

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/16/00
BILL NO. AB 515
OR
SUBJECT _____

(NAME) ROSE CLIFF
Box 5550

(Street Address or Route Number)

(City and Zip Code)

MADISON 53705
LUIS FARRA BURRIN
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-16-00
BILL NO. AB 515
OR
SUBJECT _____

(NAME) Rep Gonzalez

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: March 16, 2000
BILL NO. AB 515
OR
SUBJECT _____

(NAME) Rep. John Aunsworth
6th Assembly Dist

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: March 16, 2000

BILL NO. AB515
OR

SUBJECT _____

(NAME)

Rep. Al Ott

(Street Address or Route Number)

P.O. Box 112

(City and Zip Code)

Stoughton, WI
(Representing)

Speaking In Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-16-2000

BILL NO. AB515
OR

SUBJECT _____

(NAME)

John Manske
30 W. Milwaukee Street

(Street Address or Route Number)

Madison WI 53703

(City and Zip Code)

WI Fed. of Coops
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/16/00

BILL NO. AB515
OR

SUBJECT Sales Tax

(NAME)

BOUCE STUBS
BOUCE STUBS

(Street Address or Route Number)

PO BOX 333333

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-16-00

BILL NO. AB 515

OR
SUBJECT _____

Johann Maedke
(NAME)
N 4449 Northview Rd
(Street Address or Route Number)

Eden Wi 53019.1301
(City and Zip Code)

Dairy 2020 & Dairy Producers
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-16-2000

BILL NO. AB 515

OR
SUBJECT _____

Sandra Elmer
(NAME)
1075 Town Hall Rd
(Street Address or Route Number)

Mosinee WI 54455
(City and Zip Code)

Chlor Farms
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 03-16-00

BILL NO. AB 515

OR
SUBJECT _____

Josh Vizee
(NAME)
907 200th St
(Street Address or Route Number)

Bellevue WI 54002
(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-16-00

BILL NO. AB 515

OR
SUBJECT _____

Allison Kujawa
(NAME)

100 River Pkwy Suite 101
(Street Address or Route Number)

Wynona 53716
(City and Zip Code)

Wisconsin Nuttel Assn.
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-16-2000

BILL NO. AB 515

OR
SUBJECT Tax Exemption for

farm equipment

Roy Kuhn
(NAME)

2 E MAIN, # 600
(Street Address or Route Number)

Madison 53703
(City and Zip Code)

WI PARS & Vegetable Growers, WI
(Representing)

Camberry Growers, WI Port Producers
Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

Vote Record

Assembly Joint survey committee on Tax Exemptions

Date: 3-16-00 Executive Session Public Hearing

Bill Number: AB515

Moved by: Hahn Seconded by: Decker

Motion: Bill is good public policy

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>
Sen. Russell Decker, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Eugene Hahn, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Roger Breske	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Joanne Huelsman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Michael Lehman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ms. Cate Zeuske	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Tom Hebl	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Alan Lee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Paul Vrakas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>9</u>	<u>0</u>	<u>0</u>

Motion Carried

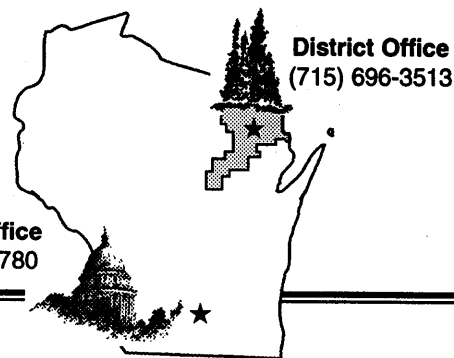
Motion Failed

**LORRAINE M.
SERATTI**

**STATE REPRESENTATIVE
36TH ASSEMBLY DISTRICT**

P.O. Box 8953, State Capitol • Madison, Wisconsin 53708-8953
Toll-Free: (888) 534-0036 • Fax: (608) 282-3636 • Rep.Seratti@legis.state.wi.us

**Madison Office
(608) 266-3780**



January 13, 1999

The Honorable Russell Decker
Co-Chair, Joint Committee on Tax Exemptions
Room 323 South
State Capitol
Madison, WI 53707

The Honorable Gene Hahn
Co-Chair, Joint Committee on Tax Exemptions
Room 15 West
State Capitol
Madison, WI 53708

Chairs Decker and Hahn,

I respectfully request a hearing for Assembly Bill 515 relating to sales and use tax exemptions for farmers. This bill has received a good deal of support, and I believe it will be well received by both houses and both sides of the aisle.

Thank you for your consideration.

Sincerely,

Lorraine M. Seratti
State Representative
36th Assembly District

LMS:tmf

STATE OF WISCONSIN

REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS

1999 ASSEMBLY BILL 515

[Introduced by 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; cosponsored by Senators Breske, Drzewiecki, Roessler, Schultz, Zien, A. Lasee, Welch, Rude, Fitzgerald, Panzer, Lazich, Baumgart and Shibilski.]

