AN ACT to renumber and amend 77.70; to amend chapter 77 (title), subchapter V (title) of chapter 77 [precedes 77.70], 77.71 (intro.), 77.71 (1), 77.71 (2), 77.71 (3), 77.71 (4), 77.73 (2), 77.73 (3), 77.75, 77.76 (1), 77.76 (2), 77.76 (4), 77.77 and 77.78; and to create 20.566 (1) (gh), 20.835 (4) (gh), 77.70 (2), 77.701 and 77.76 (3r) of the statutes; relating to: an additional local sales and use tax for maintenance of streets and highways and making an appropriation.

Analysis by the Legislative Reference Bureau

Under current law, a county may impose a sales and use tax at the rate of 0.5 percent of the sales price of tangible personal property, goods, and services sold or used in the county. The county sales and use tax may be imposed only for the purpose of reducing the county's property tax levy.

Under the bill, with the approval of the electors in the county at a referendum, a county may impose an additional sales and use tax at the rate of no more than 0.5 percent of the sales price of tangible personal property, goods, and services sold or used in the county for maintenance of streets and highways. A municipality may also impose the tax for the same purpose. The county or municipality may impose the tax for four years. If the county or municipality wishes to extend the tax, it must be approved again at a referendum. Finally, for each year in which a county or municipality imposes the tax, the county or municipality must expend on highway or street maintenance and repair an amount equal to the average of the amount it spent for such purposes in the previous three years.
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:

SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

<table>
<thead>
<tr>
<th></th>
<th>2015−16</th>
<th>2016−17</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.566 Revenue, department of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Collection of taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(gh) Administration of municipality taxes</td>
<td>PR A</td>
<td>-0-</td>
</tr>
</tbody>
</table>

SECTION 2. 20.566 (1) (gh) of the statutes is created to read:

20.566 (1) (gh) Administration of municipality taxes. From the moneys transferred from the appropriation account under s. 20.835 (4) (gh), the amounts in the schedule for administering the municipality taxes imposed under s. 77.701. Notwithstanding s. 20.001 (3) (a), at the end of the fiscal year the unencumbered balance of this appropriation account lapses to the general fund.

SECTION 3. 20.835 (4) (gh) of the statutes is created to read:

20.835 (4) (gh) Municipality taxes. All moneys received from the taxes imposed under s. 77.701 for distribution to the municipalities that enact an ordinance imposing taxes under that section and for interest payments on refunds under s. 77.76 (3r), except that 1.75 percent of those tax revenues collected under that section shall be credited to the appropriation account under s. 20.566 (1) (gh).

SECTION 4. Chapter 77 (title) of the statutes is amended to read:
CHAPTER 77

TAXATION OF FOREST CROPLANDS;
REAL ESTATE TRANSFER FEES;
SALES AND USE TAXES; COUNTY,
MUNICIPALITY, AND SPECIAL DISTRICT
SALES AND USE TAXES; MANAGED
FOREST LAND; ECONOMIC DEVELOPMENT
SURCHARGE; LOCAL FOOD AND BEVERAGE
TAX; LOCAL RENTAL CAR TAX;
PREMIER RESORT AREA TAXES;
STATE RENTAL VEHICLE
FEE; DRY CLEANING FEES

SECTION 5. Subchapter V (title) of chapter 77 [precedes 77.70] of the statutes is amended to read:

CHAPTER 77

SUBCHAPTER V
COUNTY, MUNICIPALITY, AND
SPECIAL DISTRICT SALES AND USE TAXES

SECTION 6. 77.70 of the statutes is renumbered 77.70 (1) and amended to read:

77.70 (1) Any county desiring to impose county sales and use taxes under this subchapter may do so by the adoption of an ordinance, stating its purpose and referring to this subchapter. The rate of the tax imposed under this section subsection is 0.5 percent of the sales price or purchase price. The Except as provided in sub. (2), county sales and use taxes may be imposed only for the purpose of directly reducing the property tax levy and only in their entirety as provided in this
subchapter. That ordinance shall be effective on the first day of January, the first day of April, the first day of July or the first day of October January 1, April 1, July 1, or October 1. A certified copy of that ordinance shall be delivered to the secretary of revenue at least 120 days prior to its effective date. The repeal of any such ordinance shall be effective on December 31. A certified copy of a repeal ordinance shall be delivered to the secretary of revenue at least 120 days before the effective date of the repeal.

