



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200  
P. O. BOX 2037  
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561  
REFERENCE SECTION: (608) 266-0341  
FAX: (608) 264-6948

RICHARD CHAMPAGNE  
CHIEF

March 2 , 2016

## MEMORANDUM

**To:** Senator Erpenbach

**From:** Joseph T. Kreye, Legal Section Administrator, (608) 266-2263

**Subject:** Technical Memorandum to **2015 SB 763** (LRB-3846/2) 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 1, 2016

**TO:** Joe Kreye  
Legislative Reference Bureau

**FROM:** Bob Schmidt  
Department of Revenue

**SUBJECT:** Technical Memorandum on SB 763 – Increasing the Motor Vehicle Fuel Tax Rate to Pay Debt Service on Transportation Bonding and Adjusting the Rate by the Annual Average Change in the Consumer Price Index

The department has the following concern with the bill:

Current law [Sec. 78.22(1), Wis. Stats.] imposes a floor tax on any fuel inventory when there is a tax rate change. The bill requires the department to increase the tax rate on April 1, 2016. The department does not have a floor tax processing system in place, as the fuel tax is not currently indexed to inflation. The department would need sufficient time to develop and implement a system of reporting fuel inventory and filing tax returns for any person in possession of fuel for sales or resale.

To allow sufficient time to develop the IT infrastructure, processes, and staff resources, the department suggests an effective date for the five-cent increase of October 1, 2016 or later. The department suggests the annual index adjustment first take place April 1, 2017 as the floor tax system would be in place for the tax rate adjustment.

If you have questions regarding this technical memorandum, please contact Bob Schmidt at (608) 266-5773 or [robertk1.schmidt@revenue.wi.gov](mailto:robertk1.schmidt@revenue.wi.gov)

cc: Senator Erpenbach