

**2011 DRAFTING REQUEST**

**Bill**

Received: **08/24/2011**

Received By: **jkreye**

Wanted: **As time permits**

Companion to LRB:

For: **Brett Hulsey (608) 266-7521**

By/Representing: **terri**

May Contact:

Drafter: **jkreye**

Subject: **Tax, Property - exemption**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Hulsey@legis.wi.gov**

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Property tax exemption for machinery and property used to conduct research, including embryonic stem cell research

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**Instructions:**

See attached

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**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>
/?	jkreye 08/24/2011	kfollett 08/30/2011		_____			State Tax
/1			rschluet 08/30/2011	_____	lparisi 08/30/2011	mbarman 10/20/2011	

FE Sent For:

<END>

*at intro*  
11/3

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/?	jkreye	11/5f 8/30		_____	_____		
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FE Sent For:

<END>

**Kreye, Joseph**

**From:** Zimmerman, Terri  
**Sent:** Monday, August 15, 2011 4:29 PM  
**To:** Kreye, Joseph  
**Cc:** Beilman-Dulin, Joanna  
**Subject:** Property tax exemption for machinery & property used to conduct research

**Attachments:** 11-03901.pdf

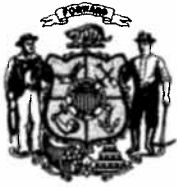


11-03901.pdf (26  
KB)

Joe Kreye,

Rep. Hulseley would like a draft similar to the attached bill but would ALSO cover facilities engaged in embryonic stem cell research. If you have any questions, please feel free to give us a call at 266-7521.

Terri  
Rep. Hulseley's office



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-0300/1  
JK:kjf:rs

2726/11

2011 BILL

in 8-24-11

Regen

1 AN ACT *to create* 70.11 (27m) and 70.111 (27) of the statutes; **relating to:**  
2 property tax exemptions for certain machinery and tangible personal property  
3 used to conduct research.

***Analysis by the Legislative Reference Bureau***

This bill creates real and personal property tax exemptions for machinery and other tangible personal property used for qualified research by persons engaged primarily in manufacturing or biotechnology in this state.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state* 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 (27m) of the statutes is created to read:  
5 70.11 (27m) RESEARCH MACHINERY AND EQUIPMENT. (a) In this subsection:  
6 1. "Biotechnology" has the meaning given in s. 77.54 (57) (a) 1f.



**Barman, Mike**

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**From:** Zimmerman, Terri  
**Sent:** Thursday, October 20, 2011 10:16 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB 11-2726/1 Topic: Property tax exemption for machinery and property used to conduct research, including embryonic stem cell research

Please Jacket LRB 11-2726/1 for the ASSEMBLY.

**Barman, Mike**

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**From:** Peloquin, Traci  
**Sent:** Tuesday, November 08, 2011 3:14 PM  
**To:** Huegel, Daniel P - DOR  
**Cc:** Ziegler, Paul D - DOR; LRB.Legal  
**Subject:** FE for AB 362

Dear Mr. Huegel,

I was reviewing the FE you prepared for AB 362, Representative Berceau's legislation to create a property tax exemption for certain machinery and tangible personal property used to conduct research. In the first paragraph under **Assumptions Used in Arriving at Fiscal Estimate**, the FE estimate indicates the bill does not provide the exemption for machinery and property used for embryonic stem cell research.

However, AB 362 explicitly mentions that embryonic stem cell research is covered. (page 2, line 5 and page 2, line 16)

Can this be corrected before the release date of November 16th?

Thank you.

Traci Peloquin, Research Assistant  
Office of State Representative Terese Berceau

- 272611

11/8/2011



## Barman, Mike

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**From:** Peloquin, Traci  
**Sent:** Tuesday, November 08, 2011 4:14 PM  
**To:** Barman, Mike  
**Subject:** FW: FE for AB 362

Mike, can you send the FE back to DOR so it can be corrected?

Thanks!

Traci Peloquin, Research Assistant  
Office of State Representative Terese Berceau

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**From:** Ziegler, Paul D - DOR [mailto:PaulD.Ziegler@revenue.wi.gov]  
**Sent:** Tuesday, November 08, 2011 3:42 PM  
**To:** Peloquin, Traci  
**Cc:** LRB.Legal; Sweeney, Matthew - DOR; Wagner, Michael W - DOR; Huegel, Daniel P - DOR  
**Subject:** RE: FE for AB 362

Traci -- We will fix ASAP.

To help us do this from your end, please request Mike Barman at the LRB to send the fiscal note back to DOR for correction and revision.

