



2007 DRAFTING REQUEST

Bill

Received: 11/13/2006

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Easton

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Other - sales

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Easton, BB0171 -

Topic:

Streamlined sales and use tax agreement provisions

Instructions:

See Attached

Drafting History:

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/4	jkreye 01/28/2007	wjackson 01/28/2007	nmatzke	_____	mbarman 01/29/2007		S&L Tax

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/6	jkreye 02/06/2007	lkunkel 02/06/2007	jfrantze 02/05/2007	_____	mbarman 02/05/2007		S&L Tax
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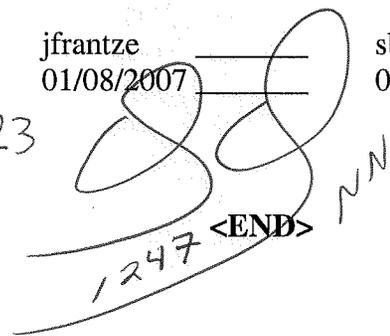
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12/15
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/?	jkreye	/i/mk/12/4	12/5 P6	12/5 P8/RS.			

FE Sent For:

<END>

0728

2007-09 Budget Bill Statutory Language Drafting Request

- Topic: Streamlined Sales Tax
- Tracking Code: BB0171
- SBO team: Tax and Local Government
- SBO analyst: Easton
 - Phone: 6-7597
 - Email: Darren.easton@wisconsin.gov
- Agency acronym: DOR
- Agency number: 566
- Priority (Low, Medium, High): High

05-3193/P2

**TITLE: CONFORM SALES AND USE TAX LAW TO PROVISIONS OF THE
STREAMLINED SALES AND USE TAX AGREEMENT**

DESCRIPTION OF CURRENT LAW AND PROBLEM

The Streamlined Sales Tax Project is an effort created by state governments, with input from local governments and the private sector, to simplify and modernize sales and use tax collection and administration. The Project's proposals include tax law simplifications, more efficient administrative procedures, and emerging technologies to substantially reduce the burden of tax collection.

The Project proposes that states change their sales and use tax laws to conform to the simplifications as adopted by the Project in the Streamlined Sales and Use Tax Agreement (SSUTA). The simplifications would apply to all sellers. Sellers who do not have a physical presence or "nexus" are not required to collect sales and use taxes unless Congress chooses to require collection from all sellers for all types of commerce. Sellers without a physical presence can volunteer to collect under the proposed simplifications.

Wisconsin must amend or modify its sales and use tax laws to achieve the simplifications and uniformity required by the SSUTA that was originally adopted by the Project's participating states in November 2002 and amended several times since. The SSUTA became effective on October 1, 2005 at which time 18 states representing over 20% of the population originally became members by conforming their laws to the provisions of the SSUTA. Effective January 1, 2007 there will be a total of 21 member states. (See Attachment 3 for the list of member states.) In addition, about 600 sellers have already voluntarily registered under the SSUTA to collect and remit the appropriate sales or use tax in the member states.

If Wisconsin does not conform its law to the SSUTA it would not:

- Provide simplifications and uniformity necessary to ease retailers' administrative burdens in collecting sales or use tax as is being done by many other states.
- Have a vote on changes to the SSUTA to add or amend uniform definitions and other simplifications.
- Be entitled to collect tax from voluntary registrants under the SSUTA who are currently not collecting Wisconsin sales or use tax. As stated previously there are about 600 retailers that have already voluntarily registered to collect tax in the member states.
- Be able to require out-of-state retailers to collect tax on sales in Wisconsin if federal government authorizes collection only for those states that are in compliance with the SSUTA. Legislation is currently pending before Congress that would give a state authority to require out-of-state retailers to collect the state's sales or use tax

provided certain requirements are met by the state. One of those requirements is for a state to conform its sales and use tax laws to provisions of the SSUTA.

RECOMMENDATION FOR ACTION

Amend Wisconsin's sales and use tax laws to conform to the provisions of the SSUTA.

