

1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received: 09/29/1999

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Legislative Fiscal Bureau

By/Representing: Shanovich

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - recycling surcharge

Extra Copies:

Pre Topic:

LFB:.....Shanovich -

Topic:

impose recycling surcharge to businesses, including farms, with more than \$1,000,000 in gross receipts

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>
/?	jkreye 10/01/1999	jgeller 10/01/1999		_____			
/1	jkreye 10/01/1999	jgeller 10/02/1999	mclark 10/02/1999	_____	lrb_docadmin 10/03/1999		
	jkreye 10/04/1999	jgeller 10/04/1999		_____			
/2	jkreye 10/04/1999	jgeller 10/04/1999	hhagen 10/04/1999	_____	lrb_docadmin 10/04/1999		
/3			mclark 10/04/1999	_____	lrb_docadmin 10/04/1999		

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

<END>

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/2		<i>3 10/4 jlg</i> yhagen 10/04/1999		_____	lrb_docadmin 10/04/1999		

FE Sent For:

MRC 10/4 *MRE/JF 10/2/*

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/?	jkreye 10/01/1999	ygeller 10/01/1999		_____			
/1	jkreye 10/01/1999	ygeller 10/02/1999	mclark 10/02/1999	_____	lrb_docadmin 10/03/1999		

Handwritten notes:
1/2 10/4 jg
10/14
10/4

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<END>

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/?	jkreye	1 10/2 jlg	MRC 10/2	MRC/TAY 10/2			

FE Sent For:

<END>

Memo

To: Joe

From: Becky

Subject: Recycling surcharge

Date: September 28, 1999

By the time you see this, it may already be obsolete but here goes: Late today, Kendra Bonderud (LFB) outlined for me what she thinks the recycling deal will be. She thinks that the recycling deal will include a surcharge similar to the one that formerly funded recycling programs. It is likely to be something like the description in the attached memo, except that there is likely to be just one (as yet unknown) rate rather than phasing it in. I thought that I should let you know so that you can start thinking about it or even drafting it if you have time.

*Joe - I wrote this
last night, then
forgot to put
it in your office.
Sorry*



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

Confidential

September 23, 1999.

TO: Representative Scott Jensen
Room 211 West, State Capitol

FROM: Kendra Bonderud and Ron Shanovich

SUBJECT: Recycling Changes to Joint Finance Provisions in 1999-01 Budget -- Funding From Recycling Surcharge and Tipping Fee

At your request, this memorandum summarizes a proposal to make changes to the recycling funding and expenditures provided in the 1999-01 biennial budget, as amended by the Joint Committee on Finance (ASA 1 to AB 133).

Based on preliminary data, the segregated recycling fund is expected to have a July 1, 1999, unencumbered balance of approximately \$45.3 million. Under ASA 1 to AB 133, appropriations would be \$25,910,600 in 1999-00 with 26.25 positions and \$19,910,600 in 2000-01 with 18.50 positions.

Under the proposal, ongoing annual revenues and expenditures (after the phasing in of revenues described below) would equal approximately \$31.1 million. See Table 1 for an estimated recycling fund condition statement under the proposal. Table 2 shows the authorized recycling fund positions under the proposal.

* 1. *Revenues from a Recycling Surcharge.* Impose a recycling surcharge on most businesses. The surcharge would be calculated the same as under prior law with certain modifications. Prior law, until April, 1999, imposed a surcharge in tax year 1998 equal to 2.75% of gross tax liability for corporations (5.5% in tax years prior to 1998) and 0.2173% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations (0.4345% in tax years prior to 1998). Businesses with under \$4,000 in gross income, farms with less than \$1,000 of net income and members of the clergy were excluded from paying the prior surcharge. Under the proposal, businesses (including farms) with \$1 million or less in gross receipts would be excluded from paying the surcharge. However,

probably 2000 rate ~~rather than~~ ^{beginning with tax year} instead of phasing in 3 years / Rep Jensen memo

businesses with gross receipts in excess of \$1 million would be subject to the surcharge based on the business' total net income or gross tax liability. The maximum payment would be increased from \$9,800 under prior law to \$20,000. The minimum payment would remain at \$25. The recycling surcharge rate would be phased in over three years, beginning with tax year 2000 as follows: (a) tax year 2000, 0.35% of gross tax liability for corporations or 0.02765% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations; (b) tax year 2001, 0.6% / 0.0474%; and (c) tax year 2002, 2.4% / 0.1896%. When fully phased in, the recycling surcharge would generate an estimated \$24.0 million on an annual basis, beginning in 2002-03. The surcharge would generate an estimated \$2.7 million in 1999-00, \$10.1 million in 2000-01 and \$16.9 million in 2001-02.

rates to be determined
 2. Revenue from a Recycling Tipping Fee. Impose a state recycling tipping fee of: (a) \$1.00 per ton on all solid waste except high-volume industrial waste disposed of in landfills in Wisconsin; and (b) \$0.25 per ton on high-volume industrial waste. The recycling tipping fees would be effective for waste disposed of in landfills on or after January 1, 2000. The fees would first be assessed in the spring of 2001 for calendar year 2000 solid waste tons. The recycling tipping fee would be expected to generate revenues of approximately \$6.7 million annually, beginning in 2000-01, for the recycling fund. *Might be quarterly collection as described in 7/2/99 memo to Sen. Decker + exclusion per Senate*

3. DNR Municipal and County Recycling Grant Amount. Increase funding for municipal and county recycling grants to \$26,200,000 annually, beginning in 1999-00 for calendar year 2000 grants. This would provide an increase above Joint Finance funding levels of \$6,200,000 (from \$20,000,000 under Joint Finance) in 1999-00 and \$11,200,000 (from \$15,000,000) in 2000-01. A \$2.2 million increase would be provided over calendar year 1999 grant levels to account for increased tipping fees paid by municipalities.

