

State of Misconsin 2011 - 2012 LEGISLATURE



2011 SENATE BILL 362

January 5, 2012 – Introduced by Senators Grothman, Cowles and Holperin, cosponsored by Representatives Jacque, Brooks, Kaufert, Rivard, Spanbauer, Steineke, Strachota, Stroebel and Wynn. Referred to Joint Survey Committee on Tax Exemptions.

AN ACT *to create* 77.54 (9a) (j) of the statutes; **relating to:** a sales and use tax exemption for building materials that become a part of a facility for a local unit of government or nonprofit organization.

Analysis by the Legislative Reference Bureau

Under current law, municipalities, school districts, and certain nonprofit organizations are exempt from paying the sales tax and the use tax on purchases of tangible personal property. To receive the sales tax or use tax exemption, the municipality, school district, or nonprofit organization must purchase the tangible personal property. A construction contractor hired by the municipality, school district, or nonprofit organization may not receive the exemption for property purchased by the contractor to be used for a municipality, school district, or nonprofit organization construction project.

Under this bill, the sale of tangible personal property that becomes a component of a facility in this state that is owned by a municipality or nonprofit organization is exempt from the sales tax and the use tax. The exemption applies to tangible personal property purchased by a construction contractor who transfers the property to the municipality or nonprofit organization as part of constructing the facility.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

SENATE BILL 362

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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. 77.54 (9a) (j) of the statutes is created to read:

77.54 (9a) (j) A construction contractor who, in fulfillment of a real property construction activity, transfers the tangible personal property, or item, or property under s. 77.52 (1) (b) or (c), to an entity described under par. (b) or (f), if such tangible personal property, item, or property becomes a component of a facility in this state that is owned by the entity. In this subsection, "facility" means any building, shelter, parking lot, parking garage, athletic field, athletic park, storm sewer, or water supply system, but does not include a highway, street, or road.

SECTION 2. Initial applicability.

(1) This act first applies to contracts entered into on the effective date of this subsection.

SECTION 3. Effective date.

(1) This act takes effect on the first day of the 2nd month beginning after publication.

15 (END)