SECTION 7. 77.70 (2) of the statutes is created to read:

77.70 (2) (a) In addition to the taxes imposed under sub. (1), if the electors of the county approve the ordinance at a referendum at the spring election or general election, a county may adopt an ordinance to impose a sales and use tax under this subchapter at the rate of no more than 0.5 percent of the sales price or purchase price in order to maintain and repair highways in the county and to ensure that all county roads are all-weather roads. The taxes may be imposed only in their entirety. An ordinance adopted under this paragraph shall be effective on January 1, April 1, July 1, or October 1. A certified copy of the ordinance shall be delivered to the secretary of revenue at least 120 days prior to its effective date. The repeal of any such ordinance shall be effective on December 31. A certified copy of a repeal ordinance shall be delivered to the secretary of revenue at least 120 days before the effective date of the repeal. An ordinance adopted to impose the tax under this paragraph is valid for 4 years but may be renewed by the approval of the electors of the county at a referendum at the spring election or general election. If the county holds a referendum during the 4-year period when the tax is imposed in order to renew the ordinance for another 4 years and the referendum is not approved, the county may
not hold another referendum to renew the ordinance until one year after the previous
period for imposing the tax has expired.

(b) If a county holds a referendum under par. (a), the question appearing on the
ballot shall be “Shall .... (name of the county) impose a local sales and use tax for ....
(4 years) (an additional 4 years) at the rate of one-half of one percent to provide for
the maintenance and repair of county highways?”.

(c) For each year in which a county imposes the tax under par. (a), the county
shall expend on highway maintenance and repair no less than an amount equal to
the average of the amount it spent for such purposes in the previous 3 years.

Section 8. 77.701 of the statutes is created to read:

77.701 Adoption by municipal ordinance. (1) If the electors of the
municipality approve the ordinance at a referendum at the spring election or general
election, a municipality may adopt an ordinance to impose a sales and use tax under
this subchapter at the rate of no more than 0.5 percent of the sales price or purchase
price in order to maintain and repair streets in the municipality. The taxes may be
imposed only in their entirety. An ordinance adopted under this subsection shall be
effective on January 1, April 1, July 1, or October 1. A certified copy of the ordinance
shall be delivered to the secretary of revenue at least 120 days prior to its effective
date. The repeal of any such ordinance shall be effective on December 31. A certified
copy of a repeal ordinance shall be delivered to the secretary of revenue at least 120
days before the effective date of the repeal. An ordinance adopted to impose the tax
under this subsection is valid for 4 years but may be renewed by the approval of the
electors of the municipality at a referendum at the spring election or general election.
If a municipality holds a referendum during the 4-year period when the tax is
imposed in order to renew the ordinance for another 4 years and the referendum is
not approved, the county may not hold another referendum to renew the ordinance until one year after the previous period for imposing the tax has expired. In this section, “municipality” means a city, village, or town.

(2) If a municipality holds a referendum under sub. (1), the question appearing on the ballot shall be “Shall .... (name of the municipality) impose a local sales and use tax for .... (4 years) (an additional 4 years) at the rate of one−half of one percent to provide for the maintenance and repair of streets in the municipality?”.

(3) For each year in which a municipality imposes the tax under sub. (1), the municipality shall expend on street maintenance and repair no less than an amount equal to the average of the amount it spent for such purposes in the previous 3 years.

SECTION 9. 77.71 (intro.) of the statutes is amended to read:

77.71 Imposition of county and special district local sales and use taxes. (intro.) Whenever an ordinance is adopted under s. 77.70 or 77.701, or a resolution is adopted under s. 77.705 or 77.706, the following taxes are imposed:

SECTION 10. 77.71 (1) of the statutes is amended to read:

77.71 (1) For the privilege of selling, licensing, leasing, or renting tangible personal property and the items, property, and goods specified under s. 77.52 (1) (b), (c), and (d), and for the privilege of selling, licensing, performing, or furnishing services a sales tax is imposed upon retailers at the rates under s. 77.70 in the case of a county tax, at the rate under s. 77.701 in the case of a municipality tax, or at the rate under s. 77.705 or 77.706 in the case of a special district tax of the sales price from the sale, license, lease, or rental of tangible personal property and the items, property, and goods specified under s. 77.52 (1) (b), (c), and (d), except property taxed under sub. (4), sold, licensed, leased, or rented at retail in the county, municipality,
or special district, or from selling, licensing, performing, or furnishing services
described under s. 77.52 (2) in the county, municipality, or special district.

