

**2001 DRAFTING REQUEST**

**Bill**

Received: **09/26/2000**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget 6-8593**

By/Representing: **Holden**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Alt. Drafters:

Subject: **Tax - property**

Extra Copies:

**Pre Topic:**

DOA:.....Holden -

**Topic:**

Property tax assessment of telephone company property

**Instructions:**

See Attached & 99-3318/2

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 09/27/2000	gilfokm 09/29/2000		_____			S&L
/1	jkreye 10/10/2000	gilfokm 10/10/2000	rschluet 10/03/2000	_____	lrb_docadmin 10/03/2000		S&L
/2	jkreye 01/16/2001	jdyer 01/16/2001	martykr 10/11/2000	_____	lrb_docadmin 10/11/2000		S&L
/3			kfollet 01/16/2001	_____	lrb_docadmin 01/16/2001		

FE Sent For:

**<END>**

**2001 DRAFTING REQUEST**

**Bill**

Received: **09/26/2000**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget 6-8593**

By/Representing: **Holden**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Alt. Drafters:

Subject: **Tax - property**

Extra Copies:

---

**Pre Topic:**

DOA:.....Holden -

---

**Topic:**

Property tax assessment of telephone company property

---

**Instructions:**

See Attached & 99-3318/2

---

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 09/27/2000	gilfokm 09/29/2000					S&L
/1	jkreye 10/10/2000	gilfokm 10/10/2000	rschluet 10/03/2000		lrb_docadmin 10/03/2000		S&L
/2		3/16 jld	martykr 10/11/2000		lrb_docadmin 10/11/2000		
			kgf 1/16	kgf self 1/16			

FE Sent For:

<END>

2001 DRAFTING REQUEST

Bill

Received: 09/26/2000

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Administration-Budget 6-8593

By/Representing: Holden

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - property

Extra Copies:

Pre Topic:

DOA:.....Holden -

Topic:

Property tax assessment of telephone company property

Instructions:

See Attached & 99-3318/2

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 09/27/2000	gilfokm 09/29/2000					S&L
/1		<i>10/10/00</i> rschlue	rschlue 10/03/2000		lrb_docadmin 10/03/2000		

FE Sent For:

<END>

2001 DRAFTING REQUEST

Bill

Received: 09/26/2000

Received By: jkreya

Wanted: Soon

Identical to LRB:

For: Administration-Budget 6-8593

By/Representing: Holden

This file may be shown to any legislator: NO

Drafter: jkreya

May Contact:

Alt. Drafters:

Subject: Tax - property

Extra Copies:

Pre Topic:

DOA:.....Holden -

Topic:

Property tax assessment of telephone company property

Instructions:

See Attached & 99-3318/2

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
1/1	jkreya	1-9/29 Kmg	[Signature] 10-2-00	[Signature] SF 10-3-00			

FE Sent For:

<END>

TOMMY G. THOMPSON  
GOVERNOR

GEORGE LIGHTBOURN  
SECRETARY



Division of Executive Budget and Finance  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1736  
Fax (608) 267-0372  
TTY (608) 267-9629

**Date:** September 25, 2000

**To:** Steve Miller, LRB

**From:** Kerry Holden, DOA *KH*  
266-8593

**Subject:** DOR Statutory Language Requests

544

I'm forwarding statutory language changes submitted with its budget by the Department of Revenue that pertain to corporate income and franchise tax, sales and use tax, and utility and special taxes.

*Corporate Income and Franchise Tax:*

1. Clarify the treatment of corporations that are members of LLCs or partners of partnerships, taxed as corporations. See Attachment 1.

*Sales and Use Tax:*

2. Revise definition of tangible personal property for purposes of property affixed to real estate (trade fixtures). See Attachment 2.
3. Clarify property deemed to be tangible personal property for repair purposes. See Attachment 3.
4. Clarify definition of tangible personal property for information or data transferred in tangible form. See Attachment 4.
5. Provide exemption for construction materials sold to contractors for use in school projects. See Attachment 5.

