



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-1689/P4

KP:cdc&amn

DOA:.....Martin, BB0391 - Local sales tax authority

FOR 2025-2027 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

GENERAL TAXATION

County and municipality sales and use taxes

Current law allows a county to enact an ordinance to impose sales and use taxes at the rate of 0.5 percent of the sales price or purchase price on tangible personal property and taxable services. The county must use the revenue from the taxes for property tax relief. Under the bill, a county may impose that county sales and use tax at the rate of 0.1, 0.2, 0.3, 0.4, or 0.5 percent. The bill also allows a county, except for Milwaukee County, to impose, by ordinance, an additional sales and use tax at the rate of 0.1, 0.2, 0.3, 0.4, or 0.5 percent of the sales price or purchase price on tangible personal property and taxable services. However, the ordinance does not take effect unless approved by a majority of the voters of the county at a referendum. The revenue from those taxes may be used for any purpose designated by the county board or specified in the ordinance or in the referendum approving the ordinance.

The bill also allows a municipality, except for the City of Milwaukee, with a 2020 population exceeding 30,000 to enact an ordinance to impose sales and use taxes at the rate of 0.1, 0.2, 0.3, 0.4, or 0.5 percent of the sales price or purchase price on tangible personal property and taxable services. The ordinance does not take effect unless approved by a majority of the voters of the municipality at a referendum. The revenue from those taxes may be used for any purpose designated by the governing body of the municipality or specified in the ordinance or in the referendum approving the ordinance.

For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

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

SECTION 1. 20.566 (1) (gi) (title) of the statutes is amended to read:

BILL**SECTION 1**

20.566 (1) (gi) (title) *Administration of municipality taxes of 1st class cities.*

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

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

20.566 (1) (gj) *Administration of municipality taxes; generally.* From the moneys transferred from the appropriation account under s. 20.835 (4) (gj), the amounts in the schedule for administering the municipality taxes imposed under s. 77.702. Notwithstanding s. 20.001 (3) (a), at the end of the fiscal year the unencumbered balance of this appropriation account lapses to the general fund.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 3. 20.835 (4) (gi) (title) of the statutes is amended to read:

20.835 (4) (gi) (title) *Municipality taxes of 1st class cities.*

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

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

20.835 (4) (gj) *Municipality taxes; generally.* All moneys received from the taxes imposed under s. 77.702 for distribution to the municipalities that enact an ordinance imposing taxes under that section and for interest payments on refunds under s. 77.76 (3t), except that 0.75 percent of those tax revenues collected under that section shall be credited to the appropriation account under s. 20.566 (1) (gj).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 5. 77.70 (1) of the statutes is amended to read:

77.70 (1) Except as provided in sub. (2), any county may impose county sales and use taxes under this subchapter by the adoption of an ordinance, stating its purpose and referring to this subchapter. The rate of the tax imposed under this

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subsection is 0.1, 0.2, 0.3, 0.4, or 0.5 percent of the sales price or purchase price. Except as provided in s. 66.0621 (3m), the county sales and use taxes imposed under this subsection may be imposed only for the purpose of directly reducing the property tax levy and only in their entirety as provided in this subchapter. That ordinance shall be effective on January 1, April 1, July 1, or October 1. A certified copy of that ordinance shall be delivered to the secretary of revenue at least 120 days prior to its effective date. The repeal of any such ordinance shall be effective on December 31. A certified copy of a repeal ordinance shall be delivered to the secretary of revenue at least 120 days before the effective date of the repeal. Except as provided under s. 77.60 (9), the department of revenue may not issue any assessment or act on any claim for a refund or any claim for an adjustment under s. 77.585 after the end of the calendar year that is 4 years after the year in which the county has enacted a repeal ordinance under this subsection.

SECTION 6. 77.70 (3) of the statutes is created to read:

77.70 (3) In addition to the taxes imposed under sub. (1), a county other than Milwaukee County may, by ordinance, impose a sales and use tax under this subchapter at the rate of 0.1, 0.2, 0.3, 0.4, or 0.5 percent of the sales price or purchase price. A sales and use tax enacted under this subsection may not take effect unless approved by a majority vote of all qualified electors in the county voting on the issue at a referendum. The revenue from the taxes imposed under this subsection may be used for any purpose designated by the county board or specified in the ordinance or in the referendum approving the ordinance. The taxes imposed under this subsection may be imposed only in their entirety as provided in this subchapter. If approved at a referendum, the ordinance shall be effective on

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January 1, April 1, July 1, or October 1. A certified copy of that ordinance shall be delivered to the secretary of revenue at least 120 days prior to its effective date. The repeal of any such ordinance shall be effective on December 31. A certified copy of a repeal ordinance shall be delivered to the secretary of revenue at least 120 days before the effective date of the repeal. Except as provided under s. 77.60 (9), the department of revenue may not issue any assessment nor act on any claim for a refund or any claim for an adjustment under s. 77.585 after the end of the calendar year that is 4 years after the year in which the county has enacted a repeal ordinance under this subsection.

