

2017 DRAFTING REQUEST

Bill

For: **Howard Marklein (608) 266-0703** Drafter: **jkreye**  
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 Same as LRB: **-0762**

Submit via email: **YES**  
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Pre Topic:

No specific pre topic given

Topic:

DOR technical changes

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	jkreye 2/21/2017	wjackson 1/26/2017	mbarman 1/26/2017		State S&L Tax Exempt
/2		wjackson 2/21/2017	mbarman 2/21/2017	hkohn 2/23/2017	State S&L Tax Exempt

FE Sent For:

*at 2  
intro*

<END>



State of Wisconsin  
2017 - 2018 LEGISLATURE

1850/1

LRB-0762/1  
JK/TJD/AJM/ARG:wlj

**2017 BILL**

*senate  
companion*

*Today  
1-26*

1     **AN ACT** *to repeal* 74.41 (2) (a); *to renumber and amend* 71.255 (2) (c), 71.34  
2     (1k) (h), 125.02 (18), 139.11 (4) (a) and 196.025 (6) (d) 2.; *to consolidate,*  
3     *renumber and amend* 196.025 (6) (d) (intro.) and 1.; *to amend* 70.52, 71.05  
4     (25) (a) 2., 71.255 (7) (b) 7., 74.41 (2) (intro.), 74.41 (2) (b), 77.51 (5), 77.51 (11d),  
5     77.54 (30) (a) 6., 77.70, 77.76 (3), 77.82 (8), 77.98 (3), 77.98 (4) (a), 125.29 (6),  
6     139.38 (6), 139.82 (6), 177.24 (3) (a), 196.025 (6) (b) 1., 196.025 (6) (b) 2., 196.025  
7     (6) (c) 2., 565.02 (1) (c), 565.02 (2) (d), 565.25 (4) and 565.30 (5); and *to create*  
8     71.05 (25) (a) 1m., 71.05 (26) (a) 2m., 71.255 (2) (c) 2., 71.255 (2) (c) 3., 71.34 (1k)  
9     (h) 1., 71.34 (1k) (h) 2., 71.77 (9), 74.41 (2) (bm), 77.51 (13) (fm), 77.51 (17g),  
10    77.52 (2m) (am), 77.52 (4), 77.54 (30) (g), 77.54 (64), 125.02 (18) (a) to (h), 139.11  
11    (4) (a) 2., 177.24 (3) (c), 196.025 (6) (cm), 565.01 (6p), 565.17 (1m) and 565.40  
12    (3) of the statutes; **relating to:** tax administration changes, the police and fire  
13    protection fee, defining restaurant for purposes of alcohol beverage regulation;

**BILL**

1 lottery ticket couriers, background investigations of persons associated with  
2 the lottery, and providing a criminal penalty.

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***Analysis by the Legislative Reference Bureau***

This bill makes various changes to laws administered by the Department of Revenue.

***Taxation***

The bill creates a sales and use tax exemption for patient health care records sold to the patient or a person that the patient authorizes to receive the records. The exemption is consistent with a recent Tax Appeals Commission decision. See *Cannon & Dunphy, S.C. v. Wisconsin Dept. of Revenue* (CCH 401-970).

The bill also provides that tangible personal property transferred by a service provider in conjunction with the sale of a service is not considered incidental to the sale if the seller charges a separate and optional fee for the transferred property.

With regard to the county sales tax, the bill prohibits DOR from acting on any claim for a refund or adjustment of the tax after the end of the year that is four years after the year in which the county enacts an ordinance to repeal the tax.

The bill provides, for income and franchise tax purposes, that if a corporation is a member of a combined group, as asserted by DOR, the combined group is required to file a combined report for the taxable year, and if the corporation files a separate return, the filing of the separate return is not considered the filing of a return for the purpose of computing any period of limitation with respect to an assessment of additional tax due on the combined report.

The bill also replaces an obsolete reference to the definition of "active foreign business income" under the Internal Revenue Code with the actual language of that definition that existed prior to 2011. In addition, the bill modifies the law related to filing informational returns for the payment of wages, salaries, commissions, bonuses, and rent so that the same provisions that apply to individuals and corporations apply to tax-options corporations.

For purposes of claiming a capital gains income tax deferral or exclusion based on investments in a qualified business, the bill defines "investment" as amounts paid to acquire stock or other ownership interest in a partnership, corporation, tax-option corporation, or limited liability company treated as a partnership or corporation.

Under the bill, with regard to the administration of various excise taxes, DOR must publish on its Internet site a list of persons holding valid permits for the sale of cigarettes, tobacco products, and fermented malt beverages.

Finally, the bill makes technical changes related to the property tax assessment roll, filing duplicate paperwork with DOR regarding managed forest land, the charge-back of refunded or rescinded property taxes, the sales and use tax exemption for fuel and electricity consumed in manufacturing, and the administration of the food and beverage taxes imposed by an exposition district.

**BILL*****Unclaimed property***

The bill does not require DOR to pay interest to a person who receives the person's previously unclaimed property from the state if that property is a U.S. savings bond. Under current law, DOR pays interest on unclaimed property received by a claimant if the property was interest bearing to the owner on the date that the person holding the property surrendered it to DOR.

***Lottery***

The bill explicitly prohibits the operation of a ticket courier service to sell Wisconsin lottery tickets. Under the bill, a ticket courier service is a service operated for the purpose of purchasing Wisconsin lottery tickets on behalf of individuals located within or outside Wisconsin and delivering or transmitting those tickets, or electronic images of those tickets, to those individuals as a for-profit, business service. Currently, the Wisconsin Constitution generally prohibits the purchase of Wisconsin lottery tickets or participation in the lottery by use of the telephone, computer, or other electronic, telecommunication, video, or technological aid.

The bill specifies that DOR, with assistance of the Department of Justice, must repeat, every five years, the background investigation of lottery employees, the lottery administrator, and lottery vendors and certain associates of vendors. The bill also allows DOR, with assistance from DOJ, to conduct initial background investigations of any person who may come into contact with sensitive information associated with the lottery and any person who may have access to secured areas and requires DOR, with assistance from DOJ, to repeat the background investigation every five years.

The bill changes from \$1,000 to \$600 the amount of lottery prize winnings for which the lottery administrator must report the amounts of the winnings for the purpose of determining whether the winner owes taxes or delinquent child support. DOR must withhold the owed taxes or child support from the lottery winnings.

***Police and fire protection fee***

This bill makes changes to the administration of a fee charged for phone line connections and prepaid wireless telecommunications plans. Under current law, the Public Service Commission charges a communications provider or retailer a fee, known as the police and fire protection fee, for each phone line connection or prepaid wireless telecommunications plan provided by the communications provider or retailer. Current law also provides that the PSC may contract with DOR only for the collection of the fee for prepaid wireless telecommunications plans. The bill allows the PSC to contract with DOR to administer the collection of the fee for each phone line connection. If the PSC contracts with DOR for the collection of the fee, DOR may require communications providers and retailers to register with DOR, conduct audits of communications providers and retailers to ensure compliance with the fee, and collect delinquent fee payments. The bill provides that a communications provider or retailer may request a redetermination of the fee from DOR and may file an objection to that redetermination with the PSC.

**BILL*****Alcohol regulation; restaurants***

This bill changes the definition of “restaurant” for purposes relating to the licensing and regulation of alcohol beverage establishments, and makes a change to correspond to this definitional change. Under the bill, a place where meals are prepared or served or sold to the general public may qualify as a restaurant even if this is not the predominant activity at that place.

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.

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

1           **SECTION 1.** 70.52 of the statutes is amended to read:

2           **70.52 Clerks to examine and correct rolls.** Each city, village, and town  
3 clerk upon receipt of the assessment roll shall carefully examine the roll. The clerk  
4 shall correct all double assessments, imperfect descriptions, and other errors  
5 apparent ~~upon the face of~~ on the roll, and ~~strike off all~~ correct the value of parcels of  
6 real property not liable to taxation. The clerk shall add to the roll any parcel of real  
7 property not listed on the assessment roll or item of personal property omitted by the  
8 assessors from the roll and immediately notify the assessors of the additions and  
9 omissions. The assessors shall immediately view and value the omitted property and  
10 certify the valuation to the clerk. The clerk shall enter the valuation ~~upon~~ and  
11 property classification on the roll, and the valuation shall be final. To enable the  
12 clerk to properly correct defective descriptions, the clerk may request aid, when  
13 necessary, from the county surveyor, whose fees for the services rendered shall be  
14 paid by the city, village, or town.

15           **SECTION 2.** 71.05 (25) (a) 1m. of the statutes is created to read:

**BILL**

1           71.05 (25) (a) 1m. "Investment" means amounts paid to acquire stock or other  
2 ownership interest in a partnership, corporation, tax-option corporation, or limited  
3 liability company treated as a partnership or corporation.

4           **SECTION 3.** 71.05 (25) (a) 2. of the statutes is amended to read:

5           71.05 (25) (a) 2. "Qualifying gain" means a long-term capital gain under the  
6 Internal Revenue Code realized from the sale of an investment made after December  
7 31, 2010, and held for at least 5 uninterrupted years in a business that for the year  
8 of investment and at least 2 of the 4 subsequent years was a qualified Wisconsin  
9 business; except that a qualifying gain may not include any amount for which the  
10 claimant claimed a subtraction under sub. (24) (b) or any gain described under sub.  
11 (26) (b) and may not exceed the fair market value of the investment on the date sold,  
12 less the fair market value of the investment on the date acquired.

13           **SECTION 4.** 71.05 (26) (a) 2m. of the statutes is created to read:

14           71.05 (26) (a) 2m. "Investment" means amounts paid to acquire stock or other  
15 ownership interest in a partnership, corporation, tax-option corporation, or limited  
16 liability company treated as a partnership or corporation.

17           **SECTION 5.** 71.255 (2) (c) of the statutes is renumbered 71.255 (2) (c) 1. and  
18 amended to read:

19           71.255 (2) (c) 1. Except as provided in par. (d), if 80 percent or more of a  
20 corporation's worldwide income is active foreign business income, ~~as defined in~~  
21 ~~section 861 (e) (1) (B) of the Internal Revenue Code,~~ the income and apportionment  
22 factor or factors of the corporation shall not be included in the combined report, but  
23 the corporation shall compute and allocate or apportion its income from the unitary  
24 business separately.

25           **SECTION 6.** 71.255 (2) (c) 2. of the statutes is created to read:

**BILL****SECTION 6**

1           71.255 (2) (c) 2. For purposes of subd. 1., “active foreign business income”  
2 means gross income derived from sources outside the United States, as determined  
3 in subchapter N of the Internal Revenue Code, including income of a subsidiary  
4 corporation, and attributable to the active conduct of a trade or business in a foreign  
5 country or in a U.S. possession.

6           **SECTION 7.** 71.255 (2) (c) 3. of the statutes is created to read:

7           71.255 (2) (c) 3. For purposes of subd. 2., a corporation is considered a  
8 subsidiary if the parent corporation owns, directly or indirectly, stock with at least  
9 50 percent of the total voting power of the corporation and the stock has a value equal  
10 to at least 50 percent of the total value of the stock of the corporation.

11           **SECTION 8.** 71.255 (7) (b) 7. of the statutes is amended to read:

12           71.255 (7) (b) 7. Executing waivers, closing agreements, powers of attorney,  
13 and other documents as necessary or required regarding the combined report filed  
14 under sub. (2) (a). Any waiver, agreement, power of attorney, or document executed  
15 by the designated agent relating to a combined report shall be considered as executed  
16 by all members of the combined group, including any corporation not included in the  
17 combined report that the department asserts is a member of the combined group.

