

2015 DRAFTING REQUEST

Bill

Received: **11/19/2015** Received By: **jkreye**
For: **Janis Ringhand (608) 266-2253** Same as LRB:
May Contact: By/Representing: **patrick**
Subject: **Tax, Other - sales** Drafter: **jkreye**
Addl. Drafters:
Extra Copies:

Submit via email: **YES**
Requester's email: **Sen.Ringhand@legis.wi.gov**
Carbon copy (CC) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Sales and use tax exemption for materials used by a veterans organization for a memorial

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 11/20/2015		_____			
/P1	jkreye 2/12/2016	kfollett 11/23/2015	_____	mbarman 11/23/2015		State S&L Tax
/1		kfollett 2/12/2016	_____	sbasford 2/12/2016	lparisi 2/12/2016	State S&L

Vers. Drafted Reviewed Proofed Submitted Jacketed Required
Tax

FE Sent For:

@
INTRO

<END>

Kreye, Joseph

From: Walsh, Patrick
Sent: Thursday, November 19, 2015 2:45 PM
To: Kreye, Joseph
Subject: FW: Sales Tax Exemption for Veterans Organizations.

Joe, below is the information we received from DOR.

Patrick Walsh
Legislative Aide
Office of State Senator Janis Ringhand
(608) 266 - 2253

From: Sweeney, Matthew - DOR [mailto:Matthew1.Sweeney@revenue.wi.gov]
Sent: Tuesday, November 03, 2015 9:32 AM
To: Sen.Ringhand <Sen.Ringhand@legis.wisconsin.gov>
Subject: RE: Sales Tax Exemption for Veterans Organizations.

Patrick,

Nate asked me to help you with this one.

It's not a seller's permit that they need but a certificate of exempt status (CES). A seller's permit allows someone to purchase materials for resale without having to pay the state sales tax (example: Walmart buys toys from a manufacturer, tax free, and resells them to consumers who pay a sales tax). A CES allows a group (many times a non-profit but there are other exemptions as well) to make purchases of things without having to pay sales tax (example: The Red Cross buys tables and chairs that are used during a blood drive).

The statute governing this is 77.54(9a)(f):

(f) Any corporation, community chest fund, foundation or association organized and operated exclusively for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals, except hospital service insurance corporations under s. 613.80(2), no part of the net income of which inures to the benefit of any private stockholder, shareholder, member or corporation.

This would cover most organizations that we call "non-profits" that are organized under the 501(c)(3) of the internal revenue code (IRC). Veteran's groups are organized under 501(c)(19) of the IRC and are not considered exempt from Wisconsin sales tax under the above statute because they are not operated exclusively for religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals.

No other statutes specifically exempts them from paying sales tax, so we are unable to grant them a CES.

Let me know if you have any other questions.

Thanks!

Matt

From: Ristow, Nathaniel L - DOR (Nate)
Sent: Monday, November 02, 2015 4:17 PM
To: Sweeney, Matthew - DOR <Matthew1.Sweeney@revenue.wi.gov>
Subject: FW: Sales Tax Exemption for Veterans Organizations.

Nate Ristow
(608) 266-7817
Nate.Ristow@revenue.wi.gov

From: Sen.Ringhand [<mailto:Sen.Ringhand@legis.wisconsin.gov>]
Sent: Monday, November 02, 2015 4:08 PM
To: Ristow, Nathaniel L - DOR (Nate) <Nathaniel.Ristow@revenue.wi.gov>
Subject: Sales Tax Exemption for Veterans Organizations.

Nate,

Sen. Ringhand received the email below from a constituent working on a veterans memorial and it appears that although they are a nonprofit they are not eligible for a sales tax exemption because of the way they are organized. Could you provide me with some additional information on why they are unable to obtain a seller permit for their contractors?

Thank you.

Patrick Walsh
Legislative Aide
Office of State Senator Janis Ringhand
(608) 266 - 2253

From: Lyle D. Wanless [<mailto:lyle@wanlessauctiongroup.com>]
Sent: Sunday, November 01, 2015 1:39 PM
To: Sen.Ringhand <Sen.Ringhand@legis.wisconsin.gov>
Subject: Sales Tax Exemption for Veterans Organizations.

Hi Senator Ringhand;

As you are aware we are in the process of constructing a veterans memorial here in Brooklyn. In the process we were requested to furnish a sellers per amit number to our contractors. I called the Department of Revenue and requested Sellers Permit for exemption and was informed that if we were a 501-c-d we would qualified. However, all veterans organizations must be under the IRS 501-c – 19 and submit a annual tax report 990 in order to retain our charter.

Therefore, the veterans organizations are caught in between the Federal IRS rules and the state of Wisconsin DOR on exemption and the Veterans trying to develop memorials for legacy cannot be exempt.

If you wish to check on this, the contact at Revenue is: Tom 266-2776 or DORsalesanduse@revenue.wi.gov

I believe that the DOR rules need to be changed for Veterans Organization.

Hope you are doing well and I appreciate you looking in this. Please call me Senator if you have other questions.

Lyle Wanless.

CONFIDENTIALITY NOTICE: This electronic mail transmission and any accompanying documents contain information belonging to the sender which may be confidential and legally privileged. This information is only for the use of the individual or entity to whom this electronic mail transmission was intended. If you are not the intended recipient, any disclosure, copying, distribution, or action taken in reliance on the contents of the information contained in this transmission is strictly prohibited. If you have received this transmission in error, please immediately contact the sender and delete the message. Thank you.

