LRB-4470

1999 DRAFTING REQUEST

Bill

Received:02/0	03/2000	Received By: jkreye		
Wanted: Soon		Identical to LRB:		
For: Tim Hov	ven (608) 267-2369	By/Representing: Michael Welsh		
This file may	be shown to any legislator: NO	Drafter: jkreye		
May Contact:		Alt. Drafters:		
Subject:	Tax - utilities	Extra Copies:		

Pre Topic:

No specific pre topic given

Topic:

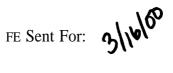
Car line company gross receipts tax

Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/P1	jkreye 02/03/2000 jkreye 02/08/2000	gilfokm 02/04/2000 gilfokm 02/10/2000	jfrantze 02/04/2000	0	lrb-docadmin 02/04/2000		S&L
/1	jkreye 02/25/2000	gilfokm 02/25/2000	jfrantze 02/11/200	0	lrb-docadmin 02/11/2000		S&L
/2			martykr 02/25/200	0	lrb-docadmin 02/25/2000	lrb_docadmi 02/25/2000	nS&L



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FE Sent For:

<END>

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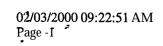
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/P1	jkreye 02/03/2000	gilfokm 02/04/2000	jfrantze 02/04/2000		lrb_docadmin 02/04/2000		S&L
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FE Sent For:

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LEGISLATIVE REFERENCE BUREAU **BILL REQUEST FORM** Legal Section, 5th Floor, 100 N. Hamilton St. 266-3561 (608) Use of this form is optional. It is often heipful hey who will draft the bill. Use this form only for BILL drafts. Attach m equesting this draft: Date of request; 2FEB OO ĒΝ Name/phone number of person submitting REP. HOVEN 7-2370 Persons to contact for questions about the (names and phone numbers please): 2. Wels Michael Describe the problem, including any neuron examples. How do you want to solve the problem? PLEASE SEE ATTACHMENT RAILCAR GROSS RECEIPTS TAX If you know of any statute sections that might be affected, please list them or provide a marked [not re-typed) copy.

Please attach a copy of any correspondence or material that may help us. You may also attach a marked (not re-typed) copy of any LRB draft, or provide its number (e.g., 1997 LRB-2345/1 or 1995 AB-67):

Requests are confidential unless stated otherwise. May we tell others that we are working on this for you? If yes, anyone who asks? YES Any legislator? YES YES ONLY the following persons:

Do you consider this urgent? I YES D NO If yes, please indicate why: MEED FOR SPRING SESISION

Is this request of higher priority than other pending request(s) you have made? YES V NO If yes, please sign your name here: Suggested draft language for repeal of rail carline company gross receipts tax.

AN ACT to repeal: 76.39 and 76.45 of the Statue: relating to the tax on carline companies.

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SECTION 2. Initial Appliciability

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(1) This act first applies to actions commenced on the effective date of this subsection.

to texable year beginning ofter December 31, 1999

(ri, 76.465 funct. Section 76.39 and 76.46 down not opply to texable gean beginning often December 31, 1999.

xnef for property tos purposes 70.112(4) = x ref

February 2, 2000

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Repeal of Gross Receipts Tax On Private Rail Cars

CURRENT LAW

Public utilities in Wisconsin are subject to state taxation in lieu of property taxes. Car line companies are subject to the gross receipts tax at a rate of 3%. A "car line company" is any person, other than a railroad, that is engaged in the leasing or furnishing of car line equipment to a railroad.

DISCUSSION POINTS

- 1. **Private rail cars** are **not owned by railroads.** They are generally specialty cars required for the specific use of one type of shipper. For example, Wisconsin grain elevators often lease or purchase grain hopper cars in addition to their trucking fleet. To the extent that private rail cars have this additional tax, the extra cost makes private rail cars less competitive.
- 2. Parity with other modes of transportation trucks and barges do not pay a gross receipts tax or personal property tax in Wisconsin.
- 3. **Parity with surrounding states** Minnesota, Iowa and Illinois do not impose a personal property tax or gross receipts tax on private railcars. This tax puts Wisconsin shippers and rail car shop facilities at a competitive disadvantage with industries in surrounding states.
- 4. The taxes paid by trucks for fuel and licensing is for **use of public highways** and should not be confused with the gross receipts tax paid by car line companies into the general revenue fund. Private rail cars travel on privately owned railroads which pay property taxes on land improvements and equipment.