ADMINISTRATIVE IMPACT

There will be a large number of changes to the sales and use tax law, one or more of which will affect all registered retailers. Initially, the department will have to expend a significant amount of resources for education and taxpayer assistance and to revise all forms and publications to address the changes. However, in the long-term, the changes made should significantly reduce a seller's administrative burdens in collecting sales and use tax. Laws will be more uniform among states making sales tax collection simpler for multistate businesses and definitions will be clearer for all retailers who must determine whether products they sell are taxable or not.

FAIRNESS /TAX EQUITY

The benefits of conforming Wisconsin's sales and use tax law to the SSUTA provisions are as follows.

- **Making Tax Administration & Collection Easier:** The Project's goal is to make it easy for merchants to calculate and remit sales and use tax to the states. The administrative and cost burdens on merchants will be substantially reduced or eliminated under SST. New technology will make many improvements possible. Merchants will even have the option of using private, state-sanctioned providers to collect and remit sales taxes.
- **Developing Common Definitions:** SST has developed common definitions for key items in the tax base like food, clothing and telecommunication services; states are being asked to adopt those definitions in their statutes. Legislatures would still decide what's taxable, but states would use common definitions for items (for example, what percentage of fruit juice a drink can contain and still be considered soft drink --- and thus taxable). The goal is some measure of uniformity among states, making tax collection simpler for merchants nationwide.
- **Leveling the Playing Field:** Equity between businesses that now collect sales tax (small main street businesses or any business with physical presence in many states) and those who don't (large Internet or mail-order businesses without physical presence in most states).
- **Reducing Purchaser's Self-Assessed Use Tax Liability:** It is anticipated that many out-of-state retailers who are not currently required to collect Wisconsin sales or use taxes will voluntarily register to collect and remit the appropriate Wisconsin taxes. This will help reduce the burden placed on Wisconsin purchasers for self-assessing the appropriate Wisconsin use tax on purchases they make from currently unregistered out-of-state retailers, because it is anticipated that many of these

currently unregistered out-of-state retailers will voluntarily register to collect and remit the appropriate Wisconsin sales or use tax on sales they make to Wisconsin purchasers. If the retailer collects the appropriate sales or use tax from the purchaser at the time of the sale, this eliminates the need for the Wisconsin purchaser to keep track of and self-assess the Wisconsin use tax that would have been due on these purchases.

IMPACT ON ECONOMIC DEVELOPMENT

Unknown

FISCAL EFFECT

See Attachment 1.

DRAFTING INSTRUCTIONS

See draft of LRB-3193/2. Additional changes are needed before this LRB is finalized. These changes are currently being reviewed.

Additional drafting language:

Add: 73.03(28e) To participate in the Governing Board of the multistate streamlined sales tax project. The department shall allocate a portion of the amount collected under ch. 77 through the project to the appropriation under s. 20.566(1)(ho) to pay the dues necessary to participate in the multistate streamlined sales tax project. The department shall allocate the remainder of such collections to the general fund.

Add: 20.566(1)(ho), Collections under multistate streamlined sales tax. From moneys collected under the multistate streamlined sales tax project as provided under s. 73.03(28e), a sum sufficient to pay the dues necessary to participate in the Governing Board of the streamlined sales tax project.

EFFECTIVE DATE AND/OR INITIAL APPLICABILITY

January 1, 2008

INTERESTED/AFFECTED PARTIES

It is expected that all businesses will be affected in some way since there are so many changes.

See Attachment 2 for supporters of the Project in general.

Many positive comments have been made regarding:

- The relaxing of the good faith requirements for seller's taking exemption certificates.

- Clearer definitions for food exemptions and telecommunication services.
- Repeal of Wisconsin's drop shipment requirements.

Negative comments made include:

- It is likely that the more states that conform their laws to the SSUTA and simplify will influence Congress to authorize states to require collection from retailers who currently collect sales tax in a limited number of states.
- Changes to definitions will result in some products becoming taxable that were previously exempt (e.g., sweetened teas, cloth diapers). However, more items become exempt (powdered drink mixes, durable medical equipment) under the definitions changes.