4. DNR Municipal and County Recycling Grant Formula. To be determined.

* 325
 5. DNR Waste Reduction and Recycling Demonstration Grants. Include the Senate provision to direct DNR to lapse any unencumbered grant appropriation balance exceeding \$500,000 on June 30, 1999, to the recycling fund (estimated lapse of \$500,000). Delete the \$1,000,000 provided by Joint Finance for the grant program in 1999-00, and maintain the \$500,000 appropriated by Joint Finance in 2000-01. This would provide \$1,000,000 for demonstration grants in the biennium. In addition, direct DNR to provide grants from the appropriation totaling \$175,000 in 1999-00 and \$150,000 in 2000-01 to the Wheelchair Recycling Project. *See Assembly, 2 components for grant distribution*

6. DNR Administrative Expenditures. Include the Senate provision to provide DNR with approximately \$2.1 million in 1999-00 and \$1.9 million in 2000-01 for administration and 19.0 positions.

* 167,300 334,600
 7. DOR Surcharge Administration. Provide the Department of Revenue with approximately \$0.2 million in 1999-00 and \$0.3 million in 2000-01 to retain 2.5 positions to administer the recycling surcharge.

Recreate 20.566(3)(g)

**Legislative Fiscal Bureau**

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 29, 1999

TO: Senator Russell Decker
Room 323 South, State Capitol

FROM: Kendra Bonderud and Ron Shanovich

SUBJECT: Recycling Modifications to 1999-01 Budget -- Funding From Recycling Surcharge and Tipping Fee

At your request, this memorandum summarizes a proposal to make changes to the recycling funding and expenditures provided in the 1999-01 biennial budget, as amended by the Joint Committee on Finance (ASA 1 to AB 133).

Based on preliminary data, the segregated recycling fund is expected to have a July 1, 1999, unencumbered balance of approximately \$45.3 million. Under ASA 1 to AB 133, appropriations would be \$25,910,600 in 1999-00 with 26.25 positions and \$19,910,600 in 2000-01 with 18.50 positions.

Under the proposal, ongoing annual revenues and expenditures (after the phasing in of revenues described below) would equal approximately \$43.0 million. See Table 1 for an estimated recycling fund condition statement under the proposal. Table 2 shows the authorized recycling fund positions under the proposal.

1. Revenues from a Recycling Surcharge. Impose a recycling surcharge on businesses. The surcharge would be calculated the same as under prior law with certain modifications. Prior law, until April, 1999, imposed a surcharge in tax year 1998, equal to 2.75% of gross tax liability for corporations (5.5% in tax years prior to 1998) and 0.2173% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations (0.4345% in tax years prior to 1998). Businesses with under \$4,000 in gross income, farms with less than \$1,000 of net income and members of the clergy were excluded from paying the prior surcharge. Under the proposal, businesses (including farms) with \$1 million or less in gross receipts would be excluded from paying the surcharge. However, businesses with gross

2000

receipts in excess of \$1 million would be subject to the surcharge based on the business' total net income or gross tax liability. The maximum payment would be increased from \$9,800 under prior law to \$20,000. The minimum payment would remain at \$25. The recycling surcharge rate would be effective beginning with tax year 1999 and would be 3.3% of gross tax liability for corporations or 0.2607% of net business income for nonfarm sole proprietorships, partnerships, limited liability companies taxable as partnerships and S corporations. The recycling surcharge would generate an estimated \$29.8 million on an annual basis, beginning in 1999-00.

2. *Revenue from a Recycling Tipping Fee.* Impose a state recycling tipping fee of: (a) \$2.00 per ton on all solid waste except high-volume industrial waste disposed of in landfills in Wisconsin; and (b) \$0.30 per ton on high-volume industrial waste. Impose an increase in the environmental fund state tipping fee to offset the loss in environmental fund revenues from anticipated decreases in the number of tons of solid waste landfilled as a result of the \$2.00 state recycling tipping fee. The environmental fund tipping fee would increase by 2.3¢ per ton on all waste except high-volume industrial waste. Further, exclude from the recycling tipping fee waste disposed of by nonprofit corporations under federal Internal Revenue Service code 501 (c)(3) that provide services and programs for people with disabilities or that primarily serves low-income persons and that derives a portion of its income from the operation of recycling and reuse programs, if that waste is not commingled with waste that is subject to the recycling tipping fee. In addition, exempt state recycling tipping fees paid by municipalities from the budget test under the expenditure restraint program.

1-1-2000

The recycling and environmental fund tipping fees would be effective for waste disposed of in landfills on or after ~~the first day of the first month after the effective date of the bill.~~ The recycling tipping fees would be assessed quarterly, and would provide that fee payments would be due to the Department of Natural Resources (DNR) on: (a) May 1 for waste disposed of from January 1 through March 31; (b) August 1 for waste disposed of from April 1 through June 30; (c) November 1 for waste disposed of from July 1 through September 30; and (d) February 1 for waste disposed of from October 1 through December 31. The recycling tipping fee would be expected to generate revenues of approximately \$5.3 million in 1999-00 and \$12.6 million annually, beginning in 2000-01, for the recycling fund.