Fiscal note: If repealed, the Department of Revenue estimates loss of revenue to be approximately \$600,000 annually.

Kreye, Joseph

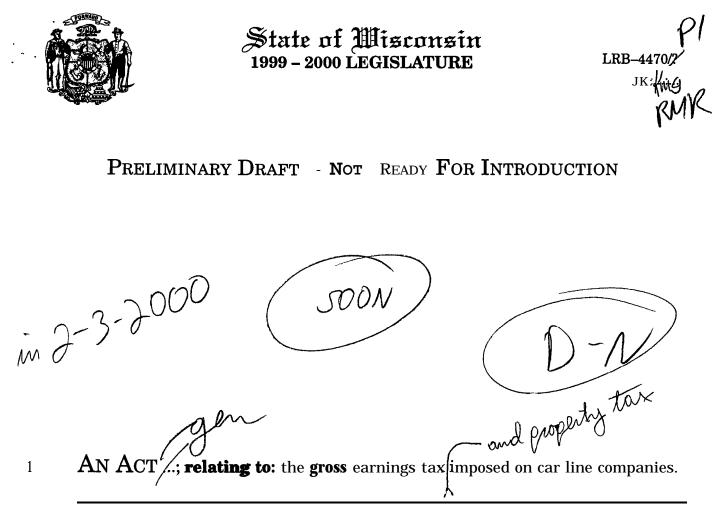
From: Sent: To: Subject: Welsh, Michael Thursday, February **03, 2000 8:38** AM Kreye, Joseph **Railcar** Legislation

Joe,

Rep. Hoven wanted me to let you know that **both** Alice O'Connor and Gunnar Bergersen may contact you regarding the **railcar** legislation I sent over yesterday.

Thanks

Mike Welsh Rep. Hoven's office



Analysis by the Legislative Reference Bureau

Under current law, the state imposes a tax on the gross earnings of a car line company at the rate of 3% of those gross earnings. A car line company is a company that leases railroad cars or other railroad transportation equipment to a railroad. The tax is imposed on the gross earnings of a car line company in lieu of imposing property taxes on the railroad cars and other railroad transportation equipment of a car line company.

Under this bill, the tax on the gross earnings of a car line company does not apply to taxable years beginning after December 31, 1999. Under the bill, railroad cars and other railroad transportation equipment of a car line company are subject to the imposition of property taxes.

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

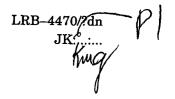
Thepeople of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2	SECTION 1. 70.112 (4) of the statutes is amended to read:
3	70.112 (4) Special property and gross receipts taxes or license fees. All
4	special property assessed under ss. 76.01 to 76.26 and property of any light, heat and

1	power company taxed under s. 76.28, telephone company, c ar line company, and
2	electric cooperative association that is used and useful in the operation of the
3	business of such company or association. If a general structure for which an
4	exemption is sought under this section is used and useful in part in the operation of
5	any public utility assessed under ss. 76.01 to 76.26 or of the business of any light,
6	heat and power company taxed under s. 76.28, telephone company,-
7	or electric cooperative association and in part for nonoperating purposes of the public
8	utility or company or association, that general structure shall be assessed for
9	taxation under this chapter at the percentage of its full market value that fairly
10	measures and represents the extent of its use for nonoperating purposes. Nothing
11	provided in this subsection shall exclude any real estate or any property which is
12	separately accounted for under s. 196.59 from special assessments for local
13	improvements under s. 66.64. $76.39(6)$ Bold does
14	improvements under s. 66.64. SECTION% 76.466 of the statutes is created to read: This Wettion does
15	78.465 Sunset, Sections 76.39 and 76.46 do not apply to taxable years
16	beginning after December 31, 1999.
/ 17	SECTION 3. Initial applicability.
18	(1) CAR LINE COMPANY GROSS EARNINGS TAX. The treatment of ection 76.465 of the
19	statutes first applies to taxable years beginning after December (1, 1999
20	(2) PROPERTY TAX ON CAR LINE COMPANIES. The treatment of section 70.112 (4) of
(2)1	the statutes first applies to the property tax assessments as of January 1 , 2000.
22	(END)
	Sec * 76.46(4) of the Astuter is created to read:
	Sec*. 76.46(4) of the Astriter is realed to read: 76.46(4) This section does not apply to taxable years egimningafter December 31,1979.
l	eginningafter December 31, 1979.



