State of Wisconsin
2003 – 2004 LEGISLATURE

LRB–2028/P2
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~~PRELIMINARY DRAFT – NOT READY FOR INTRODUCTION~~

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in 4-14-03

Today

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AN ACT ***to repeal*** 77.51 (4), 77.51 (14) (d), 77.51 (14) (i), 77.51 (14) (k), 77.51 (14) (L), 77.51 (14r), 77.51 (15), 77.52 (6), 77.52 (14) (a) 2., 77.523 (title), 77.53 (4), 77.54 (14g), 77.54 (14s), 77.54 (20), 77.54 (20m), 77.54 (22), 77.54 (28), 77.54 (40), 77.61 (3), 77.65 (2) (c), 77.72 (title) and 77.72 (2) and (3); ***to renumber*** 77.51 (1), 77.51 (14) (g), 77.524 (1) (a), 77.524 (1) (b) and 77.53 (9m); ***to renumber and amend*** 77.52 (1), 77.523, 77.61 (2), 77.72 (1) and 77.77 (1); ***to consolidate, renumber and amend*** 77.52 (14) (a) (intro.) and 1. and (b); ***to amend*** 66.0615 (1m) (f) 2., 70.111 (23), 73.03 (50) (d), 76.07 (4g) (b) 8., 77.51 (5), 77.51 (13) (o), 77.51 (14) (intro.), 77.51 (14) (a), 77.51 (14) (j), 77.51 (17), 77.51 (20), 77.51 (21), 77.52 (2) (intro.), 77.52 (2) (a) 10., 77.52 (7), 77.52 (13), 77.52 (15), 77.524 (1) (intro.), 77.53 (1), 77.53 (3), 77.53 (9), 77.53 (10), 77.53 (11), 77.53 (16), 77.53 (17), 77.53 (17m), 77.53 (17r) (a), 77.53 (18), 77.54 (1), 77.54 (2), 77.54 (2m), 77.54 (3) (a), 77.54 (3m) (intro.), 77.54 (4), 77.54 (5) (intro.), 77.54 (6) (intro.), 77.54 (8), 77.54 (9), 77.54 (9a) (intro.), 77.54 (10), 77.54 (11), 77.54 (12), 77.54 (13), 77.54 (14) (intro.), 77.54 (14) (a), 77.54 (14) (b), 77.54 (14) (f), 77.54

(15), 77.54 (16), 77.54 (17), 77.54 (18), 77.54 (21), 77.54 (23m), 77.54 (25), 77.54 (26), 77.54 (26m), 77.54 (27), 77.54 (29), 77.54 (30) (a) (intro.), 77.54 (30) (c), 77.54 (31), 77.54 (32), 77.54 (33), 77.54 (34), 77.54 (35), 77.54 (36), 77.54 (37), 77.54 (38), 77.54 (39), 77.54 (41), 77.54 (42), 77.54 (43), 77.54 (44), 77.54 (45), 77.54 (46), 77.54 (46m), 77.55 (1) (intro.), 77.55 (2), 77.55 (2m), 77.55 (3), 77.56 (1), 77.57, 77.58 (3) (b), 77.58 (6), 77.59 (9), 77.61 (1) (b), 77.61 (1) (c), 77.65 (2) (e), 77.70, 77.705, 77.706, 77.707 (1), 77.707 (2), 77.71 (1), 77.71 (2), 77.71 (3), 77.71 (4), 77.785 (1), 77.785 (2), 77.98, 77.981, 77.982 (2), 77.99, 77.991 (2), 77.994 (1) (intro.), 77.9941 (4), 77.995 (2), 77.9951 (2), 86.195 (3) (b) 3. and 218.0171 (2) (cq); ***to repeal and recreate*** 77.51 (7) and 77.51 (17m); and ***to create*** 73.03 (50b), 73.03 (59), 77.51 (1b), 77.51 (1e), 77.51 (1n), 77.51 (1p), 77.51 (2k), 77.51 (2m), 77.51 (3p), 77.51 (3pd), 77.51 (3pj), 77.51 (3pm), 77.51 (3pp), 77.51 (3t), 77.51 (7m), 77.51 (10m), 77.51 (10n), 77.51 (10r), 77.51 (11m), 77.51 (12m), 77.51 (12p), 77.51 (13s), 77.51 (15a), 77.51 (15b), 77.51 (17w), 77.51 (21p), 77.51 (22) (bm), 77.52 (1) (b), 77.52 (1) (c), 77.52 (7b), 77.522, 77.524 (1) (ag), 77.53 (9m) (b), 77.53 (9m) (c), 77.54 (14b), 77.54 (20n), 77.54 (20r), 77.54 (22b), 77.58 (6m), 77.58 (9a), 77.585, 77.59 (2m), 77.59 (9n), 77.59 (9p) (b), 77.59 (9r), 77.60 (13), 77.61 (2) (b), 77.61 (3m), 77.61 (5m), 77.61 (16), 77.63 (1) (am), 77.66 and 77.77 (1) (b) of the statutes; **relating to:** the Uniform Sales and Use

1 Tax Administration Act, granting rule–making authority, making an
2 appropriation, and providing a penalty.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

This bill adopts the substantive provisions of the streamlined sales and use tax agreement (agreement) for purposes of administering and collecting state, county, and stadium district sales and use taxes. The agreement is intended to simplify and modernize sales and use tax administration for the states that enter into the agreement and to encourage out–of–state retailers to collect the state, county, and stadium district sales and use taxes voluntarily. Under current federal law, generally, an out–of–state retailer who sells goods or services to customers in this state is not required to collect the sales tax or use tax imposed on such sales, if the retailer has no physical presence in this state. See *Quill v. North Dakota,* 504 U.S. 298; 112 S.Ct. 1904 (1992).

States that wish to enter into the agreement must adopt uniform definitions related to the administration of sales and use taxes and uniform policies related to sourcing sales of goods and services, bad debt allowances, refunds, and, to some extent, exemptions. Under the agreement, DOR may act jointly with other states that are signatories to the agreement to establish standards for certifying service providers and automated systems to aid out–of–state retailers with the collection of state sales and use taxes.

Under current law, "gross receipts" refers to the measure of the sales tax, and "sales price" refers to the measure of the use tax. Under the bill, "sales price" refers to the measure of the sales tax, and "purchase price" refers to the measure of the use tax.

The bill creates definitions for "alcohol beverages," "candy," "delivery charges," "dietary supplement," "food and food ingredients," "prepared food," and "soft drink."

The agreement provides that a state that is a signatory to the agreement may choose to tax or not tax all articles that are covered by one definition, but a state may not exempt from sales tax or use tax a particular item that is included in a definition. The members of the project working on the agreement approved a definition for "clothing." Therefore, in order to comply with the agreement, a state may either tax all clothing or exempt all clothing, but a state may not exempt certain items of clothing and tax others. This bill, therefore, eliminates the sales tax and use tax exemptions for cloth diapers and antiembolism hose.

This bill creates definitions for "durable medical equipment," "mobility–enhancing equipment," and "prosthetic device." Under the bill, the sale of such equipment and devices is exempt from the sales tax and the use tax.

Under the bill, generally, for purposes of determining which jurisdiction may impose a sales tax or use tax on a sale, if a purchaser receives a product at the seller's business location, the sale of that product occurs at the seller's business location. If

a purchaser does not receive the product at a seller's business location, the sale occurs at the location where the purchaser receives the product. If the location of the sale cannot be so determined, the sale occurs at the purchaser's address, as indicated by the seller's business records. If the address cannot be determined from the business records, the sale occurs at the purchaser's address, as obtained during the consummation of the sale, including the address indicated on the purchaser's check. Finally, if the location of a sale cannot be determined in any other way, the sale of tangible personal property occurs at the location from which the tangible personal property is shipped. Under the bill, if the item sold is a digital good or computer software, and the digital good or computer software is delivered electronically, the sale occurs at the location from which the digital good or computer software was first available for transmission by the seller.