Kreye, Joseph

From: Walsh, Patrick
Sent: Thursday, November 19, 2015 2:44 PM
To: Kreye, Joseph
Subject: FW: Sales Tax on Veterans Organization

Joe, below is information we have received from the constituent regarding their sales tax status and desire to build a memorial.

Patrick Walsh
Legislative Aide
Office of State Senator Janis Ringhand
(608) 266 - 2253

From: lyle@wanlessauctiongroup.com [mailto:lyle@wanlessauctiongroup.com]
Sent: Monday, November 16, 2015 10:50 AM
To: Sen.Ringhand <Sen.Ringhand@legis.wisconsin.gov>
Subject: RE: Sales Tax on Veterans Organization

Hi Senator Ringhand and Patrick

As I share our Sales Tax resolution and concerns with our veterans, they are without doubt hurt by this Department of Revenue interpretation Sales tax rules of veterans organizations without knowledge of what the veterans groups do for children, veterans and families. I have just received a report from national news of the 501-C-3 groups we all get solicitations from for help our cancer, heart/kidney associations, police/fire associations and on and on and according Wisconsin Revenue Code they are exempt from sales tax and yet our Veterans Organizations that help our causes are not.

The Memorial that we are building under the Department of Revenue could be required to pay out \$4,582.00 Sales tax for construction materials and supplies for the memory of our local Wisconsin veterans who have given so much. While other groups like my church are exempt and also others.

I have been in Contact with the Sales Tax Department at Revenue and we have discussed this, and all they can do is enforce the regulations. So that is why we veterans are wanting some changes.

Thanks Senator.

Lyle

From: Lyle D. Wanless [mailto:lyle@wanlessauctiongroup.com]
Sent: Thursday, November 12, 2015 7:40 PM
To: Sen.Ringhand <Sen.Ringhand@legis.wisconsin.gov>
Subject: Sales Tax on Veterans Organizati

Senator Ringhand;

I know that the Madison activities has kept you busy and we all appreciate you for your hard work in representing the people.

A few weeks has passed since I wrote to you about the delema this State has presented to our VFW, American Legions and others.

Can you believe we have tax exemption for Church (separation of Church and State) and not for the Veterans organizations which are made up of men and women who served this country to defend the Constitution and provide us with freedom so we can have fair government and taxation?

The Federal Tax Code requires the Veterans groups to be 501-C-19 in order to comply with Federal Tax exempt status, which apparently Wisconsin Disagrees with. Senator, this must be changed because it puts a hardship on our veterans programs. Would you please have your staff look into getting A bill developed so The Wisconsin Department of Revenue Tax Code complies with the Federal Government IRS?

Thanks Senator;

Lyle Wanless, Commander Brooklyn American Legion



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-3922/P1

JK: *JK*

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Monday

11-23

Gen

- 1 **AN ACT ...; relating to:** a sales and use tax exemption for material used to
2 construct a war memorial owned by a veterans organization.

Analysis by the Legislative Reference Bureau

U.S. This bill creates a sales and use tax exemption for building materials used to construct a war memorial owned by an organization of past and present members of the ~~United States Armed Forces~~.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the ***state and local*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 **SECTION 1.** 77.54 (63) of the statutes is created to read:

4 77.54 (63) The sales price from the sale of building materials, supplies, and
5 equipment to; and the storage, use, or other consumption of the same property by;
6 owners, lessees, contractors, subcontractors, or builders if that property is acquired

1 solely for or used solely in the construction or development of a war memorial owned
2 by an organization described in section 501 (c) (19) of the Internal Revenue Code.

***NOTE: This exemption is similar to the exemption for building materials used
to construct the sports and entertainment arena facilities in Milwaukee.

3 **SECTION 2. Effective date.**

4 (1) This act takes effect on the first day of the 3rd month beginning after
5 publication.

6 (END)



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-3922/P1
JK:kjf

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

today
2-12

- 1 AN ACT *to create* 77.54 (63) of the statutes; **relating to:** a sales and use tax
2 exemption for material used to construct a war memorial owned by a veterans
3 organization.

Analysis by the Legislative Reference Bureau

This bill creates a sales and use tax exemption for building materials used to construct a war memorial owned by an organization of past and present members of the U.S. armed forces.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the ***state and local*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 4 SECTION 1. 77.54 (63) of the statutes is created to read:
5 77.54 (63) The sales price from the sale of building materials, supplies, and
6 equipment to; and the storage, use, or other consumption of the same property by;

1 owners, lessees, contractors, subcontractors, or builders if that property is acquired
2 solely for or used solely in the construction or development of a war memorial owned
3 by an organization described in section 501 (c) (19) of the Internal Revenue Code.

4 *****NOTE:** This exemption is similar to the exemption for building materials used
to construct the sports and entertainment arena facilities in Milwaukee.

4 **SECTION 2. Effective date.**

5 (1) This act takes effect on the first day of the 3rd month beginning after
6 publication.

7 (END)

Parisi, Lori

From: Walsh, Patrick
Sent: Friday, February 12, 2016 12:18 PM
To: LRB.Legal
Subject: Draft Review: LRB -3922/1

Please Jacket LRB -3922/1 for the SENATE.