*Utility and Special Taxes:*

6. Revisions to manufacturing assessment laws. See Attachment 6.
7. ~~Eliminate waste treatment exemption application for buildings and structures.~~  
~~Eliminate waste treatment exemption application for buildings and structures.~~ See Attachment 7.
8. Eliminate waste treatment exemption application. See Attachment 8.

Please feel free to call me if you have any questions or concerns. Thank you!

WISCONSIN DEPARTMENT OF REVENUE  
DIVISION OF STATE AND LOCAL FINANCE  
MANUFACTURING & TELCO ASSESSMENT BUREAU  
July 8, 1999

U7

**TITLE:** Classify Multi-use Telephone Company Buildings Based on Predominant Use (instead of requiring multi-jurisdictional assessment -- local and state).

**SUMMARY OF RECOMMENDATION:**

Base the classification of telco buildings that are used for more than one use on the buildings predominant use rather than requiring assessment by both state and local assessors. If a building is more than 50% telephone operating property it would be assessed by DOR.

**DESCRIPTION OF CURRENT LAW:** Section 70.112(4) exempts utility property assessed under Chapter 76 from local property taxation. It says in part, "If a general structure for which an exemption is sought under this section is used and useful in part in the operation of any public utility assessed under ss. 76.01 to 76.26 or of the business of any . . . telephone company, . . . and in part for nonoperating purposes of the . . . company . . . , that general structure shall be assessed for taxation under this chapter at the percentage of its full market value that fairly measures and represents the extent of its use for nonoperating purposes." Section 76.23 contains similar language. This results in state and local assessors assessing different parts of the same building.

**PROBLEM/OPPORTUNITY DEFINITION:** This process creates unnecessary complexity in the assessment process for telephone companies, local assessors and the Department of Revenue. Telephone companies prefer to communicate with and report to only one assessor. Classifying buildings based on predominant use (more than 50% use of the floor area) would simplify the process for all.

**RECOMMENDATION:** Change the law to classify multi-use buildings according to predominant use.

**FISCAL/ADMINISTRATIVE IMPACT:** With this change, DOR estimates that of the 38 buildings with split assessments, the department will assess 49 of them and local governments will assess the remaining 89. The estimated loss of state telephone company tax base is \$45,000. There may be some cases where a city will lose tax base to the state, which could provoke a complaint.

**DRAFTING INSTRUCTIONS:** See 1999 LRB 3318/2, attached.

Revise Section 70.112(4) to say:

Whenever real property or tangible personal property is used for telephone operating property, and also for other purposes, the department of revenue, if satisfied that predominant use, meaning more than 50% use, is for telephone operations, may assess the property. When multiple uses occur within buildings, predominant use of the floor area determines classification. Parcels more than 10 acres whose only improvement is a tower or unoccupied minor telephone company structure, are classified based on the predominant use of the acreage. Parcels of 10 acres or less whose only improvement is a minor telephone company structure are operating property.

**EFFECTIVE DATE:** January following passage of the legislation.

**PERSON TO CONTACT:** Charles E. Turner, Telephone 266-3845

**1999 BILL**

1 AN ACT *to renumber and amend 70.112 (4); to amend 76.81; and to create*  
2 *70.112 (4) (b) of the statutes; relating to: the property tax assessment of*  
3 *telephone company property.*

---

***Analysis by the Legislative Reference Bureau***

Under current law, property that is used in the operation of a utility company, electric cooperative association, car line company or telephone company is exempt from local property taxation. Such companies are, generally, subject to a state imposed tax, in lieu of the local property tax, that is based on the value of the property owned by the companies. The property that is owned by the companies and used in the operation of the companies is assessed by the department of revenue (DOR). However, if property is used in part in the operation of the company and in part for other purposes, the portion of the property that is used for other purposes is subject to the local property tax and, therefore, subject to a property tax assessment by the local taxation district. The portion of the property that is used in the operation of the company is subject to an assessment by DOR.

Under this bill, if property is used more than 50% in the operation of a telephone company that is subject to the state imposed tax in lieu of the local property tax, DOR assesses all of the property. If property is used less than 50% in the operation of a telephone company that is subject to the state tax in lieu of the local property tax, the local taxation district assesses all of the property.