Under the bill, generally, the sale of a telecommunications service occurs at a location that is determined to be consistent with the provisions of the federal Mobile Telecommunications Sourcing Act.

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.

INSERT 4-1

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 66.0615 (1m) (f) 2. of the statutes is amended to read:

2 66.0615 **(1m)** (f) 2. Sections 77.51 (14) ~~(e), (f) and (j) and~~ (14g), 77.52 (3), (4), ~~(6)~~
3 ~~and~~ (18), 77.522, 77.58 (1) to (5) and (7), 77.585, 77.59, 77.60, 77.61 (2), (5), (8), (9)
4 ~~and~~ (12) to (14) and 77.62, as they apply to the taxes under subch. III of ch. 77, apply
5 to the tax described under subd. 1.

6 **SECTION 2.** 70.111 (23) of the statutes is amended to read:

7 70.111 **(23)** VENDING MACHINES. All machines that automatically dispense ~~soda~~
8 ~~water beverages, as defined in s. 97.29 (1) (i), and items included as a food or beverage~~
9 ~~under s. 77.54 (20) (a) and (b)~~ food and food ingredient, as defined in s. 77.51 (3t),
10 upon the deposit in the machines of specified coins or currency, or insertion of a credit
11 card, in payment for the soda water beverages, food or beverages.

12 **SECTION 3.** 73.03 (50) (d) of the statutes is amended to read:

73.03 **(50)** (d) In the case of a sole proprietor, signs the form or, in the case of other persons, has an individual who is authorized to act on behalf of the person sign the form, or, in the case of a single–owner entity that is disregarded as a separate entity under section 7701 of the Internal Revenue Code, the person is the owner. Any person who may register under this subsection may designate an agent, as defined in s. 77.524 (1) (ag), to register with the department under this subsection in the manner prescribed by the department. In this paragraph, "sign" has the meaning given in s. 77.51 (17r).

SECTION 4. 73.03 (50b) of the statutes is created to read:

73.03 **(50b)** To waive the fee established under sub. (50) for applying for and renewing the business tax registration certificate, if the person who is applying for or renewing the certificate is not required for purposes of ch. 77 to hold such a certificate.

SECTION 5. 73.03 (59) of the statutes is created to read:

73.03 **(59)** To do all of the following related to the Uniform Sales and Use Tax Administration Act:

(a) Certify compliance with the agreement, as defined in s. 77.65 (2) (a).

(b) Pursuant to the agreement, as defined in s. 77.65 (2) (a), certify certified service providers, as defined in s. 77.51 (1g), and certified automated systems, as defined in s. 77.524 (1) (am).

(c) Consistent with the agreement, as defined in s. 77.65 (2) (a), establish performance standards and eligibility criteria for a seller that sells tangible personal property or taxable services in at least 5 states that are signatories to the agreement, as defined in s. 77.65 (2) (a); that has total annual sales revenue of at least $500,000,000; that has a proprietary system that calculates the amount of tax owed

1 to each taxing jurisdiction in which the seller sells tangible personal property or
2 taxable services; and that has entered into a performance agreement with the states
3 that are signatories to the agreement, as defined in s. 77.65 (2) (a). For purposes of
4 this paragraph, "seller" includes an affiliated group of sellers using the same
5 proprietary system to calculate the amount of tax owed in each taxing jurisdiction
6 in which the sellers sell tangible personal property or taxable services.

7 (d) Issue a tax identification number to a person who claims an exemption
8 under subch. III or V of ch. 77 and who is not required to register with the department
9 for the purposes of subch. III or V of ch. 77 and establish procedures for the
10 registration of such a person.

11 (e) Maintain a database that is accessible to sellers and certified service
12 providers, as defined in s. 77.51 (1g), that indicates whether items defined in
13 accordance with the Uniform Sales and Use Tax Administration Act are taxable or
14 nontaxable.

15 (f) Maintain a database that is accessible to sellers and certified service
16 providers, as defined in s. 77.51 (1g), that indicates tax rates, taxing jurisdiction
17 boundaries, and zip code or address assignments related to the administration of
18 taxes imposed under subchs. III and V of ch. 77.

19 (g) Set forth the information that the seller shall provide to the department for
20 tax exemptions claimed by purchasers and establish the manner in which a seller
21 shall provide such information to the department.

22 (h) Provide monetary allowances, in addition to the retailer's discount provided
23 under s. 77.61 (4) (c), to certified service providers, as defined in s. 77.51 (1g), and
24 sellers that use certified automated systems, as defined in s. 77.524 (1) (am), or
25 proprietary systems, pursuant to the agreement as defined in s. 77.65 (2) (a).

1 **SECTION 6.** 76.07 (4g) (b) 8. of the statutes is amended to read:

2 76.07 **(4g)** (b) 8. Determine transport–related revenue by adding public service
3 revenue allocated to this state on the basis of routes for which the company is
4 authorized to receive subsidy payments, mutual aid allocated to this state on the
5 basis of the ratio of transport revenues allocated to this state to transport revenues
6 everywhere in the previous year, in–flight sales allocated to this state as they are
7 allocated under s. ~~77.51 (14r)~~ 77.522 and all other transport–related revenues from
8 sales made in this state.

9 **SECTION 7.** 77.51 (1) of the statutes is renumbered 77.51 (1d).

10 **SECTION 8.** 77.51 (1b) of the statutes is created to read:

11 77.51 **(1b)** "Alcohol beverage" means a beverage that is suitable for human
12 consumption and that contains 0.5% or more of alcohol by volume.

13 **SECTION 9.** 77.51 (1e) of the statutes is created to read:

14 77.51 **(1e)** "Candy" means a preparation of sugar, honey, or other natural or
15 artificial sweetener combined with chocolate, fruit, nuts, or other ingredients or
16 flavorings in the form of bars, drops, or pieces. "Candy" does not include a
17 preparation that contains flour or that requires refrigeration.

18 **SECTION 10.** 77.51 (1n) of the statutes is created to read:

19 77.51 **(1n)** "Computer" means an electronic device that accepts information in
20 digital or similar form and that manipulates such information to achieve a result
21 based on a sequence of instructions.

22 **SECTION 11.** 77.51 (1p) of the statutes is created to read:

23 77.51 **(1p)** "Computer software" means a set of coded instructions designed to
24 cause a computer or automatic data processing equipment to perform a task.

25 **SECTION 12.** 77.51 (2k) of the statutes is created to read:

1 77.51 **(2k)** "Delivered electronically" means delivered to a purchaser by means
2 other than by tangible storage media.

3 **SECTION 13.** 77.51 (2m) of the statutes is created to read:

4 77.51 **(2m)** "Delivery charges" means charges by a seller to prepare and deliver
5 tangible personal property or services to a location designated by the purchaser of
6 the tangible personal property or services, including charges for transportation,
7 shipping, postage, handling, crating, and packing.

8 **SECTION 14.** 77.51 (3p) of the statutes is created to read:

9 77.51 **(3p)** "Dietary supplement" means a product, other than tobacco, that is
10 intended to supplement a person's diet, if all of the following apply:

11 (a) The product contains any of the following ingredients or any combination
12 of any of the following ingredients:

13 1. A vitamin.

14 2. A mineral.

