

*STATE OF WISCONSIN**REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**2015 SENATE BILL 627*

[Introduced by Senators LeMahieu, Wanggaard, Gudex and L. Taylor; cosponsored by Representatives VanderMeer, Heaton, Horlacher, Krug, Petryk, Rohrkaste, Sinicki and Skowronski.]

**General Nature of the Proposal**

2015 Senate Bill 627 creates a sales tax holiday, consisting of the first Saturday and first Sunday in August, beginning in August 2016. Under the bill, the following items would be exempt from sales tax during the sales tax holiday:

- Clothing, except clothing accessories and equipment, if the sales price of any single item is no more than \$75.
- A computer for personal use, if the sales price of the computer is no more than \$2,000.
- School computer supplies for personal use, if the sales price of any single item is no more than \$250.
- School instructional materials, if the sales prices of any single item is no more than \$300.
- School supplies, if the sales price of any single item is no more than \$75.

Under the bill, the sales tax holiday would not apply if the Department of Revenue (DOR) determines that the state's financial situation would make implementation of the holiday imprudent.

**Legality Involved**

There are no issues of legality involved.

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

In its fiscal estimate, DOR indicates that Senate Bill 627 would reduce state sales tax revenue by a total of \$13.2 million on an annual basis, arising from reductions of \$8.5 million for clothing, \$1.2 million for school supplies, \$722,000 for school instructional materials, and \$2.8 million for computers and school computer supplies. Additionally, the bill would reduce local sales tax revenue by approximately \$952,000 on an annual basis.

**Public Policy Involved**

The Joint Survey Committee on Tax Exemptions finds that there is appropriate public policy on the tax exemptions in Senate Bill 627.

01/28/16

*JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS*