

STATE OF WISCONSIN
REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS

2003 ASSEMBLY BILL 628

[Introduced by Representatives Bies, F. Lasee, Hahn, and McCormick, cosponsored by Senator Lasee.]

General Nature of Proposal

Generally, under current law, property taxes are levied upon all property in the state except that property that is specifically exempt from taxation. The statutes contain a number of specific exemptions from the property tax, including one for certain theaters. Section 70.11 (29m), Stats., provides that all of the property owned or leased by a corporation, organization, or association exempt from taxation under s. 501 (c) (3) of the Internal Revenue Code (IRC) is exempt from the property tax if all of the property is used for the purposes for which the exemption was granted, the property includes one or more buildings listed on the National Register of Historic Places, the property includes one or more theaters for performing theater arts which have a total seating capacity of not less than 800 persons, and the corporation, organization, or association operates the theater or theaters.

2003 Assembly Bill 628 creates another tax exemption for theater-related entities. Under the bill, all of the property owned or leased by an organization that is exempt from taxation under s. 501 (c) (3) of the IRC, as confirmed by a determination letter issued by the Internal Revenue Service no later than July 31, 1969, is exempt from the property tax if all of the property is used for the purposes for which the exemption is granted, the property includes one or more outdoor theaters for performing theater arts which have a total seating capacity of not less than 400 persons, and the organization operates the theater or theaters. This exemption would first apply to the property tax assessment as of January 1, 2004.

Based upon information in the drafting file, the bill is intended to exempt from property taxation property owned by the Peninsula Players Theater Foundation in the Town of Gibraltar, in Door County, Wisconsin.

Legality Involved

There are no questions of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

The Department of Revenue explains the fiscal effect of the bill as follows:

Under the bill, property owned or leased by a nonprofit outdoor theater for performing theater arts is exempt from property taxation if: (1) the organization received its designation as a 501 (c) (3) of the IRC organization no later than July 31, 1969; and (2) the theater has a total seating capacity of not less than 400 seats.

While there are several nonprofit outdoor theaters in the state, it is assumed that the Peninsula Players Theater is the only one that received its 501 (c) (3) IRC designation before August 1, 1969. Other nonprofit outdoor theaters that received a 501 (c) (3) IRC designation after July 31, 1969 would remain taxable. The Peninsula Players Theater is located in the Town of Gibraltar, Door County. The property has a 2003/04 taxable value of \$1.76 million. If the Theater applies for exemption, the bill would result in a minor property tax shift from the property owned by the Peninsula Players Theater to owners of other taxable property in the area.

The bill would require minor revision to the Wisconsin Property Assessment Manual, the cost of which can be absorbed. There would be minimal loss in state forestry collections.

The bill would require changes to the assessment role in the Town of Gibraltar, the cost of which is expected to be minimal.

Public Policy Involved

The bill is good public policy.