

Vote Record
Committee on Transportation and Information Infrastructure

Date: 3/3/04

Moved by: Kedzie

Seconded by: Meyer

59 421

AB _____ SB 431 Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for: *as amended*
 Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrence

| <u>Committee Member</u> | <u>Aye</u> | <u>No</u> | <u>Absent</u> | <u>Not Voting</u> |
|-------------------------------|-------------------------------------|--------------------------|--------------------------|--------------------------|
| Senator Joseph Leibham, Chair | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Ted Kanavas | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Neal Kedzie | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Roger Breske | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Mark Meyer | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Totals: | _____ | _____ | _____ | _____ |

Motion Carried

Motion Failed

Vote Record
Committee on Transportation and Information Infrastructure

Date: 3/3/04

Moved by: Leibham

Seconded by: Meyer

SB 431

AB _____ SB 431 Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

- amendment*
- Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrence

Committee Member

| | <u>Aye</u> | <u>No</u> | <u>Absent</u> | <u>Not Voting</u> |
|-------------------------------|-------------------------------------|--------------------------|--------------------------|--------------------------|
| Senator Joseph Leibham, Chair | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Ted Kanavas | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Neal Kedzie | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Roger Breske | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Mark Meyer | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Totals: | <u>4</u> | _____ | _____ | _____ |

Motion Carried

Motion Failed

Senate
Committee on Transportation and Information Infrastructure
February 18, 2004

SB 431 - Tax rate parity for leased rail cars

This bill corrects a tax rate disparity between leased rail cars and railroad owned cars caused over time by a decline in the property tax rate.

Railroad owned cars are taxed at the property tax rate. Leased rail cars however, are taxed on a gross receipt "in lieu of property tax" basis because the gross receipts tax is more efficient to compute, and collect for both the Department of Revenue and companies, which lease their own rail cars.

In the five years since the gross receipts tax rate was pegged at the property tax, the property tax rate declined from 3% to 2.2%.

This bill re- pegs the gross receipts tax rate for leased rail cars at 2.25% bringing it in line with the Wisconsin's property tax rate and the rate paid on railroad owned cars.

Privately leased rail cars in Wisconsin are typically used in agriculture and the forest products industries. They are acquired by shippers under long term leases, and used exclusively for one type of commodity like corn, fertilizer, logs and lumber. These cars do not haul any other product other than for what it is designed to carry and always travel empty one way. The gross receipts tax is paid by Wisconsin shippers.

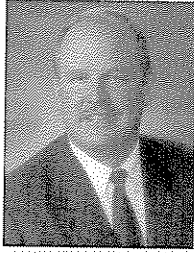
Other States

Leased rail cars in surrounding states are not taxed.

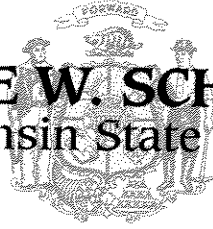
What this bill does not do

Some rail car leasing companies also provide trucks and trailers which are tax exempt in Wisconsin. This bill does not extend an exemption for leased or railroad owned cars. This bill simply restores tax rate equality for Wisconsin shippers leasing their own cars by eliminating a 25% tax rate disparity.

Gunnar Bergersen
O'Connor Communications for
Lake States Lumber Association
Timber Producers Association
Railway Supply Institute
608-255-7211



DALE W. SCHULTZ
Wisconsin State Senator



February 18, 2004

Senator Joseph Leibham, Chairman
& Members
Senate Committee on Transportation
& Infrastructure

Dear Chairman Leibham and Members,

Thank you for scheduling a timely hearing on Senate Bill 431, which corrects a tax rate disparity between leased rail cars and railroad owned cars caused over time by a decline in the property tax rate. I drafted this bill at the request of a number of organizations, which represent forestry interests in our state, including the Lake States Lumber Association and the Timber Producers of Wisconsin and Michigan. As most of you are aware, like our agricultural industry, our forest products businesses are having an increasingly difficult time competing in the international market, resulting in a loss of jobs and revenue in Wisconsin. This bill provides modest tax relief to both the agriculture and forestry industry and corrects an inequity in the law.

Privately leased rail cars in Wisconsin are typically used in agriculture and the forest products industries. They are acquired by shippers under long-term leases, and used exclusively for one type of commodity like corn, fertilizer, logs and lumber. These cars only haul product other they are designed to carry and always travel empty one way. The gross receipts tax is paid by Wisconsin shippers.

Railroad owned cars are taxed at the property tax rate. Leased rail cars however, are taxed on a gross receipt "in lieu of property tax" basis because the gross receipts tax is more efficient to compute, and collect for both the Department of Revenue and private companies, which lease their own rail cars. In the five years since the gross receipts tax rate was pegged at the property tax, the property tax rate declined from 3% to 2.2%.

This bill re-egs the gross receipts tax rate for leased rail cars at 2.25%, bringing it in line with the property tax paid on railroad owned cars. Some rail car leasing companies also provide trucks and trailers, which are tax exempt in Wisconsin.

This bill does not extend an exemption for leased or railroad owned cars. This bill simply restores tax rate parity among rail cars.

Again thank you for taking the time to consider Senate Bill 431.

With kindest regards,


Senator Dale Schultz
17th Senate District