

BOB KULP

STATE REPRESENTATIVE • 69TH ASSEMBLY DISTRICT

June 1, 2017

To: Members, Assembly Committee on Ways and Means
From: Rep. Bob Kulp
Re: Assembly Bill 277

Mr. Chairman, members of the committee, thank you for hearing this bill today and for allowing me to testify on its behalf.

The personal property tax is one of the most despised and damaging tax that we burden our businesses, employers, entrepreneurs, and job creators with in Wisconsin. In order to comply with the personal property tax, a business owner is required to accurately assess the current value of each piece of taxable equipment he or she owns. That may not sound difficult, but consider a landscaper who owns several lawn mowers, and who budgets for a new one every two years. Even if they are exactly the same model and purchased from the same equipment dealer, each of those mowers has a different value due to depreciation. Each will be assessed differently. And this landscaper doesn't only own mowers, but several different pieces of equipment, each of which must be assessed individually, and taxes paid on the value of each independent piece of equipment.

Does anyone pursue an education in accounting, bookkeeping, and tax law in order to start a landscaping business? Doubtful. And we can find similar examples all over the place. A local grocery store or bait shop, where they might sometimes buy new coolers or freezers. A craft brewery. A local print shop. A startup construction or home repair company. Complying with the personal property tax creates a huge burden that goes far beyond the simple cost of the taxes themselves.

This is especially true for the small and new businesses which may not have the experience necessary for complicated accounting and regulatory demands, or the resources to hire accountants and attorneys to handle it for them.

This means barriers to growth, protection from competition for established businesses, and great disincentive for entrepreneurs trying to go into business for themselves. This is exactly the opposite of what Wisconsin's government has been about for the past several years.

The bill before you eliminates the personal property tax in Wisconsin, lowering taxes on our job creators, but more importantly unraveling the bureaucratic red tape from around their necks.

REPRESENTING WISCONSIN'S 69TH ASSEMBLY DISTRICT

The bill and its substitute amendment protect local governments and real property taxpayers by creating a new state payment like the computer aid payment we created years ago, and includes further protections for both local governments and their taxpayers regarding the levy and bonding limits. Not to mention, local governments will be almost as happy as business owners when they no longer have to help administer this tax.

Several years ago, I had a conversation with a leader in the Minnesota State Senate who is not in my political party who asked me what my "one big deal" was legislatively. I told her that it was repealing personal property tax. She looked at me and said in an astounded way, "You STILL have personal property tax?" GET RID of it!" This can be a bi-partisan bill. It certainly is in other states.

We talk a lot about tax reform in this building, and I know we have enacted some small reforms to the tax code in recent years. I supported those changes and continue to support them because they were the right thing to do. But those modifications weren't game changers. Especially for our small, new, and growing businesses in Wisconsin, this bill is a game changer, and I urge your support.



DAN KNODL

STATE REPRESENTATIVE • 24TH ASSEMBLY DISTRICT

Assembly Bill 277

Public Testimony

Assembly Committee on Ways and Means

June 1, 2017

Thank you Chairman Macco and members of the committee for holding this hearing on Assembly Bill 277.

For the last six years, we worked hard to make Wisconsin a more inviting place for job creators. Our reforms reduced the tax and regulatory burden, helping established businesses grow and new businesses get off the ground. While we have seen significant progress, there is more work to do. In order to truly ensure Wisconsin is "Open for Business" we must take meaningful action to eliminate the Personal Property Tax.

The personal property tax is burdensome to businesses both financially and in the amount of time and effort it takes to comply. Not only must businesses pay additional taxes on property which has already been taxed, but they must catalog and calculate value for that property as well. The process is complicated and time-consuming. The requirements to comply with the personal property tax hit small businesses and start-ups particularly hard, making it more difficult for them to get off the ground, expand, and create new jobs.

Additionally, for some municipalities the administrative costs to collect the personal property tax is greater than the amount of revenue they receive from it.

It is time for Wisconsin to take the next step and grow its reform dividend even further. Eliminating the personal property tax will free up time and money for businesses and foster continued job growth across the state.



DUEY STROEBEL

STATE SENATOR • 20TH DISTRICT

Testimony on AB 277

Good Morning. Thank you Chairman Macco and the Committee on Ways and Means for holding a hearing on Assembly Bill 277. AB 277 could be the last piece of legislation on an issue area that has been part of the public debate since Wisconsin was a territory.

Taxable property can be generally divided into two categories: real property like land and structures affixed to that land; and personal property, anything that is movable and not attached to the land or a building. Property taxes were the main source of government revenue in the 19th century.

In the first codification of law after statehood, the Wisconsin Legislature enacted a tax on all real and personal property except for government property, tribal property, property of benevolent organizations and the indigent¹. Local assessors were elected. In 1868 the first exemptions to property tax were created. The passage of Wisconsin's first income tax in 1908 began a long, slow shift away from the property tax as the primary source of government revenue.

100 years ago, in 1916, the Wisconsin Tax Commission argued for repeal of the personal property tax. Governor Nelson, after being elected in 1958, announced he intended to gradually eliminate the personal property tax. In the intervening decades scores of exemptions were passed. One of the largest revenue sources for Wisconsin at statehood is now down to approximately \$250 million per year, or about 2.5% of total property tax when property tax is just one of many taxes that fuels our State.

I apologize for the history lesson but there is an important lesson to be learned. The personal property tax is a relic from a bygone era. Before the technology and infrastructure existed for the administration of an income tax, sales tax, corporate tax, or many excise taxes and fees, the property tax was the only realistic revenue source the government had.

The story of Wisconsin tax law in the last century has been the chipping away at this behemoth. What remains is a hollowed-out husk where almost all personal property is exempt. Hundreds of thousands of unfortunate souls who have not been exempted must attempt to do business under its weight.

No legislator, of either party, would cast a vote to impose the personal property tax in its current form. None of our neighboring states have a personal property tax. AB 277 can end this onerous, complicated and economically dampening tax once and for all. Local governments have been concerned about losing revenue or a shift of the costs to residential property taxpayers. AB 277 holds local revenues harmless and allocates the funds necessary to end the personal property tax.

You will hear from a number of ordinary Wisconsinites about how the personal property tax impacts their lives. These stories are but a fraction of the real world toll of the personal property tax. Wisconsin could be at the precipice of finally moving out of the 19th century and into the 21st century in taxation. I hope you will support making that move. Thank you.

¹ A HISTORY OF THE PROPERTY TAX AND PROPERTY TAX RELIEF IN WISCONSIN by Jack Stark, 1991-1992 Blue Book



DAVID CRAIG

STATE SENATOR

Assembly Committee on Ways and Means
Public Hearing, June 1, 2017
Assembly Bill 277
Senator David Craig, 28th Senate District

Chairman Macco and Committee Members,

Thank you for taking testimony on Assembly Bill 277 regarding eliminating the personal property tax.

Assembly Bill 277 is integral to a better business climate in the State of Wisconsin. Property in our state is divided into two broad categories, real estate and personal property. The Legislative Fiscal Bureau states that, "Items that can be removed from real estate without otherwise affecting the real estate are considered personal property." In addition, personal property is subdivided into four sections: 1) furniture, fixtures, and equipment, 2) machinery tools, and patterns, 3) boats and other watercraft, 4) all other personal property.

The state statutes governing personal property (s. 70.04) have been amended through the years, creating a hodgepodge of what is acceptable and what is not. In fact, 22 specific categories of personal property are exempt in statute (s. 70.111). From property contained in the Bradley Center to food and beverage vending machines, there is no rhyme or reason to personal property exemptions. Motion picture theatre equipment is exempt, but not a dentist chair.

Eliminating the personal property tax is an economic "three-for". Eliminating the tax removes the cost of the tax itself on business. Removing a tax riddled with special interest carve outs will benefit business owners and those savings can be reinvested into the business or passed along to customers with lower prices. Also, repeal relieves the business owner from detailing every piece of equipment he/she uses and determining whether the state will tax them on it. In addition, the municipality will no longer have to expend time and employee resources to determine whether local businesses are adhering to the tax reporting demands. Finally, state and local officials will

no longer have to document the tax and remit any overages to local officials to reimburse them for the tax.

Assembly Bill 277 is another step towards a fairer and flatter tax code. Again, I appreciate your hearing of this bill today and I look forward to answering any questions you may have.



Wisconsin

**Statement Before the
Assembly Committee on Ways and Means**

By

**Bill G. Smith
State Director
National Federation of Independent Business
Wisconsin Chapter**

Thursday, June 1, 2017

Assembly Bill 277

Representative Macco, members of the Committee, I appreciate you holding a hearing today on a top small business tax reform issue.

Mr. Chairman, the personal property tax, in many ways is a small business tax. It is an especially burdensome and complex tax that is assessed regardless of profitability, on the equipment, furnishings and fixtures of small retailers, restaurants, service and professional businesses, and other commercial enterprises.

The personal property tax is a grab bag of exemptions and definitions that violates the basic principles of tax fairness, simple cost effective administration and low enforcement costs.

In order to be competitive with surrounding states, promote economic development, and importantly, encourage small business creation and growth, NFIB believes the personal property tax should be eliminated.

Thirty-nine states have some form of taxation of personal property, but a dozen states have eliminated the personal property tax, or tax very little personal property. A couple states enacted laws to eliminate the tax on new equipment, others leave it to local governments to enact exemptions from the tax.

We understand that tax reform almost by definition creates winners and losers. One taxpayer's exemption, credit or deduction is another's tax increase.

Statement Before the Assembly Committee on Ways and Means
Thursday, June 1, 2017
Page Two

However, when we asked small business owners if NFIB should support legislation that would eliminate the personal property tax, 82 percent said NFIB should fight to eliminate the tax, even if the lost revenue must be replaced by some other form of taxation.

Mr. Chairman, we hope this Legislature, starting with this Committee, will take a first step toward eliminating this onerous local tax by supporting meaningful reforms:

- Assess property as a percentage of actual value, or
- Exempt a percentage of assessed personal property value, or
- Provide a state credit or refund for personal property taxes.

NFIB supports these reforms because they would impact all Main Street businesses equally regardless of economic status, number of employees, amount of revenue, or type of business.

Whatever the Legislature decides is the most appropriate way to proceed toward eliminating the personal property tax, we urge you to take the important first step, do what the state can afford, and chose a reform that will maximize winners, minimize so-called losers.

Mr. Chairman, members of the Committee, thank you for allowing me to share some comments on behalf of our state's small business community.



Wisconsin

Discussion

Personal Property Tax

The level of taxation imposed on Wisconsin's small business owners by state as well as local governments is a key factor in the economic growth of our state and the job opportunities in our local communities.

Thirty-nine states have some taxation of personal property, but according to the Tax Foundation, reliance on the tax is decreasing.

Seven states have eliminated the personal property tax entirely (Delaware, Hawaii, Iowa, Illinois, New York, Ohio and Pennsylvania), and four states tax very little personal property (Minnesota, New Jersey, North Dakota, South Dakota).

