



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2005 Assembly Bill 913

**Assembly Substitute
Amendment 1**

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Assembly Substitute Amendment 1

The substitute amendment provides that a person who performs real property construction activities (“a contractor”) is not required to collect sales and use taxes on personal property or taxable services transferred to the purchaser of real property if both of the following conditions are satisfied:

1. The amount for the personal property or services is charged to the purchaser of real property as part of a “lump sum contract” in which the contractor quotes the charges for labor, services of subcontractors, and materials as one price. A “lump sum contract” is defined to include a contract for which the contractor itemizes the charges for labor, services of subcontractors, and materials as part of the schedule of values or similar document.
2. The total amounts charged as part of a lump sum contract for personal property or services is less than 10% of the total amount of the lump sum contract.

Under the substitute amendment, the contractor would be liable for the sales and use taxes imposed on personal property or services sold under a lump sum contract, except for sales to an entity exempt under s. 77.54 (9a), Stats. The sales tax would be based on the cost of the personal property or services to the contractor.

Legislative History

Assembly Substitute Amendment 1 was offered by the Assembly Committee on Ways and Means. On February 8, 2006, the Assembly Committee on Ways and Means adopted Assembly Substitute Amendment 1 by a vote of Ayes, 12; Noes, 0, and recommended the bill for passage, as amended, by a vote of Ayes, 12; Noes, 0.

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