

2007 DRAFTING REQUEST

Bill

Received: 12/27/2006

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, BB0265 -

Topic:

Sales and use tax exemption for motion picture theaters and radio and television stations

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			S&L Tax
/1	jkreye 01/02/2007	jdyer 01/02/2007	nnatzke 01/02/2007	_____	mbarman 01/02/2007		S&L Tax
	jkreye 01/23/2007	jdyer 01/23/2007		_____			
/2			jfrantze 01/24/2007	_____	sbasford 01/24/2007		S&L Tax
/3	jkreye 01/30/2007	jdyer 01/30/2007	pgreensl 01/30/2007	_____	cduerst 01/30/2007		S&L Tax
	jkreye	jdyer		_____			

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	01/30/2007	01/31/2007		_____			
/4			pgreensl	_____	sbasford		
			01/31/2007	_____	01/31/2007		

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1/3 ps 1/31 ps/mw

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FE Sent For:

jkreye 1/24
mbarman 1/24
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/?	jkreye	1 1/2 jld	nwn 1/2	nwn 1/2			

FE Sent For:

<END>

2007-09 Budget Bill Statutory Language Drafting Request

- Topic: Sales Tax Exemption for Movie Theaters
- Tracking Code: ~~BB0265~~ BB0265
- 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): Low

**LEGISLATIVE PROPOSAL SUMMARY
WISCONSIN DEPARTMENT OF REVENUE
INCOME SALES AND EXCISE TAX DIVISION**

December 14, 2006

**TITLE: SALES AND USE TAX EXEMPTION FOR MOTION PICTURE
THEATERS OR RADIO OR TELEVISION STATIONS**

DESCRIPTION OF CURRENT LAW AND PROBLEM

Section 77.54(23m), Wis. Stats. (2003-2004), provides the following exemption from sales and use taxes: "*The gross receipts from the sale, lease or rental of or the storage, use or other consumption of motion picture film or tape, and advertising materials related thereto, sold, leased or rented to a motion picture theater or radio or television station.*" The exemption applies to movies, programs, shows and related advertising material, sold, leased or rented to motion picture theaters or radio or television stations and furnished on motion picture film or tape. The exemption also applies to blank motion picture film or tape.

Technological changes have resulted in the same movies, programs, shows and related advertising material being sold, leased or rented to movie theaters or radio or television stations and furnished to them without using motion picture film or tape. Current technology allows for the transfer of such movies, programs, shows and related advertising material using various electronic means.

Presently, the sale of movies, programs, shows, and related advertising material transferred to a movie theater or a radio or television station using electronic means is not the sale of tangible personal property or a taxable service. Modifying the s. 77.54(23m) exemption to include movies, programs and shows transferred to the purchaser using electronic means ensures that such sales are clearly exempt by statute.

RECOMMENDATION FOR ACTION

It is recommended that s. 77.54(23m) be amended to update the exemption for motion picture film and tape, and advertising materials related thereto, to include movies, programs and shows transferred to the purchaser by electronic means.

ADMINISTRATIVE IMPACT

No identifiable impact.

FAIRNESS/TAX EQUITY

The recommended exemption recognizes that technological changes have resulted in the current exemption under s. 77.54(23m) no longer reflecting current practices in the industry. Selling a movie, show or program to a movie theater, radio or television station and delivering it on motion picture film or tape does not result in a sales or use tax liability due to the long-standing exemption for such a transaction. The recommendation will clarify that movies, shows and programs currently exempt when delivered on motion picture film or tape will also be exempt if delivered using electronic means.

IMPACT ON ECONOMIC DEVELOPMENT

There is no anticipated impact on economic development.

FISCAL EFFECT

None.

DRAFTING INSTRUCTIONS

- Amend s. 77.54(23m) to provide an exemption for:

The gross receipts from the sale, lease or rental of or the storage, use or other consumption of motion picture film or tape, and motion pictures or programs or shows for viewing or broadcast, including and advertising materials related thereto, whether furnished to the purchaser on motion picture film or tape or using electronic or similar means by wire, cable, fiber optics, laser, microwave radio, satellite or similar facilities, and sold, leased or rented to a motion picture theater or radio or television station.