15 3. An herb or other botanical.

16 4. An amino acid.

17 5. A dietary substance that is intended for human consumption to supplement
18 the diet by increasing total dietary intake.

19 6. A concentrate, metabolite, constituent, or extract.

20 (b) The product is intended for ingestion in tablet, capsule, powder, soft–gel,
21 gel–cap, or liquid form, or, if not intended for ingestion in such forms, is not
22 represented as conventional food and is not represented for use as the sole item of
23 a meal or diet.

24 (c) The product is required to be labeled as a dietary supplement as required
25 under 21 CFR 101.36.

1 **SECTION 15.** 77.51 (3pd) of the statutes is created to read:

2 77.51 **(3pd)** "Direct mail" means printed material that is delivered by the U.S.
3 postal service or other delivery service to a mass audience or to addresses on a
4 mailing list provided by or at the direction of the purchaser of the printed material,
5 if the cost of the printed material or any tangible personal property included with the
6 printed material is not billed directly to the recipients of the printed material.
7 "Direct mail" includes any tangible personal property provided directly or indirectly
8 by the purchaser of the printed material to the seller of the printed material for
9 inclusion in any package containing printed material. "Direct mail" does not include
10 multiple items of printed material delivered to a single address.

11 **SECTION 16.** 77.51 (3pj) of the statutes is created to read:

12 77.51 **(3pj)** "Drug" means a compound, substance, or preparation, or any
13 component of them, other than food and food ingredients, dietary supplements, or
14 alcoholic beverages, to which any of the following applies:

15 (a) It is listed in the United States Pharmacopoeia, Homeopathic
16 Pharmacopoeia of the United States, or National Formulary, or any supplement to
17 any of them.

18 (b) It is intended for use in diagnosing, curing, mitigating, treating, or
19 preventing a disease.

20 (c) It is intended to affect a function or structure of the body.

21 **SECTION 17.** 77.51 (3pm) of the statutes is created to read:

22 77.51 **(3pm)** "Durable medical equipment" means equipment, including the
23 repair parts and replacement parts for the equipment, that is for use in a person's
24 home; that is primarily and customarily used for a medical purpose related to a
25 person; that can withstand repeated use; that is not generally useful to a person who

is not ill or injured; and that is not placed in or worn on the body. "Durable medical equipment" does not include mobility–enhancing equipment.

SECTION 18. 77.51 (3pp) of the statutes is created to read:

77.51 **(3pp)** "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

SECTION 19. 77.51 (3t) of the statutes is created to read:

77.51 **(3t)** "Food and food ingredient" means a substance in liquid, concentrated, solid, frozen, dried, or dehydrated form, that is sold for ingestion, or for chewing, by humans and that is ingested or chewed for its taste or nutritional value. "Food and food ingredient" does not include alcohol beverages or tobacco.

SECTION 20. 77.51 (4) of the statutes is repealed.

SECTION 21. 77.51 (5) of the statutes is amended to read:

77.51 **(5)** For purposes of subs. (13) (e) and (f) and ~~(14) (L)~~ (15a) and s. 77.52 (2m), "incidental" 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. 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 22. 77.51 (7) of the statutes is repealed and recreated to read:

77.51 **(7)** (a) "Lease or rental" means any transfer of possession or control of tangible personal property for a fixed or indeterminate term and for consideration and includes:

1. A transfer that includes future options to purchase or extend.

2. Agreements related to the transfer of possession or control of motor vehicles or trailers, if the amount of any consideration may be increased or decreased by reference to the amount realized on the sale or other disposition of such motor vehicles or trailers, consistent with section 7701 (h) (1) of the Internal Revenue Code.

(b) "Lease or rental" does not include any of the following:

1. A transfer of possession or control of tangible personal property under a security agreement or deferred payment plan, if such agreement or plan requires transferring title to the tangible personal property after making all required payments.

2. A transfer of possession or control of tangible personal property under any agreement that requires transferring title to the tangible personal property after making all required payments and after paying an option price that does not exceed the greater of $100 or 1% of the total amount of the required payments.

3. Providing tangible personal property along with an operator, if the operator is necessary for the tangible personal property to perform in the manner for which it is designed and if the operator does more than maintain, inspect, or set up the tangible personal property.

(c) 1. Transfers described under par. (a) are considered a lease or rental, regardless of whether such transfer is considered a lease or rental under generally accepted accounting principles, or any provision of federal or local law, or any other provision of state law.

2. Transfers described under par. (b) are not considered a lease or rental, regardless of whether such transfer is considered a lease or rental under generally accepted accounting principles, or any provision of federal or local law, or any other provision of state law.

1 **SECTION 23.** 77.51 (7m) of the statutes is created to read:

2 77.51 **(7m)** "Mobility–enhancing equipment" means equipment, including the
3 repair parts and replacement parts for the equipment, that is primarily and
4 customarily used to provide or increase the ability of a person to move from one place
5 to another; that may be used in a home or motor vehicle; and that is generally not
6 used by a person who has normal mobility. "Mobility–enhancing equipment" does
7 not include a motor vehicle or any equipment on a motor vehicle that is generally
8 provided by a motor vehicle manufacturer.

9 **SECTION 24.** 77.51 (10m) of the statutes is created to read:

10 77.51 **(10m)** (a) "Prepared food" means:

11 1. Food and food ingredients sold in a heated state.

12 2. Food and food ingredients heated by the retailer, except as provided in par.
13 (b).

14 3. Food and food ingredients sold with eating utensils that are provided by the
15 retailer of the food and food ingredients, including plates, knives, forks, spoons,
16 glasses, cups, napkins, and straws. In this subdivision, "plate" does not include a
17 container or packaging used to transport food and food ingredients.

18 4. Except as provided in par. (b), 2 or more food ingredients mixed or combined
19 by a retailer for sale as a single item.

20 (b) "Prepared food" under par. (a) 2. and 4. does not include:

21 1. Two or more food ingredients mixed or combined by a retailer for sale as a
22 single item, if the retailer's primary classification in the 1997 North American
23 Industry Classification System, published by the federal office of management and
24 budget, is manufacturing under sectors 31 to 33, not including bakeries and tortilla
25 manufacturing under industry group number 3118.

1 2. Two or more food ingredients mixed or combined by a retailer for sale as a
2 single item, sold unheated, and sold by volume or weight.
3 3. Bakery items made by a retailer, including breads, rolls, pastries, buns,
4 biscuits, bagels, croissants, donuts, danish, cakes, tortes, pies, tarts, muffins, bars,
5 cookies, and tortillas.
6 4. Food and food ingredients that are only sliced, repackaged, or pasteurized
7 by a retailer.
8 5. Eggs, fish, meat, and poultry, and foods containing any of them in raw form,
9 that require cooking by the consumer, as recommended by the food and drug
10 administration in chapter 3, part 401.11 of its food code to prevent food–borne
11 illnesses.
12 **SECTION 25.** 77.51 (10n) of the statutes is created to read:
13 77.51 **(10n)** "Prescription" means an order, formula, or recipe that is issued by
14 any oral, written, electronic, or other means of transmission and by a person who is
15 authorized by the laws of this state to issue such an order, formula, or recipe.
16 **SECTION 26.** 77.51 (10r) of the statutes is created to read:
17 77.51 **(10r)** "Prewritten computer software" means any of the following:
18 (a) Computer software that is not designed and developed by the author or
19 creator of the software according to a specific purchaser's specifications.
20 (b) Computer software upgrades that are not designed and developed by the
21 author or creator of the software according to a specific purchaser's specifications.
22 (c) Computer software that is designed and developed by the author or creator
23 of the software according to a specific purchaser's specifications and that is sold to
24 another purchaser.

(d) Any combination of computer software under pars. (a) to (c), including any combination with any portion of such software.

(e) Computer software as described under pars. (a) to (d), and any portion of such software, that is modified or enhanced by any degree to a specific purchaser's specifications, except such modification or enhancement that is reasonably and separately indicated on an invoice, or other statement of the price, provided to the purchaser.

SECTION 27. 77.51 (11m) of the statutes is created to read:

77.51 **(11m)** "Prosthetic device" means a device, including the repair parts and replacement parts for the device, that is placed in or worn on the body to artificially replace a missing portion of the body; to prevent or correct a physical deformity or malfunction; or to support a weak or deformed portion of the body.

SECTION 28. 77.51 (12m) of the statutes is created to read:

77.51 **(12m)** (a) "Purchase price" means the total amount of consideration, including cash, credit, property, and services, for which tangible personal property or services are sold, leased, or rented, valued in money, whether paid in money or otherwise, without any deduction for the following:

1. The seller's cost of the property sold.

2. The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller.

3. Charges by the seller for any services necessary to complete a sale, not including delivery and installation charges.

4. Delivery charges, except as provided in par. (b) 4.

5. Installation charges.

1 6. The value of exempt tangible personal property, if the exempt tangible
2 personal property is bundled with taxable tangible personal property and sold by the
3 seller as a single product or piece of merchandise.

4 (b) "Purchase price" does not include:

5 1. Discounts, including cash, terms, or coupons, that are not reimbursed by a
6 3rd party; that are allowed by a seller; and that are taken by a purchaser on a sale.

7 2. Interest, financing, and carrying charges from credit that is extended on a
8 sale of personal property or services, if the amount of the interest, financing, or
9 carrying charges is separately stated on the invoice, bill of sale, or similar document
10 that the seller gives to the purchaser.

11 3. Any taxes legally imposed directly on the purchaser that are separately
12 stated on the invoice, bill of sale, or similar document that the seller gives to the
13 purchaser.

14 4. Delivery charges for direct mail.

15 5. In all transactions in which an article of tangible personal property is traded
16 toward the purchase of an article of greater value, the amount of the purchase price
17 that represents the amount allowed for the article traded, except that this
18 subdivision does not apply to any transaction to which subd. 7. or 8. applies.

19 6. If a person who purchases a motor vehicle presents a statement issued under
20 s. 218.0171 (2) (cq) to the seller at the time of purchase, and the person presents the
21 statement to the seller within 60 days from the date of receiving a refund under s.
22 218.0171 (2) (b) 2. b., the trade–in amount specified in the statement issued under
23 s. 218.0171 (2) (cq), but not to exceed the purchase price from the sale of the motor
24 vehicle. This subdivision applies only to the first motor vehicle purchased by a
25 person after receiving a refund under s. 218.0171 (2) (b) 2. b.

7. Thirty–five percent of the purchase price, excluding trade–ins, of a new mobile home, as defined in s. 340.01 (29), that is a primary housing unit or of a new mobile home, as defined in s. 340.01 (29), that is transported in 2 unattached sections if the total size of the combined sections, not including additions and attachments, is at least 984 square feet measured when the sections are ready for transport. This subdivision does not apply to a lease or rental.

8. At the retailer's option; except that after the retailer chooses an option the retailer may not use the other option for other sales without the department's written approval; either 35% of the purchase price of a manufactured building, as defined in s. 101.71 (6), or an amount equal to the purchase price of the manufactured building minus the cost of materials that become an ingredient or component part of the building.

SECTION 29. 77.51 (12p) of the statutes is created to read:

77.51 **(12p)** "Purchaser" means a person to whom a sale of tangible personal property is made or to whom a service is furnished.

SECTION 30. 77.51 (13) (o) of the statutes is amended to read:

77.51 **(13)** (o) A person selling ~~medicine~~ drugs for animals to a veterinarian. As used in this paragraph, "animal" includes livestock, pets and poultry.

SECTION 31. 77.51 (13s) of the statutes is created to read:

77.51 **(13s)** "Retail sale" or "sale at retail" means any sale, lease, or rental for any purpose other than resale, sublease, or subrent.

SECTION 32. 77.51 (14) (intro.) of the statutes is amended to read:

77.51 **(14)** (intro.) "Sale"~~, "sale, lease or rental", "retail sale", "sale at retail", or equivalent terms include~~ includes any ~~one or all~~ of the following: the transfer of the ownership of, title to, possession of, or enjoyment of tangible personal property or

services for use or consumption but not for resale as tangible personal property or services and includes:

SECTION 33. 77.51 (14) (a) of the statutes is amended to read:

77.51 **(14)** (a) Any sale at an auction in respect to tangible personal property which is sold to a successful bidder~~. The proceeds from~~, except the sale of property sold at auction which is bid in by the seller and on which title does not pass to a new purchaser ~~shall be deducted from the gross proceeds of the sale and the tax paid only on the net proceeds~~.

SECTION 34. 77.51 (14) (d) of the statutes is repealed.

SECTION 35. 77.51 (14) (g) of the statutes is renumbered 77.51 (15a) (b) 4.

SECTION 36. 77.51 (14) (i) of the statutes is repealed.

SECTION 37. 77.51 (14) (j) of the statutes is amended to read:

77.51 **(14)** (j) The granting of possession of tangible personal property by a lessor to a lessee, or to another person at the direction of the lessee. Such a transaction is deemed a continuing sale in this state ~~by the lessor for the duration of the lease as respects any period of time the leased property is situated in this state, irrespective of the time or place of delivery of the property to the lessee or such other person~~.

SECTION 38. 77.51 (14) (k) of the statutes is repealed.

SECTION 39. 77.51 (14) (L) of the statutes is repealed.

SECTION 40. 77.51 (14r) of the statutes is repealed.

SECTION 41. 77.51 (15) of the statutes is repealed.

SECTION 42. 77.51 (15a) of the statutes is created to read:

77.51 **(15a)** (a) "Sales, lease, or rental for resale, sublease, or subrent" includes transfers of tangible personal property to a service provider that the service provider

transfers in conjunction with but not incidental to the selling, performing, or furnishing of any service, and transfers of tangible personal property to a service provider that the service provider physically transfers in conjunction with the selling, performing, or furnishing services under s. 77.52 (2) (a) 7., 10., 11., or 20. This paragraph does not apply to sub. (2).

(b) "Sales, lease, or rental for resale, sublease, or subrent" does not include any of the following:

1. The sale of building materials, supplies, and equipment to owners, contractors, subcontractors, or builders for use in real property construction activities or the alteration, repair, or improvement of real property, regardless of the quantity of such materials, supplies, and equipment sold.

2. Any sale of tangible personal property to a purchaser even though such property may be used or consumed by some other person to whom such purchaser transfers the tangible personal property without valuable consideration, such as gifts, and advertising specialties distributed gratis apart from the sale of other tangible personal property or service.

3. Transfers of tangible personal property to a service provider that the service provider transfers in conjunction with the selling, performing, or furnishing of any service, if the tangible personal property is incidental to the service, unless the service provider is selling, performing, or furnishing services under s. 77.52 (2) (a) 7., 10., 11., or 20.

