

Vote Record

Assembly - Committee on Agriculture

Date: 4/26/01

Bill Number: AB 118

Moved by: REP. GRONEMUS

Seconded by: Rep. HAHN

Motion: PASSAGE

Committee Member

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Rep. Alvin Ott, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Eugene Hahn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. John Ainsworth	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Joan Wade	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Jerry Petrowski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Scott Suder	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Steve Kestell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Gabe Loeffelholz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Garey Bies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Joe Plouff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marty Reynolds	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. John Steinbrink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Barbara Gronemus	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Julie Lassa	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marlin Schneider	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Mary Hubler	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Totals: 15 1

Motion Carried

Motion Failed



# 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) 266-6648

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\rb14451.tec

**FISCAL ESTIMATE FORM**

**2001 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB # 01-1445/1

INTRODUCTION # AB-118

Admin. Rule #

**Subject**

**Sales and Use Tax Exemption for Farm Inputs Used for Conservation Related to Agriculture**

**Fiscal Effect**

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

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

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

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 Baseball Park and Football Stadium Districts  
 School Districts  WTCS Districts

**Fund Sources Affected**

- GPR  FED  PRO  PRS  SEG  SEG-S

**Affected Ch. 20 Appropriations**

20.566 (1)(a)

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

Under current law, certain items, such as seeds, plants, and trees are exempt from sales and use tax if the items are used exclusively in farming. The bill extends the exemption for these items if they are used for conservation or restoration related to agricultural land. It is assumed that the exemption would take affect July 1, 2001.

While the bill does not define the types of conservation or restoration activities that would qualify for the exemption, it is assumed that it would primarily affect sales of items used for agricultural land enrolled in conservation programs. It is assumed that these items primarily consist of seeds, plants, bulbs and trees.

According to the 1997 U.S. Census of Agriculture, Wisconsin farmers spent \$179.4 million in seeds, bulbs, plants and trees. According to the U.S. Farm Service Agency, 635,000 acres, or 4.25% of Wisconsin farmland, are currently enrolled in conservation reserve programs. Assuming that expenditures for seeds, bulbs, plants and trees remain constant and that the per-acre expenditure of these items for conservation purposes is half that used for active crop-land, total annual expenditures for items used for the conservation is estimated to be \$3.8 million (\$179.4 million x 4.25% x 50%). Therefore, the revenue loss from the bill would be approximately \$190,000 (\$3.8 million x 5%).

In FY02, county and stadium sales taxes are expected to be 7.064% of state sales taxes. Thus, the revenue loss to local governments would be approximately \$13,000 (\$190,000 x 7.064%).

The department would incur one-time costs of \$56,100 required for a special mailing to retailers to notify them of the new law, the costs of which could not be absorbed.

**Long-Range Fiscal Implications:**

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Rebecca A Boldt, (608) 266-6785	Yeang-Eng Braun <i>Yeang-Eng Braun</i> (608) 266-2700	3/15/01

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

2001 Session

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB # 01-1445/1  
 INTRODUCTION # AB-118

Admin. Rule #

**Subject**  
 Sales and Use Tax Exemption for Farm Inputs Used for Conservation Related to Agriculture

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

+\$56,100 GPR-Exp

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	\$	\$ -190,000
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$ -190,000</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ -190,000	\$ -13,000

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Rebecca A Boldt, (608) 266-6785	Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	3/15/01