



# State of Wisconsin

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STEPHEN R. MILLER  
CHIEF

July 17, 2007

## MEMORANDUM

**To:** Senator Breske

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

**Subject:** Technical Memorandum to **2007 SB 227** (LRB-2262/2) by **DOR**

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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

July 16, 2007

**TO:** Joe Kreye  
Legislative Reference Bureau

**FROM:** Paul Ziegler  
Department of Revenue

**SUBJECT:** Technical Memorandum on SB 227 Exempting Nicotine Replacement Therapies from Sales Tax

The Streamlined Sales and Use Tax Agreement (SSUTA) was introduced as the Main Street Equity Act within the Governor's 2007 Budget Bill and is included in SSA 1 of SB 40. In general, to be in compliance with the SSUTA, the tax treatment of all products that fall within a defined term must be the same, unless a specific exception is provided in the SSUTA. Because some nicotine replacement therapies may fall within the definitions of "over-the-counter drug" and "candy" contained in the SSUTA, Wisconsin would not be in compliance with Section 316(C)(4) of the SSUTA if the exemption is enacted in its current form.

An alternative that would be in compliance with the SSUTA might exempt, for example, over-the-counter drugs, except grooming and hygiene products. Such an exemption may require additional language defining "over-the-counter drugs" and "grooming and hygiene products".

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

cc: Sen. Breske