



ROBERT WITTKÉ

STATE REPRESENTATIVE • 62nd ASSEMBLY DISTRICT

**Testimony of State Representative Robert Wittke
Assembly Bill 771
Assembly Committee on Ways and Means
January 23, 2020**

Chair Macco and Committee Members:

Thank you for holding a public hearing today on Assembly Bill 771. This bill would allow the leasing of all or part of a property owned by a church or religious association or institution to an educational association or institution currently exempt from property taxes.

Recently it was brought to my attention that changes made to Wis. Stat. Section 70.11 as to how a lessor may use leasehold income has resulted in the taxation of school facilities that have historically been exempt from taxation. As a result these increased costs have been passed on to students and their families.

The intent of the law was clear in 1955, when the Legislature revised Wis. Stat. 70.11 (4) to require that property be both owned, and used, by an exempt organization in order to qualify for property tax exemption. The passage of Assembly Bill 771 would support the original intent of the law.

Again, thank you for holding this hearing today. I will be happy to answer any questions committee members may have.



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT

January 23, 2020 Assembly Committee on Ways and Means Testimony on Assembly Bill 771

Good Morning!

Thank you Chair Macco and committee members for hearing Assembly Bill 771 (AB 771) that makes minor changes to the statutes regarding a tax exempt entity leasing property to another tax exempt entity.

Simply stated, if a church owns the property, it is tax exempt. If a school owned the property it would be tax exempt. The property should not become taxable when one tax exempt entity leases it to another tax exempt entity.

Property owned and used exclusively by educational institutions and churches or benevolent associations as described in state statute 70.11(4) are generally exempt from the property tax. Under state statute 70.11 property that is exempt from taxation does not become taxable when it is leased to other exempt organizations under the following conditions:

- All of the leasehold income must be used for maintenance of the leased property, construction debt retirement of the leased property, or both.
- The lessee would be exempt from taxation if it owned the property, and the lessee does not discriminate based on race.

The leasehold income restrictions have recently resulted in the taxation of school facilities that in the past have been exempt from taxation. There are limited exceptions in the statute that preserve the tax exempt status of the property, regardless of how the lessor uses the leasehold income.

AB 771 would maintain the tax exempt status for property that is owned by a church or religious organization and leased to an educational association or institution, regardless of how the lessor uses the leasehold income.

Thank you again for hearing AB 771, and your timely action on this proposal.