SECTION 43. 77.51 (15b) of the statutes is created to read:

77.51 **(15b)** (a) "Sales price" means the total amount of consideration, including cash, credit, property, and services, for which tangible personal property or services are sold,

1 leased, or rented, valued in money, whether received in money or otherwise, without
2 any deduction for the following:
3 1. The seller's cost of the property sold.
4 2. The cost of materials used, labor or service cost, interest, losses, all costs of
5 transportation to the seller, all taxes imposed on the seller, and any other expense
6 of the seller.
7 3. Charges by the seller for any services necessary to complete a sale, not
8 including delivery and installation charges.
9 4. Delivery charges, except as provided in par. (b) 4.
10 5. Installation charges.
11 6. The value of exempt tangible personal property, if the exempt tangible
12 personal property is bundled with taxable tangible personal property and sold by the
13 seller as a single product or piece of merchandise.
14 (b) "Sales price" does not include:
15 1. Discounts, including cash, terms, or coupons, that are not reimbursed by a
16 3rd party; that are allowed by a seller; and that are taken by a purchaser on a sale.
17 2. Interest, financing, and carrying charges from credit that is extended on a
18 sale of tangible personal property or services, if the amount of the interest, financing,
19 or carrying charges is separately stated on the invoice, bill of sale, or similar
20 document that the seller gives to the purchaser.
21 3. Any taxes legally imposed directly on the purchaser that are separately
22 stated on the invoice, bill of sale, or similar document that the seller gives to the
23 purchaser.
24 4. Delivery charges for direct mail.

1 5. In all transactions in which an article of tangible personal property is traded
2 toward the purchase of an article of greater value, the amount of the sales price that
3 represents the amount allowed for the article traded, except that this subdivision
4 does not apply to any transaction to which subd. 7. or 8. applies.

5 6. If a person who purchases a motor vehicle presents a statement issued under
6 s. 218.0171 (2) (cq) to the seller at the time of purchase, and the person presents the
7 statement to the seller within 60 days from the date of receiving a refund under s.
8 218.0171 (2) (b) 2. b., the trade–in amount specified in the statement issued under
9 s. 218.0171 (2) (cq), but not to exceed the sales price from the sale of the motor vehicle.
10 This subdivision applies only to the first motor vehicle purchased by a person after
11 receiving a refund under s. 218.0171 (2) (b) 2. b.

12 7. Thirty–five percent of the sales price, excluding trade–ins, of a new mobile
13 home, as defined in s. 340.01 (29), that is a primary housing unit or of a new mobile
14 home, as defined in s. 340.01 (29), that is transported in 2 unattached sections if the
15 total size of the combined sections, not including additions and attachments, is at
16 least 984 square feet measured when the sections are ready for transport. This
17 subdivision does not apply to a lease or rental.

18 8. At the retailer's option; except that after the retailer chooses an option the
19 retailer may not use the other option for other sales without the department's written
20 approval; either 35% of the sales price of a manufactured building, as defined in s.
21 101.71 (6), or an amount equal to the sales price of the manufactured building minus
22 the cost of materials that become an ingredient or component part of the building.

23 **SECTION 44.** 77.51 (17) of the statutes is amended to read:

24 77.51 **(17)** "Seller" includes every person selling, leasing or renting tangible
25 personal property or selling, performing or furnishing services of a kind the ~~gross~~

1 ~~receipts~~ sales price from the sale, lease, rental, performance or furnishing of which
2 ~~are~~ is required to be included in the measure of the sales tax.

3 **SECTION 45.** 77.51 (17m) of the statutes is repealed and recreated to read:

4 77.51 **(17m)** "Service address" means any of the following:

5 (a) The location of the telecommunications equipment to which a customer's
6 telecommunications service is charged and from which the telecommunications
7 service originates or terminates, regardless of where the telecommunications service
8 is billed or paid.

9 (b) If the location described under par. (a) is not known by the seller who sells
10 the telecommunications service, the location where the signal of the
11 telecommunications service originates, as identified by the seller's
12 telecommunications system or, if the signal is not transmitted by the seller's
13 telecommunications system, by information that the seller received from the seller's
14 service provider.

15 (c) If the locations described under pars. (a) and (b) are not known by the seller
16 who sells the telecommunications service, the customer's place of primary use.

17 **SECTION 46.** 77.51 (17w) of the statutes is created to read:

18 77.51 **(17w)** "Soft drink" means a beverage that contains less than 0.5% of
19 alcohol and that contains natural or artificial sweeteners. "Soft drink" does not
20 include a beverage that contains milk or milk products; soy, rice, or similar milk
21 substitutes; or more than 50% vegetable or fruit juice by volume.

22 **SECTION 47.** 77.51 (20) of the statutes is amended to read:

23 77.51 **(20)** "Tangible personal property" means ~~all tangible~~ personal property
24 ~~of every kind and description~~ that can be seen, weighed, measured, felt, or touched,
25 or that is in any other manner perceptible to the senses, and includes electricity,

~~natural~~ gas, steam ~~and~~, water, and ~~also leased property affixed to realty if the lessor has the right to remove the property upon breach or termination of the lease agreement, unless the lessor of the property is also the lessor of the realty to which the property is affixed. "Tangible personal property" also includes coins and stamps of the United States sold or traded as collectors' items above their face value and computer programs except custom~~ prewritten computer ~~programs~~ software.

SECTION 48. 77.51 (21) of the statutes is amended to read:

77.51 **(21)** "Taxpayer" means the person who is required to pay, collect, or account for or who is otherwise directly interested in the taxes imposed by this subchapter, including a certified service provider.

SECTION 49. 77.51 (21p) of the statutes is created to read:

77.51 **(21p)** "Tobacco" means cigarettes, cigars, chewing tobacco, pipe tobacco, and any other item that contains tobacco.

SECTION 50. 77.51 (22) (bm) of the statutes is created to read:

77.51 **(22)** (bm) In this subsection, "exercise of any right or power over tangible personal property or taxable services" includes distributing, selecting recipients, determining mailing schedules, or otherwise directing the distribution, dissemination, or disposal of tangible personal property or taxable services, regardless of whether the purchaser of such property or services owns or physically possesses, in this state, the property or services.

SECTION 51. 77.52 (1) of the statutes is renumbered 77.52 (1) (a) and amended to read:

77.52 **(1)** (a) For the privilege of selling, licensing, leasing or renting tangible personal property, including accessories, components, attachments, parts, supplies and materials, at retail a tax is imposed upon all retailers at the rate of 5% of the

license,

~~gross receipts~~ sales price from the sale, lease or rental of tangible personal property, including accessories, components, attachments, parts, supplies and materials, sold, leased or rented at retail in this state.

SECTION 52. 77.52 (1) (b) of the statutes is created to read:

77.52 **(1)** (b) For the privilege of selling at retail coins and stamps of the United States that are sold or traded as collectors' items above their face value, a tax is imposed on all retailers at the rate of 5% of the sales price from the sale of such coins and stamps.

SECTION 53. 77.52 (1) (c) of the statutes is created to read:

77.52 **(1)** (c) For the privilege of leasing property that is affixed to real property, a tax is imposed on all retailers at the rate of 5% of the sales price from the lease of such property, if the lessor has the right to remove the leased property upon breach or termination of the lease agreement, unless the lessor of the leased property is also the lessor of the real property to which the leased property is affixed.

SECTION 54. 77.52 (2) (intro.) of the statutes is amended to read:

77.52 **(2)** (intro.) For the privilege of selling, licensing, performing or furnishing the services described under par. (a) at retail in this state to consumers or users, a tax is imposed upon all persons selling, licensing, performing or furnishing the services at the rate of 5% of the ~~gross receipts~~ sales price from the sale, license, performance or furnishing of the services.

