



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #313

Occasional Sales Tax Exemption (General Fund Taxes -- Sales and Excise Taxes)

[LFB 2017-19 Budget Summary: Page 194, #7]

CURRENT LAW

Current law exempts occasional sales of taxable goods and services from the general sales and use tax. "Occasional sales" include isolated and sporadic sales of goods and services where the infrequency and circumstances of the sale support the inference that the seller is not pursuing a full- or part-time vocation, occupation, or business. Department of Revenue regulations specify that total calendar-year sales of less than \$1,000 by persons not required to hold a seller's permit are exempted as occasional sales. The \$1,000 regulatory threshold has not been increased since 1985.

GOVERNOR

The bill would codify the threshold for the occasional sales exemption and increase the threshold to \$2,000 per calendar year. Further, the bill would alter the statutory definition of occasional sales to create a presumption that a seller is not pursuing a full- or part-time vocation, occupation, or business as a vendor of property or services if the seller's total taxable sales are less than \$2,000 in a calendar year. The changes would initially apply on January 1, 2018.

MODIFICATION

Modify the Governor's recommendation to reduce the estimated GPR-Tax decrease from sales tax revenue in 2017-18 by \$85,000.

Explanation: The expansion of the occasional sales tax exemption under the bill was estimated to reduce tax revenues by \$169,900 in 2017-18 and by \$162,100 in 2018-19. However, because the changes would take effect in 2018, there would

be no fiscal effect for sales occurring in calendar year 2017. As a result, the anticipated impact for 2017-18 should be half the estimated amount.

	Base	Change to Bill
GPR-Tax	- \$247,000	\$85,000

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