

2013 DRAFTING REQUEST

Bill

Received: **1/8/2013** Received By: **jkreye**
Wanted: **Today** Same as LRB: **-2036**
For: **Joseph Leibham (608) 266-2056** By/Representing: **alex**
May Contact: Drafter: **jkreye**
Subject: **Tax, Property - other** Addl. Drafters:
Extra Copies:

Submit via email: **YES**
Requester's email: **Sen.Leibham@legis.wisconsin.gov**
Carbon copy (CC) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Aging cheese considered manufacturing for property tax assessment purposes

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 1/14/2013	kfollett 1/8/2013	rschluet 1/8/2013	_____	sbasford 1/8/2013		State S&L
/P2	jkreye 1/22/2013	kfollett 1/17/2013	jfrantze 1/17/2013	_____	mbarman 1/17/2013		State S&L
/P3	jkreye 1/31/2013	kfollett 1/25/2013	rschluet 1/28/2013	_____	mbarman 1/28/2013		State S&L Tax



<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P4	jkreye 4/1/2013			_____			State S&L Tax
/1		scalvin 4/1/2013	phenry 4/1/2013	_____	sbasford 4/1/2013	lparisi 4/15/2013	State S&L Tax

FE Sent For:

A+
intro

<END>

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1/1 sec
04/01/2013

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1/15/13 F
1/31
VB
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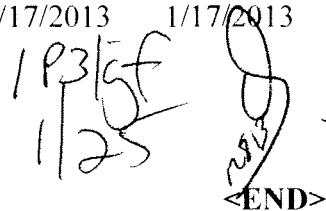
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FE Sent For:

1 P3/5F
1/25

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1P2 kfollett
1/11/13
R3
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/P1	jkreye	1/15/13 1/8		_____	_____		

FE Sent For:

<END>

Kreye, Joseph

From: Hansen, Alex
Sent: Tuesday, January 08, 2013 8:56 AM
To: Kreye, Joseph
Subject: RE: Priority Drafting Request

Sooner is better, but end of the day will be fine.

Thank you for your work on this matter.

Alex

From: Kreye, Joseph
Sent: Tuesday, January 08, 2013 8:55 AM
To: Hansen, Alex
Subject: RE: Priority Drafting Request

Thanks Alex. That actually helps quite a bit.

Do you need the draft by a specific time this afternoon?

Joe

Joseph Kreye
Senior Legislative Attorney
Legislative Reference Bureau
608 266-2263

From: Hansen, Alex
Sent: Monday, January 07, 2013 5:32 PM
To: Kreye, Joseph
Subject: RE: Priority Drafting Request

Joe,

Basically, there are a couple of cheese warehouses in Senator Leibham's district that strictly age cheese (as opposed to manufacturing cheese and also aging it on site). We would like to have those cheese aging warehouses be classified and thus assessed as manufacturing property. Does that help? Sorry for not providing clarification earlier.

Thank you.

Alex Hansen
Office of Senator Joe Leibham
Phone: (608) 266-2056
Room 15 South, State Capitol
www.leibhamsenate.com

From: Kreye, Joseph
Sent: Monday, January 07, 2013 4:26 PM
To: Hansen, Alex
Subject: RE: Priority Drafting Request

Alex,

I'm not sure if that is the best way to accomplish what you're looking for. It may be better to simply amend s. 70.995 so that aging cheese is considered manufacturing for purposes of s. 70.995. It would be better if I had a complete summary of the problem rather than just suggested language.

I can try to have something ready by tomorrow afternoon with the caveat that I don't really know what the problem is that you're trying to solve.

Joe

Joseph Kreye
Senior Legislative Attorney
Legislative Reference Bureau
608 266-2263

From: Hansen, Alex
Sent: Monday, January 07, 2013 3:53 PM
To: Kreye, Joseph
Subject: Priority Drafting Request

Joe,

I have a priority drafting request for you, if that is possible.

Could you please draft a law to amend 70.995 to include "entities that age cheese on behalf of others will be classified under SIC Code 2022"? Please draft this in preliminary form.

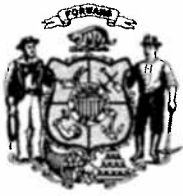
Would it be at all possible to have this draft ready by tomorrow afternoon?

Thank you for your attention to this matter.

