

1999 DRAFTING REQUEST

Bill

Received: **06/8/99**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Rick Skindrud (608) 266-3520**

By/Representing:

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

Drafter: **jkreye**

May Contact:

Ah. Drafters:

Subject: **Tax - sales**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

amend sec. 77.54 (3m) (a) to expand sales tax exemption to seed used in **priarie** restoration

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>
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FE Sent For:

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10-19-99
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6-8-99

2PM SKINDRUD SKINDRUD

18. West

USDA?

10 year set aside for farmland (CRP out of D.C.)

prairie seed (restoring prairie from ag. land)

or part of set aside - seed unit taxed

but under "restitution" — ? DOR isn't consistent
about whether the sales tax applies

not all work done U.S.D.A. — ag. plans

AD. Code 11.12(2)(d) — definition of farming

what is own large acreage but not farming?

land put into CRP

constituent — using seeds not normally used
DNR plan

see § 77.54(3M)(a)
apply to
land zoned as ag.

DOR = John Reimann



State Of Wisconsin ● DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET ● P.O. BOX 8933 ● MADISON, WISCONSIN 537084933 ● 608-266-6466 ● FAX 608-266-5718 ● <http://www.dor.state.wi.us>

Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

April 19, 1999

State Representative Rick Skindrud
P.O. Box 8953, State Capitol
Madison, WI 53708-8953

Dear Representative Skindrud:

Thank you for your letter dated April 1, 1999, regarding Wisconsin sales tax on farmers' purchases of seeds for planting. As you explained in your letter, you have a constituent in your district that worked with the DNR to set aside 14 acres of land in the Conservation Reserve Program (CRP). The DNR plan called for him to have native species included as cover crops.

According to the United States Department of Agriculture's February 1997 Conservation Reserve Program (CRP) fact sheet, the CRP is a voluntary program that offers annual rental payments, incentive payments for certain activities, and cost-share assistance to establish approved cover on eligible cropland. The program encourages farmers to plant long-term resource-conserving covers to improve soil, water and wildlife resources. Assistance is made available in an amount equal to not more than 50% of the participants costs in establishing approved practices.

To be eligible to be placed in CRP, land must be:

1. Cropland that is planted or considered planted to an agricultural commodity 2 of the 5 most recent crop years (including field margins) which is also physically and legally capable of being planted in a normal manner to an agricultural commodity; or
2. Marginal pasture land that is either:
 - a. Certain acreage enrolled in the Water Bank Program; or
 - b. Suitable for use as a riparian buffer to be planted to trees.

Additional requirements also apply.

Request:

You requested an opinion as to whether or not the seed for your constituents project should be taxed or exempt.

Representative Rick Skinrud
April 19, 1999
Page Two

Answer:

Your constituent's purchases of seed for planting cover crops for use under the CRP program are exempt from Wisconsin sales and use tax, provided that your constituent (or the user, if the user of the seed is someone other than your constituent) is engaged in the business of farming. "Farming" is defined in sec. Tax 11.12(2)(d), Wis. Adm. Code (April 1993 Register), a copy of which is enclosed.

However, if the purchaser or user of the seed used in the CRP program is not engaged in the business of farming, the person's purchases of seed are taxable.

Analysis:

Section 77.54(3m)(a), Wis. Stats. (1997-98), provides an exemption from Wisconsin sales and use tax for seeds for planting if such seeds are used exclusively by the purchaser or user in the business of farming. Seed for planting cover crops under the CRP program are considered to be used in farming, and qualify for exemption under sec. 77.54(3m)(a), Wis. Stats. (1997-98), if the purchaser or user is engaged in the business of farming.

Because no exemption is provided in current law to exempt seed used in the CRP program by purchasers or users who are not engaged in the business of farming, legislation would be required to create a specific exemption.

hope this information is helpful to you. If you have additional questions, you may contact Michael Hinnedael, Staff Specialist, at 267-5022.

