

## NOTICE OF HEARING

### *Revenue*

NOTICE IS HEREBY GIVEN That, pursuant to s. 227.11 (2) (a), Stats., and interpreting ss. 73.03 and 77.51 to 77.79, Stats., the Department of Revenue will hold a public hearing to consider rules revising Chapter Tax 11, relating to sales and use tax.

The proposed rule order will:

- Reflect recent law changes relating to sales and use tax.
- Make various other changes to improve readability.
- Add examples where needed for clarification purposes.
- Update certain department procedures to follow, such as the various methods to register to collect Wisconsin sales or use tax and how to inactivate a seller's permit.

### **Hearing Information**

The hearing will be held:

**Date and Time:**

**August 13, 2010** at 9:00 a.m.

**Location:**

Events Room  
State Revenue Building  
2135 Rimrock Road  
Madison, Wisconsin

Handicap access is available at the hearing location.

### **Copies of Proposed Rules**

A copy of the full text of the proposed rule order and the full fiscal estimate may be obtained at no cost by contacting the department. See *Agency Contact Person* listed below.

### **Submission of Written Comments**

Interested persons are invited to appear at the hearing and may make an oral presentation. It is requested that written comments reflecting the oral presentation be given to the department at the hearing. Written comments may also be submitted to the contact person shown under *Agency Contact Person* listed below no later than August 20, 2010, and will be given the same consideration as testimony presented at the hearing.

### **Agency Contact Person**

Dale Kleven  
Department of Revenue  
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2135 Rimrock Road  
PO Box 8933  
Madison WI 53708-8933  
Telephone: (608) 266-8253

E-mail: dale.kleven@revenue.wi.gov

**Analysis Prepared by the Department of Revenue:**

***Statutes interpreted***

Sections 73.03 and 77.51 to 77.79, Stats.

***Statutory authority***

Section 227.11 (2) (a), Stats.

***Explanation of agency authority***

Section 227.11 (2) (a), Stats., provides that each agency may promulgate rules interpreting the provisions of any statute enforced or administered by it, if the agency considers it necessary to effectuate the purpose of the statute.

***Related statute or rule***

There are no other applicable statutes or rules.

***Plain language analysis***

This proposed rule order does the following:

- Reflects recent law changes relating to sales and use tax.
- Makes various other changes to improve readability.
- Adds examples where needed for clarification purposes.
- Updates certain department procedures to follow, such as the various methods to register to collect Wisconsin sales or use tax and how to inactivate a seller's permit.

***Summary of, and comparison with, existing or proposed federal regulation***

There is no existing or proposed federal regulation that is intended to address the activities to be regulated by the rule order.

***Comparison with rules in adjacent states***

Minnesota, Michigan, and Iowa administer their sales and use tax laws in a manner consistent with Wisconsin. These states do this through a combination of statutory provisions and administrative rules.

Illinois does not administer its sales and use tax laws in a manner substantively consistent with Wisconsin.

***Summary of factual data and analytical methodologies***

2009 Wisconsin Acts 2, 28, 204, and 330 adopted statutory changes to Wisconsin's sales and use tax statutes. The department has created this proposed rule order to reflect these changes in Wisconsin's sales and use tax laws.

### ***Analysis and supporting documents used to determine effect on small business***

As explained above, this proposed rule order is created to reflect changes in Wisconsin's sales and use tax laws. As the rule itself does not impose any significant financial or other compliance burden, the department has determined that it does not have a significant effect on small business.

### ***Anticipated costs incurred by private sector***

This proposed rule order does not have a significant fiscal effect on the private sector.

### **Small Business Impact**

This proposed rule order does not have a significant economic impact on a substantial number of small businesses.

### **Fiscal Estimate**

The proposed rule updates Chapter Tax 11 of the Administrative Code, pertaining to the sales and use tax, to reflect certain sales tax changes adopted during the 2009 Legislative session. Specifically, the proposed rule updates Chapter Tax 11 to conform, or more clearly conform, this chapter of the administrative code to sales tax provisions contained in the following 2009 Acts:

Act 2 – 2008-09 Budget Adjustment Legislation

Act 28 – 2009-11 Budget Bill

Act 204 – Food Sold by Child Welfare Facilities

Act 330 – Streamlined Sales and Use Tax Agreement Changes

The proposed rule modifies Chapter Tax 11 to reflect law changes, improve clarity, and add examples to illustrate the tax treatment of certain items.

The proposed rule includes:

- Updates and clarifications to reflect amendments to the Streamlined Sales and Use Tax Agreement.
- Act 204's sales tax exemption for food, except soft drinks, sold by any child welfare facility licensed or certified under Chapter 48.
- Examples of items not directly used in manufacturing (to facilitate the administration of Act 28's modifications to the definition of manufacturing).
- Clarifications to earlier changes pertaining to Act 2 and Act 28.

The fiscal effects of these rule changes were included in the fiscal estimates of 2009 Acts 2, 28, 204 and 330. Consequently, these rule changes have no fiscal effect.

DEPARTMENT OF REVENUE

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Roger M. Ervin  
Secretary of Revenue