Alex Hansen
Office of Senator Joe Leibham
Phone: (608) 266-2056
Room 15 South, State Capitol
www.leibhamsenate.com

am (3) to (3)(a)

*for purposes of mb. (2)(c), we considered
established that primarily manufacture
cheese under the standard industrial
classification manual etc.*



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 1-2-13
D-N

Gen

Today
by 1pm

1 AN ACT ...; relating to: assessing property used for aging cheese as
2 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.

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:

3 SECTION 1. 70.995 (3) of the statutes is renumbered 70.995 (3) (a).

4 SECTION 2. 70.995 (3) (b) of the statutes is created to read:

5 70.995 (3) (b) For purposes of sub. (2) (c), entities that age cheese on behalf of
6 others are considered establishments that primarily manufacture cheese under code

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

LRB-1047/P1dn

JK:...

kj

Date

Senator Liebham:

Please review this draft carefully to ensure that it is consistent with your intent. In an effort to further narrow the classification, you may wish to consider elaborating on what the cheese aging process entails. That may make the provision easier for DOR to administer and help prevent any unintended consequence resulting from DOR's interpretation of the proposal.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

1 2022 of the standard industrial classification manual, 1987 edition, published by the
2 U.S. office of management and budget.

3 **SECTION 3. Initial applicability.**

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

5 (END)

D-Note

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

LRB-1047/P1dn
JK:kjfrs

January 8, 2013

Senator Liebham:

Please review this draft carefully to ensure that it is consistent with your intent. In an effort to further narrow the classification, you may wish to consider elaborating on what the cheese aging process entails. That may make the provision easier for DOR to administer and help prevent any unintended consequence resulting from DOR's interpretation of the proposal.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

Kreye, Joseph

From: Hansen, Alex
Sent: Monday, January 14, 2013 8:30 AM
To: Kreye, Joseph
Subject: RE: Priority Drafting Request

Joe,

With respect to the definition of cheese aging, can you also add in that "cheese aging" may also be referred to as "curing" or "ripening"?

Thank you.

Alex Hansen

Office of Senator Joe Leibham

Phone: (608) 266-2056

Room 15 South, State Capitol

www.leibhamsenate.com

From: Kreye, Joseph
Sent: Friday, January 11, 2013 4:02 PM
To: Hansen, Alex
Subject: RE: Priority Drafting Request

Thanks Alex.

Joseph Kreye

Senior Legislative Attorney

Legislative Reference Bureau

608 266-2263

From: Hansen, Alex
Sent: Friday, January 11, 2013 4:01 PM
To: Kreye, Joseph
Subject: RE: Priority Drafting Request

Joe,

With regard to #1, could it be clarified in the next draft that:

"Cheese aging is a process in which there is a controlled temperature, airflow, and humidity. The status of the cheese is constantly monitored and it is not a finished, salable product."

Please let me know if you have any questions.

Thanks for your work on this matter.

Alex Hansen

Office of Senator Joe Leibham

Phone: (608) 266-2056

Room 15 South, State Capitol

www.leibhamsenate.com

From: Kreye, Joseph
Sent: Friday, January 11, 2013 8:49 AM
To: Hansen, Alex
Subject: RE: Priority Drafting Request

Alex,

1. I don't have any specific suggestion for defining "cheese aging". I guess I assumed that whoever contacted you regarding this request would be able to elaborate on the process. If that's not the case, I can do some research for that.
2. I think the bill specifically designates an entity that ages cheese as a manufacturer regardless of whether that entity manufactures the cheese. I think the "on behalf of another entity" language contemplates that scenario. I can certainly try to make that clearer.
3. I can make the bill retroactive so that the taxpayer may claim an exemption for a past exemption.

Joe

Joseph Kreye
Senior Legislative Attorney
Legislative Reference Bureau
608 266-2263

From: Hansen, Alex
Sent: Thursday, January 10, 2013 3:45 PM
To: Kreye, Joseph
Subject: RE: Priority Drafting Request

Joe,

Thank you for your quick turnaround. I have a couple of questions regarding this draft.

- How would you suggest further defining the "aging of cheese"? Is there something that we can reference?
- Does the "manufacturer" designation also apply to a company that is not the owner and primary manufacturer of the cheese product, but is a company which provides cheese aging for the primary manufacturer? If not, can that be clarified?
- Date of application: Is it possible to set the date of application to any omitted assessment in 2012 and 2013?

Thank you for your help and work on this important matter.

