



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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STEPHEN R. MILLER
CHIEF

June 19, 2013

MEMORANDUM

To: Senator Hansen

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

Subject: Technical Memorandum to **2013 SB 216** (LRB-1166/1) 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

June 18, 2013

TO: Joe Kreye
Legislative Reference Bureau

FROM: John Koskinen
Bob Schmidt
Department of Revenue

SUBJECT: Technical Memorandum on SB 216 – relating to a sales and use tax exemption for vitamins.

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

The Streamlined Sales and Use Tax Agreement's (SSUTA) Library of Definitions contains a definition for "dietary supplement," which includes vitamins. Under the SSUTA, states may enact product-based exemptions covering all items included within a definition in Part II of the Library of Definitions but states may not exempt specific items included within the product definition unless the product definition sets out an exclusion for such item. Enacting an exemption for vitamins would put Wisconsin out of compliance with the SSUTA.

If Wisconsin does not conform to the SSUTA and consequently loses its membership, out-of-state retailers registered through Streamlined that do not have a legal requirement to register in Wisconsin would no longer be obligated to collect sales and use taxes for Wisconsin, which would result in a decrease in sales tax revenues.

In order to comply with the SSUTA and define the scope of the exemption, the department suggests the bill be modified to exempt dietary supplements, instead of vitamins, by amending sec. 77.54(20n)(a) as follows:

The sales price from the sale of and the storage, use, or other consumption of food and food ingredients, except candy, soft drinks, ~~dietary supplements~~, and prepared food.

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

cc: Senator Hansen