Sincerely,


Cate Zeuske
Secretary of Revenue

CZ: MJH

SECTION TAX 11.12
WISCONSIN ADMINISTRATIVE CODE

Tax 11.12 Farming, agriculture, horticulture and floriculture. (ss. 77.52 (2) (a) 10 and 77.64 (3), (3m), (27), (30), (33) and (34), Stats.) (1) STATUTES. Section 77.54 (3) and (3m), Stats., provides exemptions for certain sales to persons who are engaged in farming, agriculture, horticulture and floriculture as a business enterprise.

(2) **DEFINITIONS.** In this section and a 77.64 (3), (3m) and (30), Stats.:

(a) "Animal bedding" used in farming means disposable loose materials, including straw, shavings, sawdust, leaves, sand and shredded paper, used where an animal may lie, to promote cleanliness and absorb urine or liquid manure. It does not include nonabsorbent items, including rubber floor mats.

(b) "Custom farming services" means the performance of an activity, defined as farming in this section, for a farmer for a fee. The fee may include a cash payment, a share of the harvest or other valuable consideration.

(c) "Dairy farming" means the business of feeding and raising cattle and other milk producing animals, but does not include operations such as pasteurizing, homogenizing or making butter, cheese or ice cream.

(d) "Farming" means the business of producing food products or other useful crops by tilling and cultivating the soil or by raising cattle, sheep, llamas, poultry, domesticated rabbits or other animals which produce a food product or which are themselves a food product. In addition, consistent with chs. 29 and 94, Stats., "farming" includes raising pheasants, foxes, fitch, nutria, marten, fisher, mink, chinchilla, rabbit, caracul and bees; producing honey products by a beekeeper of 50 or more hives; commercial raising of fish for food; commercial breeding and raising of horses and llamas for sale; and raising ginseng, mushrooms and sod. "Farming" does not include home gardening and other similar noncommercial activities; breeding or raising dogs, cats, other pets or animals intended for use in laboratories; raising earthworms; operating sporting or recreational facilities, such as riding stables or shooting preserves; operating stockyards, slaughterhouses or feed lots as described in par. (g); lumbering and logging, and pulpwood and sawmill operations; milling and grinding grain; and preparing sausage, canned goods, jellies, juices or syrup.

(e) **Farm livestock medicine" means any substance or preparation intended for use by external or internal application to farm livestock in the cure or treatment of disease and which is commonly recognized by veterinarians as a substance or preparation intended for that use. This includes antibiotics, drugs, mastitis treatments and vaccines in the form of boluses, capsules, feed additives, fluids, pills, powders, ointments and salves. "Farm livestock medicine" does not include medicines for work stock, riding homes or small domestic animals, including dogs and cats. It also does not include vitamins, dewormers, teat dip, udder wash, disinfectants, shampoos, pet foods, flea powder and flea sprays, laboratory equipment used by a veterinarian, bandages, or plaster of paris that is used to set an animal's broken bone.

This administrative rule has been promulgated by the Wisconsin Department of Revenue in accordance with Ch. 227, Wis. Stats. An administrative "rule," as defined in sec. 227.01(13), Wis. Stats., means "a regulation, standard, statement of policy or general order of general application which has the effect of law and which is issued by an agency to implement, interpret or make specific legislation enforced or administered by such agency or to govern the organization or procedure of such agency."

A complete booklet of Department of Revenue administrative rules and a service to keep the booklet current is available on a subscription basis from the Wisconsin Department of Administration. To subscribe, write to the Department of Administration, Document Sales, P.O. Box 7840, Madison, WI 53707-7840.

Continuation of Section Tax 11.12

(f) "Farm work stock" means animals, such as draft horses and mules, which are used exclusively in farming. The phrase does not include dogs, riding horses, racing horses or laboratory animals. The food for animals which are not farm work stock is taxable.

Example: Dog and cat food is taxable.