**BILL**

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

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           SECTION 1. 70.112 (4) of the statutes is renumbered 70.112 (4) (a) and amended  
2 to read:

3           70.112 (4) (a) All special property assessed under ss. 76.01 to 76.26 and  
4 property of any light, heat and power company taxed under s. 76.28, telephone  
5 company, car line company, and electric cooperative association that is used and  
6 useful in the operation of the business of such company or association. If a general  
7 structure for which an exemption is sought under this section is used and useful in  
8 part in the operation of any public utility assessed under ss. 76.01 to 76.26 or of the  
9 business of any light, heat and power company taxed under s. 76.28, telephone  
10 company, car line company or electric cooperative association and in part for  
11 nonoperating purposes of the public utility or company or association, that general  
12 structure shall be assessed for taxation under this chapter at the percentage of its  
13 full market value that fairly measures and represents the extent of its use for  
14 nonoperating purposes. Nothing provided in this subsection shall exclude any real  
15 estate or any property which is separately accounted for under s. 196.59 from special  
16 assessments for local improvements under s. 66.64.

17           SECTION 2. 70.112 (4) (b) of the statutes is created to read:

18           70.112 (4) (b) If real or tangible personal property is used more than 50%, as  
19 determined by the department of revenue, in the operation of a telephone company  
20 that is subject to the tax imposed under s. 76.81, the department of revenue shall  
21 assess the property and that property shall be exempt from the general property

**BILL**

1 taxes imposed under this chapter. If real or tangible personal property is used less  
2 than 50%, as determined by the department of revenue, in the operation of a  
3 telephone company that is subject to the tax imposed under s. 76.81, the taxation  
4 district in which the property is located shall assess the property and that property  
5 shall be subject to the general property taxes imposed under this chapter.

6 **SECTION 3.** 76.81 of the statutes is amended to read:

7 **76.81 Imposition.** There is imposed a tax on the real property of, and the  
8 tangible personal property of, every telephone company, excluding property that is  
9 exempt from the property tax under s. 70.11 (39), motor vehicles that are exempt  
10 under s. 70.112 (5) and treatment plant and pollution abatement equipment that is  
11 exempt under s. 70.11 (21) (a). Except as provided in s. 76.815, the rate for the tax  
12 imposed on each description of real property and on each item of tangible personal  
13 property is the net rate for the prior year for the tax under ch. 70 in the taxing  
14 jurisdictions where the description or item is located. The real and tangible personal  
15 property of a telephone company shall be assessed as provided under s. 70.112 (4) (b).

16 **SECTION 4. Initial applicability.**

17 (1) This act first applies to to the property tax assessments as of January 1,  
18 2000.

19 (END)



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0544/7

JK: King

SOON

DOA:.....Holden - Property tax assessment of telephone company property

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

m  
9-27-00

AN ACT <sup>DOU'T GEN. CAT</sup> relating to: the budget.

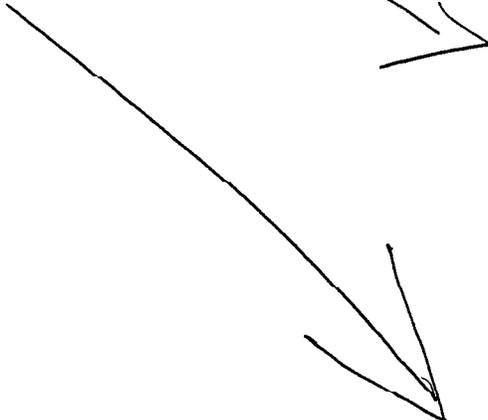
sub PROPERTY TAXATION

Analysis by the Legislative Reference Bureau

TAXATION

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

(END)



1999 BILL

1 AN ACT to renumber and amend 70.112 (4); to amend 76.81; and to create  
 2 70.112 (4) (b) of the statutes; relating to: the property tax assessment of  
 3 telephone company property.