**SECTION 11.** 77.71 (2) of the statutes is amended to read:

77.71 (2) An excise tax is imposed at the rates under s. 77.70 in the case of a
county tax, at the rate under s. 77.701 in the case of a municipality tax, or at the rate
under s. 77.705 or 77.706 in the case of a special district tax of the purchase price
upon every person storing, using, or otherwise consuming in the county,
municipality, or special district tangible personal property, or items, property, or
goods specified under s. 77.52 (1) (b), (c), or (d), or services if the tangible personal
property, item, property, good, or service is subject to the state use tax under s. 77.53,
extcept that a receipt indicating that the tax under sub. (1), (3), or (4) has been paid
relieves the buyer of liability for the tax under this subsection and except that if the
buyer has paid a similar local tax in another state on a purchase of the same tangible
personal property, item, property, good, or service that tax shall be credited against
the tax under this subsection and except that for motor vehicles that are used for a
purpose in addition to retention, demonstration, or display while held for sale in the
regular course of business by a dealer the tax under this subsection is imposed not
on the purchase price but on the amount under s. 77.53 (1m).

**SECTION 12.** 77.71 (3) of the statutes is amended to read:

77.71 (3) An excise tax is imposed upon a contractor engaged in construction
activities within the county, municipality, or special district at the rates under s.
77.70 in the case of a county tax, at the rate under s. 77.701 in the case of a
municipality tax, or at the rate under s. 77.705 or 77.706 in the case of a special
district tax of the purchase price of tangible personal property or items, property, or
goods under s. 77.52 (1) (b), (c), or (d) that are used in constructing, altering,
repairs, or improving real property and that became a component part of real
property in that county, municipality, or special district, except that if the contractor
has paid the sales tax of a county, municipality, or special district in this state on that
tangible personal property, item, property, or good, or has paid a similar local sales
tax in another state on a purchase of the same tangible personal property, item,
property, or good, that tax shall be credited against the tax under this subsection.

SECTION 13. 77.71 (4) of the statutes is amended to read:

77.71 (4) An excise tax is imposed at the rates under s. 77.70 in the case of a
county tax, at the rate under s. 77.701 in the case of a municipality tax, or at the rate
under s. 77.705 or 77.706 in the case of a special district tax of the purchase price
upon every person storing, using, or otherwise consuming a motor vehicle, boat,
recreational vehicle, as defined in s. 340.01 (48r), or aircraft, if that property must
be registered or titled with this state and if that property is to be customarily kept
in a county that has in effect an ordinance under s. 77.70, in a municipality that has
in effect an ordinance under s. 77.701, or in a special district that has in effect a
resolution under s. 77.705 or 77.706, except that if the buyer has paid a similar local
sales tax in another state on a purchase of the same property that tax shall be
credited against the tax under this subsection.

SECTION 14. 77.73 (2) of the statutes is amended to read:

77.73 (2) Counties, municipalities, and special districts do not have jurisdiction
to impose the tax under s. 77.71 (2) in regard to items, property, and goods under s.
77.52 (1) (b), (c), and (d), and tangible personal property, except snowmobiles,
trailers, semitrailers, all-terrain vehicles, and utility terrain vehicles, purchased in
a sale that is consummated in another county, municipality, or special district in this
state that does not have in effect an ordinance or resolution imposing the taxes under
this subchapter and later brought by the buyer into the county, municipality, or
special district that has imposed a tax under s. 77.71 (2).

SECTION 15. 77.73 (3) of the statutes is amended to read:

77.73 (3) Counties, municipalities, and special districts have jurisdiction to
impose the taxes under this subchapter on retailers who file, or who are required to
file, an application under s. 77.52 (7) or who register, or who are required to register,
under s. 77.53 (9) or (9m), regardless of whether such retailers are engaged in
business in the county, municipality, or special district, as provided in s. 77.51 (13g).
A retailer who files, or is required to file, an application under s. 77.52 (7) or who
registers, or is required to register, under s. 77.53 (9) or (9m) shall collect, report, and
remit to the department the taxes imposed under this subchapter for all counties, municipalities, or special districts that have an ordinance or resolution imposing the
taxes under this subchapter.

SECTION 16. 77.75 of the statutes is amended to read:

77.75 Reports. Every person subject to county, municipality, or special district
sales and use taxes shall, for each reporting period, record that person’s sales made
in the county, municipality, or special district that has imposed those taxes
separately from sales made elsewhere in this state and file a report as prescribed by
the department of revenue.

SECTION 17. 77.76 (1) of the statutes is amended to read:

77.76 (1) The department of revenue shall have full power to levy, enforce, and
collect county, municipality, and special district sales and use taxes and may take any
action, conduct any proceeding, impose interest and penalties, and in all respects
proceed as it is authorized to proceed for the taxes imposed by subch. III. The
department of transportation and the department of natural resources may
administer the county, municipality, and special district sales and use taxes in regard
to items under s. 77.61 (1).