DRAFTER'S NOTE FROMTHE LEGISLATIVE REFERENCE BUREAU



February 3, 2000

Representative Hoven:

Please review this draft carefully to ensure that it is consistent with your intent. If you have any questions, please contact me.

Joseph T. Kreye Legislative Attorney Phone: (608) 266-2263 E-mail: Joseph.Kreye@legis.state.wi.us

- Because, under the bill, a car line congony is no longer mbject to the grow earnings tax in lieu of local property taxes, the property of the car line company is taxable. In this O.K. for do you want to exempt the property of a car line company from local property terrer?

DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

February 3, 2000

Representative Hoven:

Please review this draft carefully to ensure that it is consistent with your intent. Because, under the bill, a car line company is no longer subject to paying the gross earnings tax in lieu of local property taxes, the property of the car line company is taxable. Is this O.K. or do you want to exempt the property of a car line company from local property taxes? If you have any questions, please contact me.

> Joseph T. Kreye Legislative Attorney Phone: (608) 266-2263 E-mail: Joseph.Kreye@legis.state.wi.us

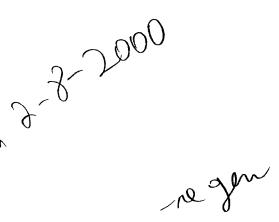
STATE OF WISCONSIN - LEGISLATIVE REFERENCE **BUREAU** - LEGAL SECTION (608-266-3561) 4470 2000 2egila 7 Kep Hoven Mú pellós ne α M a A gerson, in gertions. mg Un W 1 ven Q 06 M 1 ------...... *** * ** **** ---------.



State af Wisconsin **1999 - 2000 LEGISLATURE**

LRB-4470/E JK:kmg:jf

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION



AN ACT to amend 70.112 (4); and to create 76.39 (6) and 76.46 (4) of the statutes; 1

relating to: the gross earnings tax and property tax imposed on car line the property of a car line (company, including

companies.

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Analysis by the Legislative Reference Bureau

Under current law, the state imposes a tax on the gross earnings of a car line company at the rate of 3% of those gross earnings. A car line company is a company that leases railroad cars or other railroad transportation equipment to a railroad. The tax is imposed on the gross earnings of a car line company in lieu of imposing property taxes on the railroad cars and other railroad transportation equipment of a car line company.

Under this bill, the tax on the gross earnings of a car line company does not apply to taxable years beginning after December 31, 1999. Under the bill, railroad cars and other railroad transportation equipment of a car line company are subject to the imposition of property taxes.

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

is exempt from

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

SECTION 1. 70.112 (4) of the statutes is amended to read:

1999 - 2000 Legislature

..

- 2 -

1 70.112 (4) special property and gross receipts TAXES or license fees. All 2 special property assessed under ss. 76.01 to 76.26 and property of any light, heat and 3 power company taxed under s. 76.28, telephone company, car line company, and 4 electric cooperative association that is used and useful in the operation of the 5 business of such company or association. If a general structure for which an 6 exemption is sought under this section is used and useful in part in the operation of 7 any public utility assessed under ss. 76.01 to 76.26 or of the business of any light, 8 heat and power company taxed under s. 76.28, telephone company, car line company 9 or electric cooperative association and in part for nonoperating purposes of the public 10 utility or company or association, that general structure shall be assessed for 11 taxation under this chapter at the percentage of its full market value that fairly 12 measures and represents the extent of its use for nonoperating purposes. Nothing 13 provided in this subsection shall exclude any real estate or any property which is separately accounted for under s. 196.59 from special assessments for local 14 15 improvements under s. 66.64. 16 **SECTION** 2. 76.39 (6) of the statutes is created to read: 17 76.39 (6) This section does not apply to taxable years beginning after December 31, 1999. 18 19 **SECTION** 3. 76.46 (4) of the statutes is created to read: 20 76.46 (4) This section does not apply to taxable years beginning after December Sections 70.11(41)

- 21 31, 1999.
- 22

SECTION 4. Initial applicability.