DOR CONTACT PERSON

Diane Hardt, Administrator
(608) 266-2772
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PREPARED BY

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and

Craig Johnson, Staff Specialist
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craig.johnson@dor.state.wi.us

Supporters of Streamlined Sales Tax Legislation

Wisconsin Merchants Federation

Midwest Hardware Association

Wisconsin Association of Convenience Stores

Printing Industries of Wisconsin

Wisconsin Counties Association

JC Penney

Sears/Lands End

Banta

Kohl's Department Stores

Wal-mart

Target

Best Buy

Ward Brodt Music Mall

Telecommunication Companies

Apria Healthcare

Council on State Taxation (COST)

National Retail Federation

International Mass Retail Association

Equipment Leasing Association

Streamlined Sales Tax Project Member States

Arkansas
Indiana
Iowa
Kansas
Kentucky
Michigan
Minnesota
Nebraska
Nevada
New Jersey
North Carolina
North Dakota
Ohio
Oklahoma
Rhode Island (eff. 1/1/07)
South Dakota
Tennessee
Utah
Vermont (eff. 1/1/07)
West Virginia
Wyoming

SUMMARY OF FISCAL EFFECTS OF THE STREAMLINED SALES TAX AGREEMENT
(\$ millions)

	State Sales Tax		Local Sales Tax *	
	FY08	FY09	FY08	FY09
FOOD				
Candy with Flour	(\$0.4)	(\$0.8)	(\$0.0)	(\$0.1)
Frozen Novelties	(1.1)	(2.2)	(0.1)	(0.2)
Chocolate Chips/Baking Chocolate	0.5	1.1	0.0	0.1
Packaged Ice	(0.3)	(0.7)	(0.0)	(0.1)
Popcorn	(0.7)	(1.5)	(0.1)	(0.1)
Fruit Drinks with 51-99% Juice	(0.5)	(1.1)	(0.0)	(0.1)
Powdered Soft Drink or Fruit Drink Mix	(0.3)	(0.5)	(0.0)	(0.0)
Non-alcoholic Beer	(0.1)	(0.2)	(0.0)	(0.0)
Ready-To-Drink Tea	1.9	4.1	0.1	0.3
Carbonated, Unsweetened Water (soda water, club soda)	0.0	0.1	0.0	0.0
Meals and Sandwiches Sold by Weight or Volume and Without Utensils	(0.2)	(0.4)	(0.0)	(0.0)
Take Out Salad Bars That Do Not Offer Heated Items	minor +	minor +	minor +	minor +
Factory Outlet Sales of Prepackaged Food	minor -	minor -	minor -	minor -
Sales of Pet Food by Veterinarians	0.1	0.3	0.0	0.0
Marshmallows	minor +	minor +	minor +	minor +
SUBTOTAL - FOOD	(1.0)	(1.9)	(0.1)	(0.1)
MEDICAL				
Durable Medical Equipment for Home Use	(1.3)	(2.8)	(0.1)	(0.2)
Antiembolism Elastic Hose	minor +	minor +	minor +	minor +
SUBTOTAL - MEDICAL	(1.3)	(2.8)	(0.1)	(0.2)
MISCELLANEOUS				
Cloth Diapers & Cloth Diaper Services	minor +	minor +	minor +	minor +
Custom/Prewritten Software	minor +	minor +	minor +	minor +
Catalogs & Directories Printed & Shipped by Non-Nexus Printers	0.5	1.1	0.0	0.1
Change Liability for Drop Shipments	minor -	minor -	minor -	minor -
Exempt Purchases Converted to Taxable Use	minor +	minor +	minor +	minor +
Leasing Company Equipment Purchases	minor +/-	minor +/-	minor +/-	minor +/-
Lease & Rental Sourcing	none	none	none	none
Collect Telecommunications Services - Local Sourcing	none	none	none	none
Destination Sourcing for Florists	minor -	minor -	minor -	minor -
Sales of Food to Employees	minor +	minor +	minor +	minor +
SUBTOTAL - MISCELLANEOUS	0.5	1.1	0.0	0.1
SUBTOTAL - PRODUCT DEFINITIONS	(1.8)	(3.6)	(0.1)	(0.3)

