

Key “Friend of Grocers” Issue



**WISCONSIN
GROCERS
ASSOCIATION**
INC.

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WGA Position Paper Tax Issues

Repeal the Personal Property Tax

It's time to eliminate Wisconsin's Personal Property Tax as it unfairly burdens Wisconsin small business. Over the years the Wisconsin Legislature has whittled away at the Personal Property Tax, arbitrarily picking winners and losers. In the 1970's and 1980's, manufacturing equipment was exempted, and in the 1990's computers were exempted. Eliminating the personal property tax creates an equitable tax code - treating everyone equally under the property tax.

Action Requested: Ask your legislator for support to eliminate the personal property tax.

Increase the Retailer's Discount for Sales Tax Collection

Retailers retain .5% of the sales taxes they collect (capped at \$1000 per filing period) as compensation for the costs they incur in collecting the tax. Labor costs, utility costs, and other business costs all go into the total overall costs, however the most egregious cost incurred to collect sales tax relates to credit card fees. Credit card fees, also called interchange fees, are charged on the total amount, including tax, not just the sale itself. They range from 1.2% to 4% per transaction. Essentially, retailers are paying more on the interchange fee for the sales tax than the retailer's discount provided.

Action Requested: Ask your legislator for their consideration to increase the vendors discount for sales tax collection. Share with them the administrative costs that go into collecting the tax, specifically the cost of interchange fees.

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Sales Tax Holiday

Legislation has been introduced that would create a sales tax “holiday” on specific items purchased during a weekend in early August. The sales tax exemption would include items of clothing under \$75, computer supplies, school instructional materials and school supplies. The WGA is not advocating for or against the proposal, but would like to share comments provided by retailers in states that have a sales tax holiday:

- Retailers need six months advance notice to be able to prepare for the reprogramming needed to “turn off and on” the sales tax on specific items.
- There will be added costs to retailers for reprogramming cash registers and front end systems.
- For small grocers, the sales tax holiday encourages shoppers to go to the “big box” stores with tax-free items and groceries.
- Retailers will stock up on exempted items and could be left with excess stock.
- The sales tax holiday does not ensure increased consumer purchases, but rather shifts the timing of purchases. In other states, retailers raise prices during the holiday, reducing consumer savings.
- To be equitable, food products such as snack foods and lunch items, should also be exempt.

Action Requested: Discuss the sales tax holiday with your legislator and share your concerns with implementation.

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