SECTION 7. 77.701 (title) of the statutes is amended to read:

77.701 (title) Adoption by municipal ordinance; 1st class cities.

SECTION 8. 77.702 of the statutes is created to read:

77.702 Adoption by municipal ordinance; generally. A municipality other than the city of Milwaukee with a population exceeding 30,000, as determined by the 2020 federal decennial census or under s. 16.96 for 2020, may, by ordinance, impose a sales and use tax under this subchapter at the rate of 0.1, 0.2, 0.3, 0.4, or 0.5 percent of the sales price or purchase price. A sales and use tax enacted under this subsection may not take effect unless approved by a majority vote of all qualified electors in the municipality voting on the issue at a referendum. The revenue from the taxes imposed under this subsection may be used for any purpose designated by the governing body of the municipality or specified in the ordinance or in the referendum approving the ordinance. The taxes imposed under this subsection may be imposed only in their entirety as provided in this subchapter. If

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approved at a referendum, the ordinance shall be effective on January 1, April 1, July 1, or October 1. A certified copy of that ordinance shall be delivered to the secretary of revenue at least 120 days prior to its effective date. The repeal of any such ordinance shall be effective on December 31. A certified copy of a repeal ordinance shall be delivered to the secretary of revenue at least 120 days before the effective date of the repeal. Except as provided under s. 77.60 (9), the department of revenue may not issue any assessment nor act on any claim for a refund or any claim for an adjustment under s. 77.585 after the end of the calendar year that is 4 years after the year in which the municipality has enacted a repeal ordinance under this subsection.

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

77.71 Imposition of county, municipality, transit authority, and special district sales and use taxes. (intro.) Whenever a sales and use tax ordinance is adopted under s. 77.70 ~~or~~, 77.701, or 77.702, a transit authority resolution is adopted under s. 77.708, or a ~~special-district~~ resolution is adopted under s. 77.706, the following taxes are imposed:

****NOTE: This is reconciled s. 77.71 (intro.). This SECTION has been affected by drafts with the following LRB numbers: -1551/P1 and -1689/P3

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

77.71 (1) For the privilege of selling, licensing, leasing, or renting tangible personal property and the items, property, and goods specified under s. 77.52 (1) (b), (c), and (d), and for the privilege of selling, licensing, performing, or furnishing services a sales tax is imposed upon retailers at the rates under s. 77.70 in the case of a county tax, at the rate under s. 77.701 or 77.702 in the case of a municipality

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tax, at the rate under s. 77.708 in the case of a transit authority tax, or at the rate under s. 77.706 in the case of a special district tax of the sales price from the sale, license, lease, or rental of tangible personal property and the items, property, and goods specified under s. 77.52 (1) (b), (c), and (d), except property taxed under sub. (4), sold, licensed, leased, or rented at retail in the county, municipality, ~~or~~ special district, or transit authority's jurisdictional area, or from selling, licensing, performing, or furnishing services described under s. 77.52 (2) in the county, municipality, ~~or~~ special district, or transit authority's jurisdictional area.

****NOTE: This is reconciled s. 77.71 (1). This SECTION has been affected by drafts with the following LRB numbers: -1551/P1 and -1689/P3

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

77.71 (2) An excise tax is imposed at the rates under s. 77.70 in the case of a county tax, at the rate under s. 77.701 or 77.702 in the case of a municipality tax, at the rate under s. 77.708 in the case of a transit authority tax, or at the rate under s. 77.706 in the case of a special district tax of the purchase price upon every person storing, using, or otherwise consuming in the county, municipality, ~~or~~ special district, or transit authority's jurisdictional area tangible personal property, or items, property, or goods specified under s. 77.52 (1) (b), (c), or (d), or services if the tangible personal property, item, property, good, or service is subject to the state use tax under s. 77.53, except that a receipt indicating that the tax under sub. (1), (3), (4), or (5) has been paid relieves the buyer of liability for the tax under this subsection and except that if the buyer has paid a similar local tax in another state on a purchase of the same tangible personal property, item, property, good, or service that tax shall be credited against the tax under this subsection and except

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that for motor vehicles that are used for a purpose in addition to retention, demonstration, or display while held for sale in the regular course of business by a dealer the tax under this subsection is imposed not on the purchase price but on the amount under s. 77.53 (1m).