NOTE: the term "programs" as used in the drafting instructions is not meant to include or make reference to any *computer program*.

EFFECTIVE DATE AND/OR INITIAL APPLICABILITY

Upon publication.

INTERESTED/AFFECTED PARTIES

DOR CONTACT PERSON

Bob Kennedy, (608) 261-5167
rkennedy@dor.state.wi.us



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1274/1

JK:.....

Jld

DOA:.....Easton, BB0265 - Sales and use tax exemption for motion picture theaters and radio and television stations

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

in 1-2-07

don't gen

1 AN ACT ...; relating to: the budget. ✓

Analysis by the Legislative Reference Bureau

TAXATION ✓

OTHER TAXATION ✓

This bill modifies the sales and use tax exemption for motion picture film and tape to include radio and television programs. In addition, under the bill, the exemption applies to motion pictures and radio and television programs that are provided to a purchaser electronically.

Because this bill relates to an exemption from ✓ state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state and* ✓ *local* fiscal estimate, which will be printed as an appendix to this bill.

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

2 SECTION 1. 77.54 (23m) ✓ of the statutes is amended to read:

3 77.54 (23m) The gross receipts from the sale, lease or rental of or the storage,
4 use or other consumption of motion picture film or tape, and motion pictures or radio

1 or television programs for viewing or broadcast, and advertising materials related
 2 thereto, sold, leased or rented to a motion picture theater or radio or television
 3 station, regardless of whether such pictures or programs are provided to the
 4 purchaser on motion picture film or tape or using electronic or similar means by wire,
 5 cable, fiber optics, laser, microwave radio, satellite or similar facilities.

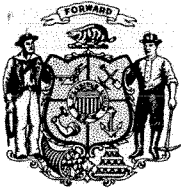
History: 1971 c. 64, 154, 215, 311; 1973 c. 90, 156, 240; 1975 c. 39, 96, 102, 146, 200; 1977 c. 29; 1977 c. 83 ss. 13, 26; 1977 c. 250, 368, 418; 1979 c. 1, 34, 87, 174; 1981 c. 20; 1981 c. 79 s. 18; 1981 c. 96 s. 67; 1981 c. 264; 1981 c. 282 s. 47; 1981 c. 317; 1983 a. 27 ss. 1284d to 1284np, 2202 (38); 1983 a. 189 ss. 101, 106, 329 (5), (12), (13); 1983 a. 192, 287, 405, 426, 498, 510, 538, 544; 1985 a. 29, 149, 332; 1987 a. 27; 1987 a. 312 s. 17; 1987 a. 399; 1989 a. 31, 238, 270, 335, 359; 1991 a. 37, 39, 269, 316; 1993 a. 16, 263, 332; 1995 a. 27, 125, 225, 227; 1997 a. 27, 35, 41, 184, 237, 291; 1999 a. 9, 65, 83; 1999 a. 150 s. 672; 1999 a. 167; 2001 a. 16, 103, 109; 2003 a. 99, 128; 2005 a. 25, 74, 141, 149, 335, 366, 479; s. 13.93 (2) (c).

6

(END)