SUMMARY CONTINUED	State Sales Tax	State Sales Tax	Local Sales Tax *	Local Sales Tax *
	FY08	FY09	FY08	FY09
OTHER FISCAL EFFECTS				
Voluntary Collections	1.7	3.4	0.1	0.3
Amnesty/Adoption of Streamlined CSP Distributions	1.5	3.6	0.1	0.3
	unknown+	unknown +	unknown +	unknown +
NET FISCAL EFFECT	1.3	3.5	0.1	0.3
ADMINISTRATIVE				
State Cost of SSTP Administrative Fees	(0.02)	(0.04)	-----	-----
Retailer's Discount & CSP-certified Software Payments (24 mo. limit)	unknown -	unknown -	unknown -	unknown -
Local Exposition Taxes	-----	-----	0.1	0.3
GRAND TOTAL	\$1.3	\$3.5	\$0.2	\$0.6

Subtotals may not add to totals due to rounding.

* Calculated as 7.654% of state fiscal effect.

Sept. 15, 2006

	State Sales Tax FY08	State Sales Tax FY09	Local Sales Tax FY08	Local Sales Tax FY09
Redefining Products	-\$1.8M	-\$3.6M	-\$0.1M	-\$0.3M
Voluntary Collections	\$1.7M	\$3.4M	\$0.1M	\$0.3M
Amnesty/Adoption of SSUTA	\$1.5M	\$3.6M	\$0.1M	\$0.3M
Total Fiscal Effect	\$1.3M	\$3.5M	\$0.2M	\$0.6M

Subtotals may not add to totals due to rounding

Date: January 28, 2007

Subject: Additional Changes to LRB 0728/3

The following changes must be made to LRB 0728/3 before it is enacted to conform Wisconsin's laws to the Streamlined Sales and Use Tax Agreement (SSUTA). (Note: All references to the SSUTA in this memo refer to the SSUTA as amended through December 14, 2006 and all page numbers in this memo refer to the pages from LRB 0728/3.)

Insert 1 – Page 52

- Add a section to the statutes relating specifically to bundled transactions. This section could be inserted after 77.52. The section should include the following items:

1. General rule for bundled transactions. Impose tax on all bundles, except separately identifiable nontaxable products (i.e., allow, but not require, retailer allocation).

① **Statutory language Proposed:** Provide that "Except as provided in 2. below, if a transaction meets the definition of a bundled transaction, as defined in sec. 77.51(1bm), the entire sales price of the transaction is subject to tax, except that, at the retailer's option, if the retailer can identify by reasonable and verifiable standards from its books and records that are kept in the ordinary course of its business for other purposes, including but not limited to non-tax purposes, the portion of the price attributable to products that are not subject to tax under this subchapter would not be taxable."

2. Exception to 1. above that does not allow unbundling if the bundled transaction contains food and food ingredients, drugs, durable medical equipment, mobility enhancing equipment, prosthetic devices or medical supplies.

② **Statutory language Proposed:** Provide that "If a transaction that meets the definition of a bundled transaction, as defined in sec. 77.51(1bm), contains food and food ingredients, drugs, durable medical equipment, mobility enhancing equipment, prosthetic devices or medical supplies, the entire sales price of the transaction is subject to tax."

3. Provide exemption for sales of non-bundles other than food, etc. where the taxable portion is less than or equal to 10%, and provide that person who combines the items is the consumer of the taxable items included.

③ **Statutory language Proposed:** Provide exemption for "The sales price from the sales of and the storage, use or other consumption of products sold in a transaction that would otherwise meet the definition of a bundled transaction, as defined in sec. 77.51(1bm), except that if the transaction is excluded from the definition of a bundled transaction as provided in sec. 77.51(1bm)(d), the first person combining these items and selling them for one nonitemized price is the consumer of the taxable products and must pay Wisconsin sales or use tax on its purchase price of those taxable products."

4. Provide an exemption for non-bundles containing food, etc. (i.e., taxable \leq 50%). Retailer is not consumer of taxable items resold.