SECTION 55. 77.52 (2) (a) 10. of the statutes is amended to read:

77.52 **(2)** (a) 10. Except for installing or applying tangible personal property which, when installed or applied, will constitute an addition or capital improvement of real property, the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of all items of tangible personal property

unless, at the time of such repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, or maintenance, a sale in this state of the type of property repaired, serviced, altered, fitted, cleaned, painted, coated, towed, inspected, or maintained would have been exempt to the customer from sales taxation under this subchapter, other than the exempt sale of a motor vehicle or truck body to a nonresident under s. 77.54 (5) (a) and other than nontaxable sales outside this state under s. ~~77.51 (14r)~~ 77.522. For purposes of this paragraph, the following items shall be considered to have retained their character as tangible personal property, regardless of the extent to which any such item is fastened to, connected with, or built into real property: furnaces, boilers, stoves, ovens, including associated hoods and exhaust systems, heaters, air conditioners, humidifiers, dehumidifiers, refrigerators, coolers, freezers, water pumps, water heaters, water conditioners and softeners, clothes washers, clothes dryers, dishwashers, garbage disposal units, radios and radio antennas, incinerators, television receivers and antennas, record players, tape players, jukeboxes, vacuum cleaners, furniture and furnishings, carpeting and rugs, bathroom fixtures, sinks, awnings, blinds, gas and electric logs, heat lamps, electronic dust collectors, grills and rotisseries, bar equipment, intercoms, recreational, sporting, gymnasium and athletic goods and equipment including by way of illustration but not of limitation bowling alleys, golf practice equipment, pool tables, punching bags, ski tows, and swimming pools; equipment in offices, business facilities, schools, and hospitals but not in residential facilities including personal residences, apartments, long–term care facilities, as defined under s. 16.009 (1) (em), state institutions, as defined under s. 101.123 (1) (i), Type 1 secured correctional facilities, as defined in s. 938.02 (19), or similar facilities including, by way of illustration but not of limitation, lamps, chandeliers, and fans,

venetian blinds, canvas awnings, office and business machines, ice and milk dispensers, beverage–making equipment, vending machines, soda fountains, steam warmers and tables, compressors, condensing units and evaporative condensers, pneumatic conveying systems; laundry, dry cleaning, and pressing machines, power tools, burglar alarm and fire alarm fixtures, electric clocks and electric signs. "Service" does not include services performed by veterinarians. The tax imposed under this subsection applies to the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, or maintenance of items listed in this subdivision, regardless of whether the installation or application of tangible personal property related to the items is an addition to or a capital improvement of real property, except that the tax imposed under this subsection does not apply to the original installation or the complete replacement of an item listed in this subdivision, if such installation or replacement is a real property construction activity under s. 77.51 (2).

SECTION 56. 77.52 (6) of the statutes is repealed.

SECTION 57. 77.52 (7) of the statutes is amended to read:

77.52 **(7)** Every person desiring to operate as a seller within this state who holds a valid certificate under s. 73.03 (50) shall file with the department an application for a permit for each place of operations. Every application for a permit shall be made upon a form prescribed by the department and shall set forth the name under which the applicant intends to operate, the location of the applicant's place of operations, and the other information that the department requires. ~~The~~ Except as provided in sub. (7b), the application shall be signed by the owner if a sole proprietor; in the case of sellers other than sole proprietors, the application shall be signed by the person authorized to act on behalf of such sellers. A nonprofit organization that

has ~~gross receipts~~ a sales price taxable under s. 77.54 (7m) shall obtain a seller's permit and pay taxes under this subchapter on all taxable ~~gross receipts~~ sales prices received after it is required to obtain that permit. If that organization becomes eligible later for the exemption under s. 77.54 (7m) except for its possession of a seller's permit, it may surrender that permit.

SECTION 58. 77.52 (7b) of the statutes is created to read:

77.52 **(7b)** Any person who may register under sub. (7) may designate an agent, as defined in s. 77.524 (1) (ag), to register with the department under sub. (7), in the manner prescribed by the department.

SECTION 59. 77.52 (13) of the statutes is amended to read:

77.52 **(13)** For the purpose of the proper administration of this section and to prevent evasion of the sales tax it shall be presumed that all receipts are subject to the tax until the contrary is established. The burden of proving that a sale of tangible personal property or services is not a taxable sale at retail is upon the person who makes the sale unless that person takes from the purchaser ~~a~~ an electronic or paper certificate, in a form prescribed by the department, to the effect that the property or service is purchased for resale or is otherwise exempt~~;~~, except that no certificate is required for ~~sales of cattle, sheep, goats, and pigs that are sold at a livestock market, as defined in s. 95.68 (1) (e) [s. 95.68 (1) (ag)], and no certificate is required for sales of commodities, as defined in 7 USC 2, that are consigned for sale in a warehouse in or from which the commodity is deliverable on a contract for future delivery subject to the rules of a commodity market regulated by the U.S. commodity futures trading commission if upon the sale the commodity is not removed from the warehouse~~ the sale of tangible personal property that is exempt under s. 77.54 (7), (8), (10), (11), (14), (7m),

(14b), (15), (17), (20n), (21), (22b), (30), (31), (32), (35), (36), (37), (42), (44), (45), and (46), except as provided in s. 77.54 (30) (e) and (f)

SECTION 60. 77.52 (14) (a) (intro.) and 1. and (b) of the statutes are consolidated, renumbered 77.52 (14) and amended to read:

77.52 **(14)** The certificate referred to in sub. (13) relieves the seller from the burden of proof only if ~~any of the following is true: 1. The~~ the certificate is taken ~~in good faith~~ from a person ~~who is engaged as a seller of tangible personal property or taxable services and who holds the permit provided for in sub. (9) and who,~~ at the time ~~of purchasing~~ that the person purchases the tangible personal property or services~~, intends to sell it in the regular course of operations or is unable to ascertain at the time of purchase whether the property or service will be sold or will be used for some other purpose. (b)~~. The certificate under sub. (13) shall not relieve the seller of the burden of proof if the seller fraudulently fails to collect sales tax or solicits the purchaser to claim an unlawful exemption. The certificate referred to in sub. (13) shall ~~be signed by and bear the name and address of~~ provide information that identifies the purchaser~~,~~ and shall indicate ~~the general character of the tangible personal property or service sold by the purchaser and~~ the basis for the claimed exemption and a paper certificate shall be signed by the purchaser. The certificate shall be in such form as the department prescribes by rule.

SECTION 61. 77.52 (14) (a) 2. of the statutes is repealed.

SECTION 62. 77.52 (15) of the statutes is amended to read:

77.52 **(15)** If a purchaser who ~~gives a resale certificate~~ purchases tangible personal property or taxable services without paying a sales tax or use tax on such purchase because such property or services were for resale makes any use of the property or services other than retention, demonstration or display while holding ~~it~~

the property or services for sale, lease or rental in the regular course of the purchaser's operations, the use shall be taxable to the purchaser under s. 77.53 as of the time that the property ~~is~~ or services are first used by the purchaser, and the ~~sales~~ purchase price of the property or services to the purchaser shall be the measure of the tax. ~~Only when there is an unsatisfied use tax liability on this basis because the seller has provided incorrect information about that transaction to the department shall the seller be liable for sales tax with respect to the sale of the property to the purchaser.~~

SECTION 63. 77.522 of the statutes is created to read:

77.522 Sourcing. (1) GENERAL. (a) In this section:

1. "Direct mail form" means a form for direct mail prescribed by the department.

2. "Multiple–points–of–use exemption form" means the multiple–points–of–use exemption form, as prescribed by the department.

3. "Product" includes tangible personal property, digital goods, and services.

