

2001 DRAFTING REQUEST

Bill

Received: **10/10/2000**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Scott Jensen (608) 266-3387**

By/Representing: **r.j. pirlot**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax - sales**

Extra Copies:

Submit via email: **NO**

Requester's email:

Pre Topic:

No specific pre topic given

Topic:

Sales tax exemption for Internet access services

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 10/10/2000	jdyer 10/12/2000		_____			S&L Tax
/1			jfrantze 10/13/2000	_____	lrb_docadmin 10/13/2000	lrb_docadmin 04/06/2001	

FE Sent For:

<END>

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1?	jkreye	11/10/12 jld	10/13	10/13			

FE Sent For:

<END>

Kreye, Joseph

From: Pirlot, R.J.
Sent: Monday, October 09, 2000 4:52 PM
To: Kreye, Joseph
Subject: request

Joe,

Would you have a bill drafted for next session to create a sales and use tax exemption for Internet access services? Use the attached as the model, but, please do not include the sunset provision and do not include the \$25/month limitation.



99-4560/4

Thank you very much.

R.J. Pirlot
Policy Director and Legal Counsel
Office of Assembly Speaker Scott R. Jensen

Direct: 608-261-9482
Fax: 608-266-5123

0698/1

2001
1999 BILL

m 10-10-00

Regen

1 AN ACT to amend 77.51 (5); and to create 77.54 (46) of the statutes; relating
2 to: a sales tax and use tax exemption for Internet access services.

Analysis by the Legislative Reference Bureau

This bill creates a sales tax and use tax exemption for Internet access services ^g
~~limited to \$25 a month for each customer, that are provided to a customer after June~~
~~30, 2000, and before July 1, 2003.~~

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:**

PWF
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SECTION 1. 77.51 (5) ^x of the statutes is amended to read:

77.51 (5) For purposes of subs. (13) (e) and (f) and (14) (L) and s. 77.52 (2m)
"incidental" "Incidental" ^v means depending upon or appertaining to something else
as primary; something necessary, appertaining to, or depending upon another which
is termed the principal; something incidental to the main purpose of the service.

BILL

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Tangible personal property transferred by a service provider is incidental to the service if the purchaser's main purpose or objective is to obtain the service rather than the property, even though the property may be necessary or essential to providing the service.

SECTION 2. 77.54 (46) of the statutes is created to read:

77.54 (46) (a) In this subsection:

1. "Internet" means, collectively, the computer and telecommunications facilities, including equipment and operating software, that comprise the interconnected worldwide network of networks that use the transmission control protocol-internet protocol, or any predecessor or successor protocols to that protocol, to communicate information by wire or radio.

2. "Internet access service" means providing a connection to the Internet, including providing communication or navigation software, an electronic mail address, electronic mail software, news headlines, space for a web site, or web site services that are incidental to providing that connection, but excluding telephone services. "Internet access service" does not include other telecommunications services and cable television system services that are conveyed via the Internet.

(b) The gross receipts, ~~limited to \$25 a month for each customer,~~ from the sale and use of Internet access services ~~that are provided to a customer after June 30, 2000, and before July 1, 2003.~~

(END)

Sec # Effective dates.
This act takes effect on the first day of the 2nd month beginning after publication.

Barman, Mike

From: Kreye, Joseph
Sent: Thursday, April 05, 2001 4:16 PM
To: Barman, Mike
Subject: FW: request

If you would be so kind....

Joseph T. Kreye, Legislative Attorney
Legislative Reference Bureau
(608) 266-2263
joseph.kreye@legis.state.wi.us

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

From: Pirlot, R.J.
Sent: Thursday, April 05, 2001 4:14 PM
To: Kreye, Joseph
Subject: request

Would you have LRB-0698 jacketed as an Assembly bill for introduction by Speaker Jensen?

R.J. Pirlot
Policy Director and Legal Counsel
Office of Assembly Speaker Scott R. Jensen

Direct: 608-261-9482
Fax: 608-266-5123



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

May 17, 2001

MEMORANDUM

To: Representative Jensen

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

Subject: Technical Memorandum to **2001 AB-342** (LRB-0698/1)

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

May 17, 2001

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on AB 342 Creating a Sales and Use Tax Exemption for Internet Access Services

The Department has several concerns related to the bill. Section 2, page 2, line 17 should be revised so that "gross receipts" only refer to the "sale of" and not to "use." A person has gross receipts from the sale of Internet access services but does not have gross receipts from the use of Internet access services. It is suggested that this line be revised to be similar to other exemptions in sec. 77.54, Stats., as follows "The gross receipts from the sale of and the use or other consumption of Internet access services."

The type of information transmitted over the Internet and accepted Internet protocols are likely to change. Providing a sunset clause would help to reduce the risk of jeopardizing state revenues by giving the legislature the opportunity to revisit the issue after technological and other changes have occurred. Stating a dollar limit for the exemption in the bill would further reduce the risk of unintended revenue loss. For example, a limit of \$25 - \$50 per month for each customer could be set for the exemption.

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