*Analysis by the Legislative Reference Bureau*

Under current law, property that is used in the operation of a utility company, electric cooperative association, car line company, or telephone company is exempt from local property taxation. Such companies are, generally, subject to a state-imposed tax, in lieu of the local property tax, that is based on the value of the property owned by the companies. The property that is owned by the companies and used in the operation of the companies is assessed by the department of revenue (DOR). However, if property is used in part in the operation of the company and in part for other purposes, the portion of the property that is used for other purposes is subject to the local property tax and, therefore, subject to a property tax assessment by the local taxation district. The portion of the property that is used in the operation of the company is subject to an assessment by DOR.

Under this bill, if property is used more than 50% in the operation of a telephone company that is subject to the state-imposed tax in lieu of the local property tax, DOR assesses all of the property. If property is used less than 50% in the operation of a telephone company that is subject to the state tax in lieu of the local property tax, the local taxation district assesses all of the property.

**BILL**

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

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1 ~~SECTION 1.~~ 70.112 (4) of the statutes is renumbered 70.112 (4) (a) and amended  
2 to read:

3 70.112 (4) (a) All special property assessed under ss. 76.01 to 76.26 and  
4 property of any light, heat and power company taxed under s. 76.28, telephone  
5 company, car line company, and electric cooperative association that is used and  
6 useful in the operation of the business of such company or association. If a general  
7 structure for which an exemption is sought under this section is used and useful in  
8 part in the operation of any public utility assessed under ss. 76.01 to 76.26 or of the  
9 business of any light, heat and power company taxed under s. 76.28, telephone  
10 company, car line company or electric cooperative association and in part for  
11 nonoperating purposes of the public utility or company or association, that general  
12 structure shall be assessed for taxation under this chapter at the percentage of its  
13 full market value that fairly measures and represents the extent of its use for  
14 nonoperating purposes. Nothing provided in this subsection shall exclude any real  
15 estate or any property which is separately accounted for under s. 196.59 from special  
16 assessments for local improvements under s. 66.64.

17 **SECTION 2.** 70.112 (4) (b) of the statutes is created to read:

18 70.112 (4) (b) If real or tangible personal property is used more than 50%, as  
19 determined by the department of revenue, in the operation of a telephone company  
20 that is subject to the tax imposed under s. 76.81, the department of revenue shall  
21 assess the property and that property shall be exempt from the general property

INSERT A

**BILL**

1 taxes imposed under this chapter. If real or tangible personal property is used less  
2 than 50%, as determined by the department of revenue, in the operation of a  
3 telephone company that is subject to the tax imposed under s. 76.81, the taxation  
4 district in which the property is located shall assess the property and that property  
5 shall be subject to the general property taxes imposed under this chapter.

6 **SECTION 3.** 76.81 of the statutes is amended to read:

7 **76.81 Imposition.** There is imposed a tax on the real property of, and the  
8 tangible personal property of, every telephone company, excluding property that is  
9 exempt from the property tax under s. 70.11 (39), motor vehicles that are exempt  
10 under s. 70.112 (5), and treatment plant and pollution abatement equipment that is  
11 exempt under s. 70.11 (21) (a). Except as provided in s. 76.815, the rate for the tax  
12 imposed on each description of real property and on each item of tangible personal  
13 property is the net rate for the prior year for the tax under ch. 70 in the taxing  
14 jurisdictions where the description or item is located. The real and tangible personal  
15 property of a telephone company shall be assessed as provided under s. 70.112 (4) (b).

*Handwritten:* w/ FOLIO

16 **SECTION 4. Initial applicability** <sup>9344</sup> ; revenue apply

17 (1) This act first applies to the property tax assessments as of January 1,  
18 2000.

*Handwritten note:* (END) The treatment of sections 70.112(4) and 76.81 of the statutes and the creation of section 70.112(4)(b) of the statutes

19 (CS) TELEPHONE COMPANY PROPERTY.