4. "Receive" means taking possession of tangible personal property; making first use of services; or taking possession or making first use of digital goods, whichever comes first. "Receive" does not include a shipping company taking possession of tangible personal property on a purchaser's behalf.

5. "Transportation equipment" means all of the following:

a. Locomotives and railcars that are used to carry persons or property in interstate commerce.

b. Trucks and truck tractors that have a gross vehicle weight rating of 10,001 pounds or greater, trailers, semitrailers, and passenger buses, if such vehicles are registered under the International Registration Plan and operated under the

authority of a carrier that is authorized by the federal government to carry persons or property in interstate commerce.

c. Aircraft that is operated by air carriers that are authorized by the federal government or a foreign authority to carry persons or property in interstate commerce.

d. Containers that are designed for use on the vehicles described in subd. 5. a. to c. and component parts attached to or secured on such vehicles.

(b) Except as provided in pars. (c) to (d) and subs. (2), (3), (4), and (5), the location of a sale is determined as follows:

1. If a purchaser receives the product at a seller's business location, the sale occurs at that business location.

2. If a purchaser does not receive the product at a seller's business location, the sale occurs at the location where the purchaser, or the purchaser's designated donee, receives the product, including the location indicated by the instructions known to the seller for delivery to the purchaser or the purchaser's designated donee.

3. If the location of a sale of a product cannot be determined under subds. 1. and 2., the sale occurs at the purchaser's address as indicated by the seller's business records, if the records are maintained in the ordinary course of the seller's business and if using that address to establish the location of a sale is not in bad faith.

4. If the location of a sale of a product cannot be determined under subds. 1. to 3., the sale occurs at the purchaser's address as obtained during the consummation of the sale, including the address indicated on the purchaser's payment instrument, if no other address is available and if using that address is not in bad faith.

5. If the location of a sale of a product cannot be determined under subds. 1. to 4., the location of the sale is determined as follows:

1 a. If the item sold is tangible personal property, the sale occurs at the location
2 from which the tangible personal property is shipped.
3 b. If the item sold is a digital good, or computer software delivered
4 electronically, the sale occurs at the location from which the digital good or computer
5 software was first available for transmission by the seller.
6 c. If a service is sold, the sale occurs at the location from which the service was
7 provided.
8 (c) The sale of direct mail occurs at the location from which the direct mail is
9 shipped, if the purchaser does not provide to the seller a direct pay permit, a direct
10 mail form, or other information that indicates the appropriate taxing jurisdiction to
11 which the direct mail is delivered to the ultimate recipients. If the purchaser
12 provides a direct mail form to the seller, the purchaser shall pay or remit, as
13 appropriate, to the department the tax imposed under s. 77.53 (1) on all purchases
14 for which the tax is due and the seller is relieved from liability for collecting such tax.
15 (d) 1. If the service, digital good, or computer software is delivered
16 electronically, a business purchaser who purchases a service, digital good, or
17 computer software who does not hold a direct pay permit under s. 77.52 (17m), and
18 who knows at the time that the purchaser purchases such service, good, or software
19 that the service, good, or software will be concurrently available for use in more than
20 one taxing jurisdiction shall provide a multiple–points–of–use exemption form to the
21 seller, in conjunction with the purchase, and shall pay or remit, as appropriate, to the
22 department the tax imposed under s. 77.53 (1) on all purchases for which the tax is
23 due.
24 2. To apportion the amount of the tax due multiple taxing jurisdictions, a
25 purchaser who provides an exemption form under subd. 1. shall use any reasonable,

1 consistent, and uniform apportionment method supported by the purchaser's
2 business records that exist at the time of the sale.

3 3. An exemption form provided under subd. 1. shall remain effective for all sales
4 by the seller who received the form to the purchaser who provided the form, unless
5 the purchaser revokes the form in writing and provides such a revocation to the
6 seller.

7 4. If the service, digital good, or computer software is delivered electronically,
8 a business purchaser who purchases a service, digital good, or computer software,
9 who holds a direct pay permit under s. 77.52 (17m), and who knows at the time that
10 the purchaser purchases such service, good, or software that the service, good, or
11 software will be concurrently available for use in more than one taxing jurisdiction
12 is not required to provide a multiple–points–of–use exemption form to the seller, but
13 shall collect, pay, or remit, as appropriate, to the department the tax imposed under
14 s. 77.53 (1) and shall use the apportionment method described under par. (b) to
15 apportion the tax due multiple taxing jurisdictions.

16 5. A seller who receives a multiple–points–of–use exemption form under this
17 paragraph is relieved from liability for collecting the tax imposed under s. 77.53 (1)
18 on purchases related to the multiple–points–of–use exemption form.

19 **(2)** LEASE OR RENTAL. (a) Except as provided in pars. (b) and (c), with regards
20 to the first or only payment on the lease or rental, the lease or rental of tangible
21 personal property occurs at the location determined under sub. (1) (b) 1. If the
22 property is moved from the place where the property was initially delivered, the
23 subsequent periodic payments on the lease or rental occur at the property's primary
24 location as indicated by an address for the property that is provided by the lessee and
25 that is available to the lessor in records that the lessor maintains in the ordinary

1 course of the lessor's business, if the use of such an address does not constitute bad
2 faith. The location of a lease or rental as determined under this paragraph shall not
3 be altered by any intermittent use of the property at different locations.

4 (b) The lease or rental of motor vehicles, semitrailers, and aircraft, that are not
5 transportation equipment, occurs at the primary location of such motor vehicles,
6 semitrailers, or aircraft as indicated by an address for the property that is provided
7 by the lessee and that is available to the lessor in records that the lessor maintains
8 in the ordinary course of the lessor's business, if the use of such an address does not
9 constitute bad faith. The location of a lease or rental as determined under this
10 paragraph shall not be altered by any intermittent use of the property at different
11 locations.

12 (c) The lease or rental of transportation equipment occurs at the location
13 determined under sub. (1) (b) 1.

14 **(3)** TELECOMMUNICATIONS. (a) In this subsection:

15 1. "Air–to–ground radiotelephone service" means a radio service in which
16 common carriers are authorized to offer and provide radio telecommunications
17 service for hire to subscribers in aircraft.

18 2. "Call–by–call basis" means any method of charging for telecommunications
19 services by which the price of such services is measured by individual calls.

20 3. "Communications channel" means a physical or virtual path of
21 communications over which signals are transmitted between or among customer
22 channel termination points.

23 4. "Customer" means a person who enters into a contract with a seller of
24 telecommunications services or, in any transaction for which the end user is not the
25 person who entered into a contract with the seller of telecommunications services,

1 the end user of the telecommunications services. "Customer" does not include a
2 person who resells telecommunications services or, for mobile telecommunications
3 services, a serving carrier under an agreement to serve a customer outside the home
4 service provider's licensed service area.

5 5. "Customer channel termination point" means the location where a customer
6 inputs or receives communications.

7 6. "End user" means an individual who uses a telecommunications service.

8 7. "Home service provider" means a home service provider under section 124
9 (5) of P.L. 106–252.

10 8. "Mobile telecommunications service" means a mobile telecommunications
11 service under 4 USC 116 to 126, as amended by P.L. 106–252.

12 9. "Place of primary use" means place of primary use, as determined under 4
13 USC 116 to 126, as amended by P.L. 106–252.

14 10. "Postpaid calling service" means a telecommunications service that is
15 obtained by paying for it on a call–by–call basis using a bankcard, travel card, credit
16 card, debit card, or similar method, or by charging it to a telephone number that is
17 not associated with the location where the telecommunications service originates or
18 terminates. "Postpaid calling service" includes a service that would otherwise be a
19 prepaid calling service except that the service provided to the customer is not
20 exclusively a telecommunications service.

