



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

March 10, 2010

MEMORANDUM

To: Representative Barca

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

Subject: Technical Memorandum to **2009 AB 723** (LRB-4228/1) by **DOR**

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

March 8, 2010

TO: Joseph T, Kreye
Legislative Reference Bureau

FROM: Paul Ziegler
Department of Revenue

SUBJECT: Technical Memorandum on AB 723 – relating to the southeastern regional transit authority and interim regional transit authorities in southeast Wisconsin

The Department of Revenue has the following concerns regarding the bill:

- (1) Page 23, line 22. This paragraph distributes the room tax imposed by an interim RTA and collected by DOR from the existing appropriation for local exposition district taxes (s. 20.835(4)(gg)). This appropriation, however, only allows distributions to local exposition districts. To address this mismatch, new appropriations for the distribution of the interim RTA (or later on potentially the SERTA) room tax collections could be created. A separate appropriation for DOR's administrative expenses for these room taxes could also be created.
- (2) Page 29, Lines 16-17. Given the bill's prohibition that an "authority may not include municipalities located in different counties"; it is unclear how municipalities that cross county boundaries should be treated.
- (3) Page 33, Line 2. To ensure that the room tax of an interim RTA matches the intent of the bill, this line could be amended by adding a reference to sec. 66.0615(1m)(ee)1. This would clarify that the scope of the allowable room tax is that as is described in this referenced portion of in the bill.
- (4) Additional language may be needed to ensure smooth transfer of the taxation authority of an interim RTA to the SERTA. It is not clear what happens to the taxes imposed by the interim RTAs once the DOT has made the notice under sec. 66.1041(7)(a). Once the notice occurs, for how long do the taxes continue as interim versus SERTA taxes?
- (5) As specified in s.66.1041(6)(e)2, (page 36, beginning on line 21) it is possible for an interim RTA to be dissolved. While this paragraph states that the dissolving authority shall adopt a resolution repealing the imposition of the sales and use tax, it provides no guidance as to what that effective date of the repeal shall be. Consequently, a modification to this paragraph may be necessary to allow it to properly interact with section 77.708(2) (wherein an RTA sales tax effectively terminates on the last day of a calendar quarter).
- (6) To allow DOR to have time to properly notify retailers, other businesses, and the public about changes in the taxes imposed, for any case where an interim RTA is dissolved, the department recommends that DOR have at least a 30 day advance notice before any interim RTA tax is repealed.

If you have any questions on this technical memorandum, please contact me at (608) 266-5773.

cc: Representative Barca