

*STATE OF WISCONSIN**REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**2015 SENATE BILL 227*

[Introduced by Senators Marklein, Gudex, Harsdorf and Petrowski; cosponsored by Representatives Kulp, Jacque, Tranel, Kooyenga, Bernier, E. Brooks and Novak.]

**General Nature of the Proposal**

2015 Senate Bill 227 would create a sales and use tax exemption for sales of tangible personal property and certain other property made to construction contractors who, in fulfillment of a real property construction activity, transfer the property to nonprofit organizations and municipalities, including school districts, if such property becomes a component of a facility in this state that is owned by the nonprofit organization or municipality.

For the purpose of the exemption, the bill specifies that “facility” means any building, shelter, parking lot, parking garage, athletic field, athletic park, storm sewer, water supply system, or sewerage and waste water treatment facility, but does not include a highway, street, or road.

Under the bill, the exemption would first apply to contracts entered into on January 1, 2016.

**Legality Involved**

There are no issues of legality involved.

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

The Department of Revenue estimates that 2015 Senate Bill 227 would decrease state sales and use tax collections by \$6.4 million and county and stadium district tax collections by about \$526,000 on an annual basis. The department also notes that, if all sales and use tax savings are passed along, municipalities could anticipate an aggregate reduction in construction costs of \$4.1 million on an annual basis.

**Public Policy Involved**

The Joint Survey Committee on Tax Exemptions finds that the tax exemption in 2015 Senate Bill 227 is appropriate public policy.