



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

February 13, 2006

MEMORANDUM

To: Representative Hahn

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

Subject: Technical Memorandum to **2005 AB-950** (LRB 05-4282/2)

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

February 8, 2006

TO: Joe Kreye
Legislative Reference Bureau

FROM: Paul Ziegler
Department of Revenue

SUBJECT: Technical Memorandum on AB 950 Transferring Sales and Use Taxes from the Sale or Use of Motor Vehicle Parts to the Transportation Fund

The Department has the following concerns with the bill:

1. "Motor vehicle parts" is not defined. It is not clear whether the following items are "motor vehicle parts":
 - Parts for unlicensed and off-road vehicles (e.g., farm vehicles, off-road motorcycles, and ATVs).
 - Parts for trailers and semi-trailers.
 - Motor oil, antifreeze, windshield washer and other motor vehicle fluids.
 - Accessories, attachments and supplies (e.g., after-market sound systems).
 - Equipment attached to or mounted on specialized motor vehicles (e.g., tow trucks, garbage trucks, and ambulances).
2. Since sellers include taxable sales of motor vehicle parts with their other taxable sales, the bill may require sellers to report separately their sales of motor vehicle parts. This would increase compliance costs for parts stores, car dealers, general merchandisers and other businesses that sell motor vehicle parts. Alternatively, the estimate of sales and use taxes collected on motor vehicle parts may be estimated from US Census data or other publicly available statistics. If the lower cost alternative of using Census data is taken, the specific estimation methodology should be set by administrative rule.

If you have any questions regarding this technical memorandum, please contact Blair Kruger at 608-266-1310 or bkruger@dor.state.wi.us.

cc: Representative Hahn