STATE REPRESENTATIVE
Garey Bies
1st ASSEMBLY DISTRICT

Testimony of Representative Garey Bies
Senate Committee on Energy, Consumer Protection and Government Reform

AB 107- Entertainers Surety Bond

Chairman Cowles, committee members. I appreciate the opportunity to testify in support of Assembly Bill 107.

This issue was brought to my attention by the organizers of the Peninsula Music Festival, a popular event that occurs in Door County every year. Many of the artists who perform in the festival travel at their own expense and often times bring their families to vacation in Wisconsin. But, an entertainer isn't just the artist who performs in Door County, or the large musical act at Summerfest; it also includes speakers' at large conferences all across the state.

When the entertainer comes to Wisconsin they're required to post a bond with the department of revenue as a guarantee they'll pay the state taxes incurred related to the performance if they'll earn more than $3200 in the taxable year.

The amount of the bond is 6 percent of the total contract price. If an entertainer is going to make $3201 on a performance (or combination of performances), he or she would have to submit a $192 bond to the Department of Revenue (DOR) no later than 7 days before the performance.

The requirement that an entertainer post a surety bond with DOR was enacted in 1987 and the dollar amount hasn't been changed since that time. Under this bill, an entertainer must file a bond with DOR if the total amount paid to the ~~entertainer under all contracts to perform in Wisconsin is more than $7,000 in~~ the taxable year. This increase accounts for inflation since the law was enacted.

This bill will also benefit small business owners who must obtain the surety bond for out-of-state entertainers whose tax liability is likely to be minimal.

First for Wisconsin!

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The bill as amended, incorporates recommendations from the Department of Revenue. The first being that employers of all sizes must include travel expenses as part of the 6% calculation for withholding, but travel expenses are often not known until after the event, so an employer must estimate the value. However, travel expenses aren't taxable so an employer is forced to estimate the tax liability on something that isn't taxable to begin with. This bill removes travel expenses from the 6% contract price used to determine the withholding or bond value.

The second change is the effective date of the bill will be January 1, 2014 to avoid the retroactive treatment of contracts/withholding that go back to January of 2013.

The bill passed the Assembly on a voice vote in October. I would welcome a positive vote in the Senate at well. Thank you for your time. I'd be happy to take any questions committee members may have.