

**2001 DRAFTING REQUEST**

**Bill**

Received: **12/12/2000**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget 6-1805**

By/Representing: **Geisler**

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

Drafter: **jkreye**

May Contact:

Alt. Drafters:

Subject: **Tax - recycling surcharge**

Extra Copies:

**Pre Topic:**

DOA:.....Geisler -

**Topic:**

Recycling surcharge imposed on noncorporate farms

**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>
/1	jkreye 12/12/2000	gilfokm 12/12/2000	martykr 12/13/2000	_____	lrb_docadmin 12/13/2000		State

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<END>

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1?	jkreye	1-12/12 King	12/13	12/13			

FE Sent For:

<END>

STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON  
GOVERNOR

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**Date:** December 11, 2000  
**To:** Steve Miller, LRB  
**From:** Jeffrey A. Geisler, DOA  
266-1805  
**Subject:** Recycling Surcharge Statutory Language Draft

Please draft language for the Governor's budget that increases the exemption threshold for noncorporate farms from \$1 million to \$4 million in gross receipts for purposes of imposing the recycling surcharge. The attached background paper provides detailed instructions and explanation.

Please call me (6-1805) if you have questions.

Thanks

August 18, 2000

TITLE: Recycling Surcharge for Farmers

**SUMMARY OF RECOMMENDATIONS:**

Raise the exemption threshold for noncorporate farms from \$1 million to \$4 million in gross receipts as it relates to the recycling surcharge. This treatment would mirror the current treatment for other noncorporate businesses, whose gross receipts must exceed \$4 million before they are required to pay the \$25 recycling surcharge. This change will affect approximately 100 farms, which will no longer be required to pay the \$25 fee. Fiscal effect: \$2,500 SEG revenue loss.

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

1999 Act 9 replaced the temporary recycling surcharge with a permanent surcharge, effective January 1, 2000. Under the new surcharge, noncorporate businesses with less than \$4 million in gross receipts are exempt from tax. Noncorporate entities with \$4 million or more in gross receipts are subject to an additional 0.2% tax on net income, up to a maximum of \$9,800. Entities subject to the surcharge cannot pay less than \$25.

Noncorporate farms are exempt from tax if gross receipts from farming is no more than \$1 million. Noncorporate farms that are subject to a recycling surcharge pay \$25.

**RECOMMENDATION FOR ACTION**

Provide the same surcharge requirements for noncorporate farms that exist for other noncorporate business entities by exempting farms with less than \$4 million in farming gross receipts. The tax would equal the greater of \$25 or 0.2% of net income from farming, up to a maximum of \$9,800.

**FISCAL/ADMINISTRATIVE IMPACT**

It is estimated that only 100 farms are currently subject to the \$25 recycling surcharge and that none would be subject to the surcharge if the exemption for farms was raised to \$4 million in gross receipts, as with other noncorporate business entities. Therefore, the revenue loss from the higher exemption is estimated to be \$2,500 (100 x 25).

**DRAFTING INSTRUCTIONS**

Amend sec. 77.94(1)(c) to provide that the surcharge on noncorporate farms with more than \$4 million in gross receipts is the greater of \$25 or a 2% of net income from farming, up to a maximum of \$9,800.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

For taxable years beginning on or after January 1, 2001. ✓

DOR CONTACT PERSON: Pamela Walgren at (608) 266-7817



JK: King  
RTR

DOA:.....Geisler – Recycling surcharge imposed on noncorporate farms

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

m 12-12-00

SOON

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**OTHER TAXATION**

Under current law, a corporation or an insurer, except a corporation or insurer that has less than \$4,000,000 in gross receipts, pays a recycling surcharge to the state in an amount that is equal to 3% of the entity's gross tax liability, up to a maximum of \$9,800, or \$25, whichever is greater. A business that is not a corporation or an insurer, except a business that has less than \$4,000,000 in gross receipts, pays a recycling surcharge in an amount that is equal to 2% of its net income, up to a maximum of \$9,800, or \$25, whichever is greater.

Under current law, a farm that is not a corporation, except a farm that has no more than \$1,000,000 in gross receipts, pays a recycling surcharge of \$25.

Under this bill, a farm that is not a corporation, except a farm that has less than \$4,000,000 in gross receipts, pays a recycling surcharge in an amount that is equal to 2% of its net income, up to a maximum of \$9,800, or \$25, whichever is greater.

For further information see the *state* 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:***

1           **SECTION 1.** 77.94 (1) (b) of the statutes is amended to read:

2           77.94 (1) (b) On an entity under s. 77.93 (2) ~~or~~, (3), <sup>✓</sup> or (5), except an entity that  
3 has less than \$4,000,000 of gross receipts, an amount equal to the amount calculated  
4 by multiplying net business income as allocated or apportioned to this state by means  
5 of the methods under s. 71.04, for the taxable year of the entity by 0.2 %, up to a  
6 maximum of \$9,800, or \$25, whichever is greater.

7           **SECTION 2.** 77.94 (1) (c) <sup>✓</sup> of the statutes is repealed.

8           **SECTION 9344. Initial applicability; revenue.**

9           (1) RECYCLING SURCHARGE IMPOSED ON FARMS. The treatment of sections 77.94  
10 (1) (b) <sup>✓</sup> and (c) <sup>✓</sup> of the statutes first applies to taxable years beginning on January 1,  
11 2001.

12

(END)



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-1446/1  
JK:kmg:km

DOA:.....Geisler – Recycling surcharge imposed on noncorporate farms  
FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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