



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

February 1, 2022

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 574/Senate Bill 569: Modification to Sales Tax Exemption for Entertainment Admission Sales by Nonprofit Organizations

Senate Bill 569 (SB 569) was introduced on September 24, 2021, and referred to the Senate Committee on Financial Institutions and Revenue. That Committee held a public hearing on SB 569 on January 11, 2022. On January 13, 2022, that Committee recommended the bill for passage by a vote of 5-0.

Assembly Bill 574 (AB 574) is an identical companion bill that was introduced on September 22, 2021, and referred to the Assembly Committee on Ways and Means. That Committee held a public hearing on AB 574 on October 10, 2021. On November 9, 2021, the Committee recommended the bill for passage by a vote 13-0.

SUMMARY OF BILL

Wisconsin imposes a general sales and use tax at a rate of five percent on the sales price or purchase price of taxable goods and services sold or used in this state, with certain exceptions.

Under current law, occasional sales of otherwise taxable goods or services (including admissions or tickets to an event) by a neighborhood association, church, civic group, garden club, social club, or similar nonprofit organization, are exempt from the sales tax if the following conditions are satisfied: (a) the event does not involve entertainment for which payment in the aggregate exceeds \$10,000 for performing or as reimbursement of expenses unless access to the event may be obtained without payment of a direct or indirect admission fee; and (b) the organization is not engaged in a trade or business and is not required to have a seller's permit. For purposes of this provision, an organization is engaged in a trade or business and is required to have a seller's permit if its sales of tangible personal property and services (not including sales of tickets to events) and its events occur on more than 75 days during the year, unless its taxable receipts do not exceed \$50,000 during the year.

SB 569 and AB 574 are identical bills (the bill) that would increase the threshold on payment for entertainment from \$10,000 to \$50,000. The higher limit would take effect on the first day of the third month beginning after publication of the bill.

FISCAL EFFECT

Based on the fiscal estimate produced by the Department of Revenue, the bill would reduce state sales and use tax revenues by \$8,000 in 2021-22 and \$50,600 in 2022-23, and annually thereafter.

Prepared by: Sydney Emmerich