4. **Statutory language Proposed:** Provide an exemption for “The sales price from the sales of and the storage, use or other consumption of products sold in a transaction that would otherwise meet the definition of a bundled transaction, as defined in sec.77.51(1bm), except that the transaction contains food and food ingredients, drugs, durable medical equipment, mobility enhancing equipment, prosthetic devices or medical supplies and therefore doesn't meet the definition of a bundled transaction as provided in sec. 77.51(1bm)(e).”

5. Provide that a person that provides “free items” with the purchase of other items is the consumer of the items provided free of charge (sec. 77.51(3pf)(b)).

5. **Statutory language Proposed:** “A person that provides a product that is not distinct and identifiable because it is provided free of charge, as provided in sec. 77.51(3pf)(b), is the consumer of the product that is provided free of charge and must pay Wisconsin sales or use tax on its purchase price of the product provided free of charge.”

6. Provide that a service provider is the consumer of the property, etc. for transactions under sec. 77.51(1bm)(b).

6. **Statutory language Proposed:** “For transactions subject to sec. 77.51(1bm)(b), the service provider is the consumer of the tangible personal property, specified digital good or additional digital good transferred and must pay Wisconsin sales or use tax on its purchase price of these items.”

7. Provide that a service provider is the consumer of the service that is essential to the use or receipt of the other service for transactions under sec. 77.51(1bm)(c).

7. **Statutory language Proposed:** “For transactions subject to sec. 77.51(1bm)(c), the service provider is the consumer of the service that is essential to the use or receipt of the other service and must pay Wisconsin sales or use tax on its purchase of the service that is essential to the use or receipt of the other service.”

- ✓ Page 25, lines 7 through 11 – Remove sec. 77.51(12m)(a)6. The SSUTA was amended to remove this language from the definition of “purchase price”.
- ✓ Page 36, lines 12 through 16 – Remove sec. 77.51(15m)(a)6. The SSUTA was amended to remove this language from the definition of “sales price”.
- ✓ Page 73, line 22 through page 74, line 2 – Delete sec. 77.54(14b) since this type of transaction is now covered by the bundling rules above and is not needed.

Insert 2

- Page 2, lines 23 through 25 – This language needs to clearly provide that when the governing board enters into a contract as allowed by the SSUTA, Wisconsin is bound by that governing board action. Wisconsin will not enter into its own separate contract or sign those contracts itself, but rather the governing board acts on Wisconsin's (and the

other Streamlined states) behalf. In order to accomplish this, it is suggested that the language in sec. 73.03(28e), be changed as follows:

- o 73.03(28e)(a) To participate as a member state of the streamlined sales tax governing board which administers the agreement, as defined in sec. 77.65(2)(a), and includes having the governing board enter into contracts on behalf of the member states necessary to implement the agreement.
- o 73.03(28e)(b) To allocate a portion of the amount collected under ch. 77 through the agreement to the appropriation under s. 20.566(1)(ho) to pay the dues necessary to participate in the governing board, with the remainder of such collections being allocated to the general fund.

Insert 3

- Page 55, line 25 – Change the title from “Telecommunications” to “Telecommunications, Ancillary and Telecommunications Internet Access Services” – I reviewed the drafter’s note and if he is comfortable with that then it is OK with me since it has no legal effect. However, the reason I thought it should be changed was because the definition to “Telecommunications Services” in sec. 77.51(21n) specifically excludes “Ancillary services” (sec. 77.52(21n)(h)) and Telecommunications internet access services” (sec. 77.51(21n)(f)).
- Page 42, line 2 – The word “internet” is capitalized in the bill in all other places except here. I believe it should be capitalized here.
- Page 7, line 9 – Insert the word “seller’s” between “the” and “total”.
- Page 7, line 10 – Insert the word “seller’s” between “the” and “purchase” and remove the last “the” in that line.