18           **SECTION 9.** 71.34 (1k) (h) of the statutes is renumbered 71.34 (1k) (h) (intro.)  
19 and amended to read:

20           71.34 (1k) (h) (intro.) Section 162 of the ~~internal revenue code~~ Internal  
21 Revenue Code (relating to trade or business expenses) is modified ~~so~~ as follows:

22           3. So that payments for wages, salaries, bonuses, interest or other expenses  
23 paid to an entertainer or entertainment corporation may be deducted only if the  
24 corporation complies with ss. 71.63 (3) (b), 71.64 (4) and (5), and 71.80 (15) (e).

25           **SECTION 10.** 71.34 (1k) (h) 1. of the statutes is created to read:

**BILL**

1           71.34 (1k) (h) 1. So that payments for wages, salaries, commissions, and  
2 bonuses of employees and officers may be deducted only if the name, address, and  
3 amount paid to each resident of this state to whom compensation of \$600 or more has  
4 been paid during the taxable year is reported or if the department of revenue is  
5 satisfied that failure to report has resulted in no revenue loss to this state.

6           **SECTION 11.** 71.34 (1k) (h) 2. of the statutes is created to read:

7           71.34 (1k) (h) 2. So that payments for rent may be deducted only if the amount  
8 paid, together with the names and addresses of the parties to whom rent has been  
9 paid, is reported as provided under s. 71.70 (2).

10          **SECTION 12.** 71.77 (9) of the statutes is created to read:

11          71.77 (9) For purposes of this section, if a corporation is a member of a combined  
12 group under s. 71.255, as asserted by the department, the combined group is required  
13 to file a combined report for the taxable year under s. 71.255 (2), and if the  
14 corporation files a separate return, the filing of the separate return is not considered  
15 the filing of a return for the purpose of computing any period of limitation with  
16 respect to an assessment of additional tax due on the combined report.

17          **SECTION 13.** 74.41 (2) (intro.) of the statutes is amended to read:

18          74.41 (2) AMOUNT REQUIRED FOR SUBMISSION. (intro.) A tax may be included on  
19 a form submitted under sub. (1) only if ~~one~~ all of the following ~~applies~~ apply:

20          **SECTION 14.** 74.41 (2) (a) of the statutes is repealed.

21          **SECTION 15.** 74.41 (2) (b) of the statutes is amended to read:

22          74.41 (2) (b) The tax under sub. (1) for any single description of property in the  
23 tax roll for any one year is \$500 \$250 or more.

24          **SECTION 16.** 74.41 (2) (bm) of the statutes is created to read:



**BILL****SECTION 16**

1           74.41 (2) (bm) The tax under sub. (1) was refunded or rescinded for any of the  
2           5 assessment years immediately preceding the year in which the form under sub. (1)  
3           is submitted or refunded or rescinded because of a court determination and  
4           submitted under sub. (1) no later than one year after the date of the court's  
5           determination.

6           **SECTION 17.** 77.51 (5) of the statutes is amended to read:

7           77.51 (5) For purposes of subs. (13) (e) and (f) and (15a) and s. 77.52 (2m),  
8           “incidental” means depending upon or appertaining to something else as primary;  
9           something necessary, appertaining to, or depending upon another which is termed  
10          the principal; or something incidental to the main purpose of the service. Tangible  
11          personal property or items, property, or goods under s. 77.52 (1) (b), (c), or (d)  
12          transferred by a service provider in conjunction with the sale of a service is incidental  
13          to the service if the purchaser's main purpose or objective is to obtain the service  
14          rather than the property, items, or goods, even though the property, items, or goods  
15          may be necessary or essential to providing the service. Tangible personal property  
16          or items, property, or goods under s. 77.52 (1) (b), (c), or (d) transferred by a service  
17          provider in conjunction with the sale of a service is not incidental to the service if the  
18          service provider charges a separate and optional fee for the property, items, or goods.

19          **SECTION 18.** 77.51 (11d) of the statutes is amended to read:

20          77.51 (11d) For purposes of subs. (1ag), (1f), (3pf), ~~and (9p)~~, and (17g) and ss.  
21          77.52 (4), (20), and (21), 77.522, and 77.54 (51), (52), and (60), “product” includes  
22          tangible personal property, and items, property, and goods under s. 77.52 (1) (b), (c),  
23          and (d), and services.

24          **SECTION 19.** 77.51 (13) (fm) of the statutes is created to read:

**BILL**

1           77.51 (13) (fm) A person selling, performing, or furnishing any service under  
2 s. 77.52 (2) (a) 5. or 12. to a service provider described in s. 77.52 (2m) (am).

3           **SECTION 20.** 77.51 (17g) of the statutes is created to read:

4           77.51 (17g) “Separate and optional fee” means a fee charged to receive a  
5 distinct and identifiable product, if any of the following applies:

6           (a) The fee is in addition to fees that the seller charges for other distinct and  
7 identifiable products sold to the same buyer, the fee is separately set forth on the  
8 invoice given by the seller to the buyer, and the seller does not require the buyer to  
9 pay the fee if the buyer chooses not to receive the additional distinct and identifiable  
10 product for which the fee applies.

11           (b) The seller charges a single amount for multiple distinct and identifiable  
12 products and offers the buyer the option of paying a lower amount if the buyer  
13 chooses not to receive one or more of the distinct and identifiable products. For  
14 purposes of this paragraph, the separate and optional fee is the single amount the  
15 seller charges for the multiple distinct and identifiable products less the reduced  
16 amount the seller charges to the buyer because the buyer chooses not to receive one  
17 or more of the products.

18           **SECTION 21.** 77.52 (2m) (am) of the statutes is created to read:

19           77.52 (2m) (am) A person selling, performing, or furnishing any service in sub.  
20 (2) (a) 1., regardless of whether the selling, performing, or furnishing of the service  
21 is a retail sale, is the consumer of any services under sub. (2) (a) 5. or 12. purchased  
22 by the person for the person’s use or for the use of the person’s customers.

23           **SECTION 22.** 77.52 (4) of the statutes is created to read:

**BILL****SECTION 22**

1           77.52 (4) If a seller charges a separate and optional fee for a product, the fee  
2 is a separate sale and the tax treatment is determined independently from fees that  
3 the seller charges for other products.

4           **SECTION 23.** 77.54 (30) (a) 6. of the statutes is amended to read:

5           77.54 (30) (a) 6. Fuel and electricity consumed directly in manufacturing  
6 tangible personal property, or items or property under s. 77.52 (1) (b) or (c), in this  
7 state.

8           **SECTION 24.** 77.54 (30) (g) of the statutes is created to read:

9           77.54 (30) (g) For purposes of par. (a) 6., fuel and electricity “consumed directly  
10 in manufacturing” means only fuel and electricity used to operate machines and  
11 equipment used directly in the step-by-step manufacturing process. For purposes  
12 of par. (a) 6., fuel and electricity are not “consumed directly in manufacturing” if they  
13 are used in providing plant heating or cooling, air conditioning, communications,  
14 lighting, safety and fire prevention, research and product development, receiving,  
15 storage, sales, distribution, warehousing, shipping, advertising, or administrative  
16 activities. For purposes of par. (a) 6., fuel and electricity used directly in  
17 manufacturing steam that is used by the manufacturer in further manufacturing or  
18 to heat a facility, or both, is consumed directly in manufacturing.

19           **SECTION 25.** 77.54 (64) of the statutes is created to read:

20           77.54 (64) The sales price from the sale of and the storage, use, or other  
21 consumption of patient health care records that are sold to the patient or to a person  
22 that the patient authorizes to receive the records.

23           **SECTION 26.** 77.70 of the statutes is amended to read:

24           **77.70 Adoption by county ordinance.** Any county desiring to impose county  
25 sales and use taxes under this subchapter may do so by the adoption of an ordinance,

**BILL**

1 stating its purpose and referring to this subchapter. The rate of the tax imposed  
2 under this section is 0.5 percent of the sales price or purchase price. The county sales  
3 and use taxes may be imposed only for the purpose of directly reducing the property  
4 tax levy and only in their entirety as provided in this subchapter. That ordinance  
5 shall be effective on the first day of January, the first day of April, the first day of July  
6 or the first day of October. A certified copy of that ordinance shall be delivered to the  
7 secretary of revenue at least 120 days prior to its effective date. The repeal of any  
8 such ordinance shall be effective on December 31. A certified copy of a repeal  
9 ordinance shall be delivered to the secretary of revenue at least 120 days before the  
10 effective date of the repeal. Except as provided under s. 77.60 (9), the department  
11 of revenue may not issue any assessment nor act on any claim for a refund or any  
12 claim for an adjustment under s. 77.585 after the end of the calendar year that is 4  
13 years after the year in which the county has enacted a repeal ordinance under this  
14 section.

15 **SECTION 27.** 77.76 (3) of the statutes is amended to read:

16 77.76 (3) From the appropriation under s. 20.835 (4) (g) the department of revenue  
17 shall distribute 98.25 percent of the county taxes reported for each enacting  
18 county, minus the county portion of the retailers' discounts, to the county and shall  
19 indicate the taxes reported by each taxpayer, no later than 75 days following the last  
20 day of the calendar quarter in which such amounts were reported. In this subsection,  
21 the "county portion of the retailers' discount" is the amount determined by  
22 multiplying the total retailers' discount by a fraction the numerator of which is the  
23 gross county sales and use taxes payable and the denominator of which is the sum  
24 of the gross state and county sales and use taxes payable. The county taxes  
25 distributed shall be increased or decreased to reflect subsequent refunds, audit

**BILL****SECTION 27**

1 adjustments, and all other adjustments of the county taxes previously distributed.  
2 Interest paid on refunds of county sales and use taxes shall be paid from the  
3 appropriation under s. 20.835 (4) (g) at the rate paid by this state under s. 77.60 (1)  
4 (a). The county may retain the amount it receives or it may distribute all or a portion  
5 of the amount it receives to the towns, villages, cities, and school districts in the  
6 county. After receiving notice from the department of revenue, a county shall  
7 reimburse the department for the amount by which any refunds, including interest,  
8 of the county's sales and use taxes that the department pays or allows in a reporting  
9 period exceeds the amount of the county's sales and use taxes otherwise payable to  
10 the county under this subsection for the same or subsequent reporting period. Any  
11 county receiving a report under this subsection is subject to the duties of  
12 confidentiality to which the department of revenue is subject under s. 77.61 (5) and  
13 (6).

14 **SECTION 28.** 77.82 (8) of the statutes is amended to read:

15 77.82 (8) ORDER. If an application under sub. (2), (4m), or (12) is approved, the  
16 department shall issue an order designating the land as managed forest land for the  
17 time period specified in the application. If an application under sub. (4) is approved,  
18 the department shall amend the original order to include the additional parcel. The  
19 department shall provide the applicant with a copy of the order or amended order and  
20 shall also file a copy with the department of revenue, the supervisor of assessments,  
21 and the clerk of each municipality in which the land is located, and shall record the  
22 order with the register of deeds in each county in which the land is located.

23 **SECTION 29.** 77.98 (3) of the statutes is amended to read:

24 77.98 (3) ~~Except as provided in sub. (4), for~~ For purposes of sub. (1) (a),  
25 "premises" shall be broadly construed and shall include the lobby, aisles, and

**BILL**

1 auditorium of a theater or the seating, aisles, and parking area of an arena, a rink,  
2 or a stadium, or the parking area of a drive-in or an outdoor theater. The premises  
3 of a caterer with respect to catered meals or beverages shall be the place where  
4 served.

5 **SECTION 30.** 77.98 (4) (a) of the statutes is amended to read:

6 77.98 (4) (a) Except as provided in par. (b), the tax imposed under this section  
7 shall not be imposed on the sale of alcoholic beverages, candy, prepared food, or soft  
8 drinks sold by a person primarily engaged, as determined by the department, in the  
9 retail trade as a food and beverage store, as classified under sector 44-45, subsector  
10 445, of the North American Industry Classification System, 1997 2017 edition,  
11 published by the U.S. office of management and budget, beginning on the first day  
12 of the calendar quarter that is at least 120 days after the date on which the bonds  
13 issued by the district under subch. II of ch. 229 during the first 60 months after April  
14 26, 1994, and any debt issued to fund or refund those bonds, are retired. The district  
15 shall notify the department of revenue, in the manner prescribed by the department,  
16 when such bonds and debt are retired.

17 **SECTION 31.** 125.02 (18) of the statutes is renumbered 125.02 (18) (intro.) and  
18 amended to read:

19 125.02 (18) (intro.) "Restaurant" means ~~a restaurant, as defined in s. 97.01~~  
20 ~~(14g).~~ any building, room, or place where meals are prepared or served or sold to  
21 transients or the general public, including all places used in connection with it and  
22 including any public or private school lunchroom for which food service is provided  
23 by contract. For purposes of this subsection, "meals" does not include soft drinks, ice  
24 cream, milk, milk drinks, ices, and confections. "Restaurant" does not include any  
25 of the following:

**BILL****SECTION 32**

1           **SECTION 32.** 125.02 (18) (a) to (h) of the statutes are created to read:

2           125.02 (18) (a) Taverns that serve free lunches consisting of popcorn, cheese,  
3 crackers, pretzels, cold sausage, cured fish, or bread and butter.

4           (b) Churches, religious, fraternal, youths' or patriotic organizations, service  
5 clubs and civic organizations which occasionally prepare, serve, or sell meals to  
6 transients or the general public.

7           (c) Any public or private school lunchroom for which food service is directly  
8 provided by the school, or a private individual selling foods from a movable or  
9 temporary stand at public farm sales.

10          (d) Any bed and breakfast establishment, as defined in s. 97.01 (1g), that serves  
11 breakfasts only to its lodgers.

12          (e) The serving of food or beverage through a licensed vending machine, as  
13 defined in s. 97.01 (15p).

14          (f) Any college campus, as defined in s. 36.05 (6m), institution as defined in s.  
15 36.51 (1) (b), or technical college that serves meals only to the students enrolled in  
16 the college campus, institution, or technical college or to authorized elderly persons  
17 under s. 36.51 or 38.36.

18          (g) A concession stand at a locally sponsored sporting event, such as a little  
19 league game.

20          (h) A potluck event, as defined in s. 97.01 (13g).

21           **SECTION 33.** 125.29 (6) of the statutes is amended to read:

22           125.29 (6) RESTAURANTS. A brewer may operate a restaurant on the brewery  
23 premises and at an off-site retail outlet established by the brewer. A brewer may not  
24 hold a license under s. 97.30 for a restaurant for the operation of operate a restaurant  
25 at any other location except that a brewer may possess or hold an indirect interest

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1 in a Class "B" license for not more than 20 restaurants in each of which the sale of  
2 alcohol beverages accounts for less than 60 percent of the restaurant's gross receipts  
3 if no fermented malt beverages manufactured by the brewer are offered for sale in  
4 any of these restaurants.

5 **SECTION 34.** 139.11 (4) (a) of the statutes is renumbered 139.11 (4) (a) (intro.)  
6 and amended to read:

7 139.11 (4) (a) (intro.) Sections 71.78 (1), (1m), and (4) to (9) and 71.83 (2) (a) 3.  
8 and 3m., relating to confidentiality of income and franchise tax returns, apply to any  
9 information obtained from any person on a fermented malt beverage tax return,  
10 report, schedule, exhibit, or other document or from an audit report relating to any  
11 of those documents, except that the department of revenue shall publish brewery the  
12 following:

13 1. Brewery production and sales statistics.

14 **SECTION 35.** 139.11 (4) (a) 2. of the statutes is created to read:

15 139.11 (4) (a) 2. A current list, available on paper and on the department's  
16 Internet site, providing detailed information regarding every person issued a  
17 wholesalers permit under s. 125.28, brewers permit under s. 125.29, brewpub permit  
18 under s. 125.295, or out-of-state shippers permit under s. 125.30. The information  
19 provided under this subdivision shall include the name and address of the permit  
20 holder and the date on which the department issued the permit.

21 **SECTION 36.** 139.38 (6) of the statutes is amended to read:

22 139.38 (6) Sections 71.78 (1), (1m), and (4) to (9) and 71.83 (2) (a) 3. and 3m.,  
23 relating to confidentiality of income and franchise tax returns, apply to any  
24 information obtained from any person on a cigarette tax return, report, schedule,  
25 exhibit, or other document or from an audit report pertaining to the same return,



**BILL****SECTION 36**

1 report, schedule, exhibit, or document, except that the department shall publish on  
2 its Internet site, at least quarterly, a current list of permits issued to distributors and  
3 jobbers under s. 139.34 and include on the list the name and address of the permit  
4 holder and the date on which the department issued the permit.

5 **SECTION 37.** 139.82 (6) of the statutes is amended to read:

6 139.82 (6) Sections 71.78 (1), (1m), and (4) to (9) and 71.83 (2) (a) 3. and 3m.,  
7 relating to confidentiality of income and franchise tax returns, apply to any  
8 information obtained from any person on a tobacco product tax return, report,  
9 schedule, exhibit, or other document or from an audit report pertaining to the same  
10 return, report, schedule, exhibit, or document, except that the department shall  
11 publish on its Internet site, at least quarterly, a current list of permits issued to  
12 distributors and subjobbers under s. 139.79 and include on the list the name and  
13 address of the permit holder and the date on which the department issued the  
14 permit.

15 **SECTION 38.** 177.24 (3) (a) of the statutes is amended to read:

16 177.24 (3) (a) Except as provided in ~~par.~~ pars. (b) and (c), if a claim is allowed,  
17 the administrator shall deliver the property to the claimant or pay the claimant the  
18 amount the administrator actually received or the net proceeds of the sale of the  
19 property, together with any additional amount required under s. 177.21. If the  
20 property claimed was interest bearing to the owner on the date of surrender by the  
21 holder, the administrator shall pay interest at a rate of 6 percent per year or any  
22 lesser rate the property earned while in the possession of the holder. Interest begins  
23 to accrue when the property is delivered to the administrator and ceases on the  
24 earlier of the expiration of 10 years after delivery or the date on which payment is

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1 made to the owner. No interest on interest-bearing property is payable for any  
2 period before December 31, 1984.

3 **SECTION 39.** 177.24 (3) (c) of the statutes is created to read:

4 177.24 (3) (c) The administrator shall not pay interest under par. (a) on claimed  
5 property that is a U.S. savings bond.

6 **SECTION 40.** 196.025 (6) (b) 1. of the statutes is amended to read:

7 196.025 (6) (b) 1. Except as provided in subd. 2., there is imposed on a  
8 communications provider shall impose a monthly fee of \$0.75 on each  
9 communications service connection with an assigned telephone number, including  
10 a communication service provided via a voice over Internet protocol connection. If  
11 a communications provider provides multiple communications service connections  
12 to a subscriber, the fee imposed on the communications provider under this  
13 subdivision shall impose be a separate fee under this subdivision on each of the first  
14 10 connections and one additional fee for each 10 additional connections per billed  
15 account. The communications provider may collect the fee under this subdivision  
16 from the subscriber. A communications provider may list the fee separately from  
17 other charges on a subscriber's bill, and if a communications provider does so, the  
18 communications provider shall identify the fee as "police and fire protection fee," or,  
19 if the communications provider combines the fee with a charge imposed under s.  
20 256.35 (3), the communications provider shall identify the combined fee and charge  
21 as "charge for funding countywide 911 systems plus police and fire protection fee."  
22 Any partial payment of a fee by a subscriber shall first be applied to any amount the  
23 subscriber owes the communications provider for communications service.

24 **SECTION 41.** 196.025 (6) (b) 2. of the statutes is amended to read:

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1           196.025 (6) (b) 2. ~~A~~ There is imposed on a communications provider that offers  
2 a prepaid wireless telecommunications plan, or a retailer that offers such a plan on  
3 behalf of a communications provider, ~~shall impose~~ a fee equal to \$0.38 on each retail  
4 transaction for such a plan that occurs in this state. The communications provider  
5 or retailer may collect the fee under this subdivision from the subscriber or  
6 purchaser. A communications provider or retailer may state the amount of the fee  
7 separately on a bill for the retail transaction, and if a communications provider or  
8 retailer does so, the communications provider or retailer shall identify the fee as  
9 “police and fire protection fee.”

10           **SECTION 42.** 196.025 (6) (c) 2. of the statutes is amended to read:

11           196.025 (6) (c) 2. The commission may contract with the department for the  
12 collection of fees imposed under par. (b) ~~2~~. If the commission and department enter  
13 into such a contract, no later than the first calendar month following the calendar  
14 month in which a communications provider or retailer receives from a subscriber a  
15 fee imposed under par. (b) ~~2~~., the communications provider or retailer shall remit  
16 the fee to the department.

17           **SECTION 43.** 196.025 (6) (cm) of the statutes is created to read:

18           196.025 (6) (cm) If the commission contracts with the department to collect fees  
19 as provided under par. (c) 2., all of the following apply:

20           1. The department may require communications providers and retailers to  
21 register with the department, file returns with the department, and pay the fees  
22 required under this section to the department in the manner and form prescribed by  
23 the department, subject to par. (c) 2.

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1           2. a. The department may determine compliance with this section using a field  
2 or office audit. Sections 77.59 (1) to (5m), (8), and (8m) and 77.62, as they apply to  
3 taxes under subch. III of ch. 77, apply to fees required under this section.

4           b. If, as a result of an audit under subd. 2. a., the department provides a notice  
5 to a communications provider or retailer about a fee amount that is due, a refund that  
6 is due to the communications provider or retailer, or a refund claim denial, and the  
7 communications provider or retailer disagrees with the notice, the communications  
8 provider or retailer may petition the department for a redetermination. The petition  
9 for redetermination shall be in writing and signed and shall state the facts and  
10 reasons for disagreeing with the amount due, refund due, or refund claim denial and  
11 include supporting documents. A communications provider or retailer shall mail or  
12 transmit by fax machine the petition within 60 days after the department mails the  
13 notice of a fee due, a refund, or a refund claim denial. The petition shall be submitted  
14 to the address or fax number provided in the notice. A petition that is mailed is  
15 considered timely if it is postmarked on or before the date provided in the notice and  
16 is received by the department within 5 days of that date.

17           c. Within 6 months of the receipt by the department of a petition for  
18 redetermination under subd. 2. b., the department shall notify the communications  
19 provider or retailer of its redetermination. The redetermination is final 30 days after  
20 mailing unless, within that 30-day period, the communications provider or retailer  
21 files an objection to the redetermination with the commission as provided under  
22 subd. 2. d.

23           d. Within 30 days after a redetermination under subd. 2. c. is mailed, the  
24 communications provider or retailer may file an objection to that redetermination  
25 with the commission. The objection shall set out in detail the grounds upon which

**BILL****SECTION 43**

1 the communications provider or retailer finds the redetermination to be erroneous.  
2 The commission, after providing no less than 10 days' notice to the communications  
3 provider or retailer, shall hold a hearing on the objection. After the hearing, the  
4 commission shall mail its decision on the objection, including any amount to be paid,  
5 by registered mail. If the amount to be paid is not paid within 10 days after the  
6 decision has been mailed, the commission or department may bring an action to  
7 collect any amount that is due under this section.

8 3. A decision of the commission under subd. 2. d. may be reviewed under s.  
9 227.52.

10 **SECTION 44.** 196.025 (6) (d) (intro.) and 1. of the statutes are consolidated,  
11 renumbered 196.025 (6) (d) and amended to read:

12 196.025 (6) (d) The commission may ~~do any of the following:~~ Promulgate  
13 promulgate rules for administering this subsection.

14 **SECTION 45.** 196.025 (6) (d) 2. of the statutes is renumbered 196.025 (6) (e) and  
15 amended to read:

16 196.025 (6) (e) ~~Bring~~ The commission or the department may bring an action  
17 to collect any amount that is required to be remitted under par. (c).

18 **SECTION 46.** 565.01 (6p) of the statutes is created to read:

19 565.01 (6p) "Ticket courier service" means a service operated for the purpose  
20 of purchasing Wisconsin lottery tickets on behalf of individuals located within or  
21 outside this state and delivering or transmitting those Wisconsin lottery tickets, or  
22 electronic images of those Wisconsin lottery tickets, to those individuals as a  
23 for-profit, business service.

24 **SECTION 47.** 565.02 (1) (c) of the statutes is amended to read:

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1           565.02 (1) (c) Before appointment of an administrator is made, the department,  
2 with the assistance of the department of justice, shall conduct a background  
3 investigation of the proposed administrator. The department shall require the  
4 proposed administrator to be photographed and fingerprinted on ~~2~~ fingerprint cards  
5 each bearing a complete set of the person's fingerprints. The department of justice  
6 may submit the ~~fingerprint cards~~ fingerprints to the federal bureau of investigation  
7 for the purposes of verifying the identity of the person fingerprinted and obtaining  
8 records of his or her criminal arrests and convictions. The department, with the  
9 assistance of the department of justice, shall repeat the background investigation of  
10 the administrator every 5 years. The department shall reimburse the department  
11 of justice for the department's department of justice's services under this paragraph.

12           **SECTION 48.** 565.02 (2) (d) of the statutes is amended to read:

13           565.02 (2) (d) Before appointment of employees is made under par. (b), the  
14 department, with the assistance of the department of justice, shall conduct a  
15 background investigation of the proposed employees. The department shall require  
16 the persons proposed as employees to be photographed and fingerprinted on ~~2~~  
17 ~~fingerprint cards each bearing a complete set of the person's fingerprints.~~ The  
18 department of justice may submit the ~~fingerprint cards~~ fingerprints to the federal  
19 bureau of investigation for the purposes of verifying the identity of the person  
20 fingerprinted and obtaining records of his or her criminal arrests and convictions.  
21 The department, with the assistance of the department of justice, shall repeat the  
22 background investigation of each employee every 5 years. The department shall  
23 reimburse the department of justice for the department's department of justice's  
24 services under this paragraph.

25           **SECTION 49.** 565.17 (1m) of the statutes is created to read:

**BILL****SECTION 49**

1           565.17 (1m) TICKET COURIERS PROHIBITED. No person may operate a ticket  
2 courier service in this state.

3           **SECTION 50.** 565.25 (4) of the statutes is amended to read:

4           565.25 (4) BACKGROUND INVESTIGATIONS. The department of justice shall  
5 conduct a background investigation of any person proposing to contract or  
6 contracting for a major procurement and of all partners, members, officers, directors,  
7 owners and beneficial owners identified under sub. (3) (b). The department of justice  
8 may require the person and partners, members, officers, directors and shareholders  
9 identified under sub. (3) (b) to be photographed and fingerprinted ~~on 2 fingerprint~~  
10 ~~cards each bearing a complete set of the person's fingerprints.~~ The department of  
11 justice may submit the ~~fingerprint cards~~ fingerprints to the federal bureau of  
12 investigation for the purposes of verifying the identity of the persons fingerprinted  
13 and obtaining records of their criminal arrests and convictions. If the results of the  
14 background investigation disclose information specified in sub. (3) (a) with respect  
15 to the person, partner, member, officer, director, owner or beneficial owner, a contract  
16 with the vendor, if entered into prior to the disclosure, is void and the vendor shall  
17 forfeit any amount filed, deposited or established under sub. (5) (b). The department  
18 of justice shall repeat the background investigation of each vendor, and each vendor's  
19 partners, members, officers, directors, owners, and beneficial owners, under sub. (3)  
20 (b), every 5 years. The department of revenue shall reimburse the department of  
21 justice for the department of justice's services under this subsection and shall obtain  
22 payment from the person proposing to contract or the vendor in the amount of the  
23 reimbursement.

24           **SECTION 51.** 565.30 (5) of the statutes is amended to read:

**BILL**

1           565.30 (5) WITHHOLDING OF DELINQUENT STATE TAXES, CHILD SUPPORT OR DEBTS  
2           OWED THE STATE. The administrator shall report the name, address and social security  
3           number or federal income tax number of each winner of a lottery prize equal to or  
4           greater than \$1,000 \$600 and the name, address and social security number or  
5           federal income tax number of each person to whom a lottery prize equal to or greater  
6           than \$1,000 \$600 has been assigned to the department of revenue to determine  
7           whether the payee or assignee of the prize is delinquent in the payment of state taxes  
8           under ch. 71, 72, 76, 77, 78 or 139 or, if applicable, in the court-ordered payment of  
9           child support or has a debt owing to the state. Upon receipt of a report under this  
10          subsection, the department of revenue shall first ascertain based on certifications by  
11          the department of children and families or its designee under s. 49.855 (1) whether  
12          any person named in the report is currently delinquent in court-ordered payment  
13          of child support and shall next certify to the administrator whether any person  
14          named in the report is delinquent in court-ordered payment of child support or  
15          payment of state taxes under ch. 71, 72, 76, 77, 78 or 139. Upon this certification by  
16          the department of revenue or upon court order the administrator shall withhold the  
17          certified amount and send it to the department of revenue for remittance to the  
18          appropriate agency or person. The department of revenue shall charge the winner  
19          or assignee of the lottery prize for the department of revenue's administrative  
20          expenses associated with withholding and remitting debt owed to a state agency and  
21          may withhold the amount of the administrative expenses from the prize payment.  
22          The administrative expenses received or withheld by the department of revenue  
23          shall be credited to the appropriation under s. 20.566 (1) (h). In instances in which  
24          the payee or assignee of the prize is delinquent both in payments for state taxes and  
25          in court-ordered payments of child support, or is delinquent in one or both of these



**BILL****SECTION 51**

1 payments and has a debt owing to the state, the amount remitted to the appropriate  
2 agency or person shall be in proportion to the prize amount as is the delinquency or  
3 debt owed by the payee or assignee.

4 **SECTION 52.** 565.40 (3) of the statutes is created to read:

5 565.40 (3) BACKGROUND INVESTIGATION. (a) In this subsection:

6 1. "Secured area" means any areas where sensitive information is stored or  
7 accessible and any areas associated with the lottery with limited or controlled access.

8 2. "Sensitive information" means any report or study containing trade secrets,  
9 as defined in s. 134.90 (1) (c); any process or production technique which is unique  
10 to the lottery; any information or documentation the disclosure of which would  
11 adversely affect the security or the competitive position of the lottery; any  
12 individual's mailing address, e-mail address, telephone number, or social security  
13 or federal employer identification number; any financial account numbers; any  
14 personnel or employee information; any employee or vendor background  
15 investigation documents; any personal information provided by retailers for  
16 contracting purposes; and any personally identifiable information, as defined in s.  
17 19.62 (5).

18 (b) The department of revenue, with the assistance of the department of justice,  
19 may conduct a background investigation of any person who may come into contact  
20 with any sensitive information associated with the lottery or who may have access  
21 to secured areas. The department of revenue may require the person to be  
22 photographed and fingerprinted. The department of justice may submit the  
23 fingerprints to the federal bureau of investigation for the purpose of verifying the  
24 identity of the person fingerprinted and obtaining records of his or her criminal  
25 arrests and convictions. The department of revenue, with the assistance of the

**BILL**

1 department of justice, shall repeat the background investigation of each person  
2 under this subsection every 5 years. The department of revenue shall reimburse the  
3 department of justice for the department of justice's services under this subsection.

**SECTION 53. Initial applicability.**

4  
5 (1) CHARGING BACK REFUNDED OR RESCINDED TAXES. The treatment of section  
6 74.41 (2) (intro.), (a), (b), and (bm) of the statutes first applies to the property tax  
7 assessments as of January 1, 2018.

8 (2) COMBINED REPORTS.

9 (a) The treatment of section 71.77 (9) of the statutes first applies to assessments  
10 issued on January 1, 2017, regardless of the years to which the assessments relate.

11 (b) The treatment of section 71.255 (7) (b) 7. of the statutes first applies to  
12 documents executed on January 1, 2017.

13 (3) INFORMATION RETURNS. The renumbering and amendment of section 71.34  
14 (1k) (h) of the statutes and the creation of section 71.34 (1k) (h) 1. and 2. of the  
15 statutes first apply to taxable years beginning on January 1, 2017.

16 (4) LOTTERY PRIZE REPORTING AND WITHHOLDING. Unless the effective date of this  
17 subsection is later than May 15, 2017, the treatment of section 535.30 (5) of the  
18 statutes first applies to lottery prizes claimed on May 15, 2017. If the effective date  
19 of this subsection is later than May 15, 2017, the treatment of section 535.30 (5) of  
20 the statutes first applies to lottery prizes claimed on the first day of the 3rd month  
21 beginning after the effective date of this subsection.

22 (END)



State of Wisconsin  
2017 - 2018 LEGISLATURE

LRB-1830/1  
JK/TJD/AJM/ARG:wlj

**2017 BILL**

*Croley*  
*2-21*

1     **AN ACT** *to repeal* 74.41 (2) (a); *to renumber and amend* 71.255 (2) (c), 71.34  
2     (1k) (h), 125.02 (18), 139.11 (4) (a) and 196.025 (6) (d) 2.; *to consolidate,*  
3     *renumber and amend* 196.025 (6) (d) (intro.) and 1.; *to amend* 70.52, 71.05  
4     (25) (a) 2., 71.255 (7) (b) 7., 74.41 (2) (intro.), 74.41 (2) (b), 77.51 (5), 77.51 (11d),  
5     77.54 (30) (a) 6., 77.70, 77.76 (3), 77.82 (8), 77.98 (3), 77.98 (4) (a), 125.29 (6),  
6     139.38 (6), 139.82 (6), 177.24 (3) (a), 196.025 (6) (b) 1., 196.025 (6) (b) 2., 196.025  
7     (6) (c) 2., 565.02 (1) (c), 565.02 (2) (d), 565.25 (4) and 565.30 (5); and *to create*  
8     71.05 (25) (a) 1m., 71.05 (26) (a) 2m., 71.255 (2) (c) 2., 71.255 (2) (c) 3., 71.34 (1k)  
9     (h) 1., 71.34 (1k) (h) 2., 71.77 (9), 74.41 (2) (bm), 77.51 (13) (fm), 77.51 (17g),  
10    77.52 (2m) (am), 77.52 (4), 77.54 (30) (g), 77.54 (64), 125.02 (18) (a) to (h), 139.11  
11    (4) (a) 2., 177.24 (3) (c), 196.025 (6) (cm), 565.01 (6p), 565.17 (1m) and 565.40  
12    (3) of the statutes; **relating to:** tax administration changes, the police and fire  
13    protection fee, defining restaurant for purposes of alcohol beverage regulation,

**BILL**

- 1 lottery ticket couriers, background investigations of persons associated with  
2 the lottery, and providing a criminal penalty.
- 

***Analysis by the Legislative Reference Bureau***

This bill makes various changes to laws administered by the Department of Revenue.