(g) "Feed lot" means a restricted area containing pens or lots where livestock are held and fed. A person who holds livestock in a feed lot for less than 30 days is not engaged in farming. Feed purchased for livestock held in a feed lot for less than 30 days is taxable. However, a person who holds livestock in a feed lot for 30 days or more is engaged in farming and the feed purchased for the livestock is exempt. If a person holds some livestock for less than 30 days and some livestock for 30 days or more and purchases feed for both types at the same time, an allocation of the feed costs may be made so that tax is paid on the feed consumed by livestock held for less than 30 days and is not paid on feed consumed by livestock held for 30 days or more.

(h) "Floriculture" means the business of producing flowers, Christmas trees or other decorative trees, plants or shrubs, including such operations as greenhouses.

(i) "Horticulture" means the business of producing vegetables, vegetable plants, fruits and nursery stock, including the operation of commercial nurseries and orchards but not businesses which hold stock for purposes other than propagation or growth. "Horticulture" does not include the business of servicing plants owned by others; the raising of trees as timber; or lumber or sawmill operations.

(j) "Livestock" and "poultry" include animals the products of which are normally used as food for human consumption, and domestically raised fur bearing animals or animals which are a source of wool, such as llamas, including those purchased for breeding.

(k) "Milk house supplies" means items used exclusively in producing and handling milk on dairy farms, including milk filters, soaps, detergents, udder washes and balms, pipeline cleaners, manual cleaners, acid cleaners, disinfectants and sanitizers such as iodine and chlorine, teat dips, teat dilators, paper towels, insect strips, cloth udder towels, udder sponges, brushes and brooms, window cleaners and water softener salt. The exemption for milk house supplies does not include equipment such as dispensers, jug and barrel pumps, sinks, faucets, washup hoses and nozzles, buckets and pails, milk cans, strainers for milk cans or coolers, and electricity.

(3) OBTAINING EXEMPTION CERTIFICATES. A retailer shall have a signed exemption certificate for every exempt sale made to a farmer. The standard "farmer's exemption certificate," form S-206, provides for continuous use under certain conditions. The certificate shall be used only for categories of items listed on it. Every invoice to which the certificate refers must contain the seller's name, the farmer's name and address, the date of sale and a brief description of the product sold.

(4) STATUTORY EXEMPTIONS. (a) Section 77.54 (3) (a), Stats, exempts: "The gross receipts from the sales of and the storage, use or other consumption of tractors and machines, including accessories, attachments and parts therefor, used exclusively and directly in the business of farming, including dairy farming, agriculture, horticulture, floriculture and custom farming services, but excluding automobiles, trucks, and other motor vehicles for highway use; excluding personal property that is attached to, fastened to, connected to or built into real property or that becomes an addition to, component of or capital improvement of real property and excluding tangible personal property used or consumed in the erection of buildings or in the alteration, repair or improvement of real property, regardless of any contribution that that personal property makes to the production process in that building or real property and regardless of the extent to which that personal property functions as a machine." For purposes of this section:

1. Directly. Items used "directly" in farming include a plow and a combine. Items of "indirect" or nonqualifying use include typewriters, electric drills or other repair tools, dog and cat food, and lawn and garden tractors.

2. Exclusively. "used exclusively" means used to the exclusion of all other uses except for other uses not exceeding 5% of total use.

Continuation of Section Tu 11 .12

3. Accessories, attachments and parts. Included within the exemption are accessories, attachments and parts for tractors and machines used directly in agriculture. "Accessories" and "attachments" include devices designed to be mounted on a machine or to be pushed or pulled by a machine such as farm wagons and pipes attached to irrigation pumps. A machine "part" means a durable unit of definite, fixed dimensions and includes tractor cabs, oil filters and slow-moving-vehicle signs. Canvas covers and paint for exempt machines are exempt. "Parts" does not include fluids such as antifreeze or lubricants. These are "supplies" rather than "parts" and are not exempt.