3. *DNR Municipal and County Recycling Grant Amount.* Increase funding for municipal and county recycling grants to \$37,800,000 annually, beginning in 1999-00 for calendar year 2000 grants. This would provide an increase above Joint Finance funding levels of \$17,800,000 (from \$20,000,000 under Joint Finance) in 1999-00 and \$22,800,000 (from \$15,000,000) in 2000-01. Repeal the current sunset on recycling grants after 2000. Recycling grants totaled \$24 million for 1999.

4. *DNR Municipal and County Recycling Grant Formula.* Direct the Department of Natural Resources (DNR) to distribute the 1999-00 grants (calendar year 2000) to every responsible unit of government that received a grant in 1999 and that operates an effective recycling program. Direct that the grant would be equal to the same percentage of the total grant funding as the responsible unit received in 1999, excluding any grant reductions made in 1999 for late applications by responsible units.

In addition, direct DNR to provide grants from the demonstration grant appropriation totaling up to \$175,000 in 1999-00 and \$150,000 in 2000-01 to the Wheelchair Recycling Project, a part of the Madison Chapter of the National Spinal Cord Injury Association, for the purpose of refurbishing used wheelchairs and other mobility devices and returning them to use by persons who otherwise would not have access to or needed or appropriate equipment. The grants would include: (a) \$75,000 on the first day of the first month after the effective date of the bill and \$50,000 on July 1, 2000; and (b) \$100,000 on June 15, 2000, contingent on the project raising \$100,000 from any source by June 15, 2000 and \$100,000 on June 15, 2001, contingent on the project raising an additional \$100,000 by June 15, 2001, for the purpose of opening a Milwaukee facility. (The Conference Committee tentatively agreed to the funding amount for the Wheelchair Recycling Project but did not decide on whether to fund other demonstration grants.)

6. *DNR Administration.* Include the Senate provision (tentatively agreed to by the Conference Committee) to provide DNR with: (a) one-time funding of \$325,000 in each of 1999-00 and 2000-01 for recycling computer system upgrades; (b) \$15,000 in 1999-00 to restore 0.25 position and \$480,000 in 2000-01 to restore 8.0 DNR Waste Management program staff in the regional offices for administration of recycling law provisions; and (c) \$60,000 in each of 1999-00 and 2000-01 to restore 1.0 DNR grant administration position in the Bureau of Community Financial Assistance. This would provide a total DNR recycling staffing level of 19.0 in each year.

In addition, provide \$199,800 annually for limited-term employees and supplies costs in the Bureau of Administrative and Field Services. This would restore funds deleted in the Governor's budget bill, as adopted by the Joint Finance Committee, to support operations in DNR service centers and administrative facilities throughout the state, including utilities, janitorial services, building and grounds maintenance, telephone costs and other operations costs. It should be noted that the fund condition in Table 1 includes the Conference Committee agreement to include \$200,000 in 1999-00 in one-time funds for a study of the landfill cleanup issue in the state.

7. *DOR Surcharge Administration.* Provide the Department of Revenue with \$123,000 in 1999-00 and \$245,900 in 2000-01 to retain 1.5 positions to administer the recycling surcharge. (This would be a reduction of 1.0 staff from the 2.5 positions in 1998-99.)

8. *Recycling Market Development Board Grants.* Provide \$1,000,000 SEG in 2000-01 (instead of \$2,000,000 annually under the Senate and tentative Conference Committee agreement). Reestimate the program revenue loan repayments appropriation for financial assistance to be \$2,300,000 PR annually (\$800,000 higher than estimated under AB 133). The proposal would provide a total of \$5.6 million for financial assistance in the biennium. (The Board made awards of approximately \$2.3 million in each of the last two years.)

Include the Senate provisions (tentatively agreed to by the Conference Committee) to make the following changes related to Commerce staff: (a) delete \$166,100 SEG and 2.0 SEG positions annually; (b) provide that the remaining 2.0 SEG positions would be Commerce recycling market development staff instead of RMDB staff, and would include a loan portfolio manager to manage

recreate
20.566(3)(g)
↓
see
20.566
(1)(g)

partnership stuff — see ASA1 p 888, 71.85/15
71.15-25

~~71.50/5~~
~~71.51/1~~

~~p. 94/211-12~~
~~71.45/6~~

Recycling
funding

~~p. 159/line 37: delete "(11)"~~
~~and substitute "(1r)"~~

take effect January 1,
3.3% — tax year 2000 .2607%

\$4000 — \$1,000,000 — to form

→ for language (266-8849)

from Hb DOR

delete 77.945

77.94(3) & (4) —

Kreye, Joseph

From: Shanovich, Ron
Sent: Friday, October 01, 1999 1:25 PM
To: 'Joseph.Kreye@legis.state.wi.us'
Subject: FW: Recycling Surcharge

Importance: High

-----Original Message-----

From: Gates-Hendrix, Sherrie
Sent: Friday, October 01, 1999 12:09 PM
To: Shanovich, Ron
Subject: FW: Recycling Surcharge
Importance: High

FYI in case this is still on the table.

-----Original Message-----

From: Held, Carol L
Sent: Friday, October 01, 1999 9:45 AM
To: Gates-Hendrix, Sherrie
Subject: Recycling Surcharge
Importance: High

If a recycling surcharge is imposed on businesses with at least \$1 million of gross receipts, it will be necessary to provide a statutory definition of the term "gross receipts." Since businesses are organized in different ways and they have different income tax reporting requirements, it would be very difficult to provide a comprehensive definition of "gross receipts" in the statutes. For this reason, the statutes should provide that "gross receipts" has the meaning prescribed by the DOR in an emergency rule. In a rule, we can provide examples for the various types of business entities.

