LRB–3374/1
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1999 SENATE BILL 266

October 28, 1999 – Introduced by Senators GROBSCHMIDT, BRESKE, DRZEWIECKI, BURKE, DARLING and MOORE, cosponsored by Representatives SINICKI, F. LASEE, BRANDEMUEHL, RICHARDS, MUSSER, PLALE, STONE, COLON, PETTIS, ALBERS, MILLER, SYKORA, RYBA and HASENOHRL. Referred to Committee on Economic Development, Housing and Government Operations.

AN ACT ***to renumber*** 77.51 (4) (b) 3. and 77.51 (15) (b) 4.; and ***to create*** 77.51 (4) (b) 3. b. and 77.51 (15) (b) 4. b. of the statutes; **relating to:** changing the definition of gross receipts to exclude insurance settlement proceeds used to purchase a motor vehicle to replace a stolen motor vehicle.

Analysis by the Legislative Reference Bureau

Under current law, the state imposes a sales tax on retailers that sell goods or services in this state. The state also imposes a use tax on goods or services purchased outside of this state that are used in this state. The sales tax rate is 5% of the gross receipts from the sale of goods or services. The use tax rate is 5% of the sales price of goods or services. The consumer pays the use tax and the retailer, generally, passes the sales tax onto the consumer.

Under current law, if a person purchases an automobile to replace an automobile that has been stolen, the person pays a sales or use tax based on the full purchase price of the replacement automobile.

Under this bill, if a person purchases an automobile to replace an automobile that has been stolen, the person pays a sales tax or a use tax only on that part of the purchase price that is the difference between the full purchase price of the automobile and the amount received from an insurer as a settlement related to the stolen automobile.

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

SECTION 1. 77.51 (4) (b) 3. of the statutes is renumbered 77.51 (4) (b) 3. a.

SECTION 2. 77.51 (4) (b) 3. b. of the statutes is created to read:

77.51 **(4)** (b) 3. b. If a person purchases a motor vehicle to replace the person's stolen motor vehicle, and the person purchases the motor vehicle using proceeds from a settlement with an insurer related to the person's stolen motor vehicle, the gross receipts shall be that portion of the purchase price that is the difference between the full purchase price of the motor vehicle and the amount of the settlement proceeds.

SECTION 3. 77.51 (15) (b) 4. of the statutes is renumbered 77.51 (15) (b) 4. a.

SECTION 4. 77.51 (15) (b) 4. b. of the statutes is created to read:

77.51 **(15)** (b) 4. b. If a person purchases a motor vehicle to replace the person's stolen motor vehicle, and the person purchases the motor vehicle using proceeds from a settlement with an insurer related to the person's stolen motor vehicle, the gross receipts shall be that portion of the purchase price that is the difference between the full purchase price of the motor vehicle and the amount of the settlement proceeds.

SECTION 5. Effective date.

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

(END)