4. Machines. a. *Machine** means an assemblage of parts that transmit force, motion and energy from one part to another in a predetermined manner.

b. "Machines which qualify for exemption" include, if not realty improvements, all-terrain vehicles or trucks not licensed for highway use, balers, chain saws for orchard use but not for use in lumbering, pulping or cutting firewood, choppers, corn pickers, crop conditioners, crop thinners, cultivators, dii drags, end loaders, electric clippers and hoof trimmers, electric dehorners, electric fence chargers not fencing or insulators, electric foggers, fork lifts, harrows, harvesting combines, hay wagons, manure spreaders, mowers, planters, plows, powered posthole diggers, pumps and associated piping for irrigation, rock pickers, rotary hoes, space heaters not for residential use, sprayers, stalk shredders and windrowers.

c. "Machines which do not qualify for exemption" include personal property that is attached to, fastened to, connected to or built into real property or that becomes an addition to, component of or Capital improvement of real property. Also, tangible personal property used or consumed in the erection of buildings or in the alteration, repair or improvement of real property, regardless of any contribution that the personal property makes to the production process in that building or real property and regardless of the extent to which that personal property functions as a machine does not qualify for exemption. However, there is an exception for those items specifically mentioned in subpar. d.

d. The following items are deemed by statute to retain their character as tangible personal property and qualify for exemption, regardless of the extent to which they are fastened to, connected to or built into real property: auxiliary power generators, baleloaders, barn cleaners and elevators, conveyors, feed elevators and augers, grain dryers and grinders, irrigation implements, milk coolers, milking machines, including piping, pipeline washers and compressors, top and bottom silo unloaders and powered feeders, excluding platforms and troughs constructed from ordinary building materials.

5. Real property improvements. a. "Building" means any structure that is intended to be a permanent accession to real property; that is designed or used for sheltering people, animals or plants, for storing property or for work, office, parking, sales or display space, regardless of any contribution that the structure makes to the production process in it; that in physical appearance is annexed to the real property; that is covered by a roof or encloses space; that is not readily moved or disassembled; and that is commonly known to be a building because of its appearance and because of the materials of which it is constructed.

b. Certain machines in addition to those in subd. 4 qualify for the exemption if purchased by farmers directly from retailers, even though they are used to make realty improvements. Machines included are automatic livestock feeder bunks, but not ordinary building materials automatic stock waterers powered by electricity or water pressure and built into a permanent plumbing system; automatic water softeners, such as for milkhouses; barn fans and blowers and other ventilating units; unit heaters and other heating units; water heaters serving production areas; and water pumps serving production areas.

c. A person, such as a plumbing contractor, who contracts with a farmer to provide and install a machine permanently into real estate is a consumer of the machine, not a seller. The contractor, not being a farmer, may not furnish a farmer's exemption certificate on the person's purchase of the machine. Being the consumer, the contractor shall pay the sales tax to the supplier or report the use tax on the purchase price directly to the department.

Continuation of Section Tax 11.12

6. Motor vehicles. **Specifically** excluded from the statutory exemption are "motor vehicles for highway use," including motor trucks, automobiles, station wagons, buses and motorcycles. "For highway use" means licensed for that use. Sales of parts, supplies and repairs for vehicles for highway use, including nurse tanks and trailers, are also taxable.

7. Other non-exempt sales. The exemption does not apply to:

a. Tools used in construction or for making repairs to real estate or farm machinery, such as block and tackle sets, chain hoists, cutters, electric drills, hammers, hand tools, planers, sharpeners, sanders, saws and wheelbarrows.

b. Building materials used to repair or improve real estate such as cement, drain tile, fencing, light fixtures, lumber, nails and stanchions.

c. Non-powered applicators for insecticides, cattle chutes, farrowing crates, feed carts, fire extinguishers, flood gates, non-powered gravity flow feeders, saddles and bridles, incinerators, lawn and garden tractors, portable calf stalls, rope and cable, scales, self-treating stations, or "oil-ers," snowmobiles, stationary salt and mineral feeders.

8. Sales and use tax. A person who buys without tax by claiming the farming exemption owes the sales tax at the time the person uses the item purchased 5% or more of total use for a nonexempt purpose.

