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State of Misconsin 2015 - 2016 LEGISLATURE

LRB-2751/1 JK:jld

2015 SENATE BILL 227

August 11, 2015 – Introduced by Senators MARKLEIN, GUDEX, HARSDORF and PETROWSKI, cosponsored by Representatives KULP, JACQUE, TRANEL, KOOYENGA, BERNIER, E. BROOKS and NOVAK. Referred to Joint Survey Committee on Tax Exemptions.

1 AN ACT to create 77.54 (9m) 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

3 of government or nonprofit organization.

Analysis by the Legislative Reference Bureau

Under this bill, the sale of tangible personal property that becomes a component of a facility in this state that is owned by a county, municipality, school district, 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 county, municipality, school district, or nonprofit organization as part of constructing the facility.

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

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.

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

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

SECTION 1. 77.54 (9m) of the statutes is created to read:

 $\mathbf{2}$ 77.54 (9m) The sales price from the sale of and the storage, use, or other 3 consumption of tangible personal property, or items or property under s. 77.52 (1) (b) 4 or (c), sold to a construction contractor who, in fulfillment of a real property $\mathbf{5}$ construction activity, transfers the tangible personal property, or items or property 6 under s. 77.52 (1) (b) or (c), to an entity described under sub. (9a) (b) or (f), if such 7 tangible personal property, or items or property, becomes a component of a facility 8 in this state that is owned by the entity. In this subsection, "facility" means any 9 building, shelter, parking lot, parking garage, athletic field, athletic park, storm 10 sewer, water supply system, or sewerage and waste water treatment facility, but does 11 not include a highway, street, or road.

- 12 SECTION 2. Initial applicability.
- 13 (1) This act first applies to contracts entered into on January 1, 2016.
- 14 SECTION 3. Effective date.
- 15 (1) This act takes effect on January 1, 2016.
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(END)