*Handwritten note:* the renumbering and amendment of section 70.112 (4) of the statutes, (END)

INSERT A ✓

#  
Section #. 70.112 (4) of the statutes is renumbered 70.112 (4) (a) and amended to read:

70.112 (4) (a) ~~SPECIAL PROPERTY AND GROSS RECEIPTS TAXES OR LICENSE FEES~~ All special property assessed under ss. 76.01 to 76.26 and property of any light, heat, <sup>✓</sup> and power company taxed under s. 76.28, ~~telephone company~~, car line company, and electric cooperative association that is used and useful in the operation of the business of such company or association. If a general structure for which an exemption is sought under this section is used and useful in part in the operation of any public utility assessed under ss. 76.01 to 76.26 or of the business of any light, heat, <sup>✓</sup> and power company taxed under s. 76.28, ~~telephone company~~, <sup>✓</sup> car line company, or electric cooperative association and in part for nonoperating purposes of the public utility or company or association, that general structure shall be assessed for taxation under this chapter at the percentage of its full market value that fairly measures and represents the extent of its use for nonoperating purposes. Nothing provided in this <sup>sub</sup>section shall exclude any real estate or any property which is separately accounted for under s. 196.59 from special assessments for local improvements under s. 66.0705.

History: 1971 c. 221, 289; 1981 c. 20; 1983 a. 27, 243, 342, 368; 1999 a. 80; 1999 a. 150 s. 672.

## Kreye, Joseph

---

**From:** Holden, Kerry  
**Sent:** Tuesday, October 10, 2000 11:45 AM  
**To:** Kreye, Joseph  
**Subject:** FW: LRB Draft: 01-0544/1 Property tax assessment of telephone company property

Joe- Another reviewed draft! Your lucky day. Let me know if I can help out.

Kerry Holden

-----Original Message-----

**From:** Gates-Hendrix, Sherrie  
**Sent:** Tuesday, October 10, 2000 11:38 AM  
**To:** Holden, Kerry  
**Subject:** FW: LRB Draft: 01-0544/1 Property tax assessment of telephone company property

Kerry -

Here are the comments on 544/1.

I'm going to have our new policy assistant, Mary Jo Weber coordinate review of DOA budget drafts, so if you could send them to her and just cc me that would be great.

Thanks !

Sherrie

-----Original Message-----

**From:** Kruger, Blair P  
**Sent:** Tuesday, October 10, 2000 11:27 AM  
**To:** Gates-Hendrix, Sherrie  
**Cc:** Turner, Charles E  
**Subject:** RE: LRB Draft: 01-0544/1 Property tax assessment of telephone company property

Sherrie,

Charlie and I talked about the draft and it is okay except for the following point.

Section 70.112(4)(b) exempts from general property taxes property that is used more than 50% in the operation of a telephone company. To be consistent and to tie up a loose end, it seems that a corresponding exemption is needed in chapter 76 to exempt from the telco tax property that is used less than 50% in the operation of a telephone company.

Blair

-----Original Message-----

**From:** Gates-Hendrix, Sherrie  
**Sent:** Tuesday, October 10, 2000 10:15 AM  
**To:** Turner, Charles E; Kruger, Blair P  
**Subject:** FW: LRB Draft: 01-0544/1 Property tax assessment of telephone company property

Charlie and Blair ---

Could you review this draft and let me know if you have comments. If you could coordinate your comments in one memo, that would be most helpful.

Thanks.

Sherrie

-----Original Message-----

**From:** Holden, Kerry  
**Sent:** Monday, October 09, 2000 2:47 PM  
**To:** Gates-Hendrix, Sherrie  
**Subject:** FW: LRB Draft: 01-0544/1 Property tax assessment of telephone company property

This draft corresponds to paper U7, prepared by Charles E. Turner. Could you have this reviewed?

-----Original Message-----

**From:** Schlueter, Ron  
**Sent:** Tuesday, October 03, 2000 1:57 PM  
**To:** Holden, Kerry  
**Cc:** Koskinen, John; Currier, Dawn; Hanaman, Cathlene; Haugen, Caroline  
**Subject:** LRB Draft: 01-0544/1 Property tax assessment of telephone company property

Following is the PDF version of draft 01-0544/1.

