

1999 SENATE BILL 391

February 16, 2000 – Introduced by Senators BRESKE, DRZEWIECKI, ROESSLER, SCHULTZ, ZIEN, A. LASEE, WELCH, RUDE, FITZGERALD, PANZER, LAZICH, BAUMGART and SHIBILSKI, cosponsored by Representatives SERATTI, RHOADES, GRONEMUS, PETROWSKI, SCHNEIDER, OTT, SUDER, FREESE, AINSWORTH, HUNDERTMARK, SCHOOFF, GARD, GROTHMAN, HAHN, LASSA, ALBERS, GUNDRUM, PETTIS, OLSEN, HASENOHRL, F. LASEE, REYNOLDS, SKINDRUD, MUSSER, PLOUFF, JENSEN, SPILLNER, WASSERMAN, KESTELL, LEIBHAM, GUNDERSON, SYKORA, KREIBICH, WARD, HUTCHISON, STONE, POWERS, KLUSMAN, JOHNSRUD, HANDRICK, BRANDEMUEHL, KEDZIE, TOWNSEND, HUEBSCH and GOETSCH. Referred to Joint survey committee on Tax Exemptions.

1 **AN ACT to repeal** 77.54 (3) (b) 1., 77.54 (3) (b) 2., 77.54 (3) (c), 77.54 (3m), 77.54
 2 (27), 77.54 (30) (a) 3. and 5., 77.54 (33) and 77.54 (34); **to amend** 77.54 (3) (a);
 3 and **to create** 77.54 (3) (b) 2m. of the statutes; **relating to:** a sales tax and use
 4 tax exemption on tangible personal property used in the business of farming.

Analysis by the Legislative Reference Bureau

Under current law, tractors and other machines that are used for farming are exempt from the sales tax and the use tax. Under current law, a machine that is used for farming is, generally, not exempt from the sales tax and the use tax if the machine is attached to or becomes part of real property, regardless of the extent to which the machine is used in the business of farming.

Under this bill, tangible personal property that is used for farming is exempt from the sales tax and the use tax, regardless of whether the tangible personal property is attached to or becomes part of real property. Under the bill, tangible personal property that is consumed or loses its identity in the business of farming is also exempt from the sales tax and the use tax.

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.

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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.** 77.54 (3) (a) of the statutes is amended to read:

2 77.54 **(3)** (a) The gross receipts from the sales of and the storage, use or other
3 consumption of ~~tractors and machines, including accessories, attachments and parts~~
4 ~~therefor, tangible personal property that is~~ used exclusively and directly in the
5 business of farming, including dairy farming, agriculture, horticulture, floriculture
6 and custom farming services, but excluding automobiles, trucks, and other motor
7 vehicles for highway use; ~~excluding personal property that is attached to, fastened~~
8 ~~to, connected to or built into real property or that becomes an addition to, component~~
9 ~~of or capital improvement of real property~~ and excluding tangible personal property
10 used or consumed in the erection of buildings or in the alteration, repair or
11 improvement of real property, ~~regardless of any contribution that that personal~~
12 ~~property makes to the production process in that building or real property and~~
13 ~~regardless of the extent to which that personal property functions as a machine.~~

14 **SECTION 2.** 77.54 (3) (b) 1. of the statutes is repealed.

15 **SECTION 3.** 77.54 (3) (b) 2. of the statutes is repealed.

16 **SECTION 4.** 77.54 (3) (b) 2m. of the statutes is created to read:

17 77.54 **(3)** (b) 2m. Notwithstanding s. 77.51 (20), “tangible personal property”
18 includes tangible personal property that is fastened to, connected to or built into real
19 property and tangible personal property that is consumed or loses its identity in the
20 business of farming.

21 **SECTION 5.** 77.54 (3) (c) of the statutes is repealed.

