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2005 ASSEMBLY BILL 126

February 22, 2005 – Introduced by Representatives Vrakas, Petrowski, Jensen, Owens, Krawczyk, Kestell, Vos, Towns, Kerkman, Van Roy, Hahn, Musser, Lemahieu, Freese, Townsend, Hines, Nass, Albers, Gunderson, Suder, Stone, J. Fitzgerald, F. Lasee, Loeffelholz, Rhoades, Ott, Wood, Kreibich, Ballweg, Molepske and Moulton, cosponsored by Senators Grothman, A. Lasee, Reynolds, Roessler, Lassa, Leibham, Stepp, Kedzie, Zien, Kapanke, Lazich and Darling. Referred to Committee on Ways and Means. Referred to Joint Survey Committee on Tax Exemptions.

AN ACT *to create* 77.54 (48) of the statutes; **relating to:** a sales and use tax exemption for building materials that become a part of a facility for a local unit of government's or nonprofit organization.

Analysis by the Legislative Reference Bureau

Under current law, municipalities, school districts, and certain nonprofit organizations are exempt from paying the sales tax and the use tax on purchases of tangible personal property. To receive the sales tax or use tax exemption, the municipality, school district, or nonprofit organization must purchase the tangible personal property. A construction contractor hired by the municipality, school district, or nonprofit organization may not receive the exemption for property purchased by the contractor to be used for a municipality, school district, or nonprofit organization construction project.

Under this bill, the sale of tangible personal property that becomes a component of a facility in this state that is owned by a municipality or nonprofit organization is exempt from the sales tax and the use tax. The exemption applies to tangible personal property purchased by a construction contractor who transfers the property to the municipality or nonprofit organization as part of constructing the facility.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

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For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Section 1. 77.54 (48) of the statutes is created to read:

77.54 (48) The gross receipts from the sale of and the storage, use, or other consumption of tangible personal property that becomes a component of a facility in this state that is owned by an entity described under sub. (9a) (b) or (f). This subsection applies to tangible personal property purchased by a construction contractor who, in fulfillment of a real property construction activity, transfers the property to the entity described under sub. (9a) (b) or (f). In this subsection, "facility" includes any building, shelter, parking lot, parking garage, athletic field, athletic park, storm sewer, or water supply system, but does not include a highway, street, or road.

Section 2. Effective date.

(1) This act takes effect on the first day of the 2nd month beginning after publication.

14 (END)