Alex Hansen
Office of Senator Joe Leibham
Phone: (608) 266-2056
Room 15 South, State Capitol
www.leibhamsenate.com

From: Kreye, Joseph
Sent: Tuesday, January 08, 2013 8:57 AM
To: Hansen, Alex
Subject: RE: Priority Drafting Request

You're welcome. Thanks for the additional info.

Joe

From: Hansen, Alex
Sent: Tuesday, January 08, 2013 8:56 AM
To: Kreye, Joseph
Subject: RE: Priority Drafting Request

Sooner is better, but end of the day will be fine.

Thank you for your work on this matter.

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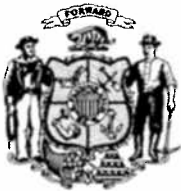
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Office of Senator Joe Leibham
Phone: (608) 266-2056
Room 15 South, State Capitol
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P2
RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 1-14-13

due Fri. 1-18

Regen

1 AN ACT to renumber 70.995 (3); and to create 70.995 (3) (b) of the statutes;
2 relating to: assessing property used for aging cheese as manufacturing
3 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.

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. 70.995 (3) of the statutes is renumbered 70.995 (3) (a).

5 SECTION 2. 70.995 (3) (b) of the statutes is created to read:

1 70.995 (3) (b) For purposes of sub. (2) (c), entities that age cheese on behalf of
 2 others are considered establishments that primarily manufacture cheese under code
 3 2022 of the Standard Industrial Classification Manual, 1987 edition, published by
 4 the U.S. office of management and budget.

Insert 2-4

5 **SECTION 3. Initial applicability.**

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

retroactively

9
2012

7 *Insert 2-7*

(END)

*regardless of whether the entity that
 ages the cheese made or owns the
 cheese*

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1047/P2ins
JK:kjfrs

Insert 2 - 4

✓

1 *no* For purposes of this paragraph, the process of aging cheese includes the aging,
2 curing, or ripening of cheese that is not a finished, saleable product under
3 circumstances in which the cheese is constantly monitored and subject to a controlled
4 temperature, airflow, and humidity.

Insert 2 - 7

5 **SECTION 1. Effective date.**

6 (1) This act takes effect retroactively on January 1, 2012.

Kreye, Joseph

From: Hansen, Alex
Sent: Monday, January 21, 2013 3:46 PM
To: Kreye, Joseph
Subject: LRB 1047 Update
Attachments: 70.995.pdf

Joe,

I hope you had a nice weekend. Please see the email below regarding LRB 1047. In addition to making the changes in the attached PDF, could you also make the following changes to the P3 version?

I believe it would be helpful to amend other portions of the statutes so that those portions are in harmony with the new subsection 70.995(3)(b). The following are the other sections that I believe should be amended:

70.11(27)(a)5 Added and amended to read – The time period for chemical change in cheese aging shall be determined by the cheesemaker, owner or processor;

70.11(27)(a)(6)(m) Added to (6)(m) – this subsection 70.11(27)(a)(6)(m) does not apply to cheese aging; and

70.11(27)(a)7 Added and amended to read – This includes cheese aging.

Please let me know if you have any questions. Thank you.

Alex Hansen

Office of Senator Joe Leibham

Phone: (608) 266-2056

Room 15 South, State Capitol

www.leibhamsenate.com

From: Atty. Patrick A. Dewane, Jr. [<mailto:pdewane@dewanelaw.com>]

Sent: Monday, January 21, 2013 10:16 AM

To: Hansen, Alex

Subject: Re: Section 70.11(27)

Alex,

In conjunction with the email I sent you Friday, January 18, 2013, at 12:36 p.m. attached hereto is the proposed Section 70.995(3)(b) as you had sent as the proposed language. I have stricken the language that I think is inaccurate and substituted language I believe accurately defines the process of aging cheese. The email of Friday, January 18th, explained my reasoning. I would appreciate it if you would call me in regards to the suggested changes of subsection 70.995(3)(b) and the three areas of 70.11(27)(a)5, 70.11(27)(a)(6)(m) and 70.11(27)(a)7.

Thank you for all your time in regards to this matter.

Patrick A. Dewane, Jr.