One of the problems that we have with the current surcharge language relates to the treatment of partnerships and their partners. The partnership is subject to surcharge on part of the income while the partners are subject to the surcharge on their guaranteed payments. To treat partnerships in the same manner as other business entities, the surcharge should be imposed only on the partnership. In addition, there are some other problems with the partnership definition of "net business income." These problems could be resolved by amending sec. 77.92(4) as follows:

77.92(4) "Net business income", with respect to a partnership, means ^{taxable} income as calculated under section 703 of the internal revenue code ^{as defined under s. 71.01(6)}; plus the items of income and gain under section 702 of the internal revenue code, ^{including state and municipal bond interest,} ~~except interest which is by law exempt from state income taxation,~~ and excluding ^{nontaxable} interest or dividend income from obligations of the federal government ~~which is by federal law exempt from taxation~~; minus the items of loss and deduction under section 702 of the internal revenue code, ~~except items that are nondeductible under s. 71.21;~~ plus guaranteed payments made to partners under section 707(c) of the internal revenue code treated as not made to partners under section 707(a) of the internal revenue code; plus the credits ~~claimed~~ computed under s. 71.07(2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx) and (3s); plus or minus, as appropriate, transitional adjustments, depreciation differences, and basis differences under s. 71.05(13), (15), (16), (17) and (19); but excluding income, gain, loss and deductions from farming.



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb1868?

JK:.....

RMR jlg

LFB:.....Shanovich – impose recycling surcharge to businesses, including farms, with more than \$1,000,000 in gross receipts

FOR 1999-01 BUDGET – NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

m 10-1-99

WAMX

1 At the locations indicated, amend the substitute amendment as follows:

2 SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
3 the following amounts for the purposes indicated:

Page 253, line 7: after that line insert:

1999-01 2000-01

4 20.566 Revenue, department of

5 (1) COLLECTION OF TAXES

6 (q) Recycling surcharge administra-
7 tion ✓

SEG A \$123,000m \$245,900m

8 1. Page 391, line 20: delete that line. ✓

\$sched

2. Page 953, line 14: after that line insert:

SECTION 1810m. Chapter 77 (title) of the statutes is amended to read:

CHAPTER 77 ^{WFO - hard return}

TAXATION OF FOREST CROPLANDS; REAL ESTATE TRANSFER FEES; ^{hard return}

SALES AND USE TAXES; COUNTY AND SPECIAL DISTRICT SALES ^{NO TP}

AND USE TAXES; ^{hard return} ^{NO TP}

MANAGED FOREST LAND; TEMPORARY RECYCLING SURCHARGE; ^{hard return}

LOCAL FOOD AND BEVERAGE TAX; LOCAL RENTAL CAR TAX; ^{NO TP}

PREMIER RESORT AREA TAXES; ^{hard return} ^{NO TP}

STATE RENTAL VEHICLE FEE; DRY CLEANING FEES".

SECTION 1817bb. Subchapter VII (title) of chapter 77 [precedes 77.92] of the statutes is amended to read:

CHAPTER 77
TEMPORARY RECYCLING SURCHARGE

3. Page 956, line 3: after that line insert:

SECTION 1817bc. 77.92 (4) of the statutes is amended to read:

77.92 (4) "Net business income", with respect to a partnership, means taxable income as calculated under section 703 of the ~~internal revenue code~~ ^{Internal Revenue Code}; plus the items of income and gain under section 702 of the ~~internal revenue code~~ ^{Internal Revenue Code}, including taxable state and municipal bond interest and excluding [✓] nontaxable interest income or dividend income from federal government obligations; minus the items of loss and deduction under section 702 of the ~~internal revenue code~~ ^{Internal Revenue Code}, except items that are not

1 deductible under s. 71.21; plus guaranteed payments treated as not made to partners
 2 under section 707 (a) (c) of the internal revenue code Internal Revenue Code; plus
 3 the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx)
 4 and (3s); plus or minus, as appropriate, transitional adjustments, depreciation
 5 differences and basis differences under s. 71.05 (13), (15), (16), (17) and (19); but
 6 excluding income, gain, loss and deductions from farming. "Net business income",
 7 with respect to a natural person, estate or trust, means profit from a trade or
 8 business for federal income tax purposes and includes net income derived as an
 9 employe as defined in section 3121 (d) (3) of the internal revenue code Internal
 10 Revenue Code.

11 **SECTION 1817bd.** 77.93 (intro.) of the statutes is amended to read:

12 **77.93 Applicability.** (intro.) For the privilege of doing business in this state,
 13 there is imposed a temporary recycling surcharge on the following entities:

14 **SECTION 1817be.** 77.93 (1) of the statutes is amended to read:

15 77.93 (1) All corporations required to file a return under subch. IV or V of ch.
 16 71 that have at least \$4,000 more than \$1,000,000 in total receipts from all activities
 17 for the taxable year except corporations that are exempt from taxation under s. 71.26
 18 (1) and that have no unrelated business income reportable under s. 71.24 (1m). The
 19 surcharge is imposed on the tax-option corporation, not on its shareholders, except
 20 that if a tax-option corporation's surcharge is delinquent, its shareholders are jointly
 21 and severally liable for it.

22 **SECTION 1817bf.** 77.93 (4) of the statutes is amended to read:

23 77.93 (4) All insurers that are required to file a return under subch. VII of ch.
 24 71 and that have at least \$4,000 more than \$1,000,000 in total receipts from all
 25 activities for the taxable year.