<< File: 01-0544/1 >>



DOA:.....Holden – Property tax assessment of telephone company property

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

*in 10-10-00*

*SOON*

*DON'T  
GEN. CAT*

1

**AN ACT**, relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**PROPERTY TAXATION**

Under current law, property that is used in the operation of a utility company, electric cooperative association, car line company, or telephone company is exempt from local property taxation. Such companies are, generally, subject to a state-imposed tax, in lieu of the local property tax, that is based on the value of the property owned by the companies. The property that is owned by the companies and used in the operation of the companies is assessed by DOR. However, if property is used in part in the operation of the company and in part for other purposes, the portion of the property that is used for other purposes is subject to the local property tax and, therefore, subject to a property tax assessment by the local taxation district. The portion of the property that is used in the operation of the company is subject to an assessment by DOR.

Under this bill, if property is used more than 50% in the operation of a telephone company that is subject to the state-imposed tax in lieu of the local property tax, DOR assesses all of the property. If property is used less than 50% in the operation of a telephone company that is subject to the state tax in lieu of the local property tax, the local taxation district assesses all of the property.

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

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 70.112 (4) of the statutes is renumbered 70.112 (4) (a) and amended  
2 to read:

3           70.112 (4) (a) All special property assessed under ss. 76.01 to 76.26 and  
4 property of any light, heat, and power company taxed under s. 76.28, telephone  
5 company, car line company, and electric cooperative association that is used and  
6 useful in the operation of the business of such company or association. If a general  
7 structure for which an exemption is sought under this section is used and useful in  
8 part in the operation of any public utility assessed under ss. 76.01 to 76.26 or of the  
9 business of any light, heat, and power company taxed under s. 76.28, telephone  
10 company, car line company, or electric cooperative association and in part for  
11 nonoperating purposes of the public utility or company or association, that general  
12 structure shall be assessed for taxation under this chapter at the percentage of its  
13 full market value that fairly measures and represents the extent of its use for  
14 nonoperating purposes. Nothing provided in this ~~subsection~~ paragraph shall  
15 exclude any real estate or any property which is separately accounted for under s.  
16 196.59 from special assessments for local improvements under s. 66.0705.

17           **SECTION 2.** 70.112 (4) (b) of the statutes is created to read:

18           70.112 (4) (b) If real or tangible personal property is used more than 50%, as  
19 determined by the department of revenue, in the operation of a telephone company  
20 that is subject to the tax imposed under s. 76.81, the department of revenue shall  
21 assess the property and that property shall be exempt from the general property

1 taxes imposed under this chapter. If real or tangible personal property is used less  
2 than 50%, as determined by the department of revenue, in the operation of a  
3 telephone company that is subject to the tax imposed under s. 76.81, the taxation  
4 district in which the property is located shall assess the property and that property  
5 shall be subject to the general property taxes imposed under this chapter.

6 **SECTION 3.** 76.81 of the statutes is amended to read:

7 **76.81 Imposition.** There is imposed a tax on the real property of, and the  
8 tangible personal property of, every telephone company, excluding property that is  
9 exempt from the property tax under s. 70.11 (39), motor vehicles that are exempt  
10 under s. 70.112 (5), and treatment plant and pollution abatement equipment that is  
11 exempt under s. 70.11 (21) (a). Except as provided in s. 76.815, the rate for the tax  
12 imposed on each description of real property and on each item of tangible personal  
13 property is the net rate for the prior year for the tax under ch. 70 in the taxing  
14 jurisdictions where the description or item is located. The real and tangible personal  
15 property of a telephone company shall be assessed as provided under s. 70.112 (4) (b).

16 **SECTION 9344. Initial applicability; revenue.**

17 (1) TELEPHONE COMPANY PROPERTY. The treatment of section 76.81 of the  
18 statutes, the renumbering and amendment of section 70.112 (4) of the statutes, and  
19 the creation of section 70.112 (4) (b) of the statutes first apply to the property tax  
20 assessments as of January 1, 2001.

21 (END)

*property that is used less than 50% in the operations  
of a telephone company, as provided under s. 70.112(4)(b),*

**Kreye, Joseph**

---

**From:** Holden, Kerry  
**Sent:** Monday, January 15, 2001 11:12 AM  
**To:** Kreye, Joseph  
**Subject:** easy change

Hello Joe-

I was wondering if you could make an easy change to draft 544/2 to delay the effective date to January 1, 2003.