Maine and Kansas have enacted laws to eliminate the personal property tax on new property.

Alaska, Maryland, Vermont and Virginia allow local governments to enact exemptions from the tax.

The personal property tax is especially burdensome for small businesses that are required to pay the tax regardless of profitability.

According to NFIB survey study, 82% of those firms responding support the eliminating of the personal property tax - Options:

- Permit local jurisdictions to establish exemption thresholds.
- Exempt selected properties from taxation.
- Assess personal property as a percentage of actual value.
- Exempt a percentage of the assessed value of the personal property.
- Provide a state income tax credit for personal property taxes.
- Provide a state refund for personal property taxes.
- Provide a personal income tax deduction for personal property taxes paid.
- Exempt new property from the personal property tax.
- Permit local jurisdictions to exempt personal property from taxation.
- Provide a partial exemption from the personal property taxation.
- Eliminate the personal property tax.
- Refund a percentage of personal property taxes paid.
- Permit local jurisdictions to reduce or repeal personal property tax.



Leading the Fight for Small Business Tax Fairness

Small & Independent Business Owners United to Repeal Wisconsin's Personal Property Tax

- *Small business owners currently pay individual or corporate income taxes, real estate property taxes and dozens of fees and assessments.*
- ***Repeal of the personal property tax*** would provide tax relief to thousands of locally owned and operated small businesses throughout Wisconsin.
- *According to the League of Wisconsin Municipalities, the administration and collection of personal property taxes is burdensome and time consuming for both businesses and local governments.*
- *The personal property tax is especially burdensome for small businesses that are required to pay the tax regardless of profitability.*
- *NFIB Survey studies show **82% of respondents believe the tax should be repealed** even if the lost revenue must be replaced.*
- *To be competitive with surrounding states, promote economic development, and encourage small business creation and growth, **we believe the personal property tax should be eliminated.***



TO: Honorable Members of the Assembly Committee on Ways and Means

**FROM: Eric Bott, State Director
Americans for Prosperity-Wisconsin**

DATE: June 1st, 2017

RE: Eliminating Wisconsin's Personal Property Tax

On behalf of more than 130,000 Americans for Prosperity activists in Wisconsin, I would like to thank Representative Macco for holding a hearing on Assembly Bill 277, legislation to eliminate Wisconsin's personal property tax (PPT). We would also like to thank the authors Representatives Kulp and Knodl and Senator Stroebel as well as the many co-authors of this proposal.

Intelligent tax policy should be simple, transparent, neutral, and stable. Moreover, it should seek to limit as much as possible distortionary impacts on the economy. Wisconsin's PPT fails most of these tests.

The PPT is anything but simple. The depreciation schedules inherent to the tax are complicated, costly, and challenging for small business owners to manage.

The tax also fails the transparency test. The PPT is opaque, causing consumers to pay higher prices for goods and services without their knowledge.

On neutrality, the PPT also falls short. Over the years, government has picked winners and losers when it comes to the application of the PPT, approving exemptions for certain industries while leaving others shouldering an ever-growing burden. This leaves the unpleasant stink of cronyism on the PPT.

The PPT is also highly distortive. It effectively penalizes investment in new capital assets and economic activity, creating a drag on Wisconsin's economy and job creation. If the goal of government tax policy is to grow the economy to capture more tax revenue for schools, social services and other priorities, the personal property tax is a deeply flawed approach.

For these reasons, we commend the authors of the bill for their efforts and recommend that the committee give due consideration to eliminating Wisconsin's personal property tax.

For more information, please contact Eric Bott at ebott@afphq.org.



Thursday, June 1

Assembly Committee on Ways & Means

Testimony on AB 277 by Michelle Vetterkind, Wisconsin Broadcasters Association President & CEO

Mr. Chairman and members of the committee, I'm Michelle Vetterkind, CEO of the Wisconsin Broadcasters Association.

The members of the WBA are the 400+ small, medium and large market radio and television stations in Wisconsin. These stations employ more than 5,000 Wisconsinites. The WBA is proud to say that over 95% of all stations licensed to Wisconsin are WBA members.

Thank you for letting me present the broadcasters position on repealing the Personal Property Tax in Wisconsin. Simply said we support repeal. Broadcast Radio and Television stations are subject to Wisconsin's Personal Property Tax and believe me, our members have some very serious assessments.

The next time you are in your local TV or radio station to do an interview or a show, take a look around at all the equipment that is needed to put the interview you just did out over the air.

Here's a list of some of that equipment that is subject to the tax:

- Towers
- Furniture, Fixtures, and Office Equipment
- Copiers, Phone Systems, Equipment with embedded computerized equipment
- Transmitters, Field Cameras
- Studio fixtures and sets
- Lighting
- Stationary cameras
- Control room board/monitors, microphones
- MMJ Kits – computers with hot spot/cell phone/teleprompter
- All vehicles including satellite trucks
- Federally mandated equipment used for EAS (Emergency Alert System, including Severe Weather Announcements and Amber Alerts to notify Wisconsinites when harmful weather is approaching or when a child is missing).
Since the inception of Wisconsin's Amber Alert program in 2003, we have had 31 Amber Alerts with the successful recovery of 40 children.

As you can imagine, this equipment is expensive.

Small TV Market \$25,000 - \$75,000

Medium TV Market \$75,000 - \$200,000

Larger TV Market \$250,000+

It would safe to say that radio stations across Wisconsin will pay similar amounts based on their size and markets.

While a small market radio station might pay several thousand dollars, a larger market radio station could pay \$25,000 and more, again based on what equipment is on the schedules.

