

2001 DRAFTING REQUEST

Bill

Received: 12/12/2000

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Rick Skindrud (608) 266-3520

By/Representing: al

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - sales

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Items used for the restoration of agricultural land

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 12/14/2000	gilfokm 12/15/2000		_____			S&L Tax
/1			jfrantze 12/20/2000	_____	gretskl 12/20/2000	lrb_docadmin 01/08/2001	

FE Sent For:

<END>

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1?	jkreye	1-12/15 Kmg	J 12/20	J/K 12/20			

FE Sent For:

<END>

01-1445

Rep. Hirsch

at

3196/1 — use of seeds in restorations

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB # 3196/1

INTRODUCTION # AB 540

Admin. Rule #

**Subject**

Sales and Use Tax Exemption for Supplies Used for Agricultural Land Conservation

**Fiscal Effect**

State:  No State Fiscal Effect  
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation     Increase Existing Revenues  
 Decrease Existing Appropriation     Decrease Existing Revenues  
 Create New Appropriation

- Increase Costs - May be Possible to Absorb Within Agency's Budget  Yes  No  
 Decrease Costs

Local:  No Local Government Costs

1.  Increase Costs  
 Permissive  Mandatory  
 2.  Decrease Costs  
 Permissive  Mandatory

3.  Increase Revenues  
 Permissive  Mandatory  
 4.  Decrease Revenues  
 Permissive  Mandatory

5. Types of Local Governmental Units Affected:  
 Towns  Villages  Cities  
 Counties  Others **SWBPD**  
 School Districts  WTCS Districts

**Fund Sources Affected**

- GPR  FED  PRO  PRS  SEG  SEG-S

**Affected Ch. 20 Appropriations**

**Assumptions Used in Arriving at Fiscal Estimate:**

Under current law, supplies used in the conversion of agricultural land to conservation land are subject to the sales and use tax. This bill would extend the current sales and use tax exemption for farmers to taxable supplies used in the conversion of agricultural land to conservation land. Most notably, these taxable supplies include seed, bulbs, plants, and trees.

The revenue loss associated with exempting items used for agricultural land conservation would be an estimated \$180,000 annually. While detailed data related to the amount of expenditures by farmers for items used in agricultural land conservation do not exist, according to the 1997 Census of Agriculture, Wisconsin farmers spent a total of \$179.4 million for seed, bulbs, plants, and trees. According to the U.S. Department of Agriculture, nearly 4% of all Wisconsin agricultural land is enrolled in a conservation program. Assuming that expenditures for seed has remained constant, and the portion of seed, bulb, plants, and tree expenditures for conservation land is half that of active crop-land, the total annual expenditure for seed, bulb, plants, and trees used in agricultural land conservation is \$3.6 million (\$179.4 million x 50% x 4%). Therefore, the revenue loss from this bill would be approximately \$180,000 (\$3.6 million x 5%) annually.

In 1998, county and stadium sales taxes were 6.24% of total state sales taxes. Assuming this same percentage applies, the revenue loss to local governments would be approximately \$11,000 (\$180,000 x 6.24%) annually.

**Long-Range Fiscal Implications:**

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue John T. Stott, (608) 266-9706	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	11/11/99

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

**1999 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

**LRB # 3196/1**  
**INTRODUCTION # AB 540**

**Admin. Rule #**

**Subject**

Sales and Use Tax Exemption for Supplies Used for Agricultural Land Conservation

**I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe (FTE Position Changes)	\$ ( FTE)	\$ - ( - FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$ -</b>
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ - 180,000
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$ - 180,000</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ - 180,000	\$ - 11,000

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue John T. Stott, (608) 266-9706	Yeang-Eng Braun (608) 266-2700 <i>Yeang-Eng Braun</i>	11/11/99

kmg

1445/1

# 1999 ASSEMBLY BILL 540

12-14-00

October 20, 1999 - Introduced by Representatives SKINDRUD, MUSSER, BRANDEMUEHL, GOETSCH, BLACK, STONE, OTT, HASENOHRL, SYKORA, AINSWORTH, GRONEMUS, SPILLNER, MILLER and GUNDERSON, cosponsored by Senators RUDE, A. LASEE and ROESSLER. Referred to Joint survey committee on Tax Exemptions.

gen

1 AN ACT to amend 77.54 (3m) (intro.) of the statutes; relating to: a sales tax and  
2 a use tax exemption for items used for conservation or restoration related to  
3 agricultural land.

### *Analysis by the Legislative Reference Bureau*

Under current law, certain items, such as seeds, plants, and fertilizer, are exempt from the sales tax and the use tax if such items are used in the business of farming. Under this bill, such items are exempt if the items are used for conservation or restoration related to agricultural land or in the business of farming.

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.

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:*

SECTION 1. 77.54 (3m) (intro.) of the statutes is amended to read:

77.54 (3m) (intro.) The gross receipts from the sale of and the storage, use or other consumption of the following items if they are used exclusively by the

P.W.F.

4  
5  
6

✓  
1

ASSEMBLY BILL 540

SECTION 1

P.W.F. {  
1 purchaser or user for conservation or restoration related to agricultural land or in  
2 the business of farming; including dairy farming, agriculture, horticulture,  
3 floriculture<sup>✓</sup> and custom farming services:

4 **SECTION 2. Effective date.**

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

7 (END)





# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
5TH FLOOR  
MADISON, WI 53701-2037

STEPHEN R. MILLER  
CHIEF

LEGAL SECTION: (608) 266-3561  
LEGAL FAX: (608) 264-6948

December 20, 2000

### MEMORANDUM

To: Representative Skindrud

From: Joseph T. Kreye, Legislative Attorney

Re: LRB-1445 Items used for the restoration of agricultural land

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

*R.S.*

JACKET FOR ASSEMBLY  JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 266-2263 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
P. O. BOX 2037  
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561  
REFERENCE SECTION: (608) 266-0341  
FAX: (608) 266-5648

STEPHEN R. MILLER  
CHIEF

March 22, 2001

## MEMORANDUM

**To:** Representative Skindrud

**From:** Joseph T. Kreye, Legislative Attorney, (608) 266-2263

**Subject:** Technical Memorandum to **2001 AB-118** (LRB 01-1445/1)

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We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

**MEMORANDUM**

March 15, 2001

**TO:** Joseph T. Kreye  
Legislative Reference Bureau

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

**SUBJECT:** Technical Memorandum on LRB 1445/1, Relating to Expanding the Sales and Use Tax Exemption for Items Used for Conservation or Restoration of Agricultural Land

The bill exempts from sales and use tax items used for conservation or restoration related to agricultural land. It is unclear what is meant by "conservation or restoration." Since "restoration" includes bringing back into use, the bill could include any type of use. For example, if agricultural land is taken out of use through a conservation reserve program and is later brought back into use as a residential development or a golf course, the bill could be interpreted to exempt items such as grass seed and fertilizer used on lawns in the development.

Also, the term "related to agricultural land" is vague. It is unclear if the conservation or restoration must be done on agricultural land or whether the conservation or restoration done on land that is nearby agricultural land would qualify for an exemption.

The author may wish to more precisely define "conservation" and "restoration" as well as the term "related to agriculture".

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>
one-time	s. 20.566 (1) (a)	\$56,100

If you have questions regarding this technical memorandum, please contact Rebecca Boldt at 266-6785.

YEB:RAB:dls  
I:\fsn01-02\rb\lrb14451.tec