

## 1999 ASSEMBLY BILL 572

November 3, 1999 – Introduced by Representatives SINICKI, F. LASEE, PLALE, KRUG, HASENOHRL, MUSSER, STASKUNAS, GUNDERSON, J. LEHMAN, UNDERHEIM, SERATTI and M. LEHMAN, cosponsored by Senators GROBSCHMIDT, BURKE, FARROW and A. LASEE. Referred to Committee on Ways and Means.

1     **AN ACT to amend** 77.51 (4) (c) 2. and 77.51 (15) (c) 1.; and **to create** 77.51 (4) (b)  
2             2m. and 77.51 (15) (b) 2m. of the statutes; **relating to:** the sales tax and the use  
3             tax on tips and gratuities.

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### *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. Under current law, retailers generally pass on all sales taxes to the consumer.

Under current law, for purposes of imposing a sales tax, gross receipts include any addition to the sales price of tangible personal property that is charged to a customer in lieu of a tip or a gratuity. Under this bill, for purposes of imposing a sales tax, gross receipts do not include any addition to the sales price of tangible personal property that is charged to a customer in lieu of a tip or a gratuity.

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 current law, for purposes of imposing a use tax, the sales price of tangible personal property includes any addition to the sales price that is charged to a customer in lieu of a tip or a gratuity. Under this bill, for purposes of imposing a use tax, the sales price of tangible personal property does not include any addition to the sales price of tangible personal property that is charged to a customer in lieu of a tip or a gratuity.

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For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

1           **SECTION 1.** 77.51 (4) (b) 2m. of the statutes is created to read:

2           77.51 **(4)** (b) 2m. Any services that are a part of the sale of tangible personal  
3 property, including any fee, service charge, labor charge or other addition to the price  
4 charged a customer by the retailer that represents or is in lieu of a tip or gratuity.

5           **SECTION 2.** 77.51 (4) (c) 2. of the statutes is amended to read:

6           77.51 **(4)** (c) 2. ~~Any~~ For taxes imposed under subch. V, any services that are  
7 a part of the sale of tangible personal property, including any fee, service charge,  
8 labor charge or other addition to the price charged a customer by the retailer which  
9 represents or is in lieu of a tip or gratuity.

10          **SECTION 3.** 77.51 (15) (b) 2m. of the statutes is created to read:

11          77.51 **(15)** (b) 2m. Any services that are a part of the sale of tangible personal  
12 property, including any fee, service charge, labor charge or other addition to the price  
13 charged a customer by the retailer that represents or is in lieu of a tip or gratuity.

14          **SECTION 4.** 77.51 (15) (c) 1. of the statutes is amended to read:

15          77.51 **(15)** (c) 1. ~~Any~~ For taxes imposed under subch. V, any services that are  
16 a part of the sale of tangible personal property, including any fee, service charge,  
17 labor charge or other addition to the price charged a customer by the retailer which  
18 represents or is in lieu of a tip or gratuity.

19          **SECTION 5.** 77.52 (5m) of the statutes is created to read:

