



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-5354/1
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2017 SENATE BILL 849

February 28, 2018 - Introduced by Senators MARKLEIN, CRAIG, ROTH and WANGGAARD, cosponsored by Representatives KULP, FELZKOWSKI, KATZMA, NEYLON, SANFELIPPO, SPIROS and THIESFELDT. Referred to Committee on Revenue, Financial Institutions and Rural Issues.

1 **AN ACT to repeal** 66.1113 (1) (d) 1. to 21., 70.995 (2) (a) to (w), 77.994 (2) and
2 281.58 (1) (c) 1. a. to e.; **to amend** 66.1113 (1) (d) (intro.), 70.111 (22) (a), 70.111
3 (22) (b), 70.995 (1) (d), 70.995 (2) (intro.), 70.995 (7) (b), 77.53 (9) (a), 281.58 (1)
4 (c) 1. (intro.), 323.60 (5) (d) 3., 710.02 (2) (e) and 710.02 (2) (f); **to repeal and**
5 **recreate** 77.994 (1); and **to create** 16.316, 66.1113 (1) (d) 1m., 3m., 4m., 5m.,
6 6m., 7m., 8m., 9m., 10m., 11m., 12m., 13m., 14m., 15m., 16m., 17m., 18m., 19m.,
7 20m., 21m., 22m., 23m., 24m., 25m., 26m., 27m., 28m., 29m., 30m., 31m., 32m.,
8 33m., 34m., 35m., 36m., 37m., 38m., 39m., 40m., 41m., 42m., 43m., 44m., 45m.
9 and 46m., 70.995 (2) (am), (bm), (cm), (dm), (em), (fm), (gm), (hm), (im), (jm),
10 (km), (Lm), (mm), (nm), (om), (pm), (qm), (rm), (sm), (tm), (um), (vm) and (wm)
11 and 281.58 (1) (c) 1. am., bm., cm., dm., em., fm., gm., hm., im., jm., km., Lm.
12 and mm. of the statutes; **relating to:** changing industrial classification codes.

Analysis by the Legislative Reference Bureau

This bill changes references to industry classifications set forth in the *Standard Industrial Classification* manual to those in the *North American Industry*

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Classification System, 2012 edition, and any subsequent edition. The SIC manual was last updated in 1987. Both the SIC manual and the NAICS are published by the federal government.

Industry classifications are used under current law for the following purposes:

1. To assess manufacturing property for property tax purposes. Taxpayers who own property assessed as manufacturing are also eligible to claim certain income tax credits and sales and use tax exemptions.

2. To determine whether a county or municipality may qualify as a premier resort area and impose the premier resort area sales tax on sellers in the area based on their industry classifications.

3. To determine eligibility for the property tax exemption for rented personal property.

4. To report the classification of each place of business in this state when obtaining a business tax registration certificate.

5. To administer the clean water fund program.

6. To determine which facilities must comply with toxic chemical release form requirements under federal law and submit copies of such forms to the Department of Natural Resources.

7. To determine the activities in this state in which a nonresident may hold an interest. Current law allows a nonresident to hold an interest in activities classified as manufacturing or mercantile.

This bill also requires all state agencies to use the *North American Industry Classification System* in order to determine the industrial classification of any property, entity, or activity included in any program administered by the agencies.

Finally, the bill requires taxation districts to assess property at full value at least once in every eight-year period and requires the Department of Revenue to assess manufacturing property at full value at least once in every eight-year period. Current law requires such assessments at least once in every five-year period.

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.** 16.316 of the statutes is created to read:

2 **16.316 Industrial classification codes.** (1) Notwithstanding the changes
3 made by 2017 Wisconsin Act ... (this act), property, businesses, facilities, and
4 activities that satisfied the industrial classifications under ss. 66.1113 (1) (d), 2015
5 stats., 70.111 (22), 2015 stats., 70.995 (1) (d) and (2), 2015 stats., 77.53 (9) (a), 2015
6 stats., 77.994 (1), 2015 stats., 281.58 (1) (c) 1., 2015 stats., 323.60 (5) (d) 3., 2015

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1 stats., and 710.02 (2) (e) and (f), 2015 stats., before January 1, 2019, satisfy the
2 industrial classifications under ss. 66.1113 (1) (d), 70.111 (22), 70.995 (1) (d) and (2),
3 77.53 (9) (a), 77.994 (1), 281.58 (1) (c) 1., 323.60 (5) (d) 3., and 710.02 (2) (e) and (f)
4 after December 31, 2018.

5 (2) Beginning on January 1, 2019, the departments, including the department
6 of administration, shall use the North American Industry Classification System,
7 2012 edition, and any subsequent edition, published by the U.S. office of
8 management and budget, in order to determine the industrial classification of any
9 property, entity, or activity included in any program administered by the
10 departments.

11 **SECTION 2.** 66.1113 (1) (d) (intro.) of the statutes is amended to read:

12 66.1113 (1) (d) (intro.) “Tourism-related retailers” means retailers classified in
13 the ~~standard industrial classification manual, 1987~~ North American Industry
14 Classification System, 2012 edition, and any subsequent edition, published by the
15 U.S. office of management and budget under the following ~~industry numbers~~ sectors:

16 **SECTION 3.** 66.1113 (1) (d) 1. to 21. of the statutes are repealed.

17 **SECTION 4.** 66.1113 (1) (d) 1m., 3m., 4m., 5m., 6m., 7m., 8m., 9m., 10m., 11m.,
18 12m., 13m., 14m., 15m., 16m., 17m., 18m., 19m., 20m., 21m., 22m., 23m., 24m., 25m.,
19 26m., 27m., 28m., 29m., 30m., 31m., 32m., 33m., 34m., 35m., 36m., 37m., 38m., 39m.,
20 40m., 41m., 42m., 43m., 44m., 45m. and 46m. of the statutes are created to read:

21 66.1113 (1) (d) 1m. 311811 — Retail bakeries.

22 3m. 445291 — Baked goods stores.

23 4m. 445292 — Confectionery and nut stores.

24 5m. 445299 — All other specialty food stores.

25 6m. 445310 — Beer, wine, and liquor stores.

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- 1 7m. 446110 — Pharmacies and drug stores.
- 2 8m. 447110 — Gasoline stations with convenience stores.
- 3 9m. 447190 — Other gasoline stations.
- 4 10m. 451110 — Sporting goods stores.
- 5 11m. 452910 — Warehouse clubs and supercenters.
- 6 12m. 452990 — All other general merchandise stores.
- 7 13m. 453220 — Gift, novelty, and souvenir stores.
- 8 14m. 487110 — Scenic and sightseeing transportation, land.
- 9 15m. 487210 — Scenic and sightseeing transportation, water.
- 10 16m. 487990 — Scenic and sightseeing transportation, other.
- 11 17m. 532292 — Recreational goods rental.
- 12 18m. 561599 — All other travel arrangement and reservation services.
- 13 19m. 611620 — Sports and recreation instruction.
- 14 20m. 611699 — All other miscellaneous schools and instruction.
- 15 21m. 711110 — Theater companies and dinner theaters.
- 16 22m. 711190 — Other performing arts companies.
- 17 23m. 711212 — Racetracks.
- 18 24m. 711219 — Other spectator sports.
- 19 25m. 711310 — Promoters of performing arts, sports, and similar events with
- 20 facilities.
- 21 26m. 711320 — Promoters of performing arts, sports, and similar events
- 22 without facilities.
- 23 27m. 712190 — Nature parks and other similar institutions.
- 24 28m. 713110 — Amusement and theme parks.
- 25 29m. 713120 — Amusement arcades.

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- 1 30m. 713210 — Casinos (except casino hotels).
- 2 31m. 713290 — Other gambling industries.
- 3 32m. 713910 — Golf courses and country clubs.
- 4 33m. 713920 — Skiing facilities.
- 5 34m. 713940 — Fitness and recreational sports centers.
- 6 35m. 713990 — All other amusement and recreation industries.
- 7 36m. 721110 — Hotels (except casino hotels) and motels.
- 8 37m. 721120 — Casino hotels.
- 9 38m. 721191 — Bed-and-breakfast inns.
- 10 39m. 721199 — All other traveler accommodation.
- 11 40m. 721211 — RV (recreational vehicle) parks and campgrounds.
- 12 41m. 721214 — Recreational and vacation camps (except campgrounds).
- 13 42m. 722410 — Drinking places (alcoholic beverages).
- 14 43m. 722511 — Full-service restaurants.
- 15 44m. 722513 — Limited-service restaurants.
- 16 45m. 722514 — Cafeterias, grill buffets, and buffets.
- 17 46m. 722515 — Snack and nonalcoholic beverage bars.

18 **SECTION 5.** 70.111 (22) (a) of the statutes is amended to read:

19 70.111 **(22)** (a) Except as provided in par. (b), personal property held for rental
20 for periods of one month or less to multiple users for their temporary use, if the
21 property is not rented with an operator, if the owner is not a subsidiary or affiliate
22 of any other enterprise and the owner is engaged in the rental of the property subject
23 to the exemption to the other enterprise, if the owner is classified ~~in group number~~
24 ~~735, industry number 7359 of the 1987 standard industrial classification manual~~
25 under 532310, 532411, 532412, 532420, and 532490 of the North American Industry

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1 Classification System, 2012 edition, and any subsequent edition, published by the
2 U.S. office of management and budget and if the property is equipment, including
3 construction equipment but not including automotive and computer-related
4 equipment, television sets, video recorders and players, cameras, photographic
5 equipment, audiovisual equipment, photocopying equipment, sound equipment,
6 public address systems and video tapes; party supplies; appliances; tools; dishes;
7 silverware; tables; or banquet accessories.

8 **SECTION 6.** 70.111 (22) (b) of the statutes is amended to read:

9 70.111 (22) (b) Personal property held primarily for rental for periods of 364
10 days or less to multiple users for their temporary use, if the property is not rented
11 with an operator, if the owner is not a subsidiary or affiliate of any other enterprise
12 and the owner is engaged in the rental of the property subject to the exemption to the
13 other enterprise, if the owner is classified under 532412 of the North American
14 Industry Classification System, 2012 edition, and any subsequent edition, published
15 by the U.S. bureau of the census office of management and budget, and if the property
16 is heavy equipment used for construction, mining, or forestry, including bulldozers,
17 earthmoving equipment, well-drilling machinery and equipment, or cranes.

18 **SECTION 7.** 70.995 (1) (d) of the statutes is amended to read:

19 70.995 (1) (d) Except for the activities under sub. (2), activities not classified
20 as manufacturing in the ~~standard industrial classification manual~~, North American
21 Industry Classification System, 1987 2012 edition, and any subsequent edition,
22 published by the U.S. office of management and budget are not manufacturing for
23 this section.

24 **SECTION 8.** 70.995 (2) (intro.) of the statutes is amended to read:

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1 70.995 (2) FURTHER CLASSIFICATION. (intro.) In addition to the criteria set forth
2 in sub. (1), property shall be deemed prima facie manufacturing property and eligible
3 for assessment under this section if it is included in one of the following ~~major group~~
4 sector classifications set forth in the ~~standard industrial classification manual, 1987~~
5 North American Industry Classification System, 2012 edition, and any subsequent
6 edition, published by the U.S. office of management and budget. For the purposes
7 of this section, any other property described in this subsection shall also be deemed
8 manufacturing property and eligible for assessment under this section:

9 **SECTION 9.** 70.995 (2) (a) to (w) of the statutes are repealed.