Paul Ziegler

Paul Ziegler, Team Leader  
Sales and Property Tax Policy Team  
Division of Research and Policy  
Wisconsin Department of Revenue  
2135 Rimrock Road - 6-73  
Madison, WI 53708-8933  
608-266-5773  
fax 608-261-6240

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**From:** Peloquin, Traci [mailto:Traci.Peloquin2@legis.wisconsin.gov]  
**Sent:** Tuesday, November 08, 2011 3:14 PM  
**To:** Huegel, Daniel P - DOR  
**Cc:** Ziegler, Paul D - DOR; LRB.Legal  
**Subject:** FE for AB 362

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However, AB 362 explicitly mentions that embryonic stem cell research is covered. (page 2, line 5 and page 2, line 16)

Can this be corrected before the release date of November 16th?

11/9/2011

Thank you.

Traci Peloquin, Research Assistant  
Office of State Representative Terese Berceau

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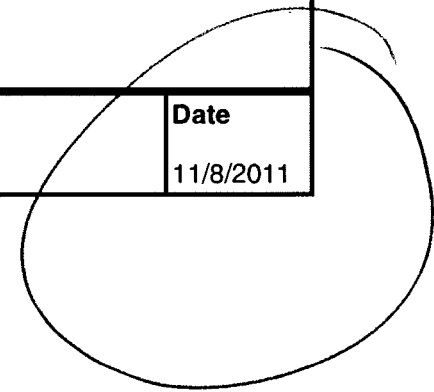
11/9/2011

*JRB*

### Fiscal Estimate - 2011 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> 11-2726/1	<b>Introduction Number</b> AB-0362
<b>Description</b> Property tax exemptions for certain machinery and tangible personal property used to conduct research	
<b>Fiscal Effect</b>	
<b>State:</b>	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Local:</b>	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>
DOR/ Daniel Huegel (608) 266-5705	Paul Ziegler (608) 266-5773
	<b>Date</b>
	11/8/2011



*✓*

**Fiscal Estimate Narratives**  
**DOR 11/8/2011**

LRB Number	11-2726/1	Introduction Number	AB-0362	Estimate Type	Original
<b>Description</b> Property tax exemptions for certain machinery and tangible personal property used to conduct research					

**Assumptions Used in Arriving at Fiscal Estimate**

The bill creates a property tax exemption from both real estate taxes and personal property taxes for machinery and equipment and other tangible personal property used exclusively and directly in qualified research by persons who are primarily engaged in manufacturing or biotechnology, but not including embryonic stem cell research.

The Department of Revenue (DOR) does not have information which would permit an accurate estimate of the amount of existing property that would be exempt from property taxation under the bill. However, based on information from a National Science Foundation (NSF) survey in 2007, the DOR estimates that the taxable amount of such property in Wisconsin is roughly \$660 million. This estimate assumes Wisconsin's share of manufacturing and biotechnology research and development is equal to the state's share of overall industrial research and development expenditures as identified by the NSF survey. It further assumes that investments in applicable research and development equipment depreciate at 10% annually and that a portion of the equipment is already exempt from taxation under the existing computer equipment exemption.

Under the bill, the state forestation property tax, currently imposed at a rate of about \$0.17 per \$1,000 full value, would decline by about \$112,000. Based on the statewide average net property tax rate (excluding the state rate) for 2010/11 of about \$19.22 per \$1,000 full value, about \$12.7 million in property taxes would be shifted from owners of the affected research property to all remaining taxable property.

The proposed exemption first applies to property assessments as of January 1, 2012.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 11-2726/1		<b>Introduction Number</b> AB-0362	
<b>Description</b> Property tax exemptions for certain machinery and tangible personal property used to conduct research			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-112,000
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$-112,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-112,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Daniel Huegel (608) 266-5705		Paul Ziegler (608) 266-5773	11/8/2011

**Barman, Mike**

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**From:** FES User Mike Barman [DOAFiscalEstimates@wisconsin.gov]  
**Sent:** Wednesday, November 09, 2011 7:54 AM  
**To:** DOAFiscalEstimates@wisconsin.gov; DOAFiscalEstimates@wisconsin.gov;  
doafiscalestimates@wisconsin.gov; doafiscalestimates@wisconsin.gov;  
doafiscalestimates@wisconsin.gov; Mary.Hamele@wisconsin.gov  
**Cc:** Barman, Mike  
**Subject:** FISCAL ESTIMATE - RETURNED TO FEC - LRB # 11-2726/1 Estimate Type Original,  
INTRO # AB-0362

The assignment for Agency DOR for LRB# 11-2726/1 Estimate Type Original is being returned to you. The assignment can once again be found under 'Returned Estimates' on the FEC Fiscal Estimates menu. It can be inactivated or returned to the Agency for corrections.

"Original" FE re-write requested by sponsors office and the DOR. Please return to DOR for re-write.

Submitted from the web 11/9/2011 7:54:21 AM

Fiscal Estimates URL = <http://fes.doa.state.wi.us>