Insert 4

- Pages 45, lines 16 through page 46 line 2 – The way in which this imposition language is currently written, it is unclear whether “telecommunications internet access services, and ancillary services” are part of the “except” phrase and therefore not taxable or if the “except” phrase only applies to “interstate 800 services”. Although the intent is to only have the “except” apply to “interstate 800 services” since this is an imposition statute and any ambiguity goes against imposing the tax, it is suggested that this language be written as follows to make sure it is clear on which transactions the tax is imposed:

“The sale of:

- a. Intrastate, interstate and international telecommunications services, except interstate 800 service;
- b. Telecommunications Internet access services; and
- c. Ancillary services, except detailed telecommunications billing services.”

Insert 5

- Page 14, lines 11 through 14 – Definition of “international telecommunications services”. The definition should read: “International telecommunications services” means telecommunications services that originate or terminate in the United States and

✓ terminates or originates outside the United States, respectively. United States as used in this section includes the District of Columbia or a United States territory or possession.

✓ • Page 59, lines 12 through 13 – Change “passes on” to “hands off” to make the language consistent with the SSUTA. *need*

✓ • Page 99, line 9 – Add “to the member states” at the end of the sentence on line 9.

Insert 6

- Page 84, lines 3 through 9 – This provision contains a cap or threshold that is not allowed by SSUTA section 323. Therefore, in order to allow the same overall effect (i.e., allow certain purchasers of Internet broadband equipment to purchase certain amounts of that equipment without having sales or use tax add to the overall cost of that equipment), the sales tax exemption language in sec. 77.54(49) should be moved to sec. 77.585 (Return adjustments) and provide that: “Section 77.585(9) (a), Subject to 2005 Wisconsin Act 479, section 17, a purchaser may claim as a deduction that portion of its purchase price of Internet equipment used in the broadband market upon which tax was imposed under this subchapter, if the purchaser certifies to the department of commerce, in the manner prescribed by the department of commerce, that the purchaser will, within 24 months after July 1, 2007, make an investment that is reasonably calculated to increase broadband Internet availability in this state. The purchaser shall claim this deduction in the same reporting period as the purchaser paid the tax imposed under this subchapter.”

“(b) Every person who is required to make the investment under par. (a) shall, within 60 days after the end of the year in which the investment is made, file a report with the department of commerce that provides a detailed description of the investment, including the amount invested. The department of commerce shall provide copies of the report to the department of administration, the department of revenue, and the public service commission.”

Kreye, Joseph

From: Easton, Darren - DOA
Sent: Friday, January 26, 2007 5:57 PM
To: Kreye, Joseph
Subject: LRB 0728 Streamlined Bill; Digital Goods

More comments from DOR.

From: Hardt, Diane L [mailto:dhardt@dor.state.wi.us]
Sent: Friday, January 26, 2007 5:55 PM
To: Timmons, Anthony A - DOR; Easton, Darren - DOA
Subject: FW: Streamlined Bill; Digital Goods

At this late hour I am sending this to both of you.

From: Hinnendael, Michael J
Sent: Friday, January 26, 2007 5:25 PM
To: Hardt, Diane L
Cc: Crane, Lili B; Gibbons, Vicki L; Johnson, Craig T
Subject: Streamlined Bill; Digital Goods

Diane,

The following changes are needed to LRB-0728/3 for the imposition of sales and use taxes on digital goods. These are in addition to other changes you received today in a separate memo from Craig Johnson.

- ✓ • Revise sec. 77.52(2m)(a) to make references to "specified digital goods" and "additional digital goods".
- ✓ • Revise sec. 77.52(2m)(b) to make references to "specified digital goods" and "additional digital goods". Note: This provision should read: "With respect to the services subject to tax under sub. (2)(a)7., 10., 11., and 20., all property, specified digital goods or additional digital goods transferred electronically or physically transferred to the customer in conjunction with the selling, performing or furnishing of the service is a sale of tangible personal property separate from the selling, performing or furnishing of the service."
- ✓ • Page 6, line 13. Delete "digital books" and insert "specified digital goods". Error in prior drafting instruction.
- ✓ • Page 7, line 1. After "additional digital goods" insert "and a service" to complete this provision.
- ✓ • Page 8, line 8. Delete "digital books" and insert "specified digital goods". Error in prior drafting instruction.
- ✓ • Page 10, lines 13-17. The first sentence of the definition of "digital code" needs to be revised to include a reference to additional digital goods (i.e., a code that provides the person who holds the code a right to obtain an additional digital good). The reference made to additional digital goods on line 18 only includes additional digital goods that have been previously purchased.
- ✓ • Page 30, line 18. "a customer" should be changed to "the customer" to be consistent with the latest Streamlined definition. A customer could be a different person than the customer, which would change the meaning.
- ✓ • Page 35, line 9. After "specified digital goods," insert "or" to correct typo.