And, like all of these businesses you are hearing from today that pay the tax, it means less working capital to invest in new equipment, create more jobs or grow sales and customers.

The personal property tax should be repealed so that Wisconsin businesses can grow and help rebuild our economy.

Thank you for your time!



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June 1, 2017

Assembly Ways and Means Committee

Jean Landreman, Chairwoman –Elect, Wisconsin Restaurant Association

Testimony – AB277

Good Morning! I am Jean Landreman, co-owner of Landreman’s Family Restaurant in Kaukauna. I am also the chairwoman-elect of the Wisconsin Restaurant Association. My husband Mark and I also have the honor of being named the 2017 Wisconsin Restaurateurs of the Year.

My husband and I have owned our own business for the past 22 years. We employ 25 people and serve breakfast, lunch and dinner seven days a week. As part of our business we are well known for our homemade desserts, bakery items and wedding cakes.

I want to thank the Committee for this opportunity to testify in support of SB218. Small businesses, like mine, are in need of relief from this regressive tax that creates an uneven playing field with my competitors.

Let me give you an example: We bake cookies, cupcakes and special occasion and wedding cakes. We sell those to our customers to take home or use at parties. We pay \$455 in personal property tax to the village of Little Chute. While that may not sound like a lot, please remember we are a small business and the restaurant industry runs on very thin profit margins.

The bakeries that I compete with in selling cookies, cupcakes and specialty cakes, do not have to pay anything on its equipment, because the very same oven, work tables and equipment in their kitchens are exempt from personal property tax. In addition, those bakeries now serve breakfast and lunch meals, competing with me and the other restaurants in my area. This is an uneven playing field and puts our small business at a disadvantage.

The personal property tax also makes us think twice about buying a new piece of equipment. Since I have to pay a tax every year on everything in my restaurant, I am not really excited about investing in anything new and seeing my taxes go up the next year.

Thank you for the opportunity to tell my story. I can answer any questions you may have.



P.O. BOX 2500 • BLOOMINGTON, IL 61702-2500 • (309) 557-6000 • <http://www.growmark.com>

Assembly Committee on Ways and Means
Hearing on Assembly Bill 277
Thursday, June 1, 2017

Chairman Macco and members of the committee,

Thank you for the opportunity to testify today in support of Assembly Bill 277 – repeal of the state's personal property tax.

My name is Kristen Faucon and I represent GROWMARK, an agricultural cooperative providing agronomy, energy, grain, facility planning, and logistics products and services in more than 40 states and Ontario, Canada. Here in Wisconsin, our retail division Insight FS has nearly 300 full-time employees servicing over 26,000 customers.

Annually, GROWMARK and Insight FS pay approximately \$91,000 in personal property tax to nearly 80 units of local government. This revenue could better serve local economies by being reinvested into our cooperative or returned to our farmer-owners as patronage. Personal property taxation has been abandoned by all states contiguous to Wisconsin. It is a tax that is regressive, inconsistent, and burdensome to manage.

An example would be found in our leasing of propane tanks for home heating to residential customers. Some local governments choose to assess personal property tax on these tanks. This requires us to go back and find out what propane tanks are leased in that town or municipality in order to determine how much to pay in personal property tax. The tax paid often ends up being significantly less than the time spent on compliance. One example is a personal property tax bill to one town of \$2.16.

The cost of compliance can outweigh the benefits of tracking some of the items to which personal property tax is assessed. Office furniture is a good example. For a cooperative such as ours that has multiple locations, it may be easier to pay the tax than to track where and what furniture items are in specific locations over time. We pay personal property tax past the lifetime of these items after already paying sales tax at purchase. It is a burden on our cooperative to track large quantities of items and equipment over their lifetime that are easily replaceable.

Businesses need clear, consistent tax policy that is based on ability to pay. The personal property tax does not meet these criteria. Each year the income and expenses for businesses are different and a personal property tax system does not recognize economic cycles. We feel it is well recognized that the state's personal property tax has too many shortcomings to continue as a reasonable method of taxation.

We ask that you repeal the personal property tax.

I thank you for your time and attention and would be happy to answer any questions you may have.

Due date
March 1, 2017

Statement of Personal Property
Assessment date – January 1, 2017

2017

Filing Instructions – you must file this completed return with your local assessor on or before March 1, 2017. (sec. 70.35, Wis. Stats.) Report personal property not reported to the Wisconsin Department of Revenue's Manufacturing & Utility Bureau.

Confidentiality – under state law (sec. 70.35(3), Wis. Stats.), personal property returns filed with the local assessor are confidential records of the assessor's office.

Failure to File – if you do not file, your local assessor will estimate your property's value using the best information available. You will also be denied appeal rights with the Board of Review (BOR), under state law (sec. 70.35(4), Wis. Stats.).

Questions? – if you have questions on filing this form, contact your local assessor.

For Office Use Only	
School district	TID no.
Assessor name	
Assessor address	

Property Owner and Property Information (agent, consignee or other representative)

Property address: _____
(if different from above) _____

Business type: _____

FEIN	Account no.		
NAICS code	<input type="checkbox"/> Town	<input type="checkbox"/> Village	<input type="checkbox"/> City
County	Municipality		

Owner is: (check box that applies)

- Sole Proprietorship Partnership Corporation LLC LLP

New owner information – complete this section if there was a change in ownership or the business is no longer in operation.

Type of change: (check box that applies)

- Discontinued Sold Incorporated Moved

Date of change: _____

New owner name _____
Property address _____
Mailing address _____
City, state, zip _____
Phone no. () - _____
Email _____

Preparer and Owner Information/Signature

I, the undersigned declare under penalties of law that I have personally examined this return and its completed schedules. To the best of my knowledge and belief, this return is true, correct and complete.

Preparer			Owner		
Name (please print)			Name (please print)		
Address			Address		
City	State	Zip	City	State	Zip
Phone () -	Fax () -		Phone () -	Fax () -	
Email			Email		
Signature		Date - -	Signature		Date - -
Firm or title			Firm or title		

Due date
March 1, 2017

Statement of Personal Property

2017

Schedule A – Personal Property Return (Assessment Summary as of January 1, 2017)				
<ul style="list-style-type: none"> This schedule summarizes all taxable personal property from Schedules B through H. Line 11, Col. 3 is the total value of your taxable personal property within this municipality. Note: Schedule D-1, exempt computer equipment and software, cash registers and single-function fax machines, is excluded from Total assessable (Line 11) 				
Col. 1 Property Type	Col. 2 Subtotal	Col. 3 Total	For Office Use Only Class Col. 4	
1. Boats and watercraft (from Sch. B)			1	
2. Machinery, tools and patterns (from Sch. C)			2	
3. Furniture, fixtures and office equipment (from Sch. D)				
4. Multifunction fax machines, copiers, postage meters ... (from Sch. D2)				
5. Total of lines 3, 4			3	
6. Building on leased land (from Sch. E)			4B	
7. Leased equipment (property in charge of but not owned) (from Sch. F)				
8. Supplies (from Sch. G)				
9. All other personal property (from Sch. H)				
10. Total of lines 7, 8, 9			4A	
11. Total assessable – add lines 1, 2, 5, 6, 10				
12. Exempt computer equipment and software owned... (Schedule D-1)				
Total – from the 2016 PA-003 Schedule D-1 (Col. 6)				

Schedule B – Boats and Watercraft						2017
Report: All boats and watercraft subject to general property taxation. Review the <i>Composite Conversion Factors and Composite Useful Lives Table</i> on various equipment: revenue.wi.gov/report/p.html#personal .						
Col. 1 Description of Boats and Watercraft	Col. 2 Acquisition Year	Col. 3 Original Cost	Col. 4 Conversion Factor	Col. 5 Declared Value January 1	Col. 6 For Office Use Only	
Total declared value						

(Note: Attach additional sheets if needed)

Enter Col. 5 Total on Sch. A, Line 1, Col. 3

Schedule C – Machinery, Tools and Patterns							2017
Report: All machinery and shop equipment. Use the costs from your accounting records. Summarize the original asset costs by acquisition year as of January 1 of last year. Enter these costs in Col. 2. Enter any additions or deletions by acquisition year in Col. 3.							
Col. 1 Acquisition Year	Col. 2 Total Original Cost as of Jan. 1, 2016	Col. 3 Additions, Disposals, Transfers at Cost Since Jan. 1, 2016	Col. 4 Net Total Original Cost as of Jan. 1, 2017 (Col. 2 +/- Col. 3)	Col. 5 Conversion Factor (10-yr)	Col. 6 Indexed Net Value (Full Value) on Jan. 1, 2017 (Col. 4 x Col. 5)	Col. 7 For Office Use Only	
2016				.925			
2015				.786			
2014				.675			
2013				.579			
2012				.497			
2011				.435			
2010				.373			
2009				.318			
2008				.280			
2007				.242			
All prior years				.139			
Total							

Enter Col. 6 Total on Sch. A, Line 2, Col. 3

Due date
March 1, 2017

Statement of Personal Property

2017

Schedule D – Furniture, Fixtures and Office Equipment 2017

Report: All furniture, fixtures and office equipment (e.g., office, store and professional furniture, fixtures and equipment, business and professional libraries, other assets related to the sales and administration of your business). Original Cost in Col. 4, should contain all costs of installation and freight, add-ons and sales tax.

Col. 1 Acquisition Year	Col. 2 Total Original Cost as of Jan. 1, 2016	Col. 3 Additions, Disposals, Transfers at Cost Since Jan. 1, 2016	Col. 4 Net Total Original Cost as of Jan. 1, 2017 (Col. 2 +/- Col. 3)	Col. 5 Conversion Factor (10-yr)	Col. 6 Indexed Net Value (Full Value) on Jan. 1, 2017 (Col. 4 x Col. 5)	Col. 7 For Office Use Only
2016				.925		
2015				.786		
2014				.675		
2013				.579		
2012				.497		
2011				.435		
2010				.373		
2009				.318		
2008				.280		
2007				.242		
All prior years				.139		
Total						

Enter Col. 6 Total on
Sch. A, Line 3, Col. 2

Schedule D1 – Exempt Computer Equipment & Software (Owned),
Cash Registers & Single Function Fax Machines 2017

- Report:** Mainframe computers, minicomputers, personal computers, networked personal computers, servers, terminals, monitors, disk drives, electronic peripheral equipment, tape drives, printers, basic operational programs, systems software, prewritten software, ATMs, cash registers, and single function fax machines. Review the [Computer Exemption Guidelines for Assessors and Property Owners](http://revenue.wi.gov/pubs/slf/compexgd.pdf) (revenue.wi.gov/pubs/slf/compexgd.pdf).
- Do not report:** Custom software
- Note:** Per state law (sec. 70.36(1m), Wis. Stats.), any person, firm or corporation that fails to include information on exempt property under sec. 70.11(39) and sec. (39m) will owe \$10 for every \$100 or major fraction that is not reported (sec. 70.35, Wis. Stats.).