***Taxation***

The bill creates a sales and use tax exemption for patient health care records sold to the patient or a person that the patient authorizes to receive the records. The exemption is consistent with a recent Tax Appeals Commission decision. See *Cannon & Dunphy, S.C. v. Wisconsin Dept. of Revenue* (CCH 401-970).

The bill also provides that tangible personal property transferred by a service provider in conjunction with the sale of a service is not considered incidental to the sale if the seller charges a separate and optional fee for the transferred property.

With regard to the county sales tax, the bill prohibits DOR from acting on any claim for a refund or adjustment of the tax after the end of the year that is four years after the year in which the county enacts an ordinance to repeal the tax.

The bill provides, for income and franchise tax purposes, that if a corporation is a member of a combined group, as asserted by DOR, the combined group is required to file a combined report for the taxable year, and if the corporation files a separate return, the filing of the separate return is not considered the filing of a return for the purpose of computing any period of limitation with respect to an assessment of additional tax due on the combined report.

The bill also replaces an obsolete reference to the definition of "active foreign business income" under the Internal Revenue Code with the actual language of that definition that existed prior to 2011. In addition, the bill modifies the law related to filing informational returns for the payment of wages, salaries, commissions, bonuses, and rent so that the same provisions that apply to individuals and corporations apply to tax-options corporations.

For purposes of claiming a capital gains income tax deferral or exclusion based on investments in a qualified business, the bill defines "investment" as amounts paid to acquire stock or other ownership interest in a partnership, corporation, tax-option corporation, or limited liability company treated as a partnership or corporation.

Under the bill, with regard to the administration of various excise taxes, DOR must publish on its Internet site a list of persons holding valid permits for the sale of cigarettes, tobacco products, and fermented malt beverages.

Finally, the bill makes technical changes related to the property tax assessment roll, filing duplicate paperwork with DOR regarding managed forest land, the charge-back of refunded or rescinded property taxes, the sales and use tax exemption for fuel and electricity consumed in manufacturing, and the administration of the food and beverage taxes imposed by an exposition district.

**BILL*****Unclaimed property***

The bill does not require DOR to pay interest to a person who receives the person's previously unclaimed property from the state if that property is a U.S. savings bond. Under current law, DOR pays interest on unclaimed property received by a claimant if the property was interest bearing to the owner on the date that the person holding the property surrendered it to DOR.

***Lottery***

The bill explicitly prohibits the operation of a ticket courier service to sell Wisconsin lottery tickets. Under the bill, a ticket courier service is a service operated for the purpose of purchasing Wisconsin lottery tickets on behalf of individuals located within or outside Wisconsin and delivering or transmitting those tickets, or electronic images of those tickets, to those individuals as a for-profit, business service. Currently, the Wisconsin Constitution generally prohibits the purchase of Wisconsin lottery tickets or participation in the lottery by use of the telephone, computer, or other electronic, telecommunication, video, or technological aid.

The bill specifies that DOR, with assistance of the Department of Justice, must repeat, every five years, the background investigation of lottery employees, the lottery administrator, and lottery vendors and certain associates of vendors. The bill also allows DOR, with assistance from DOJ, to conduct initial background investigations of any person who may come into contact with sensitive information associated with the lottery and any person who may have access to secured areas and requires DOR, with assistance from DOJ, to repeat the background investigation every five years.

The bill changes from \$1,000 to \$600 the amount of lottery prize winnings for which the lottery administrator must report the amounts of the winnings for the purpose of determining whether the winner owes taxes or delinquent child support. DOR must withhold the owed taxes or child support from the lottery winnings.

***Police and fire protection fee***

This bill makes changes to the administration of a fee charged for phone line connections and prepaid wireless telecommunications plans. Under current law, the Public Service Commission charges a communications provider or retailer a fee, known as the police and fire protection fee, for each phone line connection or prepaid wireless telecommunications plan provided by the communications provider or retailer. Current law also provides that the PSC may contract with DOR only for the collection of the fee for prepaid wireless telecommunications plans. The bill allows the PSC to contract with DOR to administer the collection of the fee for each phone line connection. If the PSC contracts with DOR for the collection of the fee, DOR may require communications providers and retailers to register with DOR, conduct audits of communications providers and retailers to ensure compliance with the fee, and collect delinquent fee payments. The bill provides that a communications provider or retailer may request a redetermination of the fee from DOR and may file an objection to that redetermination with the PSC.

**BILL*****Alcohol regulation; restaurants***

This bill changes the definition of "restaurant" for purposes relating to the licensing and regulation of alcohol beverage establishments, and makes a change to correspond to this definitional change. Under the bill, a place where meals are prepared or served or sold to the general public may qualify as a restaurant even if this is not the predominant activity at that place.

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.

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

1           **SECTION 1.** 70.52 of the statutes is amended to read:

2           **70.52 Clerks to examine and correct rolls.** Each city, village, and town  
3 clerk upon receipt of the assessment roll shall carefully examine the roll. The clerk  
4 shall correct all double assessments, imperfect descriptions, and other errors  
5 apparent ~~upon the face of~~ on the roll, and ~~strike off all~~ correct the value of parcels of  
6 real property not liable to taxation. The clerk shall add to the roll any parcel of real  
7 property not listed on the assessment roll or item of personal property omitted by the  
8 assessors from the roll and immediately notify the assessors of the additions and  
9 omissions. The assessors shall immediately view and value the omitted property and  
10 certify the valuation to the clerk. The clerk shall enter the valuation ~~upon~~ and  
11 property classification on the roll, and the valuation shall be final. To enable the  
12 clerk to properly correct defective descriptions, the clerk may request aid, when  
13 necessary, from the county surveyor, whose fees for the services rendered shall be  
14 paid by the city, village, or town.

15           **SECTION 2.** 71.05 (25) (a) 1m. of the statutes is created to read:

**BILL**

1           71.05 (25) (a) 1m. "Investment" means amounts paid to acquire stock or other  
2 ownership interest in a partnership, corporation, tax-option corporation, or limited  
3 liability company treated as a partnership or corporation.

4           **SECTION 3.** 71.05 (25) (a) 2. of the statutes is amended to read:

5           71.05 (25) (a) 2. "Qualifying gain" means a long-term capital gain under the  
6 Internal Revenue Code realized from the sale of an investment made after December  
7 31, 2010, and held for at least 5 uninterrupted years in a business that for the year  
8 of investment and at least 2 of the 4 subsequent years was a qualified Wisconsin  
9 business; except that a qualifying gain may not include any amount for which the  
10 claimant claimed a subtraction under sub. (24) (b) or any gain described under sub.  
11 (26) (b) and may not exceed the fair market value of the investment on the date sold,  
12 less the fair market value of the investment on the date acquired.

13           **SECTION 4.** 71.05 (26) (a) 2m. of the statutes is created to read:

14           71.05 (26) (a) 2m. "Investment" means amounts paid to acquire stock or other  
15 ownership interest in a partnership, corporation, tax-option corporation, or limited  
16 liability company treated as a partnership or corporation.

17           **SECTION 5.** 71.255 (2) (c) of the statutes is renumbered 71.255 (2) (c) 1. and  
18 amended to read:

19           71.255 (2) (c) 1. Except as provided in par. (d), if 80 percent or more of a  
20 corporation's worldwide income is active foreign business income, ~~as defined in~~  
21 ~~section 861 (e) (1) (B) of the Internal Revenue Code,~~ the income and apportionment  
22 factor or factors of the corporation shall not be included in the combined report, but  
23 the corporation shall compute and allocate or apportion its income from the unitary  
24 business separately.

25           **SECTION 6.** 71.255 (2) (c) 2. of the statutes is created to read:

**BILL****SECTION 6**

1           71.255 (2) (c) 2. For purposes of subd. 1., “active foreign business income”  
2 means gross income derived from sources outside the United States, as determined  
3 in subchapter N of the Internal Revenue Code, including income of a subsidiary  
4 corporation, and attributable to the active conduct of a trade or business in a foreign  
5 country or in a U.S. possession.

6           **SECTION 7.** 71.255 (2) (c) 3. of the statutes is created to read:

7           71.255 (2) (c) 3. For purposes of subd. 2., a corporation is considered a  
8 subsidiary if the parent corporation owns, directly or indirectly, stock with at least  
9 50 percent of the total voting power of the corporation and the stock has a value equal  
10 to at least 50 percent of the total value of the stock of the corporation.

11           **SECTION 8.** 71.255 (7) (b) 7. of the statutes is amended to read:

12           71.255 (7) (b) 7. Executing waivers, closing agreements, powers of attorney,  
13 and other documents as necessary or required regarding the combined report filed  
14 under sub. (2) (a). Any waiver, agreement, power of attorney, or document executed  
15 by the designated agent relating to a combined report shall be considered as executed  
16 by all members of the combined group, including any corporation not included in the  
17 combined report that the department asserts is a member of the combined group.

18           **SECTION 9.** 71.34 (1k) (h) of the statutes is renumbered 71.34 (1k) (h) (intro.)  
19 and amended to read:

20           71.34 (1k) (h) (intro.) Section 162 of the ~~internal revenue code~~ Internal  
21 Revenue Code (relating to trade or business expenses) is modified ~~so as follows:~~

22           3. So that payments for wages, salaries, bonuses, interest or other expenses  
23 paid to an entertainer or entertainment corporation may be deducted only if the  
24 corporation complies with ss. 71.63 (3) (b), 71.64 (4) and (5), and 71.80 (15) (e).

25           **SECTION 10.** 71.34 (1k) (h) 1. of the statutes is created to read:



**BILL**

1           71.34 (1k) (h) 1. So that payments for wages, salaries, commissions, and  
2 bonuses of employees and officers may be deducted only if the name, address, and  
3 amount paid to each resident of this state to whom compensation of \$600 or more has  
4 been paid during the taxable year is reported or if the department of revenue is  
5 satisfied that failure to report has resulted in no revenue loss to this state.

6           **SECTION 11.** 71.34 (1k) (h) 2. of the statutes is created to read:

7           71.34 (1k) (h) 2. So that payments for rent may be deducted only if the amount  
8 paid, together with the names and addresses of the parties to whom rent has been  
9 paid, is reported as provided under s. 71.70 (2).

