



State of Wisconsin
2017 - 2018 LEGISLATURE

LRBs0061/1
JK:kjf

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 277**

May 9, 2017 - Offered by Representative KULP.

1 **AN ACT to repeal** 70.35, 70.36 (1m) and 70.47 (15); **to renumber and amend**
2 66.0602 (2) and 79.095 (4); **to amend** 70.11 (39), 70.11 (39m), 70.17 (1), 70.36
3 (1), 70.36 (2), 70.36 (3), 70.995 (12) (a), 71.07 (5n) (a) 5. a., 71.07 (5n) (a) 9.
4 (intro.), 71.07 (5n) (a) 9. a., 71.28 (5n) (a) 5. a., 71.28 (5n) (a) 9. (intro.), 71.28
5 (5n) (a) 9. a., 121.004 (6), 121.15 (4) (a) and 121.90 (2) (am) 2.; and **to create**
6 20.835 (1) (f), 66.0602 (2) (b), 70.042, 70.17 (3), 71.07 (5n) (a) 9. am., 71.28 (5n)
7 (a) 9. am., 79.095 (4) (b) and 79.096 of the statutes; **relating to:** eliminating the
8 personal property tax and making an appropriation.

Analysis by the Legislative Reference Bureau

This substitute amendment eliminates the personal property tax in 2018. Under the substitute amendment, improvements on leased land will be assessed as real property.

Under current law, taxing jurisdictions are reimbursed by the state for the loss of personal property tax revenue as a result of the exemption for computers and computer-related equipment. Under the substitute amendment, taxing

jurisdictions are reimbursed by the state for the loss of personal property tax revenue.

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

1 **SECTION 1.** 20.835 (1) (f) of the statutes is created to read:

2 20.835 (1) (f) *State aid; personal property tax phase-out.* A sum sufficient to
3 make the state aid payments under s. 79.096.

4 **SECTION 2.** 66.0602 (2) of the statutes is renumbered 66.0602 (2) (a) and
5 amended to read:

6 66.0602 (2) (a) Except as provided in subs. (3), (4), and (5), no political
7 subdivision may increase its levy in any year by a percentage that exceeds the
8 political subdivision's valuation factor. The Except as provided in par. (b), the base
9 amount in any year, to which the limit under this section applies, shall be the actual
10 levy for the immediately preceding year. In determining its levy in any year, a city,
11 village, or town shall subtract any tax increment that is calculated under s. 59.57 (3)
12 (a), 60.85 (1) (L), or 66.1105 (2) (i). The base amount in any year, to which the limit
13 under this section applies, may not include any amount to which sub. (3) (e) 8.
14 applies.

15 **SECTION 3.** 66.0602 (2) (b) of the statutes is created to read:

16 66.0602 (2) (b) For purposes of par. (a), in 2018, and in each year thereafter, the
17 base amount to which the limit under this section applies is the actual levy for the
18 immediately preceding year, plus the amount of the payment under s. 79.096, and
19 the actual levy is the base amount multiplied by the valuation factor, minus the
20 amount of the payment under s. 79.096.

21 **SECTION 4.** 70.042 of the statutes is created to read:

1 **70.042 Personal property tax sunset.** No personal property is subject to
2 taxation under this chapter beginning with the property tax assessments as of
3 January 1, 2018. A taxing jurisdiction may include the most recent valuation of
4 personal property located in the taxing jurisdiction for purposes of complying with
5 debt limitations applicable to the jurisdiction.

6 **SECTION 5.** 70.11 (39) of the statutes is amended to read:

7 70.11 **(39)** COMPUTERS. ~~If the owner of the property fulfills the requirements~~
8 ~~under s. 70.35, mainframe~~ Mainframe computers, minicomputers, personal
9 computers, networked personal computers, servers, terminals, monitors, disk
10 drives, electronic peripheral equipment, tape drives, printers, basic operational
11 programs, systems software, and prewritten software. The exemption under this
12 subsection does not apply to custom software, fax machines, copiers, equipment with
13 embedded computerized components or telephone systems, including equipment
14 that is used to provide telecommunications services, as defined in s. 76.80 (3). For
15 the purposes of s. 79.095, the exemption under this subsection does not apply to
16 property that is otherwise exempt under this chapter.

17 **SECTION 6.** 70.11 (39m) of the statutes is amended to read:

18 70.11 **(39m)** ~~If the owner of the property fulfills the requirements under s.~~
19 ~~70.35, cash~~ Cash registers and fax machines, excluding fax machines that are also
20 copiers.