(b) Section 77.64 (3m), Stats., exempts: "The gross receipts from sales of and the storage, use or other consumption of seeds for planting, plants, feed, fertilizer, soil conditioners, animal bedding, sprays, pesticides, fungicides, breeding and other livestock, poultry, farm work stock, baling twine and baling wire, and containers for fruits, vegetables, grain and animal wastes used exclusively in farming, including dairy farming, agriculture, horticulture or floriculture when engaged in by the purchaser or user as a business enterprise." "Exclusively" as used in s. 77.54 (3m), Stats., and in this section means that the items mentioned in s. 77.54 (3m), Stats., are used solely in farming to the exclusion of all other uses, except that the sales and use tax exemption for such items will not be invalidated by an infrequent and sporadic use other than in farming. For purposes of this section:

1. Seeds for planting. "Seeds for planting" includes seeds for alfalfa, blue grass, canning peas, clover, field corn, field peas, rye grass, sweet corn, timothy and vegetable seeds; plant parts capable of propagation; and bulbs. "Seeds for planting" does not include sod.

2 Plants. "Plants" include herbs, shrubs or young trees, slips or saplings planted or ready to plant.

3. Feed. a "Feed" includes processed vegetable and animal products and essential minerals required for the normal nutritional needs of livestock, poultry and domestic fur-bearing animals and other materials which are required for the normal nutritional needs of animals in some domestic environments, such as vitamins A, B-complex, D and E. Essential minerals include phosphorous, calcium, sodium, chlorine, iodine, iron, copper, sulfur, potassium, magnesium and zinc. Common feed additives containing these substances include cod liver oil, salt in granular or block form, ground limestone, fish oil, fish meal, oyster shells and bone meal.

b. "Feed" includes medicated feed or drug carriers purchased for use as an ingredient of medicated feed, the primary purpose of which is the prevention of diseases in livestock or poultry. "Feed" does not include a mixture labeled and sold for specific treatment or cure of a disease. Feed for farm livestock, poultry and work stock in exempt but feed for pets, such as dogs and cats, is taxable.

4. Fertilizers and soil conditioners. a. "Fertilizer" means any substance containing nitrogen, phosphoric acid, potash or any recognized plant food element or compound which is used primarily for its plant food content to improve the soil's agricultural qualities. "Fertilizer" and "soil conditioners" include fertilizer and insecticide combinations, agricultural minerals, carbon dioxide for application to land, urea, sewage sludge, liquid spray mixtures of minerals and plant nutrients, lime, compost, manure, peat moss and soy bean straw.

Continuation of Section Tax 11.12

b. "Fertilizer" and "soil conditioners" do not include fill dirt, top soil, wood chips, wood shavings, litter and hormone growth stimulants.

Note: The difference between fertilizers and b-e growth stimulants is that fertilizers nourish plants whereas hormone growth stimulants act upon the cellular structure.

5. Sprays, pesticides and fungicides "Sprays," "pesticides" and "fungicides" include disinfectant sprays, fly sprays and preparations used to destroy insects, mites, nematodes, slugs or other invertebrate animals injurious to plants and animals; chemicals used for crop disease, pest and weed control, including insecticides, menticides and pesticides used to sanitize and clean dairy equipment. Products used to sanitize dairy equipment are exempt, if they are registered with the U.S. environmental protection agency, or "EPA," as pesticides, advertised and sold as pesticides, and each bottle, can or other container containing the pesticide has an EPA pesticide registration number on it.

6. Containers for fruits, vegetables, grain and animal wastes. a. "Containers for fruits, vegetables, grain and animal wastes" includes any kind of personal property which is purchased exclusively for holding or storing fruit, vegetables, grains or animal wastes. The phrase does not include feed carts designed to hold various green and dry feeds.

b. A complete corn crib or grain bin may be purchased "knocked-down" in kit form and still qualify for this exemption. However, a person who contracts with a farmer to provide and install the bin permanently into real estate is a consumer of the bin, not its seller. The contractor, dealer or installer, not being a farmer, may not furnish a farmer's exemption certificate on the bin's purchase. Being the consumer, not a seller, the contractor shall pay the sales tax to the supplier or report the use tax or sales tax pursuant to s. Tax 11.14 (2) (c) on the purchase price directly to the department. A farmer who utilizes the farmer's exemption certificate on the purchase of a grain bin or corn crib normally built on a slab or otherwise affixed to real estate may purchase the crib or bin separately and do any necessary installation work.

