



Amy Loudenbeck

REPRESENTING WISCONSIN'S 31ST ASSEMBLY DISTRICT

Testimony before Senate Committee on Agriculture, Revenue and Financial Institutions

Senate Bill 54

Rep. Amy Loudenbeck

March 26, 2019

Thank you, Mr. Chairman and committee members for the opportunity to testify in favor of Senate Bill 54.

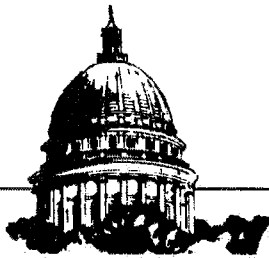
The changes in this bill are common sense changes that will allow the Department of Revenue (DOR) to disclose tax liability to a business owner who is looking to purchase a business or inventory from a business that is closing.

This issue was brought to our attention by a local small business owner who purchased inventory and equipment from a shop that was closing. As a new small business owner, she was dismayed to receive an assessment from DOR for thousands of dollars in delinquent sales tax that the owner of the company she bought the inventory from had failed to pay.

After she contacted my office with her issue, we were able to work with DOR to understand where the flaws were in current law and what statutory changes would be needed to make sure that someone purchasing a business or inventory would be able to obtain information on potential successor liability. This bill reflects DOR's drafting recommendations.

This bill will help prevent this from happening to other small business owners in the future, just because they buy inventory or equipment from a business that has failed to pay taxes.

Thank you for your time today, I would be happy to answer any questions at this time.



DALE KOOYENGA
WISCONSIN STATE SENATOR

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March 26, 2019

TO: Members of the Senate Committee on Agriculture, Revenue, and Financial Institutions
FR: Senator Dale Kooyenga
RE: Senate Bill 54

Thank you for holding a public hearing on Senate Bill 54, which would allow the Department of Revenue (DOR) to disclose tax liability to a business owner who is looking to purchase a business or inventory from a closing business.

Under current law, the Department of Revenue is generally prohibited from divulging information about a retailer that is included in the sales tax returns filed by the retailer. However, DOR may allow certain individuals to examine the returns for purposes of administration and enforcement. Unfortunately, the allowances are limited to a successor, guarantor, or surety. It does not allow a business to examine such records if they are looking to acquire the business's inventory or equipment.

This issue stems from a local small business owner who purchased inventory and equipment from a store that was closing. The business owner was not aware that the business selling its inventory and equipment had failed to pay its sales tax. In fact, the DOR had been allowing this business to operate in a sales tax delinquent status for ten years without any attempt to seize inventory, equipment, or real estate assets. When the inventory and equipment was eventually sold, DOR assessed the acquiring business for all of the prior owner's delinquent sales taxes and penalties, costing the acquirer thousands of dollars.

Under Senate Bill 54, if a person provides evidence to DOR that they intend to purchase a retailer's business or inventory, they may examine the retailer's sales tax returns, exhibits, and audit reports for the purpose of identifying the retailer's outstanding sales tax liability. I believe it is a common sense reform that will simply allow the purchaser of a business to obtain information on potential successor liability and prevent small business owners from being penalized for the failure of another business.

The bill promotes full transparency and accountability between seller and purchaser, fixes the flaws of current law, and provides DOR the tools it needs to best serve and protect small businesses.

Thank you again for hearing SB 54 and I respectfully ask for your support.