10 **SECTION 10.** 70.995 (2) (am), (bm), (cm), (dm), (em), (fm), (gm), (hm), (im), (jm),
11 (km), (Lm), (mm), (nm), (om), (pm), (qm), (rm), (sm), (tm), (um), (vm) and (wm) of the
12 statutes are created to read:

13 70.995 (2) (am) 21 — Mining.

14 (bm) 31 to 33 — Manufacturing.

15 (cm) 111998 — All other miscellaneous crop farming.

16 (dm) 112519 — Other aquaculture.

17 (em) 113310 — Logging.

18 (fm) 238910 — Site preparation contractors.

19 (gm) 488390 — Other support activities for water transportation.

20 (hm) 511110 — Newspaper publishers.

21 (im) 511120 — Periodical publishers.

22 (jm) 511130 — Book publishers.

23 (km) 511140 — Directory and mailing list publishers.

24 (Lm) 511191 — Greeting card publishers.

25 (mm) 511199 — All other publishers.

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1 (nm) 512220 — Integrated record production/distribution.

2 (om) 512230 — Music publishers.

3 (pm) 519130 — Internet publishing and broadcasting and web search portals.

4 (qm) 541360 — Geophysical surveying and mapping services.

5 (rm) 541711 — Research and development in biotechnology.

6 (sm) 811490 — Other personal and household goods repair and maintenance.

7 (tm) 812331 — Linen supply.

8 (um) 812332 — Industrial launderers.

9 (vm) 812921 — Photofinishing laboratories (except one-hour).

10 (wm) 812922 — One-hour photofinishing.

11 **SECTION 11.** 70.995 (7) (b) of the statutes is amended to read:

12 70.995 (7) (b) Each ~~5~~ 8 years, or more frequently if the department of revenue's
13 workload permits and if in the department's judgment it is desirable, the department
14 of revenue shall complete a field investigation or on-site appraisal at full value under
15 ss. 70.32 (1) and 70.34 of all manufacturing property in this state.

16 **SECTION 12.** 77.53 (9) (a) of the statutes is amended to read:

17 77.53 (9) (a) Except as provided in par. (b), every retailer selling tangible
18 personal property, or items, property, or goods under s. 77.52 (1) (b), (c), or (d), or
19 taxable services for storage, use or other consumption in this state shall register with
20 the department and obtain a certificate under s. 73.03 (50) and give the name and
21 address of all agents operating in this state, the location of all distribution or sales
22 houses or offices or other places of business in this state, the ~~standard industrial code~~
23 classification of each place of business in this state, as specified in the North
24 American Industry Classification System, 2012 edition, and any subsequent edition,
25 published by the U.S. office of management and budget, and the other information

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1 that the department requires. Any person who may register under this subsection
2 may designate an agent, as defined in s. 77.524 (1) (ag), to register with the
3 department under this subsection, in the manner prescribed by the department.

4 **SECTION 13.** 77.994 (1) of the statutes is repealed and recreated to read:

5 **77.994 Premier resort area tax. (1)** (a) Except as provided in par. (b) and
6 sub. (3), a municipality or a county all of which is included in a premier resort area
7 under s. 66.1113 may, by ordinance, impose a tax at a rate of 0.5 percent of the sales
8 price from the sale, license, lease, or rental in the municipality or county of property,
9 items, goods, or services that are taxable under subch. III made by businesses that
10 are classified in the North American Industry Classification System, 2012 edition,
11 and any subsequent edition, published by the U.S. office of management and budget,
12 under the following industry numbers:

- 13 1. 311811 — Retail bakeries.
- 14 3. 445210 — Meat markets.
- 15 4. 445291 — Baked goods stores.
- 16 5. 445292 — Confectionery and nut stores.
- 17 6. 445299 — All other specialty food stores.
- 18 7. 445310 — Beer, wine, and liquor stores.
- 19 8. 446110 — Pharmacies and drug stores.
- 20 9. 446120 — Cosmetics, beauty supplies, and perfume stores.
- 21 10. 446191 — Food (health) supplement stores.
- 22 11. 446199 — All other health and personal care stores.
- 23 12. 447110 — Gasoline stations with convenience stores.
- 24 13. 447190 — Other gasoline stations.
- 25 14. 448110 — Men's clothing stores.

