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# Wisconsin Legislative Council

## AMENDMENT MEMO

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**2019 Assembly Bill 754**

**Assembly Substitute  
Amendment 1 and Assembly  
Amendment 1 and 2 to Assembly  
Substitute Amendment 1**

### 2019 ASSEMBLY BILL 754

2019 Assembly Bill 754 makes a number of changes to tax administration laws at the request of the Department of Revenue (DOR). In summary, the bill:

- Modifies certain shared revenue payment and Consumer Price Index (CPI) calculation dates.
- Reduces the omitted tax property reporting threshold from \$5,000 to \$250.
- Increases the fee for filing a manufacturing property objection to assessment from \$45 to \$200.
- Alters the filing and determination dates for railroad companies to match that of other utilities.
- Decreases the interest paid on license fees paid by utilities from nine percent to three percent.
- Modifies annual training requirements for members of local boards of review.
- Permits DOR to determine fees for assessor certification based on actual cost, not to exceed \$75.
- Replaces obsolete references to the Internal Revenue Code (IRC).
- Defines “earned income” and clarifies “primary income from farming” for the purposes of the homestead credit.
- Modifies the historic rehabilitation tax credit transfer procedure to permit a person to file a claim in more than one year.
- Clarifies that the sales tax transfer exemption applies without regard to whether a service is taxable.
- Modifies the sales and use tax exemption for churches, religious organizations, and certain specific nonprofit organizations to conform to DOR’s current administrative practices.
- Alters the sales tax collection standard for out-of-state retailers from \$100,000 in sales or more than 200 sales transactions to \$100,000 in sales.
- Allows the Legislative Audit Bureau to examine DOR sales and use tax returns for the purposes of carrying out its duties.
- Eliminates the restriction under current law that prohibits a county treasurer from paying town funds to the town treasurer at certain times of the year.
- Requires that a pass-through entity designate a member to act on the entity’s behalf for DOR audit purposes.
- Modifies the current apportionment formula for out-of-state residents to match that of resident entities.

- Increases the time for providing corrections to DOR in relation to DOR final audit determinations from 90 days to 180 days.

## **ASSEMBLY SUBSTITUTE AMENDMENT 1**

The substitute amendment eliminates the provision that requires a pass-through entity to designate a member to act on the entity's behalf for DOR audit purposes and the provision that modifies the current apportionment formula for out-of-state residents to match that of resident entities. It includes new provisions which:

- Adopt various provisions of the 2018 federal IRC for state income and franchise purposes.
- Eliminate obsolete provisions related to the medical care insurance subtraction for self-employed individuals.
- Permit an individual to elect not to claim the qualified retirement plan exemption if it would result in the taxpayer receiving a larger homestead credit.

## **ASSEMBLY AMENDMENT 1 TO ASSEMBLY SUBSTITUTE AMENDMENT 1**

Assembly Amendment 1 adopts the provisions of the newer 2019 IRC rather than the prior 2018 IRC and alters the provision regarding providing corrections to DOR in relation to final audit determinations to refer to IRS final audit determinations rather than DOR final audit determinations.

## **ASSEMBLY AMENDMENT 2 TO ASSEMBLY SUBSTITUTE AMENDMENT 1**

Assembly Amendment 2 specifies that the decrease in interest paid on license fees paid by utilities first applies to refunds paid on the effective date of the bill regardless of the taxable periods to which the refunds pertain.<sup>1</sup>

## **BILL HISTORY**

Representative Wittke introduced Assembly Bill 754 on January 17, 2020, and offered Assembly Substitute Amendment 1 and Assembly Amendment 1 to Assembly Substitute Amendment 1 on February 5, 2020. On February 6, 2020, the Assembly Committee on Ways and Means recommended the adoption of Assembly Amendment 1 to Assembly Substitute Amendment 1, the adoption of Assembly Substitute Amendment 1, as amended, and the passage of Assembly Bill 754, as amended, all on votes of Ayes, 12; Noes, 0.

Representative Wittke offered Assembly Amendment 2 to Assembly Substitute Amendment 1 on February 13, 2020. On February 18, 2020, the Joint Committee on Finance recommended the adoption of Assembly Amendments 1 and 2 to Assembly Substitute Amendment 1, the adoption of Assembly Substitute Amendment 1, as amended, and the passage of Assembly Bill 754, as amended, all on votes of Ayes, 14; Noes, 0.

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<sup>1</sup> Assembly Amendment 3, not taken up by the Assembly, applies the same treatment to one additional section that was not included in Assembly Amendment 2. That section is s. 76.075, Stats. It relates to the adjustment of assessments for public utilities. See, also, the amendments to 2019 Senate Bill 720.