- Page 40, line 18. Delete "digital books" and insert "specified digital goods". Error in prior drafting instruction.
- Page 42, lines 15-16. "a purchaser" should be changed to "the purchaser" to be consistent with the latest Streamlined definition. A purchaser could be a different person than the purchaser, which would change the meaning.
- Pages 46, line 12 to page 47, line 8. Revise sec. 77.52(2)(a)10 to reference specified digital goods and additional digital goods.
- Page 49, line 15. After "property" insert a comma to correct typo.
- Page 49, line 23. After "personal property" insert "specified digital goods, additional digital goods, or services" so that this provision applies to these items. On the same line, delete "is" and insert "are".
- Page 65, line 3. After "personal property" insert "specified digital goods, additional digital goods, or services" so that this provision applies to these items. On the same line, delete "is" and insert "are".
- Page 110, line 2. After "property" insert a comma to correct typo.

Thanks,

Mike

Kreye, Joseph

From: Hinnendael, Michael J - DOR
Sent: Tuesday, January 30, 2007 10:27 AM
To: Kreye, Joseph; Easton, Darren - DOA
Cc: Hardt, Diane L - DOR; Gates-Hendrix, Sherrie L - DOR; Gibbons, Vicki L - DOR; Johnson, Craig T
Subject: RE: LRB Draft: 07-0728/4 Streamlined sales and use tax agreement provisions - Digital Goods

Thank you for making the changes to LRB-0728/3. There are still a few minor changes left – please make them to LRB-0728/4.

- Page 50, line 9. After “additional” insert “digital”. After “if the property” insert “or digital goods”.
- Page 50, line 10. Delete “is” and insert “are”.
- Page 50, line 14. After “additional” insert “digital”.
- Page 50, lines 14 and 15. The phrase “transferred electronically” should be used here, instead of “electronically transferred” because “transferred electronically” is a defined term (newly-created sec. 77.51(21s) on page 44). “Electronically transferred” could be found to have a different meaning than “transferred electronically”. For example, it could be found that “electronically transferred” does not include a situation where the seller does not transfer the digital goods, but instead the purchaser obtains the digital goods using its own Internet access service.
- Page 50, line 16. After “tangible personal property” insert “,specified digital goods or additional digital goods”.
- Page 52, line 25. Delete “and”. After “additional digital goods” insert “,and services”.
- Page 69, line 8. Delete “and”.
- Page 69, line 9. After “digital goods” insert “,and services”.

Thanks again,

Mike

Michael Hinnendael
Staff Specialist
Wisconsin Department of Revenue
(608) 267-5022
mhinnen@dor.state.wi.us

From: Gates-Hendrix, Sherrie
Sent: Monday, January 29, 2007 4:19 PM
To: Hinnendael, Michael J
Cc: Johnson, Craig T
Subject: FW: LRB Draft: 07-0728/4 Streamlined sales and use tax agreement provisions

Mike -- Would you be able to check this for the digital goods piece tomorrow morning and get back to Darren Easton (DOA) and Joe Kreye(LRB). I will be out at the Capitol but you could email them directly if you have minor changes that need to be made.

thanks

Sherrie

01/30/2007

From: Easton, Darren - DOA [mailto:Darren.Easton@Wisconsin.gov]

Sent: Monday, January 29, 2007 10:59 AM

To: Timmons, Anthony A - DOR; Gates-Hendrix, Sherrie L - DOR; Brennan, Audra D - DOR

Subject: FW: LRB Draft: 07-0728/4 Streamlined sales and use tax agreement provisions

From: Natzke, Noah [mailto:Noah.Natzke@legis.wisconsin.gov]

Sent: Monday, January 29, 2007 9:42 AM

To: Easton, Darren - DOA

Cc: Koskinen, John - DOA; Hanaman, Cathlene - LEGIS; Palchik, Laurie A - DOA

Subject: LRB Draft: 07-0728/4 Streamlined sales and use tax agreement provisions

Following is the PDF version of draft 07-0728/4.