Department of Revenue LRB Draft Comments
LRB 1274/1

1. **Bill and/or LRB Number:** LRB-1274/1 Sales and use tax exemption for motion picture theaters and radio and television stations
2. **Type of Taxes Affected:** Sales and use taxes
3. **Description of the Bill:** The bill modifies the sales and use tax exemption for motion picture film and tape to include motion picture or radio and television programs, including such programs provided electronically (i.e., without motion picture film or tape) to the purchaser.
4. **Statutory language problems, if any:** X Yes No
 - (1) Consistent with the fact that the proposed exemption applies to radio programs, it is suggested that "listening" be added as part of the phrase "for viewing or broadcast" (i.e., "for listening, viewing or broadcast").
 - (2) The proposed language explicitly exempts "motion pictures or radio or television programs". As such, the phrase "regardless of whether such pictures or programs are provided to the purchaser on motion picture film or tape or using electronic or similar means by wire, cable, fiber optics, laser, microwave radio, satellite or similar facilities" is not necessary. Motion pictures, radio or television programs sold leased or rented to a motion picture theater, radio or television station will be exempt without the need to specify how the motion picture or radio or television program is provided to the purchaser.
5. **Effective date problems, if any, including transitional problems:** Yes X No
(If yes, describe problem and suggested effective date or transitional language needed.)



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1274/1

JK:jld:nwn

2
RM not R

DOA:.....Easton, BB0265 - Sales and use tax exemption for motion picture theaters and radio and television stations

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

m 1-23-07

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1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

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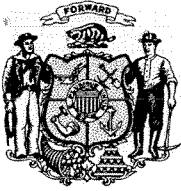
3 77.54 (23m) The gross receipts from the sale, lease or rental of or the storage,
4 use or other consumption of motion picture film or tape, and motion pictures or radio

listening,

1 or television programs for viewing or broadcast, and advertising materials related
2 thereto, sold, leased or rented to a motion picture theater or radio or television
3 station, regardless of whether such pictures or programs are provided to the
4 purchaser on motion picture film or tape or using electronic or similar means by wire,
5 cable, fiber optics, laser, microwave radio, satellite, or similar facilities.

(END)

plain period



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1274/2

JK:jld:jf

RMR

DOA:.....Easton, BB0265 - Sales and use tax exemption for motion picture theaters and radio and television stations

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

in 1-30-07

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Analysis by the Legislative Reference Bureau

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sales price ✓

1 or television programs for listening, viewing, or broadcast, and advertising materials
2 related thereto, sold, leased or rented to a motion picture theater or radio or
3 television station.

4

(END)

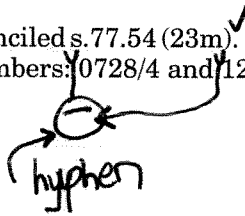
INSERT
2-3

**2007-2008 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1274/3ins
JK:jld:jf

Insert 2 - 3

***NOTE: This is reconciled s.77.54 (23m).[✓] This SECTION has been affected by drafts with the following LRB numbers: 0728/4 and 1274/2.


hyphen

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1274/3dn
JK:jld:jf

date

This draft reconciles LRB-0728/4 and LRB-1274/2. ✓ Both of these drafts should continue to appear in the compiled bill.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1274/3dn
JK:jld:pg

January 30, 2007

This draft reconciles LRB-0728/4 and LRB-1274/2. Both of these drafts should continue to appear in the compiled bill.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1274/3

JK:jld:pg

RM not R

DOA:.....Easton, BB0265 - Sales and use tax exemption for motion picture theaters and radio and television stations

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

m 1-30-07

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PLAIN

1 pictures or radio or television programs for listening, viewing, or broadcast, and
2 advertising materials related thereto, sold, leased or rented to a motion picture
3 theater or radio or television station.

***NOTE: This is reconciled s. 77.54 (23m). This SECTION has been affected by drafts
with the following LRB numbers: -0728/4 and -1274/2.

4

(END)

d-note

D-N

1274/4dy
Jk: jldDarren:

This draft makes a technical correction related to reconciling it with LRB-0728. ✓

The treatment of section 77.54(23m) remains in

both drafts, with the treatment in LRB-0728

taking effect later and incorporating the changes

made in this draft. Sorry for any confusion. ✓

Jk

**DRAFTER'S NOTE
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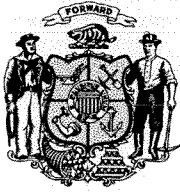
LRB-1274/4dn
JK:jld:pg

January 31, 2007

Darren:

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E-mail: joseph.kreye@legis.wisconsin.gov



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1274/4

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3 television station.

4 (END)