1 **SECTION 1817bg.** 77.94 (1) (intro.)^X of the statutes is amended to read:

2 77.94 (1) (intro.) Except as provided in subs. sub. (2)[✓] and (3), for taxable years
3 ending beginning after ~~April 1, 1991~~ December 31, 1999[✓], the surcharge imposed
4 under s. 77.93 is calculated as follows:

5 **SECTION 1817bh.** 77.94 (1) (a)^X of the statutes is amended to read:

6 77.94 (1) (a) On a corporation under s. 77.93 (1) and (4), an amount equal to
7 the amount calculated by multiplying gross tax liability for the taxable year of the
8 corporation by ~~5.5%~~ 3.3%[✓], or in the case of a tax-option corporation an amount equal
9 to the amount calculated by multiplying net income under s. 71.34 by ~~0.4345%~~
10 0.2607%, up to a maximum of ~~\$9,800~~ \$20,000[✓], or \$25, whichever is greater.

11 **SECTION 1817bi.** 77.94 (1) (b)^X of the statutes is amended to read:

12 77.94 (1) (b) On an entity under s. 77.93 (2) or (3), except an entity that has less
13 ~~than \$4,000~~ no more than \$1,000,000 of gross receipts, an amount equal to the
14 amount calculated by multiplying net business income as allocated or apportioned
15 to this state by means of the methods under s. 71.04, for the taxable year of the entity
16 by ~~0.4345%~~ 0.2607%, up to a maximum of ~~\$9,800~~ \$20,000[✓], or \$25, whichever is
17 greater.

18 **SECTION 1817bj.** 77.94 (1) (c)^X of the statutes is amended to read:

19 77.94 (1) (c) On an entity under s. 77.93 (5), except an entity that has a net farm
20 profit of less no more than ~~\$1,000~~ \$1,000,000[✓], a surcharge of \$25, regardless of
21 whether the entity is subject to a surcharge determined under par. (b).

22 **SECTION 1817bk.** 77.94 (3)^X of the statutes is repealed.

23 **SECTION 1817bL.** 77.94 (4)^X of the statutes is repealed.

24 **SECTION 1817bm.** 77.945^X of the statutes is repealed.

25 **SECTION 1817bn.** 77.96 (6)^X of the statutes is amended to read:

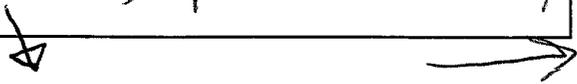
INSERT ^(3d) 5-2

non
stat

~~(11111)~~ RECYCLING SURCHARGE; RULES (CS)

¶(a) The department of revenue shall submit in proposed form rules to define "gross receipts"^{SS} under ~~subchapter~~ ^{subchapter} VII of chapter 77 of the statutes, as affected by this act, to the legislative council staff under section 227.15(1) of the statutes no later than the first day of the 4th month beginning after the effective date of this paragraph.

¶(b) Using the procedure under section 227.24 of the statutes, the department of revenue may promulgate rules to define "gross receipts"^{SS} under ~~subchapter~~ ^{subchapter} VII of chapter 77 of the statutes, as affected by this act, for the period before the effective date of the rules submitted under paragraph (a), but not to exceed the period authorized under section 227.24(1)(c) and (2) of the statutes. Notwithstanding section 227.24(1)(a), (2)(b) and (3) of the statutes,



the department is not required to provide evidence that promulgating a rule under this paragraph as an emergency rule is necessary for the preservation of the public peace, health, safety or welfare and is not required to provide a finding of emergency for a rule promulgated under this paragraph."

————— end of insert 5-2 —————



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb1868/1
JK:jl:mrc

LFB:.....Shanovich – impose recycling surcharge to businesses, including farms, with more than \$1,000,000 in gross receipts

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

**ASSEMBLY AMENDMENT ,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1999 ASSEMBLY BILL 133**

in 10-4-99

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 253, line 7: after that line insert:

3 “(q) Recycling surcharge administra-

4 tion SEG A 123,000 245,900”.

5 **2.** Page 391, line 20: delete that line.

6 **3.** Page 953, line 14: after that line insert:

7 “SECTION 1810m. Chapter 77 (title) of the statutes is amended to read:

8 **CHAPTER 77**

1 under section 707 (a) (c) of the ~~internal revenue code~~ Internal Revenue Code; plus
 2 the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx)
 3 and (3s); and plus or minus, as appropriate, transitional adjustments, depreciation
 4 differences and basis differences under s. 71.05 (13), (15), (16), (17) and (19); but
 5 excluding income, gain, loss and deductions from farming. "Net business income",
 6 with respect to a natural person, estate or trust, means profit from a trade or
 7 business for federal income tax purposes and includes net income derived as an
 8 employe as defined in section 3121 (d) (3) of the ~~internal revenue code~~ Internal
 9 Revenue Code.

*Sec. 77.92 (4r) of the statutes is repealed.
 1817bcm*

10 **SECTION 1817bd.** 77.93 (intro.) of the statutes is amended to read:

11 **77.93 Applicability.** (intro.) For the privilege of doing business in this state,
 12 there is imposed a ~~temporary~~ recycling surcharge on the following entities:

13 **SECTION 1817be.** 77.93 (1) of the statutes is amended to read:

14 77.93 (1) All corporations required to file a return under subch. IV or V of ch.
 15 71 that have at least ~~\$4,000~~ more than \$1,000,000 in ~~total~~ gross receipts from all
 16 activities for the taxable year except corporations that are exempt from taxation
 17 under s. 71.26 (1) and that have no unrelated business income reportable under s.
 18 71.24 (1m). The surcharge is imposed on the tax-option corporation, not on its
 19 shareholders, except that if a tax-option corporation's surcharge is delinquent, its
 20 shareholders are jointly and severally liable for it.

