

*STATE OF WISCONSIN**REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**2015 ASSEMBLY BILL 553*

[Introduced by Representatives Born, E. Brooks, R. Brooks, Hintz, Horlacher, Jacque, Kulp, A. Ott, Petryk, Rohrkaste and Tittl; cosponsored by Senator Gudex.]

General Nature of the Proposal

Generally, under current law, the occasional sales, including event admissions, of a non-profit organization are not subject to sales tax if the non-profit is not engaged in a trade or business and if the aggregate expenditures made by the organization relating to entertainment do not exceed \$500. For purposes of the exemption, a non-profit organization is deemed to be engaged in a trade or business if it makes sales, not including sales of event tickets, or holds events, on more than 20 days per year, unless its taxable receipts do not exceed \$25,000 during the year.

2015 Assembly Bill 553 raises the thresholds related to the sales tax exemption for non-profit sales to \$10,000 for the limit on entertainment expenditures, and to 75 days and taxable receipts of \$50,000 for purposes of determining whether an organization is engaged in a trade or business.

Legality Involved

There are no issues of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

The Department of Revenue estimates that the increase of the taxable sales threshold from \$25,000 to \$50,000 in Assembly Bill 553 would reduce state sales tax revenue by \$590,000 and county and stadium district tax revenue by \$42,000 on an annual basis. The department indicates that the fiscal effects of the other elements of the bill are minimal or indeterminate.

Public Policy Involved

The Joint Survey Committee on Tax Exemptions finds that there is appropriate public policy on the tax exemptions in Assembly Bill 553.

01/28/16

JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS