

1999 ASSEMBLY BILL 441

September 2, 1999 - Introduced by Representatives GUNDERSON, LADWIG, GROTHMAN, PETTIS, MUSSER, KLUSMAN, GUNDRUM, PLOUFF, KEDZIE, GRONEMUS, NASS, KELSO, HASENOHRL, OWENS, OLSEN, SYKORA, LA FAVE, WASSERMAN, PETROWSKI, F. LASEE and SERATTI, cosponsored by Senators LAZICH and ROESSLER. Referred to Committee on Ways and Means.

1 **AN ACT** *to amend* 77.52 (1), 77.52 (2) (intro.) and 77.53 (1); and *to create* 77.51
2 (18g) and 77.52 (2p) of the statutes; **relating to:** reducing the sales tax rate and
3 the use tax rate.

Analysis by the Legislative Reference Bureau

Under current law, the state imposes a sales tax on all retailers at the rate of 5% of the gross receipts from the sale, lease or rental of tangible personal property and the sale of services. Retailers generally pass on the sales tax to the consumer. Under current law, the state imposes a use tax on all consumers, at the rate of 5% of the sales price, for the consumption, use or storage of goods in this state that the consumer purchases from an out-of-state retailer and the consumption or use of services in this state that the consumer purchases from an out-of-state retailer.

Under this bill, the rate of the sales tax is 4.5% of the gross receipts from the sale, lease or rental of tangible personal property and the sale of services. Under the bill, the rate of the use tax is 4.5% of the sales price for the consumption, use or storage of goods in this state that the consumer purchases from an out-of-state retailer and 4.5% for the consumption or use of services in this state that the consumer purchases from an out-of-state retailer.

Under the bill, by July 31, 2001, the department of revenue must determine if there is a surplus of unappropriated general purpose revenues, for purposes of the state budget. If there is a surplus of at least \$153,000,000 but less than \$300,000,000, the sales tax and the use tax rates are 4.25% beginning on October 1, 2001. If there is a surplus of at least \$300,000,000, the sales tax and the use tax rates

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are 4% beginning on October 1, 2001. If the surplus is less than \$153,000,000, the sales tax and the use tax rates remain at 4.5%.

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:

1 **SECTION 1.** 77.51 (18g) of the statutes is created to read:

2 77.51 **(18g)** “Surplus” means the amount obtained by subtracting the
3 department’s estimate of the amount of unappropriated general purpose revenues
4 on July 1, 1999, from the department’s estimate of the amount of unappropriated
5 general purpose revenues on June 30, 2000, except that neither estimate may
6 include the required general fund balance as described in s. 20.003 (4).

7 **SECTION 2.** 77.52 (1) of the statutes is amended to read:

8 77.52 **(1)** For the privilege of selling, leasing or renting tangible personal
9 property, including accessories, components, attachments, parts, supplies and
10 materials, at retail a tax is imposed upon all retailers at the rate of 5% 4.5%, except
11 as provided under sub. (2p), of the gross receipts from the sale, lease or rental of
12 tangible personal property, including accessories, components, attachments, parts,
13 supplies and materials, sold, leased or rented at retail in this state.

14 **SECTION 3.** 77.52 (2) (intro.) of the statutes is amended to read:

15 77.52 **(2)** (intro.) For the privilege of selling, performing or furnishing the
16 services described under par. (a) at retail in this state to consumers or users, a tax
17 is imposed upon all persons selling, performing or furnishing the services at the rate
18 of 5% 4.5%, except as provided under sub. (2p), of the gross receipts from the sale,
19 performance or furnishing of the services.

20 **SECTION 4.** 77.52 (2p) of the statutes is created to read:

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1 77.52 **(2p)** By July 31, 2001, the department shall determine the surplus. If
2 the surplus is at least \$153,000,000 but less than \$300,000,000, the rates under subs.
3 (1) and (2) and under s. 77.53 (1) shall be 4.25% beginning on October 1, 2001. If the
4 surplus is at least \$300,000,000, the rates under subs. (1) and (2) and under s. 77.53
5 (1) shall be 4% beginning on October 1, 2001. The department shall publish any
6 change to the rates occurring as a result of this subsection by August 31, 2001.

7 **SECTION 5.** 77.53 (1) of the statutes is amended to read:

8 77.53 **(1)** Except as provided in sub. (1m) and s. 77.52 (2p), an excise tax is
9 levied and imposed on the use or consumption in this state of taxable services under
10 s. 77.52 purchased from any retailer, at the rate of 5% 4.5% of the sales price of those
11 services; on the storage, use or other consumption in this state of tangible personal
12 property purchased from any retailer, at the rate of 5% 4.5% of the sales price of that
13 property; and on the storage, use or other consumption of tangible personal property
14 manufactured, processed or otherwise altered, in or outside this state, by the person
15 who stores, uses or consumes it, from material purchased from any retailer, at the
16 rate of 5% 4.5% of the sales price of that material.

17 **SECTION 6. Effective date.**

18 (1) This act takes effect on July 1, 2000.

19

(END)