

**2001 DRAFTING REQUEST**

**Assembly Amendment (AA-AB15)**

Received: **02/12/2001**

Received By: **jkreye**

Wanted: **Today**

Identical to LRB:

For: **Michael Lehman (608) 267-2367**

By/Representing: **andrew**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Alt. Drafters:

Subject: **Tax - sales**

Extra Copies:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Substitute "retailer" for "buyer"

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**Instructions:**

See Attached

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**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>
/1	jkreye 02/12/2001	jdye 02/12/2001	martykr 02/12/2001	_____	lrb_docadmin 02/12/2001	lrb_docadmin 02/12/2001	

FE Sent For:

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/1	jkreye	1 2/12 jld	1/2 1/2	PG 2/12 km 1/2			

FE Sent For:

<END>

Anderson - M. Johnson  
267 2367

AB/5

Feb 7 Testimony -

effective date - 7 days <sup>after</sup> retro/30

**MEMORANDUM**

February 5, 2001

**TO:** Joe Kreye  
Legislative Reference Bureau

**FROM:** Yeang-Eng Braun *YEB*  
Department of Revenue

**SUBJECT:** Technical Memorandum on Assembly Bill 15 Relating to Sales and Use Tax Treatment of Purchases Made with Manufacturers' Rebate

The Department suggests that, on lines 3 and 7 of the bill, the phrase "amount paid" be modified by the phrase, "by the buyer". In addition, the sponsor may wish to consider deleting the phrase, "at the time of sale", from lines 3 and 7. These changes would ensure the apparent objective of reducing the amount on which a consumer pays sales and use tax is accomplished.

We make these suggestions because the bill would allow exclusion of rebates and other amounts paid by manufacturers "that reduce the amount paid to the retailer ... at the time of the sale." However, the time of sale, under sec. 77.51 (14r), Wis. Stats., occurs when ownership of property is transferred from the seller to the buyer and this may not be the same time that the manufacturer and purchaser make payments to the retailer. The change we propose would help to reduce confusion and disputes among the Department, retailers and consumers.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE</u>
one-time	s. 20.566 (1) (a)	\$ 60,000	

If you have any questions regarding this technical memorandum, please contact Dennis Collier at 266-5773.

YEB:DC:ds  
I:\fsn01-02\dc\lab15.tec

## 2001 ASSEMBLY BILL 15

January 16, 2001 - Introduced by Representatives M. LEHMAN, SYKORA, WOOD, ZIEGELBAUER, VRAKAS, WADE, AINSWORTH, BOCK, RHOADES, HUEBSCH, BLACK, KREIBICH, LEIBHAM, OLSEN, MUSSER, KEDZIE, GRONEMUS, GROTHMAN, PETROWSKI, WASSERMAN, F. LASEE and OWENS, cosponsored by Senators S. FITZGERALD, DARLING and BAUMGART. Referred to Committee on Ways and Means.

1 **AN ACT to amend 77.51 (4) (b) 1. and 77.51 (15) (b) 1. of the statutes; relating**  
2 **to: the sales tax and the use tax on purchases made with a manufacturer's**  
3 **rebate.**

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### *Analysis by the Legislative Reference Bureau*

Under current law, the state imposes a sales tax on all retailers at the rate of 5% of the gross receipts from the sale of tangible personal property. The retailer generally passes the sales tax on to the consumer. The state also imposes a use tax on all consumers, at the rate of 5% of the sales price for the use or storage of tangible personal property in this state that the consumer either purchases from out-of-state retailers or purchases without paying the appropriate sales tax. Under current law, when a consumer either purchases tangible personal property that qualifies for a manufacturer's rebate, the consumer pays either a sales tax or a use tax on the original price of the tangible personal property rather than on the price as reduced by the manufacturer's rebate.

Under this bill, when a consumer purchases tangible personal property that qualifies for a manufacturer's rebate, the consumer pays either a sales tax or a use tax on the price of the tangible personal property as reduced by the manufacturer's rebate rather than on the original price.

**ASSEMBLY BILL 15**

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

1 SECTION 1. 77.51 (4) (b) 1. of the statutes is amended to read:

2 77.51 (4) (b) 1. Cash or term discounts; or amounts paid by the manufacturer

3 of the item sold that reduce the amount paid to the retailer of the item at the time

4 of sale; allowed and taken on sales.

5 SECTION 2. 77.51 (15) (b) 1. of the statutes is amended to read:

6 77.51 (15) (b) 1. Cash discounts; or amounts paid by the manufacturer of the

7 item sold that reduce the amount paid to the retailer of the item at the time of sale;

8 allowed and taken on sales.

9 SECTION 3. **Effective date.**

10 (1) MANUFACTURERS' REBATES. This act takes effect on July 1, 2001.

11

(END)

2001

Date (time) needed

Today  
2-12-01

LRBa 0200, 1

AMENDMENT

vk: jld:

See form AMENDMENTS — COMPONENTS & ITEMS.

S (A) AMENDMENT

~~TO S A AMENDMENT (LRBa 1),~~

~~TO S A SUBSTITUTE AMENDMENT (LRBs 1),~~

TO 2001 SB SJR SR (AB) AJR AR 15 (LRB-1)

At the locations indicated, amend the bill as follows:  
(fill ONLY if "engrossed ...." or "as shown by ....." )

#. Page 2, line 3: delete the material beginning with <sup>plain</sup> to the retailer and ending with "sale" on line 4 and substitute "by the buyer of the item".

#. Page 2, line 7: delete "to the retailer of the item at the time of sale" and substitute "by the buyer of the item" ✓

#. Page 2, line 8: after that line insert:  
"Section 2m. Initial applicability.  
(1) MANUFACTURERS' REBATES. <sup>CS</sup> This act first applies to sales on the effective date of this subsection."

#. Page 2, line 10: delete "July 1, 2001" and substitute "on the 7th day (after the date of publication, beginning (end))"

#. Page . . . , line . . .