**SECTION 18.** 77.76 (2) of the statutes is amended to read:

77.76 (2) Judicial and administrative review of departmental determinations
shall be as provided in subch. III for state sales and use taxes, and no county, municipality, or special district may intervene in any matter related to the levy, enforcement, and collection of the taxes under this subchapter.

**SECTION 19.** 77.76 (3r) of the statutes is created to read:

77.76 (3r) From the appropriation under s. 20.835 (4) (gh), the department
shall distribute 98.25 percent of the municipality taxes reported for each enacting
municipality, minus the municipality portion of the retailers’ discounts, to the
municipality and shall indicate the taxes reported by each taxpayer, no later than
75 days following the last day of the calendar quarter in which such amounts were
reported. In this subsection, the “municipality portion of the retailers’ discount” is
the amount determined by multiplying the total retailers’ discount by a fraction the
numerator of which is the gross municipality sales and use taxes payable and the
denominator of which is the sum of the gross state and municipality sales and use
taxes payable. The municipality taxes distributed shall be increased or decreased
to reflect subsequent refunds, audit adjustments, and all other adjustments of the
municipality taxes previously distributed. Interest paid on refunds of municipality
sales and use taxes shall be paid from the appropriation under s. 20.835 (4) (gh) at
the rate paid by this state under s. 77.60 (1) (a). Any municipality receiving a report
under this subsection is subject to the duties of confidentiality to which the
department of revenue is subject under s. 77.61 (5) and (6).

**SECTION 20.** 77.76 (4) of the statutes is amended to read:
77.76 (4) There shall be retained by the state 1.5% of the taxes collected for taxes imposed by special districts under ss. 77.705 and 77.706 and 1.75% of the taxes collected for taxes imposed by counties under s. 77.70 and for taxes imposed by municipalities under s. 77.701 to cover costs incurred by the state in administering, enforcing, and collecting the tax. All interest and penalties collected shall be deposited and retained by this state in the general fund.

SECTION 21. 77.77 of the statutes is amended to read:

77.77 Transitional provisions. (1) (a) The sales price from services subject to the tax under s. 77.52 (2) or the lease, rental, or license of tangible personal property and property, items, and goods specified under s. 77.52 (1) (b), (c), and (d), is subject to the taxes under this subchapter, and the incremental amount of tax caused by a rate increase applicable to those services, leases, rentals, or licenses is due, beginning with the first billing period starting on or after the effective date of the county ordinance, municipal ordinance, special district resolution, or rate increase, regardless of whether the service is furnished or the property, item, or good is leased, rented, or licensed to the customer before or after that date.

(b) The sales price from services subject to the tax under s. 77.52 (2) or the lease, rental, or license of tangible personal property and property, items, and goods specified under s. 77.52 (1) (b), (c), and (d) is not subject to the taxes under this subchapter, and a decrease in the tax rate imposed under this subchapter on those services first applies, beginning with bills rendered on or after the effective date of the repeal or sunset of a county ordinance, municipal ordinance, or special district resolution imposing the tax or other rate decrease, regardless of whether the service is furnished or the property, item, or good is leased, rented, or licensed to the customer before or after that date.
(3) The sale of building materials to contractors engaged in the business of constructing, altering, repairing or improving real estate for others is not subject to the taxes under this subchapter, and the incremental amount of tax caused by the rate increase applicable to those materials is not due, if the materials are affixed and made a structural part of real estate, and the amount payable to the contractor is fixed without regard to the costs incurred in performing a written contract that was irrevocably entered into prior to the effective date of the county ordinance, municipality ordinance, special district resolution, or rate increase or that resulted from the acceptance of a formal written bid accompanied by a bond or other performance guaranty that was irrevocably submitted before that date.

SECTION 22. 77.78 of the statutes is amended to read:

77.78 Registration. No motor vehicle, boat, snowmobile, recreational vehicle, as defined in s. 340.01 (48r), trailer, semitrailer, all-terrain vehicle, utility terrain vehicle, or aircraft that is required to be registered by this state may be registered or titled by this state unless the registrant files a sales and use tax report and pays the county tax, the municipality tax, and special district tax at the time of registering or titling to the state agency that registers or titles the property. That state agency shall transmit those tax revenues to the department of revenue.

SECTION 23. Effective date.

(1) This act takes effect on July 1, 2015, or on the day after publication of the 2015–17 biennial budget act, whichever is later.