

*STATE OF WISCONSIN**REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**2013 ASSEMBLY BILL 541*

[Introduced by Representatives Nerison, Kulp, Tauchen, A. Ott, Vruwink, Mursau, Ripp, Marklein, Brooks, Ballweg, Petryk, Murphy, Jacque and Spiros; cosponsored by Senators Moulton, Shilling, Harsdorf, Grothman and Schultz.]

**General Nature of Proposal**

2013 Assembly Bill 541 creates a sales and use tax exemption for machines and specific processing equipment used exclusively and directly in a fertilizer blending, feed milling, or grain drying operation, including holding structures used for weighing and dropping feed or fertilizer ingredients into a mixer, wet corn holding bins, grain dryers, mixers, conveying equipment, and grinding, mixing, and saturation bins, and including holding structures used for weighing and dropping feed or fertilizer ingredients into a mixer, wet corn holding bins, mixers, conveying equipment, and grinding, mixing, and saturation bins. This exemption from sales and use tax would apply regardless of whether such items become an addition to, a component of, or a capital improvement of real property.

The bill also creates a sales and use tax exemption for building materials acquired solely for and used solely in the construction or repair of holding structures used for weighing and dropping feed or fertilizer ingredients into a mixer or for storage of grain, if such structures are used in a fertilizer blending, feed milling, or grain drying operation.

Additionally, the bill places two limitations on the sales and use tax exemptions described above. First, the exemptions apply only to items located on the same parcel of property where the fertilizer blending, feed milling, or grain drying operation activities are conducted, or on an adjoining parcel, including parcels that are separated only by a public road. Second, the exemptions apply only to persons who are primarily engaged in fertilizer blending, feed milling, or grain handling operations which include grain drying operations, or primarily engaged in any combination of fertilizer blending, feed milling, or grain handling operations which include grain drying operations, and to contractors providing real property construction activities to such persons.

**Legality Involved**

There are no issues of legality involved.

**Fiscal Effect Upon the State and Its Subdivisions**

The Department of Revenue estimates that the tax exemptions in Assembly Bill 541 would reduce state sales and use tax collections by \$1,500,000 and county and stadium district tax collections by \$120,000 on an annual basis.

**Public Policy Involved**

The bill is good public policy.

02/18/14

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