21 **SECTION 1817bf.** 77.93 (4) of the statutes is amended to read:

22 77.93 (4) All insurers that are required to file a return under subch. VII of ch.
 23 71 and that have at least ~~\$4,000~~ more than \$1,000,000 in ~~total~~ gross receipts from
 24 all activities for the taxable year.

25 **SECTION 1817bg.** 77.94 (1) (intro.) of the statutes is amended to read:

1 77.94 (1) (intro.) Except as provided in ~~subs. sub. (2) and (3)~~, for taxable years
2 ending ~~beginning~~ after ~~April 1, 1991~~ December 31, 1999, the surcharge imposed
3 under s. 77.93 is calculated as follows:

4 **SECTION 1817bh.** 77.94 (1) (a) of the statutes is amended to read:

5 77.94 (1) (a) On a corporation under s. 77.93 (1) and (4), an amount equal to
6 the amount calculated by multiplying gross tax liability for the taxable year of the
7 corporation by ~~5.5%~~ 3.3%, or in the case of a tax-option corporation an amount equal
8 to the amount calculated by multiplying net income under s. 71.34 by ~~0.4345%~~
9 0.2607%, up to a maximum of ~~\$9,800~~ \$20,000, or \$25, whichever is greater.

10 **SECTION 1817bi.** 77.94 (1) (b) of the statutes is amended to read:

11 77.94 (1) (b) On an entity under s. 77.93 (2) or (3), except an entity that has less
12 ~~than \$4,000~~ no more than \$1,000,000 of gross receipts, an amount equal to the
13 amount calculated by multiplying net business income as allocated or apportioned
14 to this state by means of the methods under s. 71.04, for the taxable year of the entity
15 by ~~0.4345%~~ 0.2607%, up to a maximum of ~~\$9,800~~ \$20,000, or \$25, whichever is
16 greater.

17 **SECTION 1817bj.** 77.94 (1) (c) of the statutes is amended to read:

18 77.94 (1) (c) On an entity under s. 77.93 (5), except an entity that has a ~~net farm~~
19 ~~profit~~ of less no more than \$1,000 \$1,000,000, a surcharge of \$25, regardless of
20 whether the entity is subject to a surcharge determined under par. (b).

21 **SECTION 1817bk.** 77.94 (3) of the statutes is repealed.

22 **SECTION 1817bL.** 77.94 (4) of the statutes is repealed.

23 **SECTION 1817bm.** 77.945 of the statutes is repealed.

24 **SECTION 1817bn.** 77.96 (6) of the statutes is amended to read:

1 77.96 (6) The department of revenue shall refer to the surcharge under this
2 subchapter as the temporary recycling surcharge.”

3 **5.** Page 1545, line 18: after that line insert:

4 “(3d) RECYCLING SURCHARGE; RULES.

5 (a) The department of revenue shall submit in proposed form rules to define
6 “gross receipts” under subchapter VII of chapter 77 of the statutes, as affected by this
7 act, to the legislative council staff under section 227.15 (1) of the statutes no later
8 than the first day of the 4th month beginning after the effective date of this
9 paragraph.

10 (b) Using the procedure under section 227.24 of the statutes, the department
11 of revenue may promulgate rules to define “gross receipts” under subchapter VII of
12 chapter 77 of the statutes, as affected by this act, for the period before the effective
13 date of the rules submitted under paragraph (a), but not to exceed the period
14 authorized under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding
15 section 227.24 (1) (a), (2) (b) and (3) of the statutes, the department is not required
16 to provide evidence that promulgating a rule under this paragraph as an emergency
17 rule is necessary for the preservation of the public peace, health, safety or welfare
18 and is not required to provide a finding of emergency for a rule promulgated under
19 this paragraph.”

20 **6.** Page 1600, line 6: after that line insert:

21 “(23em) RECYCLING SURCHARGE. The treatment of sections 20.566 (1) (q), 77.92
22 (4), 77.93 (intro.), (1) and (4), 77.94 (1) (intro.), (a), (b) and (c), (3) and (4), 77.945 and
 and (4r) ✓

INSERT 5-19 ✓

1 77.96 (6), chapter 77 (title) and subchapter VII (title) of chapter 77 of the statutes
2 first applies to taxable years beginning after December 31, ~~2000~~.”

3

(END)

1999

Insert 5-19

8/18/68 JK

0125247

dm
77(3)

RECYCLING SURCHARGE; ADMINISTRATION. The authorized FTE

positions for the department of revenue are increased by 1.5 SEG positions, to be funded from the appropriation under section 20.566^v(1)(g) ~~as affected~~ by ~~this act~~, for the purpose of administering subchapter VIII of chapter 77^v of the statutes, as affected by this act. (20)

end of insert



LFB:.....Shanovich – Impose recycling surcharge to businesses, including farms, with more than \$1,000,000 in gross receipts

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

in 10-4-99

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 253, line 7: after that line insert:

3 “(q) Recycling surcharge administra-

4 tion SEG A 123,000 245,900”.

5 **2.** Page 391, line 20: delete that line.

