

The change places the responsibility for payment of the tax on the first person (licensee A) withdrawing motor fuel from a refinery or terminal.

In addition, it will no longer be required that tax-free withdrawals by a licensed wholesaler from a Wisconsin terminal be withdrawn in 4,000 gallon lots or more.

4. Denial Of Interstate Fuel Tax Refunds Not Timely Filed (Amend s. 78.76 (2), effective July 2, 1983.)

Section 78.76(2) will specify that an interstate fuel tax report applying for a refund will be denied if the report is not filed within 90 days after the tax is paid to other states.

5. Limitations On Other Business-Class "B" Premises (Amend s. 125.32(4) (a)2, effective July 2, 1983.)

Current law provides that no Class "B" license or permit may be granted for any premises where any other business is conducted in connection with the premises, except that this restriction does not apply if the premises for which the Class "B" license or permit is issued is connected by a secondary doorway which serves as a safety exit and is not the primary entrance to the Class "B" premises. No other business may be conducted on premises operating under a Class "B" license or permit.

The amendment to s. 125.32(4)(a)2 changes the law to provide that these restrictions will not apply to a restaurant, whether or not it is a part of or located in any mercantile establishment.

6. Increase Rate Of Tax On Liquor Made From Whey Alcohol (Amend s. 139.03 (2t), effective September 1, 1983.)

The occupational tax on intoxicating liquor manufactured or distilled in this state from whey produced in Wisconsin will be increased from \$1.00 per wine gallon to \$1.65 per wine gallon. (Note: Retailers defined in s. 139.01(8) will not be subject to a floor tax on their inventories of this type of liquor. However, rectifiers and wholesalers will be subject to a floor tax on all whey alcohol held in inventory on September 1, 1983.)

7. Residency Requirements For Certain Alcohol Beverage Licenses (Amend s. 125.04(5)(d), effective July 2, 1983.)

This law change eliminates the one year Wisconsin residency requirement for persons making application for alcohol beverage operators' and/or managers' licenses in the 1st class city. The requirement to be a resident of the state on date of application remains.

8. Town Liquor Licenses (Create s. 125.51(4)(k), effective July 2, 1983.)

Towns will be allowed to issue "Class B" on premises alcohol beverage licenses to outdoor professional classical theatre companies and to conference center/restaurants used for lodging and meetings of staff and patrons of a professional repertory company without affecting the towns' statutory "Class B" license quotas.

9. Liquor Permit Fees (Amend s. 125.58(3) effective July 2, 1983.)

The annual fee for an alcohol beverage out-of-state shipper's permit will be increased from \$50 to \$250.

10. Cigarette Sales To and By Indians (Create s. 139.30(14) to (16), 139.323 and 139.325, 139.38(7), amend 139.31(1)(intro.), 139.32(1), 139.32(7), and 139.33(1), (3) and (4), effective October 1, 1983.)

The cigarette occupational tax will be changed to an excise tax, thereby making sales to Indians taxable. Indians who resell cigarettes on a reservation will be eligible for a refund of 70% of the taxes collected under s. 139.31 provided: (1) the tribal council files claim for the refund; (2) the tribal council has approved the retailer; (3) the land on which the sale of cigarettes occurred was designated a reservation or trust land on or before January 1, 1983; and (4) the cigarettes were not delivered by the retailer to the consumer by means of common carrier, contract carrier or U.S. postal service.

The Department of Revenue may enter into agreements to refund to the Indian sellers 100% of the tax revenue derived from cigarettes sold on reservations to enrolled members of the tribe residing on the tribal reservation.

11. Tobacco Products Occupational Tax (Amend s. 139.76(1), effective July 2, 1983.)

The amendment to s. 139.76(1) distinguishes between the occupational tax imposed upon the sale of domestic tobacco products and tobacco products imported from another country. Domestic tobacco products are taxed at the rate of 20% of the manufacturer's established list price to distributors without diminution by volume or other discounts. On tobacco products imported from another country the rate of tax is 20% of the amount obtained by adding the manufacturer's list price to the federal tax, duties and transportation costs to the United States. The tax attaches at the time the tobacco products are received by the distributor in Wisconsin.

12. Cigarette and Tobacco Products Permits (Repeal and recreate s. 139.79(3) and 139.81(3), effective July 2, 1983.)

The holder of a cigarette distributor permit may obtain a tobacco products distributor permit at no charge, and any person holding a cigarette jobber permit may obtain a tobacco products subjobber permit at no charge. Also, the holder of a cigarette salesperson's permit may obtain a tobacco products salesperson's permit at no charge.

13. Cigarette and Tobacco Products Retailer License (Amend s. 134.65(1) and (4), effective July 2, 1983.)

Sections 134.65(1) and (4) have been amended to include the required licensing of persons selling tobacco products at retail. Prior to sale, a license must first be obtained from the clerk of the city, village or town wherein such privilege is sought to be exercised. Every licensed retailer is also now required to keep complete and accurate records of all purchases and receipts of tobacco products. Such records must be

retained on the licensed premises for a period of two (2) years from the date of invoice in sequence and in order; they must be available for inspection at all reasonable hours by authorized state and local law enforcement officials.

14. Reduce Cigarette Stamper's Discount (Amend s. 139.32(5), effective July 2, 1983.)

The discount available to cigarette distributors which purchase and affix cigarette tax indicia will be reduced from 2.1% to 2.0% of the face value of the indicia purchased.

H. OTHER

1. Time Period for Making Assessments - Two Years After Federal Determination Becomes Final (Amend s. 71.11(21)(g)2, effective July 2, 1983.)

Section 71.11(21m) currently provides that if the amount of federal taxable income is changed by the Internal Revenue Service, or the taxpayer files an amended return with the Internal Revenue Service or another state, and information on the amended return or the change by the Internal Revenue Service affects the amount of Wisconsin income reportable or tax payable, the taxpayer is required to furnish such information to the Department of Revenue within 90 days after the final determination by the Internal Revenue Service or within 90 days after filing the amended return.

As a result of the amendment to s. 71.11(21)(g)2, if a taxpayer does not furnish the required information to the department as provided in s. 71.11(21m), the department may make an assessment against the taxpayer within two years after the date when the federal determination becomes final or within ten years after the date on which the tax return was filed, whichever is later. (Underlined part is new.)

2. Inmates Withholding and Wage Statements (Create s. 71.20(13m), effective July 2, 1983.)

The Department of Health and Social Services will not be required to withhold Wisconsin income taxes from wages paid to inmates working in a state prison. Also, that department will not be required to file wage statements (W-2's) with the Department of Revenue for any inmate whose wages are \$2,000 or less in the year.

3. State and Federal Equal Priority In Creditor Actions (Repeal s. 128.17(1)(c) and amend s. 128.17(1)(e), effective July 2, 1983.)

Wisconsin will be given equal priority with the United States government in creditor actions such as bankruptcies.

4. Repeal Escrow Fund (Repeal s. 71.55, effective July 2, 1983.)

The Peoples Escrow Fund, which was enacted in Chapter 1, Laws of 1979, to provide a rebate to taxpayers if the amount in the fund exceeded a certain level, will be repealed.

5. Access to Tax Returns - Legislative Fiscal Bureau (Create s. 71.11(44)(c)10, effective July 2, 1983.)

Employees of the Legislative Fiscal Bureau may have access to Wisconsin tax returns, to the extent that the Department of Revenue deems the examination necessary for Legislative Fiscal Bureau employees to perform their duties under contracts or agreements between the department and the bureau relating to the review and analysis of tax policy and the analysis of state revenue collections.

6. Withholding Tables Adjusted (Amend s. 71.20(2m), effective July 2, 1983.)

Section 71.20(2m) is amended to provide the following:

- (a) The requirement to adjust the withholding tables annually on January 1, 1983, 1984 and 1985 is eliminated, however, the Department of Revenue will still be required to adjust the tables "from time to time" to reflect changes in income tax rates, surtax or changes in the income tax brackets.
- (b) On January 1, 1986 and each January 1 thereafter the Department will be required to adjust the withholding tables to reflect changes in the income tax brackets resulting from indexing under s. 71.09(2), provided the indexing adjustment is 4% or more.

7. Withholding on Pensions (Create s. 71.20(11m), effective January 1, 1984.)

If a recipient of a pension furnishes written notification to the payor of a pension that he or she desires to have Wisconsin income tax withheld from the pension, the payor must withhold in accordance with the withholding tables or such amount that the person designates to the payor. The amount withheld from any pension payment may not be less than \$5.00. For purposes of s. 71.20(11m), "pension" includes any retirement payment plan.