

*STATE OF WISCONSIN*  
*REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS*

*2001 ASSEMBLY BILL 525*

[Introduced by Representatives M. Lehman, Ainsworth, Jeskewitz, Lippert, Meyerhofer, Musser, Olsen and Stone; cosponsored by Senator Jauch.]

**General Nature of Proposal**

The provisions of the bill affecting tax exemptions are described below:

Under current Department of Revenue administrative practice, telephone services obtained using a prepaid telephone card are exempt from the state sales and use tax if the state sales tax or use tax was paid on the purchase of the prepaid telephone calling card. The bill codifies this practice by creating a sales and use tax exemption on telephone services obtained by using a prepaid telephone calling card if the state sales tax or use tax was paid on the purchase of the prepaid telephone calling card.

**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 provisions of the bill affecting a tax exemption as follows:

Under current law, prepaid telephone services are exempt from sales tax, if tax was paid on the purchase of the prepaid telephone calling card. The bill clarifies current law by creating an exemption from sales tax for telephone services obtained by using a prepaid telephone calling card, if tax was paid on the purchase of the prepaid telephone calling card. This provision would have no fiscal effect.

**Public Policy Involved**

The bill is good public policy. However, the bill should be amended to provide that the above-described provision affecting a tax exemption should be effective and applicable on the day after publication of the bill as an act.

2/26/02

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