



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1047/1
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2013 SENATE BILL 146

April 17, 2013 – Introduced by Senators LEIBHAM, GUDEX, GROTHMAN, KEDZIE, TIFFANY, OLSEN, T. CULLEN, LASEE, SCHULTZ and MOULTON, cosponsored by Representatives ENDSLEY, LEMAHIEU, THIESFELDT, KESTELL, MARKLEIN, RIPP, MURPHY, A. OTT, SCHRAA, TRANEL, TITTL, STONE, SPIROS and MURSAU. Referred to Committee on Workforce Development, Forestry, Mining, and Revenue.

1 **AN ACT** *to renumber* 70.995 (3); *to amend* 70.11 (27) (a) 5., 70.11 (27) (a) 6m.
2 and 70.11 (27) (a) 7.; and *to create* 70.995 (3) (b) of the statutes; **relating to:**
3 assessing property used for aging cheese as manufacturing property.

Analysis by the Legislative Reference Bureau

Under current law, the Department of Revenue assesses manufacturing property for property tax purposes. In addition to other criteria, property specified under certain major group classifications in the Standard Industrial Classification Manual, published by the federal government, is considered manufacturing property. Under current law, property used for activities classified under the major group code for food and kindred products is considered manufacturing property. This bill clarifies that property used for aging cheese on behalf of others is manufacturing property.

Under current law, manufacturing machinery and specific processing equipment are exempt from the property tax. Under the bill, machinery and equipment used in the process of aging cheese is exempt from the property tax.

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.

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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:

1 **SECTION 1.** 70.11 (27) (a) 5. of the statutes is amended to read:

2 70.11 (27) (a) 5. “Production process” means the manufacturing activities
3 beginning with conveyance of raw materials from plant inventory to a work point of
4 the same plant and ending with conveyance of the finished product to the place of
5 first storage on the plant premises, including conveyance of work in process directly
6 from one manufacturing operation to another in the same plant, including the
7 holding for 3 days or less of work in process to ensure the uninterrupted flow of all
8 or part of the production process and including quality control activities during the
9 time period specified in this subdivision but excluding storage, machine repair and
10 maintenance, research and development, plant communication, advertising,
11 marketing, plant engineering, plant housekeeping and employee safety and fire
12 prevention activities; and excluding generating, transmitting, transforming and
13 furnishing electric current for light or heat; generating and furnishing steam;
14 supplying hot water for heat, power or manufacturing; and generating and
15 furnishing gas for lighting or fuel or both. For purposes of this subdivision, the time
16 period for chemical change in aging cheese shall be determined by the cheesemaker,
17 owner, or processor.

18 **SECTION 2.** 70.11 (27) (a) 6m. of the statutes is amended to read:

19 70.11 (27) (a) 6m. “Storage” means the holding or safekeeping of raw materials
20 or components before introduction into the production process; the holding,
21 safekeeping or preservation of work in process or of components outside the

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1 production process; and the holding or safekeeping of finished products or of
2 components after completion of the production process; whether or not any natural
3 processes occur during that holding, safekeeping or preservation; but “storage” does
4 not include the holding for 3 days or less of work in process to ensure the
5 uninterrupted flow of all or part of the production process. “Storage” also does not
6 include aging cheese.

7 **SECTION 3.** 70.11 (27) (a) 7. of the statutes is amended to read:

8 70.11 (27) (a) 7. “Used directly” means used so as to cause a physical or chemical
9 change in raw materials or to cause a movement of raw materials, work in process
10 or finished products, including aging cheese.

11 **SECTION 4.** 70.995 (3) of the statutes is renumbered 70.995 (3) (a).

12 **SECTION 5.** 70.995 (3) (b) of the statutes is created to read:

13 70.995 (3) (b) For purposes of sub. (2) (c), entities that age cheese on behalf of
14 others are considered establishments that primarily manufacture cheese under code
15 2022 of the Standard Industrial Classification Manual, 1987 edition, published by
16 the U.S. office of management and budget, regardless of whether the entity that ages
17 the cheese made or owns the cheese. For purposes of this paragraph, the process of
18 aging cheese includes the aging, curing, or ripening of cheese; as determined by the
19 cheesemaker, owner, or processor; under circumstances in which the cheese is
20 constantly monitored and subject to a controlled temperature, airflow, and humidity.

21 **SECTION 6. Initial applicability.**

22 (1) This act first applies to the property tax assessments as of January 1, 2013.

23

(END)