21 **SECTION 7.** 70.17 (1) of the statutes is amended to read:

22 70.17 **(1)** Real property shall be entered in the name of the owner, if known to
23 the assessor, otherwise to the occupant thereof if ascertainable, and otherwise
24 without any name. The person holding the contract or certificate of sale of any real
25 property contracted to be sold by the state, but not conveyed, shall be deemed the

1 owner for such purpose. The undivided real estate of any deceased person may be
2 entered to the heirs of such person without designating them by name. The real
3 estate of an incorporated company shall be entered in the same manner as that of an
4 individual. Improvements Except as provided in sub. (3), improvements on leased
5 lands may be assessed either as real property or personal property.

6 **SECTION 8.** 70.17 (3) of the statutes is created to read:

7 70.17 (3) Beginning with the property tax assessments as of January 1, 2018,
8 improvements on leased lands shall be assessed as real property. If improvements,
9 but not the underlying land, are leased to a person other than the landowner or if the
10 improvements are owned by a person other than the landowner, the assessor may
11 create a separate tax parcel for the improvements and assess the improvements as
12 real property to the lessee or owner of the improvements.

13 **SECTION 9.** 70.35 of the statutes is repealed.

14 **SECTION 10.** 70.36 (1) of the statutes is amended to read:

15 70.36 (1) Any person in this state owning or holding any personal property that
16 is subject to assessment, individually or as agent, trustee, guardian, personal
17 representative, assignee, or receiver or in some other representative capacity, who
18 intentionally makes a false statement to the assessor of that person's assessment
19 district or to the board of review of the assessment district with respect to the
20 property, ~~or who omits any property from any return required to be made under s.~~
21 ~~70.35,~~ with the intent of avoiding the payment of the just and proportionate taxes on
22 the property, shall forfeit the sum of \$10 for every \$100 or major fraction of \$100 so
23 withheld from the knowledge of the assessor or board of review.

24 **SECTION 11.** 70.36 (1m) of the statutes is repealed.

25 **SECTION 12.** 70.36 (2) of the statutes is amended to read:

1 70.36 (2) It is hereby made the duty of the district attorney of any county, upon
2 complaint made to the district attorney by the assessor or by a member of the board
3 of review of the assessment district in which it is alleged that property has been so
4 withheld from the knowledge of such assessor or board of review, ~~or not included in~~
5 ~~any return required by s. 70.35~~, to investigate the case forthwith and bring an action
6 in the name of the state against the person, firm or corporation so complained of. All
7 forfeitures collected under the provisions of this section shall be paid into the
8 treasury of the taxation district in which such property had its situs for taxation.

9 **SECTION 13.** 70.36 (3) of the statutes is amended to read:

10 70.36 (3) The word assessor whenever used in ~~ss. 70.35 and 70.36~~ this section
11 shall, in 1st class cities, be deemed to refer also to the commissioner of assessments
12 of any such city and, where applicable, shall be deemed also to refer to the
13 department of revenue responsible for the manufacturing property assessment
14 under s. 70.995.

15 **SECTION 14.** 70.47 (15) of the statutes is repealed.

16 **SECTION 15.** 70.995 (12) (a) of the statutes is amended to read:

17 70.995 (12) (a) The department of revenue shall prescribe a standard
18 manufacturing property report form that shall be submitted annually for each real
19 estate parcel ~~and each personal property account~~ on or before March 1 by all
20 manufacturers whose property is assessed under this section. The report form shall
21 contain all information considered necessary by the department and shall include,
22 without limitation, income and operating statements, fixed asset schedules and a
23 report of new construction or demolition. Failure to submit the report shall result
24 in denial of any right of redetermination by the state board of assessors or the tax
25 appeals commission. If any property is omitted or understated in the assessment roll

1 in any of the next 5 previous years, the assessor shall enter the value of the omitted
2 or understated property once for each previous year of the omission or
3 understatement. The assessor shall affix a just valuation to each entry for a former
4 year as it should have been assessed according to the assessor's best judgment. Taxes
5 shall be apportioned and collected on the tax roll for each entry, on the basis of the
6 net tax rate for the year of the omission, taking into account credits under s. 79.10.
7 In the case of omitted property, interest shall be added at the rate of 0.0267 percent
8 per day for the period of time between the date when the form is required to be
9 submitted and the date when the assessor affixes the just valuation. In the case of
10 underpayments determined after an objection under s. 70.995 (8) (d), interest shall
11 be added at the average annual discount interest rate determined by the last auction
12 of 6-month U.S. treasury bills before the objection per day for the period of time
13 between the date when the tax was due and the date when it is paid.

