



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #296

Sales and Use Tax Exemption for Veterinary Services (General Fund Taxes -- Sales and Excise Taxes)

[LFB 2013-15 Budget Summary: Page 184, #3]

CURRENT LAW

The 5% state sales and use tax is generally imposed on the sale, use, or other consumption of tangible personal property in Wisconsin, unless a specific exemption applies. Purchases of farm tractors and machines, including parts, lubricants, nonpowered equipment, and other tangible personal property used or consumed in the business of custom farming services are exempt from the tax. In addition, purchases of seeds, plants, feed, fertilizer, pesticides, wire and twine, animal bedding milkhouse supplies, plastic sheeting, and certain containers used in custom farming services are exempt from the tax. The term "custom farming services" is not defined in the sales and use tax statutes.

GOVERNOR

Specify that "custom farming services" includes services performed by a veterinarian to animals that are farm livestock or work stock under laws governing the general sales and use tax. According to the Department of Revenue (DOR), this provision would codify the Department's current sales tax treatment of these veterinary services and would not have a fiscal impact.

MODIFICATION

Modify the proposed definition to specify that "custom farming services" includes services performed by a veterinarian to animals that are farm livestock or work stock used exclusively in the business of farming.

Explanation: On April 12, 2013, the State Budget Director sent a list of technical corrections to the Legislative Fiscal Bureau identifying a number of modifications to correct

errors in the Governor's budget bill or to better reflect the Governor's intent. One of the changes requested was to specify that veterinarian services would only be considered custom farming services if the farm livestock or work stock on which the veterinarian services are performed is used exclusively in the business of farming. The modification would better reflect the Governor's intent to codify DOR's current sales tax treatment of these veterinary services and would not have a fiscal impact on the general fund.

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