10          **SECTION 12.** 71.77 (9) of the statutes is created to read:

11           71.77 (9) For purposes of this section, if a corporation is a member of a combined  
12 group under s. 71.255, as asserted by the department, the combined group is required  
13 to file a combined report for the taxable year under s. 71.255 (2), and if the  
14 corporation files a separate return, the filing of the separate return is not considered  
15 the filing of a return for the purpose of computing any period of limitation with  
16 respect to an assessment of additional tax due on the combined report.

17          **SECTION 13.** 74.41 (2) (intro.) of the statutes is amended to read:

18           74.41 (2) AMOUNT REQUIRED FOR SUBMISSION. (intro.) A tax may be included on  
19 a form submitted under sub. (1) only if ~~one~~ all of the following ~~applies~~ apply:

20          **SECTION 14.** 74.41 (2) (a) of the statutes is repealed.

21          **SECTION 15.** 74.41 (2) (b) of the statutes is amended to read:

22           74.41 (2) (b) The tax under sub. (1) for any single description of property in the  
23 tax roll for any one year is \$500 \$250 or more.

24          **SECTION 16.** 74.41 (2) (bm) of the statutes is created to read:

**BILL**

1           74.41 (2) (bm) The tax under sub. (1) was refunded or rescinded for any of the  
2           5 assessment years immediately preceding the year in which the form under sub. (1)  
3           is submitted or refunded or rescinded because of a court determination and  
4           submitted under sub. (1) no later than one year after the date of the court's  
5           determination.

6           **SECTION 17.** 77.51 (5) of the statutes is amended to read:

7           77.51 (5) For purposes of subs. (13) (e) and (f) and (15a) and s. 77.52 (2m),  
8           “incidental” means depending upon or appertaining to something else as primary;  
9           something necessary, appertaining to, or depending upon another which is termed  
10          the principal; or something incidental to the main purpose of the service. Tangible  
11          personal property or items, property, or goods under s. 77.52 (1) (b), (c), or (d)  
12          transferred by a service provider in conjunction with the sale of a service is incidental  
13          to the service if the purchaser's main purpose or objective is to obtain the service  
14          rather than the property, items, or goods, even though the property, items, or goods  
15          may be necessary or essential to providing the service. Tangible personal property  
16          or items, property, or goods under s. 77.52 (1) (b), (c), or (d) transferred by a service  
17          provider in conjunction with the sale of a service is not incidental to the service if the  
18          service provider charges a separate and optional fee for the property, items, or goods.

19          **SECTION 18.** 77.51 (11d) of the statutes is amended to read:

20          77.51 (11d) For purposes of subs. (1ag), (1f), (3pf), and (9p), and (17g) and ss.  
21          77.52 (4), (20), and (21), 77.522, and 77.54 (51), (52), and (60), “product” includes  
22          tangible personal property, and items, property, and goods under s. 77.52 (1) (b), (c),  
23          and (d), and services.

24          **SECTION 19.** 77.51 (13) (fm) of the statutes is created to read:

**BILL**

1           77.51 (13) (fm) A person selling, performing, or furnishing any service under  
2 s. 77.52 (2) (a) 5. or 12. to a service provider described in s. 77.52 (2m) (am).

3           **SECTION 20.** 77.51 (17g) of the statutes is created to read:

4           77.51 (17g) "Separate and optional fee" means a fee charged to receive a  
5 distinct and identifiable product, if any of the following applies:

6           (a) The fee is in addition to fees that the seller charges for other distinct and  
7 identifiable products sold to the same buyer, the fee is separately set forth on the  
8 invoice given by the seller to the buyer, and the seller does not require the buyer to  
9 pay the fee if the buyer chooses not to receive the additional distinct and identifiable  
10 product for which the fee applies.

11           (b) The seller charges a single amount for multiple distinct and identifiable  
12 products and offers the buyer the option of paying a lower amount if the buyer  
13 chooses not to receive one or more of the distinct and identifiable products. For  
14 purposes of this paragraph, the separate and optional fee is the single amount the  
15 seller charges for the multiple distinct and identifiable products less the reduced  
16 amount the seller charges to the buyer because the buyer chooses not to receive one  
17 or more of the products.

18           **SECTION 21.** 77.52 (2m) (am) of the statutes is created to read:

19           77.52 (2m) (am) A person selling, performing, or furnishing any service in sub.  
20 (2) (a) 1., regardless of whether the selling, performing, or furnishing of the service  
21 is a retail sale, is the consumer of any services under sub. (2) (a) 5. or 12. purchased  
22 by the person for the person's use or for the use of the person's customers.

23           **SECTION 22.** 77.52 (4) of the statutes is created to read:

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1           77.52 (4) If a seller charges a separate and optional fee for a product, the fee  
2 is a separate sale and the tax treatment is determined independently from fees that  
3 the seller charges for other products.

4           **SECTION 23.** 77.54 (30) (a) 6. of the statutes is amended to read:

5           77.54 (30) (a) 6. Fuel and electricity consumed directly in manufacturing  
6 tangible personal property, or items or property under s. 77.52 (1) (b) or (c), in this  
7 state.

8           **SECTION 24.** 77.54 (30) (g) of the statutes is created to read:

9           77.54 (30) (g) For purposes of par. (a) 6., fuel and electricity “consumed directly  
10 in manufacturing” means only fuel and electricity used to operate machines and  
11 equipment used directly in the step-by-step manufacturing process. For purposes  
12 of par. (a) 6., fuel and electricity are not “consumed directly in manufacturing” if they  
13 are used in providing plant heating or cooling, air conditioning, communications,  
14 lighting, safety and fire prevention, research and product development, receiving,  
15 storage, sales, distribution, warehousing, shipping, advertising, or administrative  
16 activities. For purposes of par. (a) 6., fuel and electricity used directly in  
17 manufacturing steam that is used by the manufacturer in further manufacturing or  
18 to heat a facility, or both, is consumed directly in manufacturing.

19           **SECTION 25.** 77.54 (64) of the statutes is created to read:

20           77.54 (64) The sales price from the sale of and the storage, use, or other  
21 consumption of patient health care records that are sold to the patient or to a person  
22 that the patient authorizes to receive the records.

23           **SECTION 26.** 77.70 of the statutes is amended to read:

24           **77.70 Adoption by county ordinance.** Any county desiring to impose county  
25 sales and use taxes under this subchapter may do so by the adoption of an ordinance,

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1 stating its purpose and referring to this subchapter. The rate of the tax imposed  
2 under this section is 0.5 percent of the sales price or purchase price. The county sales  
3 and use taxes may be imposed only for the purpose of directly reducing the property  
4 tax levy and only in their entirety as provided in this subchapter. That ordinance  
5 shall be effective on the first day of January, the first day of April, the first day of July  
6 or the first day of October. A certified copy of that ordinance shall be delivered to the  
7 secretary of revenue at least 120 days prior to its effective date. The repeal of any  
8 such ordinance shall be effective on December 31. A certified copy of a repeal  
9 ordinance shall be delivered to the secretary of revenue at least 120 days before the  
10 effective date of the repeal. Except as provided under s. 77.60 (9), the department  
11 of revenue may not issue any assessment nor act on any claim for a refund or any  
12 claim for an adjustment under s. 77.585 after the end of the calendar year that is 4  
13 years after the year in which the county has enacted a repeal ordinance under this  
14 section.

15 **SECTION 27.** 77.76 (3) of the statutes is amended to read:

16 77.76 (3) From the appropriation under s. 20.835 (4) (g) the department of  
17 revenue shall distribute 98.25 percent of the county taxes reported for each enacting  
18 county, minus the county portion of the retailers' discounts, to the county and shall  
19 indicate the taxes reported by each taxpayer, no later than 75 days following the last  
20 day of the calendar quarter in which such amounts were reported. In this subsection,  
21 the "county portion of the retailers' discount" is the amount determined by  
22 multiplying the total retailers' discount by a fraction the numerator of which is the  
23 gross county sales and use taxes payable and the denominator of which is the sum  
24 of the gross state and county sales and use taxes payable. The county taxes  
25 distributed shall be increased or decreased to reflect subsequent refunds, audit

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1 adjustments, and all other adjustments of the county taxes previously distributed.  
2 Interest paid on refunds of county sales and use taxes shall be paid from the  
3 appropriation under s. 20.835 (4) (g) at the rate paid by this state under s. 77.60 (1)  
4 (a). The county may retain the amount it receives or it may distribute all or a portion  
5 of the amount it receives to the towns, villages, cities, and school districts in the  
6 county. After receiving notice from the department of revenue, a county shall  
7 reimburse the department for the amount by which any refunds, including interest,  
8 of the county's sales and use taxes that the department pays or allows in a reporting  
9 period exceeds the amount of the county's sales and use taxes otherwise payable to  
10 the county under this subsection for the same or subsequent reporting period. Any  
11 county receiving a report under this subsection is subject to the duties of  
12 confidentiality to which the department of revenue is subject under s. 77.61 (5) and  
13 (6).

14 **SECTION 28.** 77.82 (8) of the statutes is amended to read:

15 77.82 (8) ORDER. If an application under sub. (2), (4m), or (12) is approved, the  
16 department shall issue an order designating the land as managed forest land for the  
17 time period specified in the application. If an application under sub. (4) is approved,  
18 the department shall amend the original order to include the additional parcel. The  
19 department shall provide the applicant with a copy of the order or amended order and  
20 shall also file a copy with the department of revenue, ~~the supervisor of assessments,~~  
21 and the clerk of each municipality in which the land is located, and shall record the  
22 order with the register of deeds in each county in which the land is located.

23 **SECTION 29.** 77.98 (3) of the statutes is amended to read:

24 77.98 (3) ~~Except as provided in sub. (4), for~~ For purposes of sub. (1) (a),  
25 "premises" shall be broadly construed and shall include the lobby, aisles, and

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1 auditorium of a theater or the seating, aisles, and parking area of an arena, a rink,  
2 or a stadium, or the parking area of a drive-in or an outdoor theater. The premises  
3 of a caterer with respect to catered meals or beverages shall be the place where  
4 served.

5 **SECTION 30.** 77.98 (4) (a) of the statutes is amended to read:

6 77.98 (4) (a) Except as provided in par. (b), the tax imposed under this section  
7 shall not be imposed on the sale of alcoholic beverages, candy, prepared food, or soft  
8 drinks sold by a person primarily engaged, as determined by the department, in the  
9 retail trade as a food and beverage store, as classified under sector 44-45, subsector  
10 445, of the North American Industry Classification System, 1997 2017 edition,  
11 published by the U.S. office of management and budget, beginning on the first day  
12 of the calendar quarter that is at least 120 days after the date on which the bonds  
13 issued by the district under subch. II of ch. 229 during the first 60 months after April  
14 26, 1994, and any debt issued to fund or refund those bonds, are retired. The district  
15 shall notify the department of revenue, in the manner prescribed by the department,  
16 when such bonds and debt are retired.

17 **SECTION 31.** 125.02 (18) of the statutes is renumbered 125.02 (18) (intro.) and  
18 amended to read:

19 125.02 (18) (intro.) “Restaurant” means ~~a restaurant, as defined in s. 97.01~~  
20 ~~(14g).~~ any building, room, or place where meals are prepared or served or sold to  
21 transients or the general public, including all places used in connection with it and  
22 including any public or private school lunchroom for which food service is provided  
23 by contract. For purposes of this subsection, “meals” does not include soft drinks, ice  
24 cream, milk, milk drinks, ices, and confections. “Restaurant” does not include any  
25 of the following:

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1           **SECTION 32.** 125.02 (18) (a) to (h) of the statutes are created to read:

2           125.02 **(18)** (a) Taverns that serve free lunches consisting of popcorn, cheese,  
3           crackers, pretzels, cold sausage, cured fish, or bread and butter.