****NOTE: This is reconciled s. 77.71 (2). This SECTION has been affected by drafts with the following LRB numbers: -1551/P1 and -1689/P3

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

77.71 (3) An excise tax is imposed upon a contractor engaged in construction activities within the county ~~or~~, special district, or transit authority's jurisdictional area at the rates under s. 77.70 in the case of a county tax, at the rate under s. 77.701 or 77.702 in the case of a municipality tax, at the rate under s. 77.708 in the case of a transit authority tax, or at the rate under s. 77.706 in the case of a special district tax of the purchase price of tangible personal property or items, property, or goods under s. 77.52 (1) (b), (c), or (d) that are used in constructing, altering, repairing, or improving real property and that became a component part of real property in that county, municipality, or special district, or in the transit authority's jurisdictional area, except that if the contractor has paid the sales tax of a county, municipality, transit authority, or special district in this state on that tangible personal property, item, property, or good, or has paid a similar local sales tax in another state on a purchase of the same tangible personal property, item, property, or good, that tax shall be credited against the tax under this subsection.

****NOTE: This is reconciled s. 77.71 (3). This SECTION has been affected by drafts with the following LRB numbers: -1551/P1 and -1689/P3

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

77.71 (4) An excise tax is imposed at the rates under s. 77.70 in the case of a

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county tax, at the rate under s. 77.701 or 77.702 in the case of a municipality tax, at the rate under s. 77.708 in the case of a transit authority tax, or at the rate under s. 77.706 in the case of a special district tax of the purchase price upon every person storing, using, or otherwise consuming a motor vehicle, boat, recreational vehicle, as defined in s. 340.01 (48r), or aircraft if that property must be registered or titled with this state and if that property is to be customarily kept in a county that has in effect an ordinance under s. 77.70, in a municipality that has in effect an ordinance under s. 77.701 or 77.702, the jurisdictional area of a transit authority that has in effect a resolution under s. 77.708, or in a special district that has in effect a resolution under s. 77.706, except that if the buyer has paid a similar local sales tax in another state on a purchase of the same property, that tax shall be credited against the tax under this subsection. The lease or rental of a motor vehicle, boat, recreational vehicle, as defined in s. 340.01 (48r), or aircraft is not taxed under this subsection if the lease or rental does not require recurring periodic payments.

****NOTE: This is reconciled s. 77.71 (4). This SECTION has been affected by drafts with the following LRB numbers: -1551/P1 and -1689/P3

SECTION 14. 77.71 (5) of the statutes is amended to read:

77.71 (5) An excise tax is imposed on the purchase price for the lease or rental of a motor vehicle, boat, recreational vehicle, as defined in s. 340.01 (48r), or aircraft at the rates under s. 77.70 in the case of a county tax, at the rate under s. 77.701 or 77.702 in the case of a municipality tax, at the rate under s. 77.708 in the case of a transit authority tax, or at the rate under s. 77.706 in the case of a special district tax upon every person storing, using, or otherwise consuming in the county, municipality, ~~or special district~~, or transit authority's jurisdictional area the motor

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vehicle, boat, recreational vehicle, as defined in s. 340.01 (48r), or aircraft if that property must be registered or titled with this state and if the lease or rental does not require recurring periodic payments, except that a receipt indicating that the tax under sub. (1) had been paid relieves the purchaser of liability for the tax under this subsection and except that if the purchaser has paid a similar local tax in another state on the same lease or rental of such motor vehicle, boat, recreational vehicle, as defined in s. 340.01 (48r), or aircraft, that tax shall be credited against the tax under this subsection.

****NOTE: This is reconciled s. 77.71 (5). This SECTION has been affected by drafts with the following LRB numbers: -1551/P1 and -1689/P3

SECTION 15. 77.76 (3t) of the statutes is created to read:

77.76 (3t) From the appropriation under s. 20.835 (4) (gj), the department shall distribute 99.25 percent of the municipality taxes reported for each enacting municipality, minus the municipality portion of the retailers' discounts, to the municipality and shall indicate the taxes reported by each taxpayer, no later than 75 days following the last day of the calendar quarter in which such amounts were reported. In this subsection, the "municipality portion of the retailers' discount" is the amount determined by multiplying the total retailers' discount by a fraction the numerator of which is the gross municipality sales and use taxes payable and the denominator of which is the sum of the gross state and municipality sales and use taxes payable. The municipality taxes distributed shall be increased or decreased to reflect subsequent refunds, audit adjustments, and all other adjustments of the municipality taxes previously distributed. Interest paid on refunds of municipality sales and use taxes shall be paid from the appropriation under s. 20.835 (4) (gj) at

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the rate paid by this state under s. 77.60 (1) (a). Any municipality receiving a report under this subsection is subject to the duties of confidentiality to which the department of revenue is subject under s. 77.61 (5) and (6).

SECTION 16. 77.76 (4m) of the statutes is created to read:

77.76 (4m) There shall be retained by the state 0.75 percent of the taxes collected for taxes imposed by municipalities under s. 77.702 to cover the costs incurred by the state in administering, enforcing, and collecting the tax. All interest and penalties collected shall be deposited and retained by this state in the general fund.

(END)