

2001 DRAFTING REQUEST

Senate Amendment (SA-SSA1-SB55)

Received: 06/15/2001

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Senate Democratic Caucus

By/Representing: Keckhaver

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax - property

Extra Copies:

Submit via email: NO

Requester's email:

Pre Topic:

SDC:.....Keckhaver - CN2705,

Topic:

Amend personal property tax exemption for computers to exclude ATMs

Instructions:

See Attached

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	jkreye 06/16/2001	wjackson 06/16/2001	jfrantze 06/17/2001	_____	lrb_docadmin 06/17/2001		
	jkreye 06/17/2001	wjackson 06/17/2001		_____			
/2			haugca 06/18/2001	_____	lrb_docadmin 06/18/2001		

FE Sent For:

<END>

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FE Sent For: *1/2 Wlj 6/17* *CH*

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1?	jkreye	1 WLj 6/16	Jb 6/17	Self 6/17			

FE Sent For:

<END>

CN 2705

Subject or Agency	Description	Source / connection	Fiscal effect /positions if known
DOR	Repeal property tax exemption for automatic teller machines	LRB 0222	Saves \$1.2 m GPR per 2000 estimate

JK



2001 LRB 0222

1999 ASSEMBLY BILL 645

January 11, 2000 - Introduced by Representatives BLACK, POCAN, RICHARDS, J. LEHMAN, MILLER, YOUNG, BERCEAU and BOCK, cosponsored by Senators ERPENBACH and GEORGE. Referred to Committee on Ways and Means.

1 **AN ACT to amend 70.11 (39) of the statutes; relating to: the personal property**
2 **tax exemption for computers.**

Analysis by the Legislative Reference Bureau

Under current law, computers are exempt from the property tax on the personal property of a business. The personal property tax exemption for computers also applies to certain equipment related to computers, such as monitors, disk drives and printers. The personal property tax exemption for computers, however, does not apply to other types of equipment, such as fax machines, copiers, equipment with embedded computerized components or telephone systems.

Under this bill, the personal property tax exemption for computers does not apply to automatic teller machines.

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:

3 **SECTION 1.** 70.11 (39) of the statutes is amended to read:
4 **70.11 (39) COMPUTERS.** If the owner of the property fulfills the requirements
5 under s. 70.35, mainframe computers, minicomputers, personal computers,

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-4025/1
INTRODUCTION # AB 645
Admin. Rule #

Subject

Exclude ATMs from the Property Tax Exemption for Computers

Fiscal Effect

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

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

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

Local: No Local Government Costs

see text of fiscal note

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

20.835 (1) (e)

Assumptions Used in Arriving at Fiscal Estimate:

Current law exempts computers, servers, terminals, monitors, disk drives and electronic peripheral equipment from property tax; equipment with embedded computerized components is taxable. The Department advises assessors and computer owners that automatic teller machines (ATMs) are exempt computers. Under current law, the state pays taxing jurisdictions the amount of taxes that would have been levied on exempt computer property, had it been taxable.

The bill provides that ATMs are not exempt from property tax. In consequence, state payments for exempt computer property would be lower under the bill.

Based on data from a major provider of ATM services in the state, there are an estimated 4,250 ATMs in Wisconsin. Of these, an estimated 1,700 are cash dispenser ATMs and about 2,550 ATMs accept deposits as well as dispense cash.

According to a major manufacturer of ATMs, cash dispenser ATMs cost about \$16,000 while deposit-accepting ATMs cost about \$25,000. Assuming the typical ATM is 2 years old, it would be about 50% depreciated, according to the department's recommended computer depreciation schedule. Under the 50% depreciation assumption, the average value per cash dispenser ATM is \$8,000 and the total value of cash dispenser ATMs is about \$13.6 million (\$8,000 x 1,700). Similarly, the average value per deposit-accepting ATM is \$12,500 and the estimated total value of deposit-accepting ATMs is about \$31.9 million (\$12,500 x 2,550). Thus, the estimated total value of ATMs is about \$45.5 million (\$13.6 mil. + 31.9 mil.).

The first computer aid payments will be made in May 2000 based on the value of exempt computer property in 1999, totaling \$2,550 million, and 1999 tax rates. The total payment is expected to be \$64.5 million.

(continued on page two)

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Blair P. Kruger, (608) 266-1310	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	Date 1/28/00
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FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

ORIGINAL UPDATED

LRB # 99-4025/1

Admin. Rule #

CORRECTED SUPPLEMENTAL

INTRODUCTION # AB 645

Subject

Exclude ATMs from the Property Tax Exemption for Computers

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 Computer aid under s. 20.835 (1) (e)	\$	\$ - 1,200,000
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

	STATE	LOCAL
NET CHANGE IN COSTS	\$ - 1,200,000	\$ see text of fiscal note
NET CHANGE IN REVENUES	\$	\$

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Blair P. Kruger, (608) 266-1310	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	Date 1/28/00
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State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb0925/1

JK:wtj

RMK

SDC:.....Keckhaver – CN2705, Amend personal property tax exemption for computers to exclude ATMs

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

m 6-16-01

1 At the locations indicated, amend the substitute amendment as follows:

2 ✓ 1. Page 703, line 14: after “to” insert “automatic teller machines,”.

3 ✓ 2. Page 1406, line 23: after that line insert:

4 (23^K) AUTOMATIC TELLER MACHINES. The treatment of section 70.11 (39) of the
5 statutes, as it applies to automatic teller machines, first applies to the property tax
6 assessments as of January 1, 2001.” ✓

7 ✓ 3. Page 1407, line 14: after “statutes” insert “, as it applies to custom
8 software,”.

9 (END)

Kreye, Joseph

From: Olin, Rick
Sent: Sunday, June 17, 2001 12:42 PM
To: Kreye, Joseph; Keckhaver, John
Subject: Automatic Teller Machines (LRBb0925/1)

Please verify this effective date.

I assumed it was 2002, as opposed to 2001 on line 6.

My assumption is based on the following:

1. It is administratively impractical and disruptive to make this retroactive.
2. The SDC motion reflects a single year fiscal impact, i.e., 2002, which affects computer aid payments in 2002-03.

Please inform me if I am incorrect.



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb0925/1 2

JK:wlj:th

RM not run

SDC:.....Keckhaver - CN2705, Amend personal property tax exemption for computers to exclude ATMs

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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