**Kerry Holden**

Tax, Finance & Local Government Team  
DOA State Budget Office  
Phone: (608)266-8593  
Fax: (608)267-0372  
Email: Kerry.Holden@doa.state.wi.us



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0544/2

JK:kmg:km

3  
C  
E  
jld

DOA:.....Holden - Property tax assessment of telephone company property

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

in 1-16-01

SOON

Do not gen

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**PROPERTY TAXATION**

Under current law, property that is used in the operation of a utility company, electric cooperative association, car line company, or telephone company is exempt from local property taxation. Such companies are, generally, subject to a state-imposed tax, in lieu of the local property tax, that is based on the value of the property owned by the companies. The property that is owned by the companies and used in the operation of the companies is assessed by DOR. However, if property is used in part in the operation of the company and in part for other purposes, the portion of the property that is used for other purposes is subject to the local property tax and, therefore, subject to a property tax assessment by the local taxation district. The portion of the property that is used in the operation of the company is subject to an assessment by DOR.

Under this bill, if property is used more than 50% in the operation of a telephone company that is subject to the state-imposed tax in lieu of the local property tax, DOR assesses all of the property. If property is used less than 50% in the operation of a telephone company that is subject to the state tax in lieu of the local property tax, the local taxation district assesses all of the property.

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

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 70.112 (4) of the statutes is renumbered 70.112 (4) (a) and amended  
2 to read:

3           70.112 (4) (a) All special property assessed under ss. 76.01 to 76.26 and  
4 property of any light, heat, and power company taxed under s. 76.28, telephone  
5 company, car line company, and electric cooperative association that is used and  
6 useful in the operation of the business of such company or association. If a general  
7 structure for which an exemption is sought under this section is used and useful in  
8 part in the operation of any public utility assessed under ss. 76.01 to 76.26 or of the  
9 business of any light, heat, and power company taxed under s. 76.28, telephone  
10 company, car line company, or electric cooperative association and in part for  
11 nonoperating purposes of the public utility or company or association, that general  
12 structure shall be assessed for taxation under this chapter at the percentage of its  
13 full market value that fairly measures and represents the extent of its use for  
14 nonoperating purposes. Nothing provided in this subsection paragraph shall  
15 exclude any real estate or any property which is separately accounted for under s.  
16 196.59 from special assessments for local improvements under s. 66.0705.

17           **SECTION 2.** 70.112 (4) (b) of the statutes is created to read:

18           70.112 (4) (b) If real or tangible personal property is used more than 50%, as  
19 determined by the department of revenue, in the operation of a telephone company  
20 that is subject to the tax imposed under s. 76.81, the department of revenue shall  
21 assess the property and that property shall be exempt from the general property

1 taxes imposed under this chapter. If real or tangible personal property is used less  
2 than 50%, as determined by the department of revenue, in the operation of a  
3 telephone company that is subject to the tax imposed under s. 76.81, the taxation  
4 district in which the property is located shall assess the property and that property  
5 shall be subject to the general property taxes imposed under this chapter.

6 **SECTION 3.** 76.81 of the statutes is amended to read:

7 **76.81 Imposition.** There is imposed a tax on the real property of, and the  
8 tangible personal property of, every telephone company, excluding property that is  
9 exempt from the property tax under s. 70.11 (39), motor vehicles that are exempt  
10 under s. 70.112 (5), property that is used less than 50% in the operation of a telephone  
11 company, as provided under s. 70.112 (4) (b), and treatment plant and pollution  
12 abatement equipment that is exempt under s. 70.11 (21) (a). Except as provided in  
13 s. 76.815, the rate for the tax imposed on each description of real property and on each  
14 item of tangible personal property is the net rate for the prior year for the tax under  
15 ch. 70 in the taxing jurisdictions where the description or item is located. The real  
16 and tangible personal property of a telephone company shall be assessed as provided  
17 under s. 70.112 (4) (b).