Col. 1 Acquisition Year	Col. 2 Total Original Cost as of Jan. 1, 2016	Col. 3 Additions, Disposals, Transfers at Cost Since Jan. 1, 2016	Col. 4 Net Total Original Cost as of Jan. 1, 2017 (Col. 2 +/- Col. 3)	Col. 5 Conversion Factor (4-yr)	Col. 6 Indexed Net Value (Full Value) on Jan. 1, 2017 (Col. 4 x Col. 5)	Col. 7 For Office Use Only
2016				.813		
2015				.508		
2014				.320		
2013				.202		
2012				.128		
2011				.080		
2010				.050		
All prior years				.031		
Total						

Total leased equipment from Sch. F, Col. 7

Combined totals

Enter Col. 6 Total on
Sch. A, Line 12, Col. 2

Due date
March 1, 2017

Statement of Personal Property

2017

Schedule D2 – Multifunction Faxes, Copiers, Postage Meters, Telephone Systems, and Computerized Equipment **2017**

Report: All multifunction fax machines, copiers, postage meters, telephone systems (PBXs), and equipment with embedded computerized components.

Col. 1 Acquisition Year	Col. 2 Total Original Cost as of Jan. 1, 2016	Col. 3 Additions, Disposals, Transfers at Cost Since Jan. 1, 2016	Col. 4 Net Total Original Cost as of Jan. 1, 2017 <small>(Col. 2 +/- Col. 3)</small>	Col. 5 Conversion Factor (6-yr)	Col. 6 Indexed Net Value (Full Value) on Jan. 1, 2017 <small>(Col. 4 x Col. 5)</small>	Col. 7 For Office Use Only
2016				.875		
2015				.656		
2014				.497		
2013				.376		
2012				.285		
2011				.220		
All prior years				.124		
Total						

Enter Col. 6 Total on Sch. A, Line 4, Col. 2

Schedule E – Buildings on Leased Land **2017**

Report: Buildings, structures and other improvements you own, but are located on land that you do not own. They are valued in the same manner as improvements located on land that is owned by you. Enter your opinion of value in Col. 4.

Col. 1 Property Description	Col. 2 Acquisition Year	Col. 3 Original Cost	Col. 4 Opinion of Value January 1	Col. 5 For Office Use Only
Total declared value				

Enter Col. 4 Total on Sch. A, Line 6, Col. 3

Schedule F – Leased Equipment (Property in charge of but not owned) **2017**

Report: All leased equipment (e.g., business furniture, fixtures, equipment, machines, postage meters, tools, advertising devices) and similar items loaned, leased, stored or otherwise held and not owned by you. These items may or may not be assessed to you. Often, leases state whether the owner or the lessee is responsible for the personal property taxes. Review the *Composite Conversion Factors* and *Composite Useful Lives* on various equipment: revenue.wi.gov/report/p.html#personal. Factors for computer equipment are on Schedule D-1.

Col. 1 Name and Address of Leasing Company*	Col. 2 Equipment Type and Lease No.	Col. 3 Gross Annual Rent	Col. 4 Installation Year	Col. 5 Original Cost	Col. 6 Indexed Value Taxable Equipment	Col. 7 Indexed Value Computer	Col. 8 For Office Use Only

Totals							

* Leasing Companies: To avoid duplication of assessment, provide the same information requested on this schedule including name and location of lessees.

Enter Col. 6 Total on Sch. A, Line 7, Col. 2 Enter Col. 7 Total on Sch. D-1 on page 3, near bottom of Col. 6

Due date
March 1, 2017

Statement of Personal Property

2017

Schedule G – Supplies		2017
<p>Report: Your supplies inventory. Report items that in your possession on January 1 and are expensed and not subject to resale, but are necessary in the conduct of business and are consumed in the operations of providing customer services.</p>		
<p>Supplies include: Items used for selling and advertising, office, shipping, medical, dental, janitorial and cleaning</p>		
<p>Supplies inventory – January 1, 2017</p>	\$	

Enter amount on Sch. A, Line 8, Col. 2

Schedule H – All Other Personal Property, Leasehold Improvements, Signs, Billboards, Logs and Forest Products, Improvements on Exempt Land, Improvements on Forest Cropland or Managed Forestland		2017
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Report: All leasehold improvements and other personal property not previously reported on other schedules. Report improvements on exempt land and privately owned structures, billboards, cable television towers or special taxed land.
 Review the *Composite Conversion Factors* and *Composite Useful Lives Table* on various equipment: revenue.wi.gov/report/p.html#personal.
Leasehold improvements – any alterations, additions or improvements, adding value, made by a tenant to leased or rented premises. Enter the total improvement cost in Col. 3.
Include: Logs and other forest products belonging to persons whose principal activity is not related to the buying, selling or manufacturing that type of property.
Exclude: Merchant's or manufacturing stock.

Col. 1 Acquisition Year	Col. 2 Property Description	Col. 3 Acquisition Cost	Col. 4 Conversion Factor	Col. 5 Declared Value January 1	Col. 6 For Office Use Only
Total					

Enter Col. 5 Total on Sch. A, Line 9, Col. 2

Lease or Asset Information
 For each property you are leasing, provide the following: *(attach additional sheets if necessary)*

Property 1		
<p>Term Start _____ End _____ (mm-yyyy) (mm-yyyy)</p>	<p>Square footage – leased area _____ Sq. Ft.</p>	<p>Annual rent \$ _____</p>
<p>Sales/rent If your sales are the basis for your rent, enter the percentage of sales you pay as rent. _____ % Amount paid \$ _____</p>		
<p>Rent includes: <i>(check all that apply)</i> <input type="checkbox"/> Electric <input type="checkbox"/> Heat <input type="checkbox"/> Real estate taxes <input type="checkbox"/> Parking <input type="checkbox"/> Common area maintenance <input type="checkbox"/> Other <i>(describe below)</i></p>		

