



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0516/P1
JK:sac:rs

DOA:.....Ley, BB0225 - Lump sum contract sales tax exemption

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

This bill creates a sales and use tax exemption for items and services sold as part of a lump sum contract. Under the bill, a lump sum contract is a contract to perform real property construction activities and for which the contractor quotes the charge for labor, services of subcontractors, and materials as one price, including a contract for which the contractor itemizes the charges for labor, services of subcontractors, and materials as part of a schedule of values or similar document.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

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. 77.51 (11d) of the statutes is amended to read:

77.51 **(11d)** For purposes of subs. (1ag), (1f), (3pf), and (9p) and ss. 77.52 (20) and (21), 77.522, and 77.54 (51) ~~and~~, (52), and (60), “product” includes tangible personal property, and items, property, and goods under s. 77.52 (1) (b), (c), and (d), and services.

SECTION 2. 77.54 (60) of the statutes is created to read:

77.54 **(60)** (a) In this subsection, “lump sum contract” means a contract to perform real property construction activities and to provide tangible personal property, items or property under s. 77.52 (1) (b) or (c), or taxable services and for which the contractor quotes the charge for labor, services of subcontractors, tangible personal property, items and property under s. 77.52 (1) (b) and (c), and taxable services as one price, including a contract for which the contractor itemizes the charges for labor, services of subcontractors, tangible personal property, items and property under s. 77.52 (1) (b) and (c), and taxable services as part of a schedule of values or similar document.

(b) The sales price from the sale of and the storage, use, or other consumption of tangible personal property, items and property under s. 77.52 (1) (b) and (c), and taxable services that are sold by a contractor as part of a lump sum contract, if the total sales price of all such taxable products is less than 10 percent of the total amount of the lump sum contract. Except as provided in par. (c), the contractor is the consumer of such taxable products and shall pay the tax imposed under this subchapter on the taxable products.

(c) If the lump sum contract is entered into with an entity that is exempt from taxation under sub. (9a), the contractor is the consumer of all taxable products used by the contractor in real property construction activities, but the contractor may purchase without tax, for resale, tangible personal property, items and property

under s. 77.52 (1) (b) and (c), and taxable services that are sold by the contractor as part of the lump sum contract with the entity and that are not consumed by the contractor in real property construction activities.

SECTION 9337. Initial applicability; Revenue.

(1) LUMP SUM CONTRACTS. The treatment of sections 77.51 (11d) and 77.54 (60) of the statutes first applies to contracts entered into on the effective date of this subsection.

SECTION 9437. Effective dates; Revenue.

(1) LUMP SUM CONTRACTS. The treatment of sections 77.51 (11d) and 77.54 (60) of the statutes and SECTION 9337 (1) of this act take effect on the first day of the 3rd month beginning after publication.

(END)