AN ACT to amend chapter 77 (title), 77.52 (1), 77.52 (2) (intro.), 77.53 (1),
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), 77.61
(21), 77.701 and 77.76 (3r) of the statutes; relating to: allowing municipalities
to impose a sales and use tax for transportation purposes, lowering the state
sales and use tax rates, using state sales and use tax revenue for transportation
purposes, and making appropriations.

Analysis by the Legislative Reference Bureau

This bill allows a city, village, or town to impose a sales and use tax at the rate
of 1.5 percent of the sales price of tangible personal property and taxable services
purchased or used in the city, village, or town. The city, village, or town must use the
sales and use tax revenue for transportation purposes.

The bill also lowers the state sales and use tax rate from 5 percent to 3 percent
and requires that the sales and use tax collected on the sale of gasoline and diesel
fuel be deposited into the transportation fund.
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:

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<th>2015-16</th>
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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. 77.52 (1) of the statutes is amended to read:

77.52 (1) (a) For the privilege of selling, licensing, leasing or renting tangible personal property at retail a tax is imposed upon all retailers at the rate of 5% of the sales price from the sale, license, lease or rental of tangible personal property sold, licensed, leased or rented at retail in this state, as determined under s. 77.522.

(b) For the privilege of selling, licensing, leasing, or renting at retail coins and stamps of the United States that are sold, licensed, leased, rented, or traded as collectors’ items above their face value, a tax is imposed on all retailers at the rate of 5% of the sales price from the sale, license, lease, or rental of such coins and stamps.

(c) For the privilege of leasing property that is affixed to real property, a tax is imposed on all retailers at the rate of 5% of the sales price from the lease
of such property, if the lessor has the right to remove the leased property upon breach or termination of the lease agreement, unless the lessor of the leased property is also the lessor of the real property to which the leased property is affixed.

(d) A tax is imposed on all retailers at the rate of \( \frac{5}{3} \) percent of the sales price from the sale, lease, license, or rental of specified digital goods and additional digital goods at retail for the right to use the specified digital goods or additional digital goods on a permanent or less than permanent basis and regardless of whether the purchaser is required to make continued payments for such right.

**SECTION 6.** 77.52 (2) (intro.) of the statutes is amended to read:

77.52 (2) (intro.) For the privilege of selling, licensing, performing or furnishing the services described under par. (a) at retail in this state, as determined under s. 77.522, to consumers or users, regardless of whether the consumer or user has the right of permanent use or less than the right of permanent use and regardless of whether the service is conditioned on continued payment from the purchaser, a tax is imposed upon all persons selling, licensing, performing or furnishing the services at the rate of \( \frac{5}{3} \) percent of the sales price from the sale, license, performance or furnishing of the services.

**SECTION 7.** 77.53 (1) of the statutes is amended to read:

77.53 (1) Except as provided in sub. (1m), an excise tax is levied and imposed on the use or consumption in this state of taxable services under s. 77.52 purchased from any retailer, at the rate of \( \frac{5}{3} \) percent of the purchase price of those services; on the storage, use or other consumption in this state of tangible personal property and items or property under s. 77.52 (1) (b) or (c) purchased from any retailer, at the rate of \( \frac{5}{3} \) percent of the purchase price of the property or items; on the storage, use, or other consumption of goods in this state under s. 77.52 (1) (d) purchased from any
SECTION 7

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retailer, if the purchaser has the right to use the goods on a permanent or less than permanent basis and regardless of whether the purchaser is required to make continued payments for such right, at the rate of 5.3 percent of the purchase price of the goods; and on the storage, use or other consumption of tangible personal property or items, property, or goods under s. 77.52 (1) (b), (c), or (d) manufactured, processed or otherwise altered, in or outside this state, by the person who stores, uses or consumes it, from material purchased from any retailer, at the rate of 5.3 percent of the purchase price of that material.

SECTION 8. 77.61 (21) of the statutes is created to read:

77.61 (21) The taxes collected under this subchapter from the sale of gasoline, as defined in s. 78.005 (7), and diesel fuel, as defined in s. 78.005 (5), shall be deposited into the transportation fund.

SECTION 9. 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 10. 77.701 of the statutes is created to read:

77.701 Adoption by municipal ordinance. A municipality may, by ordinance, impose a sales and use tax under this subchapter at the rate of 1.5 percent of the sales price or the purchase price. The taxes imposed under this section may only be used for transportation purposes and may be imposed only in their entirety. Taxes imposed under this section take effect on the first January 1 that begins at least 120 days after the date on which the municipality enacts the ordinance. The
municipality shall deliver a certified copy of the ordinance to the secretary of revenue at least 120 days prior to its effective date. If the municipality repeals the ordinance, the repeal is effective on December 31. The municipality shall deliver a certified copy of a repeal ordinance to the secretary of revenue at least 120 days before the effective date of the repeal. In this section, “municipality” means a city, village, or town.

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

**77.71 Imposition of county and special district sales and use taxes.**

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

SECTION 12. 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 13. 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, except 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 14. 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, repairing, 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 15.** 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 16.** 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 17.** 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 18. 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 19. 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 20. 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 21. 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 22. 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 22.** 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 24. 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 25. Effective dates. This act takes effect on July 1, 2015, or the day
after publication of the 2015-17 biennial budget act, whichever is later, except as
follows:

(1) STATE SALES TAX. The treatment of sections 77.52 (1) and (2) (intro.), 77.53
(1), and 77.61 (21) of the statutes takes effect on January 1, 2016.

(END)