Kreye, Joseph

From: Gates-Hendrix, Sherrie L - DOR
Sent: Monday, January 29, 2007 4:06 PM
To: Easton, Darren - DOA; Kreye, Joseph
Subject: FW: LRB Draft: 07-0728/4 Streamlined sales and use tax agreement provisions
Attachments: LRB 0728-3 Changes needed - Streamline.doc

Darren -- Yes, this draft does include the memo I sent this morning. Our analyst had the comments below if there's time to include. Otherwise, we can work with LFB to make sure they know some minor changes may be needed. I have not passed this by the analyst who worked on the digital goods piece (itunes). I'm assuming it's really too late to get changes?

thanks again

Sherrie

From: Johnson, Craig T
Sent: Monday, January 29, 2007 3:58 PM
To: Gates-Hendrix, Sherrie
Cc: Crane, Lili B; Hardt, Diane L; Gibbons, Vicki L; Hinnendael, Michael J
Subject: RE: LRB Draft: 07-0728/4 Streamlined sales and use tax agreement provisions

Sherrie,

I looked at the latest draft ONLY with respect to the changes I suggested in my memo dated January 26, 2007 to Diane Hardt and which is attached (i.e., I have not yet reviewed every section of the bill again, but am currently working on this - hopefully will be through most of it tomorrow).

Unless noted otherwise, the page number references are to LRB-0728/4. Here are my comments on my previous suggested changes:

- On the bottom of page 2 and the top of page 4 of my memo to Diane, I suggested breaking sec. 73.03(28e) in to (a) and (b) to make it clear that the governing board may enter into contracts on behalf of the Streamlined states. The drafter has chosen not to do this, which appears to be OK, but I would still prefer the separate sections to make it clearer.
- ✓ Page 9, line 5 - Insert "seller's" before the word "purchase" for clarity purposes (NEW comment)
- ✓ Page 9, line 15 - Insert "seller's" between "the" and "total" for clarity purposes (NEW comment)
- ✓ Page 48, line 14 - Change "not including" to "except" to make it consistent with the way 77.52(2)(a)5.am. was drafted. I am not sure why he chose to use different/inconsistent wording.

If you have any questions on this, please feel free to contact me.

Craig

From: Gates-Hendrix, Sherrie
Sent: Monday, January 29, 2007 1:27 PM
To: Johnson, Craig T
Subject: FW: LRB Draft: 07-0728/4 Streamlined sales and use tax agreement provisions

Craig -- for your review. Can you look at this right away -- thanks

01/29/2007

From: Easton, Darren - DOA [mailto:Darren.Easton@Wisconsin.gov]
Sent: Monday, January 29, 2007 10:59 AM
To: Timmons, Anthony A - DOR; Gates-Hendrix, Sherrie L - DOR; Brennan, Audra D - DOR
Subject: FW: LRB Draft: 07-0728/4 Streamlined sales and use tax agreement provisions

Sherrie,

Can you confirm that this draft incorporates the email you sent earlier today?

Darren

From: Natzke, Noah [mailto:Noah.Natzke@legis.wisconsin.gov]
Sent: Monday, January 29, 2007 9:42 AM
To: Easton, Darren - DOA
Cc: Koskinen, John - DOA; Hanaman, Cathlene - LEGIS; Palchik, Laurie A - DOA
Subject: LRB Draft: 07-0728/4 Streamlined sales and use tax agreement provisions

Following is the PDF version of draft 07-0728/4.