENTATIVE
Timothy W. Carpenter

N I N T H A S S E M B L Y D I S T R I C T

MEMORANDUM

TO: LRB -- Drafting

FROM: Representative Tim Carpenter

RE: Drafting Instructions for Repeal of Sales Tax on "Necessities of Life" Legislation.

DATE: February 3, 1999

I would like to have 1983 Assembly Bill 299 (attached) redrafted for introduction this session. Please also add feminine napkins and tampons to the "necessity of life" product list.

Please call, if you have any questions or need additional information.

11

1983 ASSEMBLY BILL 299

March 31, 1983 -- Introduced by Representatives HAUKE, SWOBODA, ANDREA, ROGERS, SMITH, HEPHNER, WILLIAMS, TESMER and CLARENBACH. Referred to Joint Survey Committee on Tax Exemptions.

1 AN ACT to create 77.54 (31) of the statutes, relating to a sales tax
2 exemption for certain items sold by food stores.

Analysis by the Legislative Reference Bureau

This bill creates a sales tax exemption for laundry products, toilet tissue, tooth brushes, toothpaste, tooth powder, detergents and soap sold by retail food stores.

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 the bill.

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

3 SECTION 1. 77.54 (31) of the statutes is created to read:

4 77.54 (31) The gross receipts from the sales of and the storage, use
5 or other consumption of laundry products, toilet tissue, tooth brushes,
6 toothpaste, tooth powder, detergents and soap if those products are sold
7 by a retail food store of the type included in number 541 of the standard
8 industrial code prepared by the federal office of management and budget.

9 SECTION 2. EFFECTIVE DATE. This act takes effect on the first day of
10 the 2nd month beginning after publication.

11

(End)

1000

1000

1983 ASSEMBLY BILL 299

1983
~~1981~~ Session

FISCAL ESTIMATE
AD-MBA-23 (Rev. 11/80)

LRB or Bill No./Adm. Rule No.
AB 299
Amendment No. if Applicable

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject: **Sales Tax Exemption for Certain Items Sold by Food Stores**

Fiscal Effect

State: No State Fiscal Effect

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

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

Increase Costs — May Be Possible to Absorb
Within Agency's Budget Yes No
 Decrease Costs

Local: No local government costs

See text of fiscal note

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 _____

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The exemptions proposed by this bill would reduce state general tax collections by an estimated \$8.0 million in FY 1983-84. This is based on the following assumptions and data:

1. Laundry products (including detergents) and soaps.
 - a. Based on industry data, Wisconsin sales of laundry products totalled approximately \$80 million in 1982. Assuming a 4% annual growth rate, laundry product sales will be \$84.8 million in FY 1983-84. Based on industry data, 93% of sales occur in retail food stores. The fiscal effect of exempting these sales from the state sales tax is: \$84.8 million x 0.93 x 0.05 = \$3.9 million.
 - b. According to the 1983 U.S. Industrial Outlook, soaps account for 25% of total detergent and soap sales (\$113.07 million in FY 1983-84) or \$28.27 million. Assuming that retail food store sales account for 93% of total soap sales, the fiscal effect is \$28.27m x 0.93 x 0.05 = \$1.31 million.

2. Toothbrushes, toothpaste, toothpowder.
Based on a 1982 survey of sales of dental care products by Drug Topics Magazine, the following are sales by non-drug stores:

	1981 Sales
Toothbrushes	\$134,593,000
Toothpaste	647,969,000
Dental Cleansers	83,915,000
	\$866,477,000

Long-Range Fiscal Implications

Agency

Department of Revenue (ABS)

Authorized Signature/Telephone No. 266-2700

M. J. V. [Signature]

Date 4-15-83

A. B. 299

Fiscal Estimate
Page Two
AB 299

Wisconsin's share of sales, based on share of U.S. population is $\$866,477,000 \times 0.02 = \$17,329,540$. Assuming a 9% annual growth rate (based on industry projections) and assuming that 95% of non-drug store sales are made in retail food stores, the fiscal impact of exempting these products is: $\$21,478,681$ (sales adjusted for growth to FY 1984) $\times 0.95 \times 0.05 = \1.02 million.

3. Toilet Tissue.

Based on data from the 1983 U.S. Industrial Outlook, toilet tissue accounted for 25% or \$1,903 million of the total U.S. sanitary paper product shipments of \$7,611.3 million in 1982. Using Wisconsin's share of U.S. population to adjust for the state's share of shipments, $\$1,903 \text{ million} \times 0.02 = \38.06 million. Using the Industrial Outlook's projection of a 2% growth rate, sales will be \$39.19 million in FY 1983-85. Assuming 90% of such sales are made in retail food stores, the fiscal effect for FY 1983-84 is $\$39.19\text{m} \times 0.09 \times 0.05 = \1.76 million.