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- 1 15. 448120 — Women’s clothing stores.
- 2 16. 448130 — Children’s and infants’ clothing stores.
- 3 17. 448140 — Family clothing stores.
- 4 18. 448150 — Clothing accessories stores.
- 5 19. 448190 — Other clothing stores.
- 6 20. 448210 — Shoe stores.
- 7 21. 448310 — Jewelry stores.
- 8 22. 448320 — Luggage and leather goods stores.
- 9 23. 451110 — Sporting goods stores.
- 10 24. 451120 — Hobby, toy, and game stores.
- 11 25. 451130 — Sewing, needlework, and piece goods stores.
- 12 26. 451211 — Book stores.
- 13 27. 451212 — News dealers and newsstands.
- 14 28. 452111 — Department stores (except discount department stores).
- 15 29. 452112 — Discount department stores.
- 16 29m. 452910 — Warehouse clubs and supercenters.
- 17 30. 452990 — All other general merchandise stores.
- 18 31. 453110 — Florists.
- 19 32. 453210 — Office supplies and stationery stores.
- 20 33. 453220 — Gift, novelty, and souvenir stores.
- 21 34. 453910 — Pet and pet supplies stores.
- 22 35. 453920 — Art dealers.
- 23 36. 453991 — Tobacco stores.
- 24 37. 453998 — All other miscellaneous store retailers (except tobacco stores).
- 25 38. 487110 — Scenic and sightseeing transportation, land.

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- 1 39. 487210 — Scenic and sightseeing transportation, water.
- 2 40. 487990 — Scenic and sightseeing transportation, other.
- 3 41. 532292 — Recreational goods rental.
- 4 42. 561599 — All other travel arrangement and reservation services.
- 5 43. 611620 — Sports and recreation instruction.
- 6 44. 611699 — All other miscellaneous schools and instruction.
- 7 45. 711110 — Theater companies and dinner theaters.
- 8 46. 711120 — Dance companies.
- 9 47. 711130 — Musical groups and artists.
- 10 48. 711190 — Other performing arts companies.
- 11 49. 711212 — Racetracks.
- 12 50. 711219 — Other spectator sports.
- 13 51. 711310 — Promoters of performing arts, sports, and similar events with
14 facilities.
- 15 52. 711320 — Promoters of performing arts, sports, and similar events without
16 facilities.
- 17 53. 711410 — Agents and managers for artists, athletes, entertainers, and
18 other public figures.
- 19 54. 711510 — Independent artists, writers, and performers.
- 20 55. 712190 — Nature parks and other similar institutions.
- 21 56. 713110 — Amusement and theme parks.
- 22 57. 713120 — Amusement arcades.
- 23 58. 713210 — Casinos (except casino hotels).
- 24 59. 713290 — Other gambling industries.
- 25 60. 713910 — Golf courses and country clubs.

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- 1 61. 713920 — Skiing facilities.
- 2 62. 713990 — All other amusement and recreation industries.
- 3 63. 713940 — Fitness and recreational sports centers.
- 4 64. 721110 — Hotels (except casino hotels) and motels.
- 5 65. 721120 — Casino hotels.
- 6 66. 721191 — Bed-and-breakfast inns.
- 7 67. 721199 — All other traveler accommodation.
- 8 68. 721211 — RV (recreational vehicle) parks and campgrounds.
- 9 69. 721214 — Recreational and vacation camps (except campgrounds).
- 10 70. 722410 — Drinking places (alcoholic beverages).
- 11 71. 722511 — Full-service restaurants.
- 12 72. 722513 — Limited-service restaurants.
- 13 73. 722514 — Cafeterias, grill buffets, and buffets.
- 14 74. 722515 — Snack and nonalcoholic beverage bars.
- 15 (b) Either a county or a municipality within that county, but not both, may
- 16 impose a tax under par. (a).

