

STATE OF WISCONSIN

REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS

1999 SENATE BILL 152

[Introduced by Senators A. Lasee, Huelsman and Drzewiecki; cosponsored by Representatives Grothman, Gronemus, Sykora and Powers.]

General Nature of Proposal

Under current law, certain occasional sales of tangible personal property or services, including admissions or tickets to an event, are exempt from the state sales and use tax. In order to be exempt under current law the sale must:

1. Be made by a neighborhood association, church, civic group, garden club, social club or similar nonprofit organization.

2. Not involve entertainment for which payment in the aggregate exceeds \$300 for performing or as reimbursement of expenses unless access to the event may be obtained without payment of a direct or indirect admission fee.

3. Is conducted by the organization if the organization is not engaged in a trade or business and is not required to have a seller's permit. (Under the law, an organization is engaged in a trade or business and is required to have a seller's permit if its sales of tangible personal property and services, not including sales of tickets to events, and its events occur more than 20 days during the year, unless its receipts do not exceed \$15,000 during the year.)

Generally, the exemption provided under current law does not apply to gross receipts from the sale of bingo supplies to players or to the sale, rental or use of regular bingo cards, extra regular cards and special bingo cards.

The bill increases the entertainment expense limit from \$300 to \$500.

Legality Involved

There are no questions of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

The Department of Revenue estimates the fiscal effect of the bill as follows:

This bill increases the entertainment expense limit for occasional sales events offered by qualified tax exempt organizations from

\$300 to \$500 per event. Detailed information regarding entertainment offerings and expenses at occasional sales events is not available. However, based on anecdotal information, the increased threshold for entertainment expenses is not likely to significantly affect sales tax revenue.

Public Policy Involved

This bill is good public policy.