General Nature of Proposal

Generally, under current law, tangible personal property used in the business of farming is subject to the sales and use tax. However, current law specifically exempts certain items of tangible personal property from the sales and use tax. For example, current law specifies that tractors and machines, including accessories, attachments and parts therefore, used exclusively and directly in the business of farming, are exempt from the sales and use tax. In addition, the following items are also exempt if they are used exclusively by the purchaser or the user in the business of farming: seeds for planting; plants; feed; fertilizer; soil conditioners; animal bedding; sprays, pesticides and fungicides; breeding and other livestock; poultry; farm work stock; baling twine and baling wire, containers for fruits, vegetables, grains, hay, silage and animal wastes; and plastic bags, plastic sleeves and plastic sheeting used to store or cover hay or silage.

Current law specifically does not exempt from the sales and use tax the sale of automobiles, trucks and other motor vehicles for highway use. In addition, personal property that is attached to, fastened to, connected to or built into real property or that becomes an addition to, a component of or capital improvement of real property are not exempt. In addition, tangible personal property used or consumed in the erection of buildings or in the alteration, repair or improvement of real property regardless of any contribution that the personal property makes to the production process in the building or real property and regardless of the extent to which the personal property functions as a machine is excluded from the exemption. However, certain items are exempt regardless of the extent to which they are fastened to, connected to or built into real property. Those items include:

1. Auxiliary power generators.
2. Bale loaders.
3. Barn cleaners and elevators.
4. Conveyors.
5. Feed elevators and augers.

6. Grain dryers and grinders.
7. Milk coolers.
8. Milking machines; including piping, pipeline washers and compressors.
9. Powered feeders; excluding platforms and troughs constructed from ordinary building materials.
10. Silo unloaders.

Under the bill, the exemption for tangible personal property used in farming is broadened to include all tangible personal property used in farming regardless of whether the tangible personal property is attached to or becomes part of the 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 use tax. However, under the bill, automobiles, trucks and other motor vehicles for highway use would still be taxable. In addition, tangible personal property used or consumed in the erection of buildings or in the alteration, repair or improvement of real property would also continue to be taxable. Finally, the bill repeals several current specific farm-related definitions and exemptions for items used in farming because they would be included in the broader exemption created by the bill.

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:

Under current law, unless specifically exempted in the statutes, tangible personal property that is used in the business of farming is subject to the sales and use tax. This bill would extend the current sales and use tax exemption for farmers to all remaining taxable supplies used in the business of farming. These include miscellaneous equipment and supplies; all vitamins, supplements and related supplies for livestock that are currently not exempt; and machines and materials that may become part of real property if they are an essential component to the farming operation.

The total cost of the additional sales and use tax exemptions for equipment and supplies used in the business of farming related to this bill would be an estimated \$7.9 million to \$10.5 million annually. The following are the major categories of equipment and supplies that would become exempt under this bill along with the corresponding revenue loss:

General Equipment and Supplies: Based on data from the 1997 Census of Agriculture, market data from farm supply companies, and information from the University of Wisconsin-Extension, expanding the sales tax to all equipment and supplies used in the business of farming would cost an estimated \$2.6 million to \$5.2 million annually. According to the 1997 U.S. Census of Agriculture, Wisconsin farmers spent \$523.8 million on miscellaneous farm production expenses. Miscellaneous expenses include items that are currently taxable; based on UW-Extension data and interviews with farmers, an estimated 10% to 20% of the items in this expense category are currently taxable. Exempting the remaining taxable supplies would reduce sales tax revenue between \$2.6 million ($\$523.8 \text{ million} \times 10\% \times 5\%$) and \$5.2 million ($\$523.8 \text{ million} \times 20\% \times 5\%$) annually.

Vitamins, Supplements, and Related Supplies: Data from major agricultural medicine and supplement manufacturers and the UW-Extension indicate that the spending for taxable hormones, feed supplements, and vitamins in Wisconsin is nearly \$30 million; therefore, exempting these items would reduce revenue by an estimated \$1.5 million ($\$30 \text{ million} \times 5\%$) annually.

Real Property Improvement and Construction Supplies: As currently drafted, the bill would exempt all building materials used in farm construction from the sales and use tax. According to the 1992 Census of Construction, the total value of farm construction in Wisconsin was \$113 million. Based on data from the U.S. Census, the value of annual farm construction has grown 112% since 1992. Materials used in real property construction account for 32% of construction costs. The total value of materials used in real property construction in 1999 for Wisconsin is estimated at \$76.7 million ($\$113 \text{ million} \times 2.12 \times 0.32$) annually. Therefore, the revenue loss associated with construction materials for farms is estimated at \$3.8 million ($\$76.7 \text{ million} \times 5\%$) annually.

County and stadium sales tax revenues were 6.24% of state sales tax revenues in 1998. Assuming this percentage applies, county and stadium sales tax revenues would decline by approximately \$0.5 million to \$0.7 million annually.

Public Policy Involved

The bill is good public policy.