6 **3.** Page 953, line 14: after that line insert:

7 “SECTION 1810m. Chapter 77 (title) of the statutes is amended to read:

8 **CHAPTER 77**

1 **TAXATION OF FOREST CROPLANDS;**
 2 **REAL ESTATE TRANSFER FEES;**
 3 **SALES AND USE TAXES; COUNTY AND**
 4 **SPECIAL DISTRICT SALES AND USE**
 5 **TAXES; MANAGED FOREST LAND;**
 6 ~~**TEMPORARY RECYCLING SURCHARGE;**~~
 7 **LOCAL FOOD AND BEVERAGE TAX;**
 8 **LOCAL RENTAL CAR TAX; PREMIER**
 9 **RESORT AREA TAXES; STATE RENTAL**
 10 **VEHICLE FEE; DRY CLEANING FEES”.**

11 **4.** Page 956, line 3: after that line insert:

12 “**SECTION 1817bb.** Subchapter VII (title) of chapter 77 [precedes 77.92] of the
 13 statutes is amended to read:

14 **CHAPTER 77**

15 ~~**TEMPORARY RECYCLING SURCHARGE**~~

16 **SECTION 1817bc.** 77.92 (4) of the statutes is amended to read:

17 77.92 (4) “Net business income”, with respect to a partnership, means taxable
 18 income as calculated under section 703 of the ~~internal revenue code~~ Internal
 19 Revenue Code; plus the items of income and gain under section 702 of the ~~internal~~
 20 ~~revenue code~~ Internal Revenue Code, including taxable state and municipal bond
 21 interest and excluding nontaxable interest income or dividend income from federal
 22 government obligations; minus the items of loss and deduction under section 702 of
 23 the ~~internal revenue code~~ Internal Revenue Code, except items that are not
 24 deductible under s. 71.21; plus guaranteed payments treated as not made to partners

1 under section 707 (a) (c) of the ~~internal revenue code~~ Internal Revenue Code; plus
2 the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx)
3 and (3s); and plus or minus, as appropriate, transitional adjustments, depreciation
4 differences and basis differences under s. 71.05 (13), (15), (16), (17) and (19); but
5 excluding income, gain, loss and deductions from farming. “Net business income”,
6 with respect to a natural person, estate or trust, means profit from a trade or
7 business for federal income tax purposes and includes net income derived as an
8 employe as defined in section 3121 (d) (3) of the ~~internal revenue code~~ Internal
9 Revenue Code.

10 **SECTION 1817bcm.** 77.92 (4r) of the statutes is repealed.

11 **SECTION 1817bd.** 77.93 (intro.) of the statutes is amended to read:

12 **77.93 Applicability.** (intro.) For the privilege of doing business in this state,
13 there is imposed a ~~temporary~~ recycling surcharge on the following entities:

14 **SECTION 1817be.** 77.93 (1) of the statutes is amended to read:

15 77.93 (1) All corporations required to file a return under subch. IV or V of ch.
16 71 that have ~~at least \$4,000~~ more than \$1,000,000 in ~~total~~ gross receipts from all
17 activities for the taxable year except corporations that are exempt from taxation
18 under s. 71.26 (1) and that have no unrelated business income reportable under s.
19 71.24 (1m). The surcharge is imposed on the tax-option corporation, not on its
20 shareholders, except that if a tax-option corporation’s surcharge is delinquent, its
21 shareholders are jointly and severally liable for it.

22 **SECTION 1817bf.** 77.93 (4) of the statutes is amended to read:

23 77.93 (4) All insurers that are required to file a return under subch. VII of ch.
24 71 and that have ~~at least \$4,000~~ more than \$1,000,000 in ~~total~~ gross receipts from
25 all activities for the taxable year.

1 **SECTION 1817bg.** 77.94 (1) (intro.) of the statutes is amended to read:

2 77.94 (1) (intro.) Except as provided in subs. sub. (2) and (3), for taxable years
3 ending beginning after April 1, 1991 December 31, 1999, the surcharge imposed
4 under s. 77.93 is calculated as follows:

5 **SECTION 1817bh.** 77.94 (1) (a) of the statutes is amended to read:

6 77.94 (1) (a) On a corporation under s. 77.93 (1) and (4), an amount equal to
7 the amount calculated by multiplying gross tax liability for the taxable year of the
8 corporation by ~~5.5%~~ 3.3%, or in the case of a tax-option corporation an amount equal
9 to the amount calculated by multiplying net income under s. 71.34 by ~~0.4345%~~
10 0.2607%, up to a maximum of ~~\$9,800~~ \$20,000, or \$25, whichever is greater.

11 **SECTION 1817bi.** 77.94 (1) (b) of the statutes is amended to read:

12 77.94 (1) (b) On an entity under s. 77.93 (2) or (3), except an entity that has less
13 ~~than \$4,000~~ no more than \$1,000,000 of gross receipts, an amount equal to the
14 amount calculated by multiplying net business income as allocated or apportioned
15 to this state by means of the methods under s. 71.04, for the taxable year of the entity
16 by ~~0.4345%~~ 0.2607%, up to a maximum of ~~\$9,800~~ \$20,000, or \$25, whichever is
17 greater.

18 **SECTION 1817bj.** 77.94 (1) (c) of the statutes is amended to read:

19 77.94 (1) (c) On an entity under s. 77.93 (5), except an entity that has ~~a net farm~~
20 ~~profit~~ gross receipts from farming of less ~~no more than \$1,000~~ \$1,000,000, a
21 surcharge of \$25, regardless of whether the entity is subject to a surcharge
22 determined under par. (b).

23 **SECTION 1817bk.** 77.94 (3) of the statutes is repealed.

24 **SECTION 1817bL.** 77.94 (4) of the statutes is repealed.

25 **SECTION 1817bm.** 77.945 of the statutes is repealed.

1 **SECTION 1817bn.** 77.96 (6) of the statutes is amended to read:

2 77.96 (6) The department of revenue shall refer to the surcharge under this
3 subchapter as the temporary recycling surcharge.”.