Dewane Law Offices, LLP
927 S. 8th Street, P.O. Box 1507
Manitowoc, WI 54221-1507
(920)682-7732
Fax (920) 682-3384

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PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

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1 70.995 (3) (b) For purposes of sub. (2) (c), entities that age cheese on behalf of
 2 others are considered establishments that primarily manufacture cheese under code
 3 2022 of the Standard Industrial Classification Manual, 1987 edition, published by
 4 the U.S. office of management and budget, regardless of whether the entity that ages
 5 the cheese made or owns the cheese. For purposes of this paragraph, the process of

6 _____ aging cheese includes the aging, curing, or ripening of cheese as determined by the
cheesemaker, owner or processor, in which the cheese is constantly monitored

7 _____ and subject to a controlled temperature, airflow, and humidity.

8 _____ **SECTION 3. Initial applicability.**

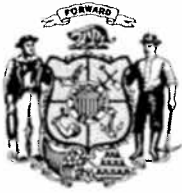
9 _____ (1) This act first applies retroactively to the property tax assessments as of
 10 _____ January 1, 2012.

11 _____ **SECTION 4. Effective date.**

12 _____ (1) This act takes effect retroactively on January 1, 2012.

13 _____ (END)

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 saleable product under
 circumstances



PB
RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

m 1-22-13

Regen

SOON

Monday

If 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.
→ TAX-EM

1 AN ACT to renumber 70.995 (3); and to create 70.995 (3) (b) of the statutes;
2 relating to: assessing property used for aging cheese as manufacturing
3 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.

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. 70.995 (3) of the statutes is renumbered 70.995 (3) (a).
5 SECTION 2. 70.995 (3) (b) of the statutes is created to read:

Insert 1-4

Insert 1 - 4

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.

History: 1971 c. 152, 154, 312; 1973 c. 90; 1973 c. 333 s. 201m; 1973 c. 335 s. 13; 1975 c. 39; 1975 c. 94 s. 91 (10); 1975 c. 199; 1977 c. 29 ss. 745m, 1646 (3), 1647 (5), (7); 1977 c. 83 s. 26; 1977 c. 273, 282, 391, 418, 447; 1979 c. 34 s. 2102 (39) (g); 1979 c. 221, 225; 1979 c. 310 s. 12; 1981 c. 20; 1983 a. 27 ss. 1177, 1178, 1179f; 1983 a. 189 s. 329 (16); 1983 a. 201, 327; 1985 a. 26, 29, 316, 332; 1987 a. 10, 27, 395, 399; 1987 a. 403 s. 256; 1989 a. 25, 31, 307; 1991 a. 37, 39, 269; 1993 a. 263, 307, 399, 490; 1995 a. 27 ss. 3344 to 3348m, 9126 (19); 1995 a. 201, 227, 247, 366; 1997 a. 27, 35, 134, 147, 164, 184, 237; 1999 a. 9, 32, 63, 65; 1999 a. 150 ss. 624, 672; 1999 a. 167, 185; 2001 a. 16, 38, 59, 103; 2003 a. 195, 291; 2005 a. 4, 22, 70, 74, 335; 2007 a. 19; 2007 a. 20 ss. 1932 to 1934f, 9121 (6) (a); 2009 a. 28, 152, 155; 2011 a. 7, 10, 32, 208; 2011 a. 260 s. 80.

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
22 production process; and the holding or safekeeping of finished products or of

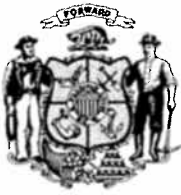
1 components after completion of the production process; whether or not any natural
 2 processes occur during that holding, safekeeping or preservation; but “storage” does
 3 not include the holding for 3 days or less of work in process to ensure the
 4 uninterrupted flow of all or part of the production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

History: 1971 c. 152, 154, 312; 1973 c. 90; 1973 c. 333 s. 201m; 1973 c. 335 s. 13; 1975 c. 39; 1975 c. 94 s. 91 (10); 1975 c. 199; 1977 c. 29 ss. 745m, 1646 (3), 1647 (5), (7); 1977 c. 83 s. 26; 1977 c. 273, 282, 391, 418, 447; 1979 c. 34 s. 2102 (39) (g); 1979 c. 221, 225; 1979 c. 310 s. 12; 1981 c. 20; 1983 a. 27 ss. 1177, 1178, 1179f; 1983 a. 189 s. 329 (16); 1983 a. 201, 327; 1985 a. 26, 29, 316, 332; 1987 a. 10, 27, 395, 399; 1987 a. 403 s. 256; 1989 a. 25, 31, 307; 1991 a. 37, 39, 269; 1993 a. 263, 307, 399, 490; 1995 a. 27 ss. 3344 to 3348m, 9126 (19); 1995 a. 201, 227, 247, 366; 1997 a. 27, 35, 134, 147, 164, 184, 237; 1999 a. 9, 32, 63, 65; 1999 a. 150 ss. 624, 672; 1999 a. 167, 185; 2001 a. 16, 38, 59, 103; 2003 a. 195, 291; 2005 a. 4, 22, 70, 74, 335; 2007 a. 19; 2007 a. 20 ss. 1932 to 1934f, 9121 (6) (a); 2009 a. 28, 152, 155; 2011 a. 7, 10, 32, 208; 2011 a. 260 s. 80.