14 **SECTION 16.** 71.07 (5n) (a) 5. a. of the statutes is amended to read:

15 71.07 (5n) (a) 5. a. "Manufacturing property factor" means a fraction, the
16 numerator of which is the average value of the claimant's real ~~and personal~~ property
17 assessed under s. 70.995 and personal property that would have been assessed under
18 s. 70.995, 2015 stats., as determined by the department, owned or rented and used
19 in this state by the claimant during the taxable year to manufacture qualified
20 production property, and the denominator of which is the average value of all the
21 claimant's real and personal property owned or rented during the taxable year and
22 used by the claimant to manufacture qualified production property.

23 **SECTION 17.** 71.07 (5n) (a) 9. (intro.) of the statutes is amended to read:

24 71.07 (5n) (a) 9. (intro.) "Qualified production property" means ~~either~~ any of
25 the following:

1 **SECTION 18.** 71.07 (5n) (a) 9. a. of the statutes is amended to read:

2 71.07 **(5n)** (a) 9. a. Tangible personal property manufactured in whole or in part
3 by the claimant on real property that is assessed as manufacturing property under
4 s. 70.995.

5 **SECTION 19.** 71.07 (5n) (a) 9. am. of the statutes is created to read:

6 71.07 **(5n)** (a) 9. am. Tangible personal property manufactured in whole or in
7 part by the claimant on personal property that would have been assessed as
8 manufacturing property under s. 70.995, 2015 stats., as determined by the
9 department.

10 **SECTION 20.** 71.28 (5n) (a) 5. a. of the statutes is amended to read:

11 71.28 **(5n)** (a) 5. a. “Manufacturing property factor” means a fraction, the
12 numerator of which is the average value of the claimant’s real and personal property
13 assessed under s. 70.995 and personal property that would have been assessed under
14 s. 70.995, 2015 stats., as determined by the department, owned or rented and used
15 in this state by the claimant during the taxable year to manufacture qualified
16 production property, and the denominator of which is the average value of all the
17 claimant’s real and personal property owned or rented during the taxable year and
18 used by the claimant to manufacture qualified production property.

19 **SECTION 21.** 71.28 (5n) (a) 9. (intro.) of the statutes is amended to read:

20 71.28 **(5n)** (a) 9. (intro.) “Qualified production property” means either any of
21 the following:

22 **SECTION 22.** 71.28 (5n) (a) 9. a. of the statutes is amended to read:

23 71.28 **(5n)** (a) 9. a. Tangible personal property manufactured in whole or in part
24 by the claimant on real property that is assessed as manufacturing property under
25 s. 70.995.

1 **SECTION 23.** 71.28 (5n) (a) 9. am. of the statutes is created to read:

2 71.28 (5n) (a) 9. am. Tangible personal property manufactured in whole or in
3 part by the claimant on personal property that would have been assessed as
4 manufacturing property under s. 70.995, 2015 stats., as determined by the
5 department.

6 **SECTION 24.** 79.095 (4) of the statutes is renumbered 79.095 (4) (a) and
7 amended to read:

8 79.095 (4) (a) The department shall calculate the payments due each taxing
9 jurisdiction under this section by multiplying the full value as of the January 1 of the
10 preceding year of the property that is exempt under s. 70.11 (39) and (39m) and that
11 is located in the jurisdiction by the full-value gross tax rate of the jurisdiction for the
12 preceding year. The Subject to par. (b), the department shall certify the amount of
13 the payment due each taxing jurisdiction to the department of administration, which
14 shall make the payments on or before the 4th Monday in July. For purposes of ch.
15 121, school districts shall treat the payments made in July under this subsection as
16 if they had been received in the previous school year.

17 **SECTION 25.** 79.095 (4) (b) of the statutes is created to read:

18 79.095 (4) (b) Beginning in 2018, and in each year thereafter, each taxing
19 jurisdiction shall receive a payment under this subsection equal to the amount
20 determined under par. (a) for that taxing jurisdiction in 2017.

21 **SECTION 26.** 79.096 of the statutes is created to read:

22 **79.096 State aid; personal property. (1)** Beginning in 2018, and in each
23 year thereafter, the department of revenue shall pay to each taxing jurisdiction an
24 amount equal to the amount of revenue loss incurred by the taxing jurisdiction in
25 2018 as a result of s. 70.042, as determined by the department.