4           (b) Churches, religious, fraternal, youths' or patriotic organizations, service  
5           clubs and civic organizations which occasionally prepare, serve, or sell meals to  
6           transients or the general public.

7           (c) Any public or private school lunchroom for which food service is directly  
8           provided by the school, or a private individual selling foods from a movable or  
9           temporary stand at public farm sales.

10          (d) Any bed and breakfast establishment, as defined in s. 97.01 (1g), that serves  
11          breakfasts only to its lodgers.

12          (e) The serving of food or beverage through a licensed vending machine, as  
13          defined in s. 97.01 (15p).

14          (f) Any college campus, as defined in s. 36.05 (6m), institution as defined in s.  
15          36.51 (1) (b), or technical college that serves meals only to the students enrolled in  
16          the college campus, institution, or technical college or to authorized elderly persons  
17          under s. 36.51 or 38.36.

18          (g) A concession stand at a locally sponsored sporting event, such as a little  
19          league game.

20          (h) A potluck event, as defined in s. 97.01 (13g).

21          **SECTION 33.** 125.29 (6) of the statutes is amended to read:

22          125.29 **(6)** RESTAURANTS. A brewer may operate a restaurant on the brewery  
23          premises and at an off-site retail outlet established by the brewer. A brewer may not  
24          ~~hold a license under s. 97.30 for a restaurant for the operation of~~ operate a restaurant  
25          at any other location except that a brewer may possess or hold an indirect interest



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1 in a Class "B" license for not more than 20 restaurants in each of which the sale of  
2 alcohol beverages accounts for less than 60 percent of the restaurant's gross receipts  
3 if no fermented malt beverages manufactured by the brewer are offered for sale in  
4 any of these restaurants.

5 **SECTION 34.** 139.11 (4) (a) of the statutes is renumbered 139.11 (4) (a) (intro.)  
6 and amended to read:

7 139.11 (4) (a) (intro.) Sections 71.78 (1), (1m), and (4) to (9) and 71.83 (2) (a) 3.  
8 and 3m., relating to confidentiality of income and franchise tax returns, apply to any  
9 information obtained from any person on a fermented malt beverage tax return,  
10 report, schedule, exhibit, or other document or from an audit report relating to any  
11 of those documents, except that the department of revenue shall publish ~~brewery~~ the  
12 following:

13 1. Brewery production and sales statistics.

14 **SECTION 35.** 139.11 (4) (a) 2. of the statutes is created to read:

15 139.11 (4) (a) 2. A current list, available on paper and on the department's  
16 Internet site, providing detailed information regarding every person issued a  
17 wholesalers permit under s. 125.28, brewers permit under s. 125.29, brewpub permit  
18 under s. 125.295, or out-of-state shippers permit under s. 125.30. The information  
19 provided under this subdivision shall include the name and address of the permit  
20 holder and the date on which the department issued the permit.

21 **SECTION 36.** 139.38 (6) of the statutes is amended to read:

22 139.38 (6) Sections 71.78 (1), (1m), and (4) to (9) and 71.83 (2) (a) 3. and 3m.,  
23 relating to confidentiality of income and franchise tax returns, apply to any  
24 information obtained from any person on a cigarette tax return, report, schedule,  
25 exhibit, or other document or from an audit report pertaining to the same return,

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1 report, schedule, exhibit, or document, except that the department shall publish on  
2 its Internet site, at least quarterly, a current list of permits issued to distributors and  
3 jobbers under s. 139.34 and include on the list the name and address of the permit  
4 holder and the date on which the department issued the permit.

5 **SECTION 37.** 139.82 (6) of the statutes is amended to read:

6 139.82 (6) Sections 71.78 (1), (1m), and (4) to (9) and 71.83 (2) (a) 3. and 3m.,  
7 relating to confidentiality of income and franchise tax returns, apply to any  
8 information obtained from any person on a tobacco product tax return, report,  
9 schedule, exhibit, or other document or from an audit report pertaining to the same  
10 return, report, schedule, exhibit, or document, except that the department shall  
11 publish on its Internet site, at least quarterly, a current list of permits issued to  
12 distributors and subjobbers under s. 139.79 and include on the list the name and  
13 address of the permit holder and the date on which the department issued the  
14 permit.

15 **SECTION 38.** 177.24 (3) (a) of the statutes is amended to read:

16 177.24 (3) (a) Except as provided in ~~par.~~ pars. (b) and (c), if a claim is allowed,  
17 the administrator shall deliver the property to the claimant or pay the claimant the  
18 amount the administrator actually received or the net proceeds of the sale of the  
19 property, together with any additional amount required under s. 177.21. If the  
20 property claimed was interest bearing to the owner on the date of surrender by the  
21 holder, the administrator shall pay interest at a rate of 6 percent per year or any  
22 lesser rate the property earned while in the possession of the holder. Interest begins  
23 to accrue when the property is delivered to the administrator and ceases on the  
24 earlier of the expiration of 10 years after delivery or the date on which payment is

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*required to be collected by*

1 made to the owner. No interest on interest-bearing property is payable for any  
2 period before December 31, 1984.

3 SECTION 39. 177.24 (3) (c) of the statutes is created to read:

4 177.24 (3) (c) The administrator shall not pay interest under par. (a) on claimed  
5 property that is a U.S. savings bond. *collect from each subscriber*

6 SECTION 40. 196.025 (6) (b) 1. of the statutes is amended to read:

7 196.025 (6) (b) 1. Except as provided in subd. 2., there is imposed on a  
8 communications provider shall impose a monthly fee of \$0.75 on each  
9 communications service connection with an assigned telephone number, including  
10 a communication service provided via a voice over Internet protocol connection. If  
11 a communications provider provides multiple communications service connections  
12 to a subscriber, the fee imposed on the communications provider under this  
13 subdivision shall impose be a separate fee under this subdivision on each of the first  
14 10 connections and one additional fee for each 10 additional connections per billed  
15 account. The communications provider may collect the fee under this subdivision  
16 from the subscriber. A communications provider may list the fee separately from  
17 other charges on a subscriber's bill, and if a communications provider does so, the  
18 communications provider shall identify the fee as "police and fire protection fee," or,  
19 if the communications provider combines the fee with a charge imposed under s.  
20 256.35 (3), the communications provider shall identify the combined fee and charge  
21 as "charge for funding countywide 911 systems plus police and fire protection fee."  
22 Any partial payment of a fee by a subscriber shall first be applied to any amount the  
23 subscriber owes the communications provider for communications service.

24 SECTION 41. 196.025 (6) (b) 2. of the statutes is amended to read:

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*plain* *collect from each subscriber or purchaser*

1 196.025 (6) (b) 2. A There is imposed on a communications provider that offers  
 2 a prepaid wireless telecommunications plan, or a retailer that offers such a plan on  
 3 behalf of a communications provider, *plain* shall impose a fee equal to \$0.38 on each retail  
 4 transaction for such a plan that occurs in this state. The communications provider  
 5 or retailer may collect the fee under this subdivision from the subscriber or  
 6 purchaser. A communications provider or retailer may state the amount of the fee  
 7 separately on a bill for the retail transaction, and if a communications provider or  
 8 retailer does so, the communications provider or retailer shall identify the fee as  
 9 "police and fire protection fee."

10 **SECTION 42.** 196.025 (6) (c) 2. of the statutes is amended to read:

11 196.025 (6) (c) 2. The commission may contract with the department for the  
 12 collection of fees imposed under par. (b) -2. If the commission and department enter  
 13 into such a contract, no later than the first calendar month following the calendar  
 14 month in which a communications provider or retailer receives from a subscriber a  
 15 fee imposed under par. (b) -2., the communications provider or retailer shall remit  
 16 the fee to the department.

17 **SECTION 43.** 196.025 (6) (cm) of the statutes is created to read:

18 196.025 (6) (cm) If the commission contracts with the department to collect fees  
 19 as provided under par. (c) 2., all of the following apply:

- 20 1. The department may require communications providers and retailers to  
 21 register with the department, file returns with the department, and pay the fees  
 22 required under this section to the department in the manner and form prescribed by  
 23 the department, subject to par. (c) 2.

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1           2. a. The department may determine compliance with this section using a field  
2 or office audit. Sections 77.59 (1) to (5m), (8), and (8m) and 77.62, as they apply to  
3 taxes under subch. III of ch. 77, apply to fees required under this section.

4           b. If, as a result of an audit under subd. 2. a., the department provides a notice  
5 to a communications provider or retailer about a fee amount that is due, a refund that  
6 is due to the communications provider or retailer, or a refund claim denial, and the  
7 communications provider or retailer disagrees with the notice, the communications  
8 provider or retailer may petition the department for a redetermination. The petition  
9 for redetermination shall be in writing and signed and shall state the facts and  
10 reasons for disagreeing with the amount due, refund due, or refund claim denial and  
11 include supporting documents. A communications provider or retailer shall mail or  
12 transmit by fax machine the petition within 60 days after the department mails the  
13 notice of a fee due, a refund, or a refund claim denial. The petition shall be submitted  
14 to the address or fax number provided in the notice. A petition that is mailed is  
15 considered timely if it is postmarked on or before the date provided in the notice and  
16 is received by the department within 5 days of that date.

17           c. Within 6 months of the receipt by the department of a petition for  
18 redetermination under subd. 2. b., the department shall notify the communications  
19 provider or retailer of its redetermination. The redetermination is final 30 days after  
20 mailing unless, within that 30-day period, the communications provider or retailer  
21 files an objection to the redetermination with the commission as provided under  
22 subd. 2. d.

23           d. Within 30 days after a redetermination under subd. 2. c. is mailed, the  
24 communications provider or retailer may file an objection to that redetermination  
25 with the commission. The objection shall set out in detail the grounds upon which

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1 the communications provider or retailer finds the redetermination to be erroneous.  
2 The commission, after providing no less than 10 days' notice to the communications  
3 provider or retailer, shall hold a hearing on the objection. After the hearing, the  
4 commission shall mail its decision on the objection, including any amount to be paid,  
5 by registered mail. If the amount to be paid is not paid within 10 days after the  
6 decision has been mailed, the commission or department may bring an action to  
7 collect any amount that is due under this section.

8 3. A decision of the commission under subd. 2. d. may be reviewed under s.  
9 227.52.

10 **SECTION 44.** 196.025 (6) (d) (intro.) and 1. of the statutes are consolidated,  
11 renumbered 196.025 (6) (d) and amended to read:

12 196.025 (6) (d) The commission may ~~do any of the following:~~ Promulgate  
13 promulgate rules for administering this subsection.

14 **SECTION 45.** 196.025 (6) (d) 2. of the statutes is renumbered 196.025 (6) (e) and  
15 amended to read:

16 196.025 (6) (e) ~~Bring~~ The commission or the department may bring an action  
17 to collect any amount that is required to be remitted under par. (c).

18 **SECTION 46.** 565.01 (6p) of the statutes is created to read:

19 565.01 (6p) "Ticket courier service" means a service operated for the purpose  
20 of purchasing Wisconsin lottery tickets on behalf of individuals located within or  
21 outside this state and delivering or transmitting those Wisconsin lottery tickets, or  
22 electronic images of those Wisconsin lottery tickets, to those individuals as a  
23 for-profit, business service.

