



## Legislative Fiscal Bureau

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

January 11, 2024

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 351/Assembly Bill 353: Sales Tax Exemption for Certain Memberships Sold to Real Estate Brokers

Senate Bill 351 (SB 351) was introduced on June 29, 2023, and referred to the Senate Committee on Universities and Revenue. That Committee held a public hearing on SB 351 on December 5, 2023. On December 20, 2023, that Committee recommended the bill for passage by a vote of 8-0.

Assembly Bill 353 (AB 353) is an identical companion bill that was introduced on July 17, 2023, and referred to the Assembly Committee on Ways and Means. That Committee held a public hearing on AB 353 on October 10, 2023. On December 12, 2023, that Committee recommended the bill for passage by a vote of 7-0.

### **SUMMARY OF BILLS**

Wisconsin imposes a general sales and use tax at a rate of five percent on the sales price or purchase price of taxable goods, including digital goods and codes, and services sold or used in this state, with certain exceptions. Access to an online database or website of current or historical information that allows the user to view and/or download the information, including price or valuation information, is generally subject to tax.

The bills would exempt from tax the sales price of a membership sold to a licensed Wisconsin real estate broker who, pursuant to the broker's membership agreement, offers to compensate and cooperate with other real estate brokers in brokering sales of properties and who obtains access to information about real estate listing and compensation offers from other real estate brokers. The bills would take effect on the first day of the third month beginning after publication.

## **FISCAL EFFECT**

In its fiscal note, the Department of Revenue estimated that dues paid by Wisconsin real estate brokers or agents to participate in the multiple listings service (MLS) are \$750,000 annually. Assuming the bills are enacted in February and the exemption were to take effect in May, it is estimated that this exemption would reduce sales tax revenues by \$6,000 in 2023-24 and \$37,500 in 2024-25.

In general, MLS dues provide access to an MLS database, which allows real estate brokers to provide data with each other about properties for sale, with the goal of connecting homebuyers to sellers. Realtors and other realty professionals can become members of the MLS to post real estate listings on the service. This estimate is only based on the sales of MLS memberships to licensed Wisconsin real estate brokers. Because the MLS is not specifically enumerated in the bill, it is possible that future agreements between licensed Wisconsin real estate brokers could also meet the criteria for the proposed sales tax exemption.

Prepared by: Sydney Emmerich