

---

# Wisconsin Legislative Council

## AMENDMENT MEMO

---



**Memo published:** February 26, 2020

**Contact:** Dan Schmidt, Deputy Director

### 2019 Senate Bill 720

### Senate Substitute Amendment 1 and Senate Amendments 1, 2, and 3 to Senate Substitute Amendment 1 and Assembly Amendment 2

## 2019 SENATE BILL 720

2019 Senate Bill 720 makes a number of changes to tax administration laws at the request of the Department of Revenue (DOR). In summary, the bill:

- Modifies certain shared revenue payment and Consumer Price Index (CPI) calculation dates.
- Reduces the omitted tax property reporting threshold from \$5000 to \$250.
- Increases the fee for filing a manufacturing property objection to assessment from \$45 to \$200.
- Alters the filing and determination dates for railroad companies to match that of other utilities.
- Decreases the interest paid on license fees paid by utilities from nine percent to three percent.
- Modifies annual training requirements for members of local boards of review.
- Permits DOR to determine fees for assessor certification based on actual cost, not to exceed \$75.
- Replaces obsolete references to the Internal Revenue Code (IRC).
- Defines “earned income” and clarifies “primary income from farming” for the purposes of the homestead credit.
- Modifies the historic rehabilitation tax credit transfer procedure to permit a person to file a claim in more than one year.
- Clarifies that the sales tax transfer exemption applies without regard to whether a service is taxable.
- Modifies the sales and use tax exemption for churches, religious organizations, and certain specific nonprofit organizations to conform to DOR’s current administrative practices.
- Alters the sales tax collection standard for out-of-state retailers from \$100,000 in sales or more than 200 sales transactions to \$100,000 in sales.
- Allows the Legislative Audit Bureau to examine DOR sales and use tax returns for the purposes of carrying out its duties.
- Eliminates the restriction under current law that prohibits a county treasurer from paying town funds to the town treasurer at certain times of the year.
- Requires that a pass-through entity designate a member to act on the entity’s behalf for DOR audit purposes.

- Modifies the current apportionment formula for out-of-state residents to match that of resident entities.
- Increases the time for providing corrections to DOR in relation to DOR final audit determinations from 90 days to 180 days.

## **SENATE SUBSTITUTE AMENDMENT 1**

The substitute amendment eliminates the provision that requires a pass-through entity to designate a member to act on the entity's behalf for DOR audit purposes and the provision that modifies the current apportionment formula for out-of-state residents to match that of resident entities. It includes new provisions which:

- Adopt various provisions of the 2018 federal IRC for state income and franchise purposes.
- Modify existing provisions and eliminate obsolete provisions related to the medical care insurance subtraction for self-employed individuals.
- Permit an individual to elect not to claim the qualified retirement plan exemption if it would result in the taxpayer receiving a larger homestead credit.

## **SENATE AMENDMENT 1 TO SENATE SUBSTITUTE AMENDMENT 1**

Senate Amendment 1 adopts the provisions of the newer 2019 IRC rather than the prior 2018 IRC and alters the provision regarding providing corrections to DOR in relation to final audit determinations to refer to IRS final audit determinations rather than DOR final audit determinations.

## **SENATE AMENDMENTS 2 AND 3 TO SENATE SUBSTITUTE AMENDMENT 1**

Senate Amendments 2 and 3 specify that the decrease in interest paid on license fees paid by utilities first applies to refunds paid on the effective date of the bill regardless of the taxable periods to which the refunds pertain.<sup>1</sup>

## **ASSEMBLY AMENDMENT 2 TO SENATE BILL 720 (AS AMENDED BY THE SENATE)**

Assembly Amendment 2 eliminates the provisions of the bill that modify the medical care income subtraction for self-employed individuals.

In addition, the amendment clarifies that the leasing of all or part of any property owned by a tax-exempt church or religious association or institution to an educational association or institution that is similarly tax-exempt under Wisconsin law does not render the property taxable, regardless of how the lessor uses the leasehold income.

---

<sup>1</sup> The only difference between Senate Amendment 2 and Senate Amendment 3 is that Senate Amendment 3 applies its treatment to one additional section that was not included in Senate Amendment 2. That section is s. 76.075, Stats. It relates to the adjustment of assessments for public utilities.

## **BILL HISTORY**

Senator Marklein introduced Senate Bill 720 on January 24, 2020, and offered Senate Substitute Amendment 1 and Senate Amendment 1 to Senate Substitute Amendment 1 on February 5, 2020. On February 6, 2020, the Senate Committee on Agriculture, Revenue and Financial Institutions recommended the adoption of Senate Amendment 1 to Senate Substitute Amendment 1, the adoption of Senate Substitute Amendment 1, as amended, and the passage of Senate Bill 720, as amended, all on votes of Ayes, 9; Noes, 0.

Senator Marklein offered Senate Amendment 2 to Senate Substitute Amendment 1 on February 10, 2020. On February 18, 2020, the Joint Committee on Finance recommended adoption of Senate Amendments 1 and 2 to Senate Substitute Amendment 1 and Senate Substitute Amendment 1, as amended, all by votes of Ayes, 14; Noes, 0. Senator Marklein offered Senate Amendment 3 to Senate Substitute Amendment 1 on February 18, 2020. On February 19, 2020, the Senate adopted Senate Amendments 1, 2 and 3 to Senate Substitute Amendment and adopted Senate Substitute Amendment 1, as amended.

Representative Wittke offered Assembly Amendment 2 to Senate Bill 720 and was adopted by the Assembly on February 20, 2020.

DWS:jal