24 **SECTION 47.** 565.02 (1) (c) of the statutes is amended to read:

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1           565.02 (1) (c) Before appointment of an administrator is made, the department,  
2 with the assistance of the department of justice, shall conduct a background  
3 investigation of the proposed administrator. The department shall require the  
4 proposed administrator to be photographed and fingerprinted ~~on 2 fingerprint cards~~  
5 ~~each bearing a complete set of the person's fingerprints.~~ The department of justice  
6 may submit the ~~fingerprint cards~~ fingerprints to the federal bureau of investigation  
7 for the purposes of verifying the identity of the person fingerprinted and obtaining  
8 records of his or her criminal arrests and convictions. The department, with the  
9 assistance of the department of justice, shall repeat the background investigation of  
10 the administrator every 5 years. The department shall reimburse the department  
11 of justice for the ~~department's~~ department of justice's services under this paragraph.

12           **SECTION 48.** 565.02 (2) (d) of the statutes is amended to read:

13           565.02 (2) (d) Before appointment of employees is made under par. (b), the  
14 department, with the assistance of the department of justice, shall conduct a  
15 background investigation of the proposed employees. The department shall require  
16 the persons proposed as employees to be photographed and fingerprinted ~~on 2~~  
17 ~~fingerprint cards each bearing a complete set of the person's fingerprints.~~ The  
18 department of justice may submit the ~~fingerprint cards~~ fingerprints to the federal  
19 bureau of investigation for the purposes of verifying the identity of the person  
20 fingerprinted and obtaining records of his or her criminal arrests and convictions.  
21 The department, with the assistance of the department of justice, shall repeat the  
22 background investigation of each employee every 5 years. The department shall  
23 reimburse the department of justice for the ~~department's~~ department of justice's  
24 services under this paragraph.

25           **SECTION 49.** 565.17 (1m) of the statutes is created to read:

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1           565.17 (1m) TICKET COURIERS PROHIBITED. No person may operate a ticket  
2 courier service in this state.

3           **SECTION 50.** 565.25 (4) of the statutes is amended to read:

4           565.25 (4) BACKGROUND INVESTIGATIONS. The department of justice shall  
5 conduct a background investigation of any person proposing to contract or  
6 contracting for a major procurement and of all partners, members, officers, directors,  
7 owners and beneficial owners identified under sub. (3) (b). The department of justice  
8 may require the person and partners, members, officers, directors and shareholders  
9 identified under sub. (3) (b) to be photographed and fingerprinted ~~on 2 fingerprint~~  
10 ~~cards each bearing a complete set of the person's fingerprints.~~ The department of  
11 justice may submit the ~~fingerprint cards~~ fingerprints to the federal bureau of  
12 investigation for the purposes of verifying the identity of the persons fingerprinted  
13 and obtaining records of their criminal arrests and convictions. If the results of the  
14 background investigation disclose information specified in sub. (3) (a) with respect  
15 to the person, partner, member, officer, director, owner or beneficial owner, a contract  
16 with the vendor, if entered into prior to the disclosure, is void and the vendor shall  
17 forfeit any amount filed, deposited or established under sub. (5) (b). The department  
18 of justice shall repeat the background investigation of each vendor, and each vendor's  
19 partners, members, officers, directors, owners, and beneficial owners, under sub. (3)  
20 (b), every 5 years. The department of revenue shall reimburse the department of  
21 justice for the department of justice's services under this subsection and shall obtain  
22 payment from the person proposing to contract or the vendor in the amount of the  
23 reimbursement.

24           **SECTION 51.** 565.30 (5) of the statutes is amended to read:



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1           565.30 (5) WITHHOLDING OF DELINQUENT STATE TAXES, CHILD SUPPORT OR DEBTS  
2       OWED THE STATE. The administrator shall report the name, address and social security  
3       number or federal income tax number of each winner of a lottery prize equal to or  
4       greater than ~~\$1,000~~ \$600 and the name, address and social security number or  
5       federal income tax number of each person to whom a lottery prize equal to or greater  
6       than ~~\$1,000~~ \$600 has been assigned to the department of revenue to determine  
7       whether the payee or assignee of the prize is delinquent in the payment of state taxes  
8       under ch. 71, 72, 76, 77, 78 or 139 or, if applicable, in the court-ordered payment of  
9       child support or has a debt owing to the state. Upon receipt of a report under this  
10      subsection, the department of revenue shall first ascertain based on certifications by  
11      the department of children and families or its designee under s. 49.855 (1) whether  
12      any person named in the report is currently delinquent in court-ordered payment  
13      of child support and shall next certify to the administrator whether any person  
14      named in the report is delinquent in court-ordered payment of child support or  
15      payment of state taxes under ch. 71, 72, 76, 77, 78 or 139. Upon this certification by  
16      the department of revenue or upon court order the administrator shall withhold the  
17      certified amount and send it to the department of revenue for remittance to the  
18      appropriate agency or person. The department of revenue shall charge the winner  
19      or assignee of the lottery prize for the department of revenue's administrative  
20      expenses associated with withholding and remitting debt owed to a state agency and  
21      may withhold the amount of the administrative expenses from the prize payment.  
22      The administrative expenses received or withheld by the department of revenue  
23      shall be credited to the appropriation under s. 20.566 (1) (h). In instances in which  
24      the payee or assignee of the prize is delinquent both in payments for state taxes and  
25      in court-ordered payments of child support, or is delinquent in one or both of these

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1 payments and has a debt owing to the state, the amount remitted to the appropriate  
2 agency or person shall be in proportion to the prize amount as is the delinquency or  
3 debt owed by the payee or assignee.

4 **SECTION 52.** 565.40 (3) of the statutes is created to read:

5 565.40 (3) BACKGROUND INVESTIGATION. (a) In this subsection:

6 1. "Secured area" means any areas where sensitive information is stored or  
7 accessible and any areas associated with the lottery with limited or controlled access.

8 2. "Sensitive information" means any report or study containing trade secrets,  
9 as defined in s. 134.90 (1) (c); any process or production technique which is unique  
10 to the lottery; any information or documentation the disclosure of which would  
11 adversely affect the security or the competitive position of the lottery; any  
12 individual's mailing address, e-mail address, telephone number, or social security  
13 or federal employer identification number; any financial account numbers; any  
14 personnel or employee information; any employee or vendor background  
15 investigation documents; any personal information provided by retailers for  
16 contracting purposes; and any personally identifiable information, as defined in s.  
17 19.62 (5).

18 (b) The department of revenue, with the assistance of the department of justice,  
19 may conduct a background investigation of any person who may come into contact  
20 with any sensitive information associated with the lottery or who may have access  
21 to secured areas. The department of revenue may require the person to be  
22 photographed and fingerprinted. The department of justice may submit the  
23 fingerprints to the federal bureau of investigation for the purpose of verifying the  
24 identity of the person fingerprinted and obtaining records of his or her criminal  
25 arrests and convictions. The department of revenue, with the assistance of the

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1 department of justice, shall repeat the background investigation of each person  
2 under this subsection every 5 years. The department of revenue shall reimburse the  
3 department of justice for the department of justice's services under this subsection.

**SECTION 53. Initial applicability.**

4  
5 (1) CHARGING BACK REFUNDED OR RESCINDED TAXES. The treatment of section  
6 74.41 (2) (intro.), (a), (b), and (bm) of the statutes first applies to the property tax  
7 assessments as of January 1, 2018.

8 (2) COMBINED REPORTS. Y

9 (a) The treatment of section 71.77 (9) of the statutes first applies to assessments  
10 issued on January 1, 2017, regardless of the years to which the assessments relate.

11 (b) The treatment of section 71.255 (7) (b) 7. of the statutes first applies to  
12 documents executed on January 1, 2017.

13 (3) INFORMATION RETURNS. The renumbering and amendment of section 71.34  
14 (1k) (h) of the statutes and the creation of section 71.34 (1k) (h) 1. and 2. of the  
15 statutes first apply to taxable years beginning on January 1, 2017.

16 (4) LOTTERY PRIZE REPORTING AND WITHHOLDING. Unless the effective date of this  
17 subsection is later than May 15, 2017, the treatment of section 535.30 (5) of the  
18 statutes first applies to lottery prizes claimed on May 15, 2017. If the effective date  
19 of this subsection is later than May 15, 2017, the treatment of section 535.30 (5) of  
20 the statutes first applies to lottery prizes claimed on the first day of the 3rd month  
21 beginning after the effective date of this subsection.

22 (END)

## Kreye, Joseph

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**From:** Williams, Vincent  
**Sent:** Tuesday, February 21, 2017 10:17 AM  
**To:** Kreye, Joseph  
**Subject:** FW: Proposed Revisions to DOR Housekeeping Bill Language

Mike Wagner  
Assistant Deputy Secretary  
Wisconsin Department of Revenue  
(608) 266-6466

**SECTION 12.** 71.77 (9) of the statutes is amended to read:

71.77 (9) For purposes of this section, if a corporation is a member of a combined group under s. 71.255, as asserted by the department, the combined group is required to file a combined report for the taxable year under s. 71.255 (2), and if the corporation files a separate return, the filing of the separate return ~~is not considered the filing of a return for the purpose~~ does not start the period of limitations in sec. 71.77(2) and (7), Wis. Stats. ~~of computing any period of limitation~~ with respect to an assessment of additional tax due on the combined report.

**SECTION 40.** 196.025 (6) (b) 1. of the statutes is amended to read:

196.025 (6) (b) 1. Except as provided in subd. 2., ~~there is imposed on~~ a communications provider ~~shall impose~~ shall collect from each subscriber a monthly fee of \$0.75 on each communications service connection with an assigned telephone number, including a communication service provided via a voice over Internet protocol connection. If a communications provider provides multiple communications service connections to a subscriber, the ~~fee imposed on the~~ required to be collected by the communications provider under this subdivision shall ~~impose~~ be a separate fee ~~under this subdivision~~ on each of the first 10 connections and one additional fee for each 10 additional connections per billed account. ~~The communications provider may collect the fee under this subdivision from the subscriber.~~ A communications provider may list the fee separately from other charges on a subscriber's bill, and if a communications provider does so, the communications provider shall identify the fee as "police and fire protection fee," or, if the communications provider combines the fee with a charge imposed under s. 256.35 (3), the communications provider shall identify the combined fee and charge as "charge for funding countywide 911 systems plus police and fire protection fee." Any partial payment of a fee by a subscriber shall first be applied to any amount the subscriber owes the communications provider for communications service.

**SECTION 41.** 196.025 (6) (b) 2. of the statutes is amended to read:

196.025 (6) (b) 2. A ~~There is imposed on a~~ communications provider that offers a prepaid wireless telecommunications plan, or a retailer that offers such a plan on behalf of a communications provider, ~~shall impose~~ shall collect from each subscriber or purchaser a fee equal to \$0.38 on each retail transaction for such a plan that occurs in this state. ~~The communications provider or retailer may collect the fee under this subdivision from the subscriber or purchaser.~~ A communications provider or retailer may state the amount of the fee separately on a bill for the retail transaction, and if a communications provider or retailer does so, the communications provider or retailer shall identify the fee as "police and fire protection fee."

**Kohn, Hanna**

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**From:** Williams, Vincent  
**Sent:** Thursday, February 23, 2017 12:19 PM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB -1830/2

Please Jacket LRB -1830/2 for the SENATE.