

**1999 DRAFTING REQUEST**

**Bill**

Received: **02/03/2000**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Tim Hoven (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:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	jkreye 02/03/2000	gilfokm 02/04/2000	jfrantze 02/04/2000	_____	lrb-docadmin 02/04/2000		S&L
	jkreye 02/08/2000	gilfokm 02/10/2000		_____			
/1	jkreye 02/25/2000	gilfokm 02/25/2000	jfrantze 02/11/2000	_____	lrb-docadmin 02/11/2000		S&L
/2			martykr 02/25/2000	_____	lrb-docadmin 02/25/2000	lrb_docadmin	S&L 02/25/2000

FE Sent For: **3/16/00**

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JACKET PLEASE

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			King 2/25	_____			

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/P1	jkreye 02/03/2000	gilfokm 02/04/2000	jfrantze 02/04/2000	_____	lrb_docadmin 02/04/2000		S&L

FE Sent For:

1-2-10-2000

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SUBMIT P1

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1?	jkreye	1/1-2-3-2000 Kmgf	2/4	2/4 JK			

FE Sent For:

<END>

LEGISLATIVE REFERENCE BUREAU

Legal Section, 5<sup>th</sup> Floor, 100 N. Hamilton St.  
(608) 266-3561

BILL REQUEST FORM

Use of this form is optional. It is often helpful.  
Use this form only for BILL drafts. Attach marked

...they who will draft the bill.

Date of request: 02 FEB 00	Requesting this draft: EN
Name/phone number of person submitting REP. HOVEN 7-2370	
Persons to contact for questions about the (names and phone numbers please): Michael E. Welsh	
Describe the problem, including any helpful 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?  YES  NO

If yes, anyone who asks?  YES  NO

Any legislator?  YES  NO  ONLY the following persons:

Do you consider this urgent?  YES  NO If yes, please indicate why:

NEED FOR SPRING SESSION

Is this request of higher priority than other pending request(s) you have made?

YES  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 Statute: relating to the tax on carline companies.

SECTION 1. 76.39 AND 76.45 of the Statute are repealed.

*sunset instead*

SECTION 2. Initial Applicability

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

*to taxable year beginning after December 31, 1999*

*or, 76.465 sunset. sections 76.39 and 76.46 do not apply to taxable year beginning after December 31, 1999.*

*x ref for property tax purposes*

*70.112(4) ← x ref*

February 2, 2000

## 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.

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

## Kreye, Joseph

---

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





PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 2-3-2000

SOON

D-N

1

AN ACT <sup>gen</sup>...; relating to: the gross earnings tax imposed on car line companies. <sub>and property tax</sub>

**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.

**The people 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, ~~car 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.

14 SECTION 76.465 of the statutes is created to read:

15 ~~76.465. 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 section 76.465 of the  
 19 statutes first applies to taxable years beginning after December 31, 1999.

20 (2) ~~PROPERTY TAX ON CAR LINE COMPANIES.~~ The treatment of section 70.112 (4) of  
 21 the statutes first applies to ~~the~~ property tax assessments as of January 1, 2000.

22 (END)

Sec #. 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.

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-4470/2dn

JK.....

*PI*  
*Kreye*

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 company is no longer subject to the gross earnings tax in lieu of local property taxes, *paying* the property of the car line company is taxable. Is this o.k. <sup>ok</sup> or do you want to exempt the property of a car line company from local property taxes?

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-4470/P1dn  
JK:kmg:jf

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](mailto:Joseph.Kreye@legis.state.wi.us)

2-8-2000

rail car legislation

Michael from Rep Hoven - re suggestions  
by Gumar Bergerson, implement suggestions.  
Hoven's office will then decide



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 2-8-2000

re gen

1 AN ACT to amend 70.112 (4); and to create 76.39 (6) and 76.46 (4) of the statutes;  
2 relating to: the gross earnings tax and property tax imposed on car line  
3 companies.

the property of a car line company, including

**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:**

4

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

INSERT A



4470/1  
JK

INSERT A

Sec #. ~~or~~ 70.11 (41) <sup>70.11 (B) (41) (c)</sup> 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).





# 1999 BILL

in 2-25-2000

SOON

Sen. Cat.

1 **AN ACT** to **amend** 70.112 (4); and to **create** 70.11 (41), 76.39 (6) and 76.46 (4) of  
 2 the statutes; **relating to:** the gross earnings tax and property tax imposed on  
 3 car line companies.

### ***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, 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:***

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

## BILL

1           70.11 (41) CAR LINE COMPANY. Property of a car line company, as defined in s.  
2           76.39 (1) (b), including car line equipment, as defined in s. 76.39 (1) (c).

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:

23          76.46 (4) This section does not apply to. taxable years beginning after December  
24          31, 1999.

25          **SECTION 5. Initial applicability.**

