



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

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STEPHEN R. MILLER  
CHIEF

June 9, 2010

## MEMORANDUM

**To:** Representative Roth

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

**Subject:** Technical Memorandum to **2009 AB 976** (LRB-0806/3) 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

June 8, 2010

**TO:** Joe Kreye, Senior Attorney  
Legislative Reference Bureau

**FROM:** Paul Ziegler  
Department of Revenue

**SUBJECT:** Technical Memorandum on Assembly Bill 976, relating to a sales and use tax exemption for medical physics performance testing of medical imaging and therapeutic equipment.

This bill provides a sales tax exemption for medical physics performance testing of medical imaging and therapeutic equipment if the testing is required under federal law.

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

- (1) The exemption would include medical physics performance testing of any medical imaging and therapeutic equipment, as long as the testing is part of the annual inspection service required under federal law. For example, such testing may be required under federal law for medical imaging equipment used for animals, or could be required under federal law in the future. If the intent is to limit the exemption to the annual inspection service required under the Mammography Quality Standards Act (21 CFR Part 900), it is suggested that the bill be amended accordingly.
- (2) Under the bill, only a portion of any federally required annual inspections (the portion pertaining to medical physics performance testing) would qualify for the new exemption, not the entire inspection. Other services provided as part of the annual inspection would still be taxable. If it is the author's intent to exempt the entirety of federally required annual inspection services, it is suggested that the exemption be revised to read as follows: "The sales price from the sale of and the use or other consumption of the annual inspection service required under federal law of medical imaging and therapeutic equipment, including medical physics performance testing."
- (3) The effective date of the bill may not provide sufficient time for the department to notify affected businesses and for such businesses to change their systems. The department recommends the effective date be the first day of the 3<sup>rd</sup> month (rather than the 2<sup>nd</sup> month) beginning after publication. This would allow a minimum of 60 days between the date of publication and the effective date of the change.

If you have any questions regarding this technical memorandum, please contact Bob Schmidt at (608) 267-9892 or [robertk1.schmidt@revenue.wi.gov](mailto:robertk1.schmidt@revenue.wi.gov)

cc: Representative Roth