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## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

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**2005 Assembly Bill 646**

**Senate Amendments 1 and 2**

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2005 Assembly Bill 646 expands exemptions in current law from sales and use taxes for certain property used in the business of farming.

### **Current Law**

Current law exempts all of the following from sales and use taxes, when used exclusively and directly in the business of farming:

1. Tractors and machines, including accessories, attachments, and parts but excluding vehicles for highway use and certain other personal property. [s. 77.54 (3), Stats.]
2. Various listed agricultural supplies, such as plants, livestock, feed, fertilizer, and pesticides. [s. 77.54 (3m), Stats.]
3. Electricity and fuel. [s. 77.54 (30) (a) 3. and 5., Stats.]

For purposes of these exemptions, current law specifies that “the business of farming” includes dairy farming, agriculture, horticulture, and floriculture. For purposes of the exemptions for tractors and machines and for agricultural supplies, the term also includes custom farming services.

### **Engrossed Assembly Bill 646**

Assembly Bill 646, as passed by the Assembly, addresses only the exemption for tractors and machines. It does the following:

1. Expands the exemption to include lubricants, nonpower equipment, and other tangible personal property, in addition to accessories, attachments, and parts.

2. Provides that items that are consumed or lose their identities in the business of farming, in addition to those that are used in the business of farming, receive the exemption.
3. Adds silviculture to the activities included under “the business of farming” for purposes of this exemption.

The engrossed bill takes effect on the first day of the second month after publication.

**Senate Amendment 1**

Senate Amendment 1 adds silviculture to the activities included under “the business of farming” for purposes of the exemptions for agricultural supplies and for electricity and fuel.

**Senate Amendment 2**

Senate Amendment 2 delays the effective date until July 1, 2007.

**Legislative History**

The Senate Committee on Agriculture and Insurance recommended concurrence in Assembly Bill 646 on a vote of Ayes, 5; Noes, 2.

The Joint Committee on Finance recommended adoption of Senate Amendment 1 on a vote of Ayes, 16; Noes, 0; adoption of Senate Amendment 2 on a vote of Ayes, 15; Noes, 1; and concurrence in Assembly Bill 646, as amended, on a vote of Ayes, 12; Noes, 4.

The Senate adopted Senate Amendments 1 and 2 on voice votes and concurred in Assembly Bill 646, as amended, on a vote of Ayes, 19; Noes, 13.

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