These estimates assume an effective date of July 1, 1983.

The growth of shared revenue payments and property tax credits if governed by the rate of increase of general fund tax collections in the preceding year, subject to a 5% growth floor and a 12% growth ceiling. Assuming that the 5% growth floor is not in effect and assuming that shared revenue and tax credit payment levels are not fixed by statute, a decrease in general fund tax collections would reduce the aid and credit distributions.

1000

FISCAL ESTIMATE WORKSHEET

1983

~~XXX~~ Session

Detailed Estimate of Annual Fiscal Effect

AD-MBA-22 (Rev. 11/80)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No /Adm. Rule No.

Amendment No

Subject Sales Tax Exemption for Certain Items Sold by Food Stores

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

II. Annualized Costs: Note: Treat fiscal costs like a "checkbook": increased costs reduce available funds (-), decreased costs increase available funds (+). Annualized fiscal impact on State funds from:

A. State Costs by Category	Increased Costs	Decreased Costs	
	Salaries and Fringes	\$ -	\$ +
Staff Support Costs	-	+	
Other State Costs	-	+	
Local Assistance	-	+	
Aids to Individuals or Organizations	-	+	
TOTAL State Costs by Category	\$ -	\$ +	
B. State Costs by Source of Funds	Increased Costs	Decreased Costs	
	GPR	\$ -	\$ +
	FED	-	+
	PRO/PRS	-	+
SEG/SEG S	-	+	
C. FTE Position Changes	Increased Pos.	Decreased Pos.	
	+ ()	- ()	
III. State Revenues-Complete this only when proposal will increase or decrease state revenues, such as taxes, license fees, etc.			
State Revenues	Decreased Rev.	Increased Rev.	
	GPR Taxes	\$ - 8.0 million	\$ +
	GPR Earned	-	+
	FED	-	+
	PRO/PRS	-	+
	SEG/SEG S	-	+
TOTAL State Revenues	\$ - 8.0 million	\$ +	

Net Annualized Fiscal Impact on State & Local Funds

State	Annual Increases	Annual Decreases	Local	Annual Increases	Annual Decreases
Total Costs	\$ -	\$ +	Total Costs	\$ -	\$ +
Total Revenues	+	- 8.0 million	Total Revenues	+	-
NET Impact on State Funds	\$ (+) or (-) 8.0 million		NET Impact on Local Funds	\$ (+) or (-)	See text of fiscal note

Agency

Department of Revenue (ABS)

Authorized Signature/Telephone No.

266-2700

[Signature]

Date

4-15-83





State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-21097

JK:.....

cmj
D-N

gen

1 AN ACT **relating to:** a sales tax exemption for necessities.

Analysis by the Legislative Reference Bureau

→ This bill creates a sales and use tax exemption for detergents, feminine napkins and tampons, soap, toilet paper, tooth brushes, toothpaste and tooth powder.

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:

2 SECTION 1. 77.54 (20r) of the statutes is created to read:

3 77.54 (20r) The gross receipts from the sales of, and the storage, use or other

4 consumption of, detergents, feminine napkins and tampons, soap, toilet paper, tooth brushes,

5 toothpaste and tooth powder.

6 SECTION 2. Effective date.

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

if those products are sold by a retail food

9 (END)

store of the type included in group number 541, industry number 541 of the 1987 standard industrial classification manual published by the U.S. office of management and budget

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

LRB-2109/?dn

JK:.....

cmj

I did not use the term "laundry products" because the exemption includes detergents and soap. "Laundry products" could be interpreted to include such items as laundry bags and baskets, clotheslines, clothespins and fabric softener. Did you intend to include any of those items under the exemption? If you have any questions, please do not hesitate to contact me.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

**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: 2/16/99

To: Representative Carpenter

Relating to LRB drafting number: LRB-2109

Topic

Sales tax exemption on "necessities of life."

Subject(s)

Tax - sales

1. **JACKET** the draft for introduction Carpenter
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



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION (608) 266-0341
FAX (608) 266-5648

STEPHEN R. MILLER
CHIEF

LRB
2

April 12, 1999

MEMORANDUM

To: Representative Carpenter

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

Subject: Technical Memorandum to **1999 AB 184** (LRB 99-2109/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

April 8, 1999

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Yeang-Eng Braun *YEB*
Department of Revenue

SUBJECT: Technical Memorandum on Assembly Bill 184, Relating to a Sales and Use Tax Exemption for Laundry and Personal Hygiene Products.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language needs to be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE Positions</u>
One-time Cost	20.566 (1)(a)	\$54,100	

If you have any questions regarding this technical memorandum, please contact Pat Lashore at 266-3347.

YEB:JT:skr
t:\fsn99-00\js\ab184.tec.doc