18 **SECTION 9344. Initial applicability; revenue.**

19 (1) TELEPHONE COMPANY PROPERTY. The treatment of section 76.81 of the  
20 statutes, the renumbering and amendment of section 70.112 (4) of the statutes, and  
21 the creation of section 70.112 (4) (b) of the statutes first apply to the property tax  
22 assessments as of January 1, 2001. <sup>3</sup>



DOA:.....Holden – Property tax assessment of telephone company property

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

---

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**PROPERTY TAXATION**

Under current law, property that is used in the operation of a utility company, electric cooperative association, car line company, or telephone company is exempt from local property taxation. Such companies are, generally, subject to a state-imposed tax, in lieu of the local property tax, that is based on the value of the property owned by the companies. The property that is owned by the companies and used in the operation of the companies is assessed by DOR. However, if property is used in part in the operation of the company and in part for other purposes, the portion of the property that is used for other purposes is subject to the local property tax and, therefore, subject to a property tax assessment by the local taxation district. The portion of the property that is used in the operation of the company is subject to an assessment by DOR.

Under this bill, if property is used more than 50% in the operation of a telephone company that is subject to the state-imposed tax in lieu of the local property tax, DOR assesses all of the property. If property is used less than 50% in the operation of a telephone company that is subject to the state tax in lieu of the local property tax, the local taxation district assesses all of the property.

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

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 70.112 (4) of the statutes is renumbered 70.112 (4) (a) and amended  
2 to read:

3           70.112 (4) (a) All special property assessed under ss. 76.01 to 76.26 and  
4 property of any light, heat, and power company taxed under s. 76.28, telephone  
5 company, car line company, and electric cooperative association that is used and  
6 useful in the operation of the business of such company or association. If a general  
7 structure for which an exemption is sought under this section is used and useful in  
8 part in the operation of any public utility assessed under ss. 76.01 to 76.26 or of the  
9 business of any light, heat, and power company taxed under s. 76.28, telephone  
10 company, car line company, or electric cooperative association and in part for  
11 nonoperating purposes of the public utility or company or association, that general  
12 structure shall be assessed for taxation under this chapter at the percentage of its  
13 full market value that fairly measures and represents the extent of its use for  
14 nonoperating purposes. Nothing provided in this subsection paragraph shall  
15 exclude any real estate or any property which is separately accounted for under s.  
16 196.59 from special assessments for local improvements under s. 66.0705.

17           **SECTION 2.** 70.112 (4) (b) of the statutes is created to read:

18           70.112 (4) (b) If real or tangible personal property is used more than 50%, as  
19 determined by the department of revenue, in the operation of a telephone company  
20 that is subject to the tax imposed under s. 76.81, the department of revenue shall  
21 assess the property and that property shall be exempt from the general property

1 taxes imposed under this chapter. If real or tangible personal property is used less  
2 than 50%, as determined by the department of revenue, in the operation of a  
3 telephone company that is subject to the tax imposed under s. 76.81, the taxation  
4 district in which the property is located shall assess the property and that property  
5 shall be subject to the general property taxes imposed under this chapter.

6 **SECTION 3.** 76.81 of the statutes is amended to read:

7 **76.81 Imposition.** There is imposed a tax on the real property of, and the  
8 tangible personal property of, every telephone company, excluding property that is  
9 exempt from the property tax under s. 70.11 (39), motor vehicles that are exempt  
10 under s. 70.112 (5), property that is used less than 50% in the operation of a telephone  
11 company, as provided under s. 70.112 (4) (b), and treatment plant and pollution  
12 abatement equipment that is exempt under s. 70.11 (21) (a). Except as provided in  
13 s. 76.815, the rate for the tax imposed on each description of real property and on each  
14 item of tangible personal property is the net rate for the prior year for the tax under  
15 ch. 70 in the taxing jurisdictions where the description or item is located. The real  
16 and tangible personal property of a telephone company shall be assessed as provided  
17 under s. 70.112 (4) (b).

18 **SECTION 9344. Initial applicability; revenue.**

19 (1) TELEPHONE COMPANY PROPERTY. The treatment of section 76.81 of the  
20 statutes, the renumbering and amendment of section 70.112 (4) of the statutes, and  
21 the creation of section 70.112 (4) (b) of the statutes first apply to the property tax  
22 assessments as of January 1, 2003.

23 (END)