(1) PROPERTY TAX ON CAR LINE COMPANIES. The treatment of **bottles** 70.112 (4) of 23 the statutes first applies to property tax assessments as of January 1, 2000. 24

(END)

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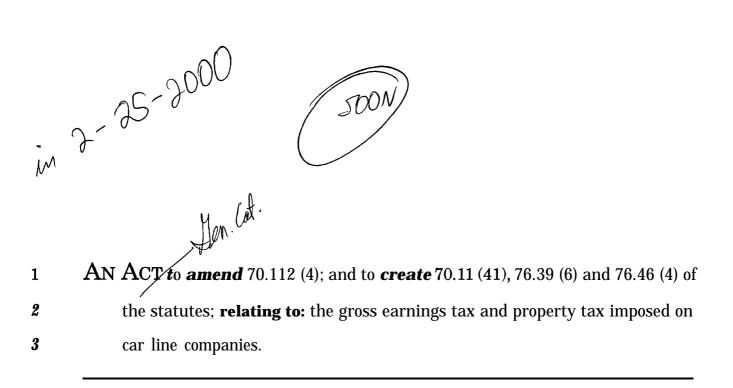
STATE OF WISCONSIN - LEGISLATIVE REF'ERENCE BUREAU - LEGAL SECTION (608-266-3561) 9 . (25) Ύ × pert n 39 do car. oan ; or 01 luding me MC con 20 2 in 5. 76.39



State af Misconsin 1999 - 2000 LEGISLATURE



1999 BILL



Analysis by the Legislative Reference Bureau

Under current law, the state imposes a tax on the gross earnings of a car line company at the rate of 3% of those gross earnings. A car line company is a company that leases railroad cars or other railroad transportation equipment **termination**. \leq The tax is imposed on the gross earnings of a car line company in lieu of imposing property taxes on the railroad cars and other railroad transportation equipment of a car line company.

Under this bill, the tax on the gross earnings of a car line company does not apply to taxable years beginning after December 31, 1999. Under the bill, the property of a car line company, including railroad cars and other railroad transportation equipment, is exempt from property taxes.

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:

SECTION 1. 70.11 (41) of the statutes is created to read:

1999 - 2000 Legislature BILL

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*

70.11 (41) CAR LINE COMPANY. Property of a car line company, as defined in s. 76.39 (1) (b), including car line equipment, as defined in s. 76.39 (1) (c).

- 2 -

3

SECTION 2. 70.112 (4) of the statutes is amended to read:

4 70.112 (4) SPECIAL PROPERTY AND GROSS RECEIPTS TAXES OR LICENSE FEES. All 5 special property assessed under ss. 76.01 to 76.26 and property of any light, heat and 6 power company taxed under s. 76.28, telephone company, car line company, and 7 electric cooperative association that is used and useful in the operation of the 8 business of such company or association. If a general structure for which an 9 exemption is sought under this section is used and useful in part in the operation of 10 any public utility assessed under ss. 76.01 to 76.26 or of the business of any light, 11 heat and power company taxed under s. 76.28, telephone company,-12 or electric cooperative association and in part for nonoperating purposes of the public 13 utility or company or association, that general structure shall be assessed for 14 taxation under this chapter at the percentage of its full market value that fairly 15 measures and represents the extent of its use for nonoperating purposes. Nothing 16 provided in this subsection shall exclude any real estate or any property which is 17 separately accounted for under s. 196.59 from special assessments for local 18 improvements under s. 66.64.

19

SECTION 3. 76.39 (6) of the statutes is created to read:

20 76.39 (6) This section does not apply to taxable years beginning after December
21 31, 1999.

22 **SECTION** 4. 76.46 (4) of the statutes is created to read:

76.46 (4) This section does not apply to. taxable years beginning after December
31, 1999.

25 **SECTION 5. Initial applicability.**

ج ج	1999 - 2000 Legislature	- 3 -	LRB-447011 JK:kmg:jf
- -	BILL		SECTION 5

(1) PROPERTY TAX ON CAR LINE COMPANIES. The treatment of sections 70.11 (41)
 and 70.112 (4) of the statutes first applies to property tax assessments as of January
 1, 2000.

4

(END)