

STATE OF WISCONSIN

REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS

August 2017 Special Session Assembly Bill 1/Senate Bill 1

[Introduced by the Assembly Committee on Assembly Organization and Senate Committee on Organization at the request of Governor Scott Walker.]

August 2017 Special Session Assembly Bill 1/Senate Bill 1 relates to authorizing the creation of a single electronics and information technology manufacturing (EITM) zone. In general, the bill would modify a number of existing statutes in order to facilitate the proposed “Foxconn Project” and alter the current enterprise zone tax credit program.¹

The bill contains one provision that creates a new statute relating to the exemption of property or persons from state or local taxes. This report addresses that provision.

General Nature and Fiscal Effect of the Tax Exemption Provision in August 2017 Special Session Assembly Bill 1/Senate Bill 1

Sales Tax Exemption for Building Materials, Supplies, and Equipment and Certain Services

The bill creates an exemption from the state sales and use tax for the building materials, supplies, and equipment and taxable landscaping and lawn maintenance services acquired or used solely for the construction or development of facilities located in an EITM zone. The exemption applies only if the capital expenditures for the construction or development of such facilities may be claimed as an EITM credit, as certified by Wisconsin Economic Development Corporation (WEDC).

The sales tax exemption provision first applies to purchases made after the WEDC enters into a contract with a business to locate in the EITM zone. The Legislative Fiscal Bureau indicates that the Department of Revenue estimates the value of this exemption to be \$139 million.

Legality Involved

There are no questions of legality involving the provisions of the bill described in this report.

Public Policy Involved

The Joint Survey Committee on Tax Exemptions finds that the tax exemption provision of August 2017 Special Session Assembly Bill 1/Senate Bill 1 is appropriate public policy.

08/23/2017

JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS

¹ For a complete description of the bill, see Wisconsin Legislative Council Information Memorandum IM-2017-05, “Foxconn Legislation”: August 2017 Special Session Assembly Bill 1, dated August 3, 2017.