

July 20, 1999

Representative Eugene Hahn, Co-Chair
Joint Committee on Tax Exemptions
15 West
State Capitol Building

Senator Russell Decker, Co-Chair
Joint Committee on Tax Exemptions
323 South
State Capitol Building

Dear Rep. Hahn and Sen. Decker:

It has come to my attention that Assembly Bills 139, 157, 219 and 298 were assigned to your committee and have not yet received a public hearing.

AB 139 would create an individual income tax exemption for military income received by members of the US armed forces stationed outside of the state and whose federal income is equal or less than 185% of the poverty level. This bill was previously voted on by the Assembly Veterans Affairs Committee and passed unanimously.

AB 157 would create a sales tax and use tax exemption of incontinent underpads purchased only with a prescription.

AB 219 would create a property tax exemption for any portion of real property that is used for nonprofit activities by a community, a local association or a local organization.

AB 298 would create a property tax exemption on equipment used by manufacturers to test their products. Currently, this equipment is not tax exempt like other equipment used during the manufacturing process. Since the testing process occurs throughout the manufacturing process of computers and their components, the testing equipment should be deemed part of the manufacturing process, and therefore, tax exempt.

I would greatly appreciate your consideration of holding a public hearing on Assembly Bills 139, 157, 219 and 298.

Please contact my office with any questions you may have.

Best Wishes,

TOM SYKORA
State Representative

TS/srj



TOM SYKORA
STATE REPRESENTATIVE

To: All Legislators

From: Representative Tom Sykora

Date: February 24, 1999

Re: Co-sponsorship of LRB-1379, relating to a tax exemption on real property used for nonprofit activities

I will be introducing a bill that will create a property tax exemption for any portion of real property that is used for nonprofit activities by a community, a local association or a local organization (e.g., little league). The LRB analysis is printed below. If you are interested in co-sponsoring LRB-1379, please contact Sara at 6-1195 by March 10th.

Analysis by the legislature Reference Bureau

Under current law, real property owned and used by certain nonprofit or charitable organizations is exempt from real property taxes. This bill creates a property tax exemption for any portion of real property used for nonprofit activities by a community, a local association or a local organization. The bill does not require that a real property owner be a nonprofit or charitable organization to qualify for the tax exemption.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the local fiscal estimate, which will be printed as an appendix to this bill.

FISCAL ESTIMATE

ORIGINAL UPDATED

DOA-2048 N(R10/98)

CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.

LRB 1379/1

AB 219

Amendment No. if Applicable

Subject

Create Property Tax Exemption on Real Property Used for Nonprofit Activities

Fiscal Effect

State: No State Fiscal Effect
Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

Increase Costs - May be Possible to Absorb
Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

- 1. Increase Costs
 Permissive Mandatory
- 2. Decrease Costs
 Permissive Mandatory

- 3. Increase Revenues
 Permissive Mandatory
- 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others _____
 - School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a property tax exemption for any portion of real property used exclusively in nonprofit activities by a community, local association or local organization. To qualify for exemption under the bill, neither the owner of the property nor the community or organization using the property is required to be an exempt entity, although the owner of the property may not derive profit from such use. A property that was entirely and exclusively used in a nonprofit activity would be wholly exempted under the bill, whereas a property that was only partly used in a nonprofit activity would be exempt-in-part for that portion.

The bill departs from current law in several ways. First, it departs from the general requirement that exempt property be owned and used exclusively by exempt entities. Second, those properties used in nonprofit activities that are explicitly denied exemption under current law, such as sororities/fraternities and nonprofit health maintenance organizations and nonprofit corporations which service guaranteed student loans, would be exempt under the bill to the extent that they are exclusively used for nonprofit activities.

(continued on page two)

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Rebecca Boldt, (608) 266-6785	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	3/12/99

Possible applications of the exemption created by the bill include little league or soccer playing fields, volley ball courts owned by an adjacent tavern, land for annual festivals, office or warehouse space used by charitable organizations such as the Salvation Army and food banks as well as property used by political campaign committees, medical clinics and university fraternities.

The bill would result in a shift of property taxes from owners of affected property to other property owners. While the initial property tax shift is assumed to be minor, it is possible that the bill could result in many properties used for nonprofit activities becoming exempt over time.

Local assessment costs would increase under the bill, as assessors would be required to determine 1) what portion of the property was used exclusively in nonprofit activities, and 2) whether such use resulted in pecuniary profit for the property owner.

The bill would require modification to the Wisconsin Property Assessment Manual, the cost of which could be absorbed.

1999 Session

**FISCAL ESTIMATE
DOA-2047 N(R10/98)**

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No. LRB 1379/1	Amendment No. AB 219
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Subject

Create Property Tax Exemption on Real Property Used for Nonprofit Activities

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal impact on State Funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds		
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ See text of fiscal note.	\$ See text of fiscal note.
NET CHANGE IN REVENUES	\$	\$

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Rebecca Boldt, (608) 266-6785	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	Date 3/12/99
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LEGISLATIVE REFERENCE BUREAU

BILL REQUEST FORM

Legal Section, 5th Floor, 100 N. Hamilton St.
(608) 266-3561

Use of this form is optional. It is often helpful to talk directly with the LRB attorney who will draft the bill.
Use this form only for BILL drafts. Attach more pages if necessary.

Date of request: 12/15/98	Legislator or agency requesting this draft: Rep. Tom Sykora
Name/phone number of person submitting request: Tom Sykora 266-1194	
Persons to contact for questions about this draft (names and phone numbers please): Sara Termstad 266-1195	
Describe the problem, including any helpful examples. How do you want to solve the problem? Tax exemption on personal property used for <u>not-for-profit</u> community based activities for example, the little league facilities this does not include concession stands, or anything else involving profit-making only non-profit facilities used by the public	
If you know of any statute sections that might be affected, please list them or provide a marked (not re-typed) copy.	

Please attach a copy of any correspondence or material that may help us. You may also attach a marked (not re-typed) copy of any LRB draft, or provide its number (e.g., 1997 LRB-2345/1 or 1995 AB-67):

Requests are confidential unless stated otherwise.

May we tell others that we are working on this for you? YES NO

If yes, anyone who asks? YES NO

Any legislator? YES NO ONLY the following persons:

Do you consider this urgent? YES NO If yes, please indicate why:

Is this request of higher priority than other pending request(s) you have made?

YES NO If yes, please sign your name here: