



## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

**2011 Assembly Bill 278**

**Assembly Amendment 1**

*Memo published:* February 17, 2012

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Under *current law*, the Department of Transportation (DOT) is required to conduct the motor vehicle emission inspection and maintenance program (I/M program) in counties that do not meet federal air quality standards (non-attainment counties). Most motor vehicles that are subject to emissions limitations, established by the Department of Natural Resources, must pass periodic emission inspections. A vehicle subject to such emissions limitations may not be registered by DOT without passing its inspection.

**2011 Assembly Bill 278** terminates the I/M program on June 30, 2013 if termination on that date is consistent with requirements under federal law or if the state receives a waiver of the requirements. If either of those conditions applies, DOT may not enter into or renew a contract to perform inspections under the I/M program for a period beyond June 30, 2013. Beginning July 1, 2013, if the I/M program has been terminated, the amounts appropriated for the I/M program must be moved from DOT to the Wisconsin Economic Development Corporation (WEDC). The payments must then be used for the research, production, promotion, and use of extended range vehicles (primarily in non-attainment counties). WEDC must submit to the presiding officer of each house of the Legislature an audited financial statement of its use of the payments.

The bill also provides the following tax exemptions:

- A property tax exemption for all tangible personal property used exclusively to provide electricity to recharge electric vehicles licensed for highway use. The property tax exemption first applies to property tax assessments as of January 1, 2011.
- A property tax and sales and use tax exemption for machinery and other tangible property use for qualified research by persons engaged primarily in manufacturing, silviculture, or biotechnology in this state. The property tax exemption first applies to property tax assessments as of January 1, 2011.

- A sales and use tax exemption from the sales of and the storage, use or other consumption of extended-range electric vehicles (new or used) that are licensed for highway use, including accessories and parts for such vehicles. This tax exemption begins on the first day of the second month after publication and ends on December 31, 2022, except that the exemption applies to batteries for extended range vehicles until December 31, 2025. Taxes imposed after the exemption expires must be deposited in the transportation fund.

For purposes of the bill, “extended-range electric vehicle” refers to a vehicle that is equipped with an electric motor and an energy storage device capable of propelling the vehicle, without other methods of propulsion, for at least 30 miles on a single energy charge, but does not include a “low-speed vehicle” such as a golf cart. Additionally, an “extended-range electric vehicle” may incorporate additional methods of propulsion, including a chemically fueled internal combustion engine that is capable of operating on gasoline, diesel fuel, or alternative fuels.

*Assembly Amendment 1* eliminates the sunset date on the sales and use tax exemption from the sales, storage, use, or other consumption of extended-range vehicles. Instead, the amendment requires DOT to submit to the Legislature a report that estimates the number of vehicles sold annually that are exempt from sales and use taxes and the amount of the tax that was not collected on such vehicles, including accessories and parts for such vehicles, by January 31, 2023. The amendment also requests the Legislature to review the fiscal effect of the exemption, as specified in the report submitted by DOT, no later than June 30, 2023, and determine whether to continue the exemption.

Additionally, the amendment first applies the previously mentioned property tax exemptions to property tax assessments as of January 1, 2013, rather than January 1, 2011.

### **Legislative History**

Assembly Amendment 1 was offered by Representative Stone. On February 14, 2012, the Assembly Committee on Transportation recommended adoption of Assembly Amendment 1, on a vote of Ayes, 13; Noes, 0. The committee then recommended passage of Assembly Bill 278, as amended, on a vote of Ayes, 13; Noes, 0.

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