c. Farmers may purchase animal waste containers or the component parts thereof without tax, by issuing their supplier a properly completed "single purchase" farmer's exemption certificate.

d. Silos are not included in the exemption. The purchaser of materials used in building a silo shall pay the sales tax to the purchaser's supplier. A silo unloader may be purchased by a farmer as an exempt machine.

e. Milk cans are not covered by the farmer's exemption, but may be purchased without tax under the general exemption for shipping materials if they are used to transfer milk to the purchaser's customers.

7. Semen. Semen used for artificial insemination of livestock is exempt.

Note: Section 77.54(30)(a) 8, Stats., exempts electricity sold for use in farming, including agriculture, dairy farming, floriculture and horticulture during the months of November through April. Section 77.54(SO) (a) 5, Stats., exempts fuel sold for use in farming, including agriculture, dairy farming, floriculture and horticulture.

(5) SERVICES FURNISHED TO FARMERS. (a) The repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection or maintenance of tangible personal property which farmers may purchase without tax under s. 77.54 (3) and (3m), Stats., are also exempt from the sales and use tax under s. 77.52 (2) (a) 10, Stats. Thus, farmers may claim an exemption on the repair services for their tractors and other farm machines, but not on their furnaces, office machines or electric drills. Similarly, they may claim an exemption when having draft horses shod, but not when having riding horses shod.

(b) Breeding fees, and charges for artificial insemination of animals and veterinarians' services are not taxable.

Continuation of Saation Tax 11 .12

(c) The exemptions under a 77.54 (3), Stats., do not apply to farmers' purchases of other services which are taxable under s. 77.52 (2) (a), Stats., including telephone, laundry, dry cleaning and photographic services.

(6) **SERVICES PROVIDED BY FARMER.** (a) *Nontaxable services.* The following services performed by farmers are not subject to the sales tax:

1. Custom work. The performance of custom farm services by one farmer for another farmer, such as harvesting hay or grain.

2 Training animals, The training of horses, dogs or other animals.

(b) *Taxable services.* The following services performed by farmers are taxable:

1. Boardii animals The boarding of dogs, cats, riding horses, ponies or other recreational animals. The entire boarding charge is taxable, but the retailer may purchase the feed for the animals without tax by supplying a properly completed resale certiite.

2. Grooming animals. The grooming of recreational animals.

(7) **TAXABLE BALES.** Sales of tangible personal property by farmers which are taxable include:

(a) Gamebii sold to persons, regardless of whether the birds are used as food for human consumption, if the primary reason for the purchase of the gamebirds is for hunting.

(b) Horses for use in racing, riding or show.

(c) Llamas for use as pack animals, pets or. to herd sheep.

(d) Flowers, Christmas trees and other decorative trees, plants or shrubs.

(e) Timber or gravel when the purchaser acquires this property for removal.

Note: 1) The interpretations in a. Tax 11.12 are effective under the general sales and use tax law on and after September 1, 1969, except: (a) Semen became exempt effective July 22, 1971, pursuant to Chapter 64, Laws of 1971; (b) Baling wire and twine became exempt effective December 24, 1975, pursuant to Chapter 146, Laws of 1975; (c) The exemption for electricity for residential use and use in farming and for fuel oil, propane, coal, steam or wood for residential use became effective July 1, 1979, pursuant to Chapter 1, Laws of 1979; (d) The definition of "feed lot" became effective December 1, 1981; (e) Farm livestock medicine, milk house supplies and animal bedding became exempt effective July 1, 1986, pursuant to 1985 Wis. Act 29; (f) The definition of "exclusively used" became effective October 1, 1989, pursuant to 1989 Wis. Act 31; (g) The farm machinery exemption was revised effective October 1, 1989, pursuant to 1989 Wis. Act 31; and (h) The exemption for farm fuel for items other than machines became effective October 1, 1991, pursuant to 1991 Wis. Act 39.