17 **SECTION 14.** 77.994 (2) of the statutes is repealed.

18 **SECTION 15.** 281.58 (1) (c) 1. (intro.) of the statutes is amended to read:

19 281.58 (1) (c) 1. (intro.) Any nongovernmental, nonresidential user of a publicly
20 owned treatment work which discharges more than the equivalent of 25,000 gallons
21 per day of sanitary wastes, other than domestic wastes or discharges from sanitary
22 conveniences, or discharges a volume that has the weight of biochemical oxygen
23 demand or suspended solids at least as great as the weight found in 25,000 gallons
24 per day of sanitary waste from residential users, and which is identified in the
25 ~~standard industrial classification manual, 1972, federal~~ North American Industry

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1 Classification System, 2012 edition, and any subsequent edition, published by the
2 U.S. office of management and budget, as amended and supplemented as of October
3 1, 1978, under one any of the following divisions sectors:

4 **SECTION 16.** 281.58 (1) (c) 1. a. to e. of the statutes are repealed.

5 **SECTION 17.** 281.58 (1) (c) 1. am., bm., cm., dm., em., fm., gm., hm., im., jm., km.,
6 Lm. and mm. of the statutes are created to read:

7 281.58 (1) (c) 1. am. 11 — Agriculture, forestry, fishing, and hunting.

8 bm. 21 — Mining.

9 cm. 22 — Utilities.

10 dm. 23 — Construction.

11 em. 31 to 33 — Manufacturing.

12 fm. 48 and 49 — Transportation and warehousing.

13 gm. 51 — Information.

14 hm. 54 — Professional, scientific, and technical services.

15 im. 56 — Administrative and support and waste management and remediation
16 services.

17 jm. 61 — Educational services.

18 km. 62 — Health care and social assistance.

19 Lm. 72 — Accommodation and food services.

20 mm. 81 — Other services (except public administration).

21 **SECTION 18.** 323.60 (5) (d) 3. of the statutes is amended to read:

22 323.60 (5) (d) 3. All facilities with 10 or more employees in major group
23 classifications 10 to 13 in the standard industrial classification manual, 1987
24 engaged in activities classified under sector 21 of the North American Industry
25 Classification System, 2012 edition, and any subsequent edition, published by the

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1 U.S. office of management and budget, at which a toxic chemical is used at or above
2 an applicable threshold quantity, except that compliance with the toxic chemical
3 release form requirements under this subdivision is not required for the placement
4 of a toxic chemical in a storage or disposal site or facility that is located at a facility
5 with a permit under ch. 293 or a mining permit under subch. III of ch. 295 if the toxic
6 chemical consists of or is contained in merchantable by-products, as defined in s.
7 293.01 (7) or 295.41 (25), minerals, or refuse, as defined in s. 293.01 (25) or 295.41
8 (41).

9 **SECTION 19.** 710.02 (2) (e) of the statutes is amended to read:

10 710.02 (2) (e) Manufacturing activities specified under ~~division D of the~~
11 ~~standard industrial classification manual published by the U.S. printing office, 1972~~
12 ~~and later editions sectors 31 to 33 of the North American Industry Classification~~
13 ~~System, 2012 edition, and any subsequent edition, published by the U.S. office of~~
14 management and budget.

15 **SECTION 20.** 710.02 (2) (f) of the statutes is amended to read:

16 710.02 (2) (f) Mercantile activities specified under ~~divisions C, E, F, G, H and~~
17 ~~I of the standard industrial classification manual published by the U.S. printing~~
18 ~~office, 1972 and later editions sectors 22, 23, 42, 44, 45, 48, 49, 51 to 54, 56, 61, 62,~~
19 ~~71, 72, and 81 of the North American Industry Classification System, 2012 edition,~~
20 and any subsequent edition, published by the U.S. office of management and budget.

21 **SECTION 21. Effective date.**

22 (1) This act takes effect on January 1, 2019.

23 (END)