4 **5.** Page 1545, line 18: after that line insert:

5 “(3d) RECYCLING SURCHARGE; RULES.

6 (a) The department of revenue shall submit in proposed form rules to define
7 “gross receipts” under subchapter VII of chapter 77 of the statutes, as affected by this
8 act, to the legislative council staff under section 227.15 (1) of the statutes no later
9 than the first day of the 4th month beginning after the effective date of this
10 paragraph.

11 (b) Using the procedure under section 227.24 of the statutes, the department
12 of revenue may promulgate rules to define “gross receipts” under subchapter VII of
13 chapter 77 of the statutes, as affected by this act, for the period before the effective
14 date of the rules submitted under paragraph (a), but not to exceed the period
15 authorized under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding
16 section 227.24 (1) (a), (2) (b) and (3) of the statutes, the department is not required
17 to provide evidence that promulgating a rule under this paragraph as an emergency
18 rule is necessary for the preservation of the public peace, health, safety or welfare
19 and is not required to provide a finding of emergency for a rule promulgated under
20 this paragraph.

21 (3dm) RECYCLING SURCHARGE; ADMINISTRATION. The authorized FTE positions
22 for the department of revenue are increased by 1.5 SEG positions, to be funded from
23 the appropriation under section 20.566 (1) (q) for the purpose of administering
24 subchapter VII of chapter 77 of the statutes, as affected by this act.”.



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb1868/3
JK:jlg:mrc

LFB:.....Shanovich - impose recycling surcharge to businesses, including farms, with more than \$1,000,000 in gross receipts

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

**ASSEMBLY AMENDMENT ,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1999 ASSEMBLY BILL 133**

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 253, line 7: after that line insert:

3 “(q) Recycling surcharge administra-

4 tion SEG A 123,000 245,900”.

5 **2.** Page 391, line 20: delete that line.

6 **3.** Page 953, line 14: after that line insert:

7 “SECTION 1810m. Chapter 77 (title) of the statutes is amended to read:

8 **CHAPTER 77**

1 under section 707 (a) (c) of the ~~internal revenue code~~ Internal Revenue Code; plus
2 the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx)
3 and (3s); and plus or minus, as appropriate, transitional adjustments, depreciation
4 differences and basis differences under s. 71.05 (13), (15), (16), (17) and (19); but
5 excluding income, gain, loss and deductions from farming. “Net business income”,
6 with respect to a natural person, estate or trust, means profit from a trade or
7 business for federal income tax purposes and includes net income derived as an
8 employe as defined in section 3121 (d) (3) of the ~~internal revenue code~~ Internal
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15 77.93 (1) All corporations required to file a return under subch. IV or V of ch.
16 71 that have ~~at least \$4,000~~ more than \$1,000,000 in ~~total gross~~ receipts from all
17 activities for the taxable year except corporations that are exempt from taxation
18 under s. 71.26 (1) and that have no unrelated business income reportable under s.
19 71.24 (1m). The surcharge is imposed on the tax-option corporation, not on its
20 shareholders, except that if a tax-option corporation’s surcharge is delinquent, its
21 shareholders are jointly and severally liable for it.

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23 77.93 (4) All insurers that are required to file a return under subch. VII of ch.
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2 77.94 (1) (intro.) Except as provided in ~~subs.~~ sub. (2) and (3), for taxable years
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6 77.94 (1) (a) On a corporation under s. 77.93 (1) and (4), an amount equal to
7 the amount calculated by multiplying gross tax liability for the taxable year of the
8 corporation by ~~5.5%~~ 3.3%, or in the case of a tax-option corporation an amount equal
9 to the amount calculated by multiplying net income under s. 71.34 by ~~0.4345%~~
10 0.2607%, up to a maximum of ~~\$9,800~~ \$20,000, or \$25, whichever is greater.

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13 ~~than \$4,000~~ no more than \$1,000,000 of gross receipts, an amount equal to the
14 amount calculated by multiplying net business income as allocated or apportioned
15 to this state by means of the methods under s. 71.04, for the taxable year of the entity
16 by ~~0.4345%~~ 0.2607%, up to a maximum of ~~\$9,800~~ \$20,000, or \$25, whichever is
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2 77.96 (6) The department of revenue shall refer to the surcharge under this
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4 **5.** Page 1545, line 18: after that line insert:

5 “(3d) RECYCLING SURCHARGE; RULES.

6 (a) The department of revenue shall submit in proposed form rules to define
7 “gross receipts” under subchapter VII of chapter 77 of the statutes, as affected by this
8 act, to the legislative council staff under section 227.15 (1) of the statutes no later
9 than the first day of the 4th month beginning after the effective date of this
10 paragraph.

11 (b) Using the procedure under section 227.24 of the statutes, the department
12 of revenue may promulgate rules to define “gross receipts” under subchapter VII of
13 chapter 77 of the statutes, as affected by this act, for the period before the effective
14 date of the rules submitted under paragraph (a), but not to exceed the period
15 authorized under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding
16 section 227.24 (1) (a), (2) (b) and (3) of the statutes, the department is not required
17 to provide evidence that promulgating a rule under this paragraph as an emergency
18 rule is necessary for the preservation of the public peace, health, safety or welfare
19 and is not required to provide a finding of emergency for a rule promulgated under
20 this paragraph.

21 (3dm) RECYCLING SURCHARGE; ADMINISTRATION. The authorized FTE positions
22 for the department of revenue are increased by 1.5 SEG positions, to be funded from
23 the appropriation under section 20.566 (1) (q) for the purpose of administering
24 subchapter VII of chapter 77 of the statutes, as affected by this act.”