2) Prior to October 1, 1989, and on or after December 1, 1981, "exclusively" meant used solely in farming to the exclusion of all other uses, except for infrequent or sporadic use other than farming.

History: Cr. Register, March, 1976, No. 267, eff. 4-1-78; am. (2) (intro.), (4) (a) 1, (4) (b) (intro.) and (5) (c), mum. (2) (a) to be (2) (a) 1. and am., cr. (2) (a) 2., Register, November, 1981, No. 311, eff. 12-1-81; am. (2) (a) 1., (4) (b) 5., 6. c. and 9, Register, June, 1983, No. 330, eff. 7-1-83; am. (4) (a) 1., 3. and 5., and (5) (c), cr. (5) (d), Register, September, 1984, No. 345, eff. 10-1-84; am. (4) (a) (intro.) and 7., (4) (b) 6. b, Register, July, 1967, No. 379, eff. 8-1-87; am. (2) (a) 1. and (4) (b) 7, cr. (7), Register, N-k, 1988, No. 296, eff. 12-1-88; renum. (2) (a) to (d) and (4) (b) 7. and 8. to be (2) (e), (g), (f), (b), (h) and (e), cr. (2) (a), and (d) and (i), am. (4) (b) (intro.) and 8. b, Register, June, 1990, No. 414, eff. 7-1-R cr. (2) (b), (4) (a) 2., 4. c. and d. and 5. a., am. (1), (4) (a) (intro.), (4) (b) 3. a., 4. b. and 5. b. and d., renum. (2) (b) to be (2) (c), renum. (2) (c) 1. and 2. to be (2) (a) and (g) and am. (g), renum. (2) (d) to (g) to be (2) (a), (f), (h) and (i) and am. (f), renum. (2) (h) and (i) to be (2) (j) and (k), renum. (4) (a) 2. to be 3., and am., renum. (4) (a) 3. and 4. a. and b. to be (4) (a) 4. and 5. b. and c., and am. 4. a. and b. and 5. b. and c., renum. (4) (a) 5., 6., and 7. to be (4) (a) 6., 7. and 8. and am. 7. b. and 6. 1, Register, Jan, 1991, No. 426, eff. 7-1-91; am. (2) (d), (e), (i) and (2), (4) (a) (intro.) a. 5. c., 6., 7. c., (b) (intro.), 4. a., 6. md 6. c., renum. (4) (b) 9. to be (4) (b) 7., r. (5) (d), Register, April, 1998, No. 446, eff. 5-1-98.



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-31967

JK:...

m 6-21-99

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gen

1 AN ACT ...; relating to: ^a the sales tax and ^a the use tax exemption for ^{interest} products used
2 ~~in farming.~~ ^{for conservation or restoration related to} agricultural land

Analysis by the Legislative Reference Bureau

Under current law, certain items, such as seeds, plants and fertilizer, are exempt from the sales tax and the use tax if such items are used in the business of farming. Under this bill, such items are exempt if the items are ~~also used to set aside agricultural land~~ ^{also used to set aside} for conservation or restoration purposes.

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:

3 SECTION 1. 77.54 (3m) (intro.) ^X of the statutes is amended to read:

4 77.54 (3m) (intro.) The gross receipts from the sale of and the storage, use or
5 other consumption of the following items if they are used exclusively by the
6 purchaser or user ~~to set aside agricultural land for conservation or restoration~~
7 ~~purposes~~ or in the business of farming; including dairy farming, agriculture,
8 horticulture, floriculture and custom farming services:

related to agricultural land

related to agricultural land
or in the business of farming

1

SECTION 2. Effective date.

*beginning after
MAY*

2

(1) This act takes effect on the first day of the 2nd month following publication.

3

(END)

**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: 7/1/99

To: Representative Skindrud

Relating to LRB drafting number: LRB-3 196

Topic

amend sec. 77.54 (3m) (a) to expand sales tax exemption to seed used in prairie restoration

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