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

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

History: 1971 c. 152, 154, 312; 1973 c. 90; 1973 c. 333 s. 201m; 1973 c. 335 s. 13; 1975 c. 39; 1975 c. 94 s. 91 (10); 1975 c. 199; 1977 c. 29 ss. 745m, 1646 (3), 1647 (5), (7); 1977 c. 83 s. 26; 1977 c. 273, 282, 391, 418, 447; 1979 c. 34 s. 2102 (39) (g); 1979 c. 221, 225; 1979 c. 310 s. 12; 1981 c. 20; 1983 a. 27 ss. 1177, 1178, 1179f; 1983 a. 189 s. 329 (16); 1983 a. 201, 327; 1985 a. 26, 29, 316, 332; 1987 a. 10, 27, 395, 399; 1987 a. 403 s. 256; 1989 a. 25, 31, 307; 1991 a. 37, 39, 269; 1993 a. 263, 307, 399, 490; 1995 a. 27 ss. 3344 to 3348m, 9126 (19); 1995 a. 201, 227, 247, 366; 1997 a. 27, 35, 134, 147, 164, 184, 237; 1999 a. 9, 32, 63, 65; 1999 a. 150 ss. 624, 672; 1999 a. 167, 185; 2001 a. 16, 38, 59, 103; 2003 a. 195, 291; 2005 a. 4, 22, 70, 74, 335; 2007 a. 19; 2007 a. 20 ss. 1932 to 1934f, 9121 (6) (a); 2009 a. 28, 152, 155; 2011 a. 7, 10, 32, 208; 2011 a. 260 s. 80.



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1047/PB

JK:kjf:rs

RMR

9

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 1-31-13

due Friday 2-1

Prof ✓

Regen

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.

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

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 retroactively to the property tax assessments as of
23 January 1, 2012 2013

24 **SECTION 7. Effective date.**

1

(1) This act takes effect retroactively on January 1, 2012.

2

(END)

Kreye, Joseph

From: Hansen, Alex
Sent: Thursday, January 31, 2013 2:16 PM
To: Kreye, Joseph
Subject: RE: LRB 1047/P3

We are ready for a /1. Thanks.

From: Kreye, Joseph
Sent: Thursday, January 31, 2013 2:15 PM
To: Hansen, Alex
Subject: RE: LRB 1047/P3

Will do. Do you want to keep it as a preliminary draft or do you want a "/1" version?

Joe

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
608 266 2263

From: Hansen, Alex
Sent: Thursday, January 31, 2013 2:14 PM
To: Kreye, Joseph
Subject: LRB 1047/P3

Joe,

After some internal discussion, we would like to request a redraft of LRB 1047/P3. We would like to change the applicability date from January 1, 2012 to the tax year of January 1, 2013. We decided that making this bill retroactively applicable would cause to many issues for local governments.

Thank you for your work on this matter.

Alex Hansen
Office of Senator Joe Leibham
Phone: (608) 266-2056
Room 15 South, State Capitol
www.leibhamsenate.com



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1047/P4

JK:kjf:ph

Stays RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

m 4-1-13

Today

1 **AN ACT** ^{gen 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.

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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
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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
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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)

Barman, Mike

From: Kreye, Joseph
Sent: Monday, April 15, 2013 8:47 AM
To: Barman, Mike
Subject: FW: 1047/1 Jacket

Hi Mike,

I have a bill jacket request for you. Thanks.

Joe

From: Hansen, Alex
Sent: Friday, April 12, 2013 4:46 PM
To: Kreye, Joseph
Subject: 1047/1 Jacket

Joe,

I would like to request a bill jacket for LRB 1047/1.

Thank you.

Alex Hansen
Office of Senator Joe Leibham
Phone: (608) 266-2056
Room 15 South, State Capitol
www.leibhamsenate.com