21 11. "Prepaid calling service" means the right to access services that are
22 exclusively telecommunications services, if that right is paid for in advance of
23 providing such services, requires using an access number or authorization code to
24 originate calls, and is sold in predetermined units or dollars that decrease with use
25 in a known amount.

1 12. "Private communication service" means a telecommunications service that
2 entitles the customer to exclusive or priority use of a communications channel or
3 group of communications channels between or among termination points, regardless
4 of the manner in which the communications channel or group of communications
5 channels is connected, and includes switching capacity, extension lines, stations, and
6 other associated services that are provided in connection with the use of such channel
7 or channels.

8 13. "Radio service" means a communication service provided by the use of radio,
9 including radiotelephone, radiotelegraph, paging, and facsimile service.

10 14. "Radiotelegraph service" means transmitting messages from one place to
11 another by means of radio.

12 15. "Radiotelephone service" means transmitting sound from one place to
13 another by means of radio.

14 (b) Except as provided in pars. (d) to (g), the sale of a telecommunications
15 service that is sold on a call–by–call basis occurs in the taxing jurisdiction for sales
16 and use tax purposes where the call originates and terminates, in the case of a call
17 that originates and terminates in the same such jurisdiction, or the taxing
18 jurisdiction for sales and use tax purposes where the call originates or terminates
19 and where the service address is located.

20 (c) Except as provided in pars. (d) to (g), the sale of a telecommunications
21 service that is sold on a basis other than a call–by–call basis occurs at the customer's
22 place of primary use.

23 (d) The sale of a mobile telecommunications service, except an air–to–ground
24 radiotelephone service and a prepaid calling service, occurs at the customer's place
25 of primary use.

(e) The sale of a postpaid calling service occurs at the location where the signal of the telecommunications service originates, as first identified by the seller's telecommunications system or, if the signal is not transmitted by the seller's telecommunications system, by information that the seller received from the seller's service provider.

(f) The sale of a prepaid calling service occurs at the location determined under sub. (1) (b), except that, if the service is a mobile telecommunications service and the location cannot be determined under sub. (1) (b) 1. to 4., the prepaid calling service occurs at the location determined under sub. (1) (b) 5. or at the location associated with the mobile telephone number, as determined by the seller.

(g) 1. The sale of a private communication service for a separate charge related to a customer channel termination point occurs at the location of the customer channel termination point.

2. The sale of a private communication service in which all customer channel termination points are located entirely in one taxing jurisdiction for sales and use tax purposes occurs in the taxing jurisdiction in which the customer channel termination points are located.

3. If the segments are charged separately, the sale of a private communication service that represents segments of a communications channel between 2 customer channel termination points that are located in different taxing jurisdictions for sales and use tax purposes occurs in an equal percentage in both such jurisdictions.

4. If the segments are not charged separately, the sale of a private communication service for segments of a communications channel that is located in more than one taxing jurisdiction for sales and use tax purposes occurs in each such jurisdiction in a percentage determined by dividing the number of customer channel

termination points in that jurisdiction by the number of customer channel termination points in all jurisdictions where segments of the communications channel are located.

(4) FLORISTS. (a) For purposes of this subsection, "retail florist" means a person engaged in the business of selling cut flowers, floral arrangements, and potted plants and who usually prepares such flowers, floral arrangements, and potted plants. "Retail florist" does not include a person who primarily sells cut flowers, floral arrangements, and potted plants by mail or via the Internet. primarily

(b) The sale of tangible personal property by a retail florist who takes an order from a purchaser occurs at the location where the retail florist takes the order, if the retail florist forwards the order to another retail florist who is at a location other than the location of the florist who takes the order and who transfers the tangible personal property to a person identified by the purchaser.

(c) This subsection does not apply to sales occurring on or after January 1, 2006.

(5) WHEN A SALE OCCURS. A sale or purchase involving transfer of ownership of property is completed at the time when possession is transferred by the seller or the seller's agent to the purchaser or the purchaser's agent, except that for purposes of sub. (1) a common carrier or the U.S. postal service shall be considered the agent of the seller, regardless of any f.o.b. point and regardless of the method by which freight or postage is paid.

SECTION 64. 77.523 (title) of the statutes is repealed.

SECTION 65. 77.523 of the statutes is renumbered 77.59 (9p) (a) and amended to read:

77.59 **(9p)** (a) If a customer purchases a service that is subject to 4 USC 116 to 126, as amended by P.L. 106–252, and if the customer believes that the amount

of the tax assessed for the service under this subchapter or the place of primary use or taxing jurisdiction assigned to the service is erroneous, the customer may request that the service provider correct the alleged error by sending a written notice to the service provider. The notice shall include a description of the alleged error, the street address for the customer's place of primary use of the service, the account name and number of the service for which the customer seeks a correction, and any other information that the service provider reasonably requires to process the request. Within 60 days from the date that a service provider receives a request under this ~~section~~ paragraph, the service provider shall review its records to determine the customer's taxing jurisdiction. If the review indicates that there is no error as alleged, the service provider shall explain the findings of the review in writing to the customer. If the review indicates that there is an error as alleged, the service provider shall correct the error and shall refund or credit the amount of any tax collected erroneously, along with the related interest, as a result of the error from the customer in the previous 48 months, consistent with s. 77.59 (4). A customer may take no other action, or commence any action, to correct an alleged error in the amount of the tax assessed under this subchapter on a service that is subject to 4 USC 116 to 126, as amended by P.L. 106–252, or to correct an alleged error in the assigned place of primary use or taxing jurisdiction, unless the customer has exhausted his or her remedies under this ~~section~~ paragraph.

SECTION 66. 77.524 (1) (intro.) of the statutes is amended to read:

77.524 **(1)** (intro.) In this ~~subsection~~ section:

SECTION 67. 77.524 (1) (a) of the statutes is renumbered 77.524 (1) (am).

SECTION 68. 77.524 (1) (ag) of the statutes is created to read:

77.524 **(1)** (ag) "Agent" means a person appointed by a seller to represent the seller before the states that are signatories to the agreement, as defined in 77.65 (2) (a).

SECTION 69. 77.524 (1) (b) of the statutes is renumbered 77.51 (1g).

SECTION 70. 77.53 (1) of the statutes is amended to read:

77.53 **(1)** Except as provided in sub. (1m), an excise tax is levied and imposed on the use or consumption in this state of coins, stamps, leased property, and taxable services under s. 77.52 purchased from any retailer, at the rate of 5% of the ~~sales~~ purchase price of ~~those~~ such coins, stamps, leased property, and services; on the storage, use or other consumption in this state of tangible personal property purchased from any retailer, at the rate of 5% of the ~~sales~~ purchase price of that property; and on the storage, use or other consumption of tangible personal property manufactured, processed or otherwise altered, in or outside this state, by the person who stores, uses or consumes it, from material purchased from any retailer, at the rate of 5% of the ~~sales~~ purchase price of that material.

SECTION 71. 77.53 (3) of the statutes is amended to read:

77.53 **(3)** Every retailer engaged in business in this state and making sales of tangible personal property or taxable services ~~for delivery into~~ in this state or with knowledge directly or indirectly that the property or service is intended for storage, use or other consumption in this state, shall, at the time of making the sales or, if the storage, use or other consumption of the tangible personal property or taxable service is not then taxable under this section, at the time the storage, use or other consumption becomes taxable, collect the tax from the purchaser and give to the purchaser a receipt in the manner and form prescribed by the department.

SECTION 72. 77.53 (4) of the statutes is repealed.