MEMORANDUM

TO: Honorable Members of the Assembly Committee on Ways and Means

FROM: Curt Witynski, League of Wisconsin Municipalities Assistant Director
Kyle Christianson, Wisconsin Counties Association Director of Government
Affairs

DATE: June 1, 2017

SUBJECT: Assembly Bill 277 – Personal Property Tax Repeal

The League of Wisconsin Municipalities (LWM) and the Wisconsin Counties Association (WCA) have vigorously opposed prior efforts to repeal Wisconsin's personal property tax. The opposition to prior efforts was due to lack of a plan to reimburse local governments for lost revenue. Assembly bill 277 (AB 277) is different and we want to acknowledge the improvements this legislation makes over legislation introduced in prior years. Both LWM and WCA applaud the authors for including in AB 277 a state-funded plan for holding local governments harmless and avoiding a property tax shift to homeowners and other taxpayers.

While our associations are not opposed to AB 277, we are testifying for information purposes only to share membership concerns that have been raised regarding this legislation. These concerns include the following:

1. AB 277 provides for no growth in the state aid payment over time. The total amount of the state aid payment to local governments for the personal property tax repeal is fixed at an amount equal to the amount of revenue loss incurred by the taxing jurisdiction in 2018. The Wisconsin Department of Revenue (DOR) estimates the potential local revenue loss and corresponding state aid payments to local taxing jurisdictions to total \$261,035,800. The bill also sets the exempt computer aid payment to the amount determined in 2017. Under the bill, future exempt computer aid payments would remain at the 2017 estimated amount of \$91,012,200.

The state aid payments should grow at least at the rate of inflation. A static payment over time will not hold local governments harmless for the long term. Over time, tax rates will rise and other property taxpayers—mainly residential homeowners—will be required to make up the difference. We recommend that the bill be amended to provide for at least inflationary growth in both the personal property tax reimbursement payments and computer aid payments. Just last

week the Legislature's Joint Committee on Finance adopted a similar proposal to the state budget which will index future computer aid payments to inflation (consumer price index). We recommend that approach be applied to this bill.

2. Negative impact on TIF Districts. The bill will reduce the increment value of most tax increment districts (TID). For uniformity with new TID districts, DOR will need to re-determine each TID's base value. Also, existing TIDs with significant amounts of personal property were created with the understanding that the value of such property would grow over the life of the TID and the increment would be used to help pay off the debt the TID incurred as part of the project plan.

Also, there are TID projects that were authorized and are under construction (started in 2016 but will not be fully complete until 2017 or 2018) that had significant potential personal property components that will now no longer be able to collect the tax nor receive any reimbursement for the tax as they would not be fully assessed until 1/1/18 or 1/1/19. It seems unfair to change the rules in the middle of the game and not allow local communities to utilize the rules that were in place at the time the commitment was made.

The bill should be amended to allow communities to extend the life of TIDs negatively impacted by repeal of the personal property tax.

3. Fully exempting all personal property from the property tax is likely to lead to a significant increase in disputes between property owners and municipal assessors and boards of review over what is classified as real versus personal property. These disputes, which increase the cost of tax administration and may lead to litigation, will occur mostly in cities and villages due to the high concentration of personal property.

4. Will the state remain committed to making the reimbursement payments? Given the state's chronically tight fiscal condition, we are concerned that an annual personal property tax hold-harmless payment from the state to local governments might be discontinued after a few years. Short of ending the payments, the state may feel compelled in the future to maintain the payments by reducing shared revenue or other municipal or county aid programs.

LWM and WCA appreciate that AB 277 calls for the state to reimburse local governments for the lost revenue caused by the repeal of the personal property tax. We have concerns, however, about the payment amount being static over time and the willingness of the state to continue making the payments.

Thanks for considering our comments and please contact us with any questions.



**THE LEADING VOICE
FOR WISCONSIN SMALL
AND INDEPENDENT BUSINESSES**

June 1, 2017

**TO: Members
Assembly Ways and Means Committee**

**FR: Brian Dake
Legislative Director
Wisconsin Independent Businesses**

RE: 2017 Assembly Bill (AB) 277 relating to: eliminating the personal property tax and making an appropriation.

Chairman Macco and committee members thank you for the opportunity to testify in support of 2017 Assembly Bill (AB) 277.

My name is Brian Dake, Legislative Director for Wisconsin Independent Businesses (WIB). By of background, WIB was formed in 1977 to provide small, independent business owners with a voice in the legislative and regulatory activities of state government. Earlier today, you heard thoughtful and compelling commentary from several WIB members. I wish to supplement their testimony.

WIB is a member of the Coalition to Repeal Wisconsin's Personal Property Tax. Our Coalition consists of 41 separate organizations which collectively represent thousands of Wisconsin-based small businesses. In conjunction with our advocacy efforts, the Coalition has conducted a petition drive. As of this writing, members of the Coalition have gathered more than 3,500 petition signatures from business owners and individuals who support the elimination of Wisconsin's personal property tax.

WIB...Helping you where you need it.

PO Box 2135 | Madison, Wisconsin 53701 | 800-362-9644 | www.wibiz.org

With the assistance of our local representatives, we have collected nearly 800 petition signatures from WIB members. Perhaps you may recognize some of these employers from your respective Assembly Districts who signed our petition:

- Kirby's Auto Repair located in Oostburg;
- Klondike Cheese Company located in Monroe;
- John's Refrigeration located in Green Bay;
- Retroflex located in Wrightstown;
- Hank's Furniture & Carpeting located in Thorp;
- Madison Sign & Lettering located in Madison; and
- Remis Power Systems located in Onalaska.

Our Coalition describes the personal property tax as the "Main Street" tax because it is a tax primarily paid by hometown companies which are located in downtown business districts. After reviewing our signed petitions, this reference is even more apropos. As it so happens, 52 of the petition signers actually operate businesses located on Main Street in their respective communities.

Although these petition signers were not here to testify, I am quite sure their views and concerns would be similar to the commentary you have heard from previous speakers.

Along with our Coalition partners, we respectfully ask for your support of Assembly Bill 277 which would put an end to this antiquated, unfair tax on Wisconsin small businesses.

Thank you in advance for your consideration.



01 June 2017

TO: Assembly Committee on Ways and Means

RE: 2017 Assembly Bill 277

Relating to: eliminating the personal property tax and making an appropriation

FROM: John Jacobson

Government & Member Relations Director

Wisconsin Property Taxpayers, Inc. (WPT)

Thank you Chairman Macco and members of the committee for allowing me the opportunity to testify on Assembly Bill 277. My name is John Jacobson, and I am the Government & Member Relations Director for Wisconsin Property Taxpayers, Inc. (WPT), a nonpartisan coalition of 18,000 small business, farm, and home owners from every corner of the state. Seated with me is Mike Marsch, the president of the organization.

Our state's Main Street businesses are truly the cornerstone of the communities that each one of us call home. They are our economic lifeblood, our job creators, and clearly support the repeal of this burdensome tax.

And rather than me speaking about probable constitutional issues with this tax, or how Wisconsin is the only state in the region that still imposes this tax, I would like to take a moment to share some real-life experiences from a few of our small business members. These individuals wanted to attend today, but could not take time away from their businesses or employees to travel to Madison. I will also furnish a copy of these comments to committee members.

Comments on behalf of:

Ryan Flaig, Flaig Insurance & Financial, Eau Claire

David Martell, Martell Tire & Auto, Chippewa Falls

Debra Helt, Helt Builders, LLC, Springfield

Scott Vorpagel, Lake Geneva Country Meats, Lake Geneva

Steve Ahrens, Firehouse Subs, Oshkosh

Jeffery A. Seeboth, Affordable Care & Marine Care, Brookfield

These people, and the thousands of other businesses that WPT is honored to represent here today, are dedicated to their communities and the people they employ. Imagine putting hundreds of millions of dollars back into the hands of Main Street, Wisconsin. Imagine the reinvestment and the new jobs created. When Michigan repealed their personal property tax in 2014, they now estimate that 15,000 new jobs were created, and nearly \$500 million of local reinvestment occurred. When the livelihood of our neighbors and small business job creators often hang in the balance, these are no small numbers.

In closing, I would like to add; as a property taxpayer advocate organization, we have been asked multiple times if we fear that property tax on homeowners will be raised as a result of our efforts to repeal the PPT. We want to thank Senator Stroebel and Representative Kulp for ensuring that those concerns were put to rest in this bill, and we will continue to stand with the Coalition to Repeal PPT WI in advocating only for solutions and policies that ensure a shift to real property taxes does not occur, and that municipalities are reimbursed for their lost revenue.

Thank you for your consideration.

**WISCONSIN PROPERTY
TAXPAYERS, INC.**

P.O. Box 1493

Madison, WI 53701-1493

800-994-9784

jjacobson@WPTonline.org

www.WPTonline.org





**OUR MISSION: TO BE AN ADVOCATE FOR MEMBERS,
FACILITATING RELATIONSHIPS WHICH EDUCATE,
SUPPORT AND PROMOTE THE INDUSTRY**

June 1, 2017

Assembly Committee on Ways and Means



Dear Committee Members:

As a representative for the manufactured, modular and RV industries, I'd like to thank you for taking the time to hear real stories from small businesses in Wisconsin and how they are affected by Wisconsin's Personal Property Tax. I'd like to share a few examples of how this unjust tax affects them.

1. A small business owner that owns a small retail sales center and mobile home parks pays nearly \$12,000 in personal property tax. He pays this tax on everything including the office desks, lawn mowers and construction tools. If the business didn't have to pay this \$12,000 annually, they could invest in additional staff or new equipment. The ironic thing about this tax is that the small business is paying the personal property tax on their construction equipment, however, this same equipment in a home manufacturing plant is not being taxed. I'm glad for the manufacturer, but if a nail gun is exempt in a home building factory, it should surely be exempt for the small business owner that uses it for the on-site completion of a home.
2. Below is a quote from a member:
"Here is a true story about how the burdensome and petty Personal Property Tax issue affected our small business. We are a 15-person property management company located in a small Village. Due to a series of management changes which occurred at the company during the owner's battle with cancer, the PPT form and filing was neglected for 2 years. The village refused to accept a compromise and instead filed a claim for payment and statutory penalties that took a \$1500 tax bill to a \$25,000 claim. After several thousand dollars of legal fees, the company finally settled for approximately \$15,000."
3. As a very small non-profit trade association, the WI Housing Alliance pays our CPA firm \$100-\$200 more to file the tax form than what we pay for the personal property tax. We are still paying on desks that are more than 20 years old. A tax that is still applied to fully depreciated furniture and equipment is very difficult to understand when neighbors in surrounding states do not share this type of arbitrary tax burden.

Sincerely,

Amy Bliss
Executive Director
Amy@housingalliance.us