

# Wisconsin Legislative Council

## AMENDMENT MEMO



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### 2021 Assembly Bill 191

### Assembly Substitute Amendment 1 and Assembly Amendments 3 and 4 to Assembly Substitute Amendment 1

## 2021 ASSEMBLY BILL 191

Under current law, local governments levy property taxes on real<sup>1</sup> and personal<sup>2</sup> property. However, several types of personal property are exempt from personal property taxation.

2021 Assembly Bill 191 does the following:

- Exempts all personal property from property tax assessments, beginning with tax assessments on January 1, 2021.
- Requires the Department of Administration (DOA) to offset the property taxes lost through the exemption for all personal property by paying each taxing jurisdiction<sup>3</sup> an amount equal to the property taxes levied on all items of personal property on January 1, 2020.
- Requires that buildings on certain types of lands, such as leased lands and forest lands, be assessed as real property.

## ASSEMBLY SUBSTITUTE AMENDMENT 1

Assembly Substitute Amendment 1 does the following:

- Exempts all business and manufacturing personal property from property tax assessments, beginning with tax assessments as of January 1, 2022.
- Eliminates the requirement that DOA reimburse taxing jurisdictions for lost property taxes due to the new exemption.
- Requires that buildings, improvements, and fixtures on certain types of lands, such as leased lands and forest lands, be assessed as real property.

<sup>1</sup> Real property generally includes land itself and the buildings, improvements, fixtures, rights, and privileges attached to the land. [s. 70.03, Stats.]

<sup>2</sup> Personal property includes items that are not fixed to land, such as furniture, equipment, machinery, and fixtures. The statutory definition includes several specific types of property, such as ships, lumber, and tollbridges. [s. 70.04, Stats.]

<sup>3</sup> For purposes of the bill, a taxing jurisdiction is a municipality, county, school district, special purpose district, tax incremental district, environmental remediation tax incremental district, or technical college district. [s. 79.095 (1) (c), Stats.]

- Requires the Department of Revenue, upon receiving a request from a city clerk, to recalculate the base value of a tax incremental district (TID) affected by the bill to remove the value of personal property.
- Makes a number of technical changes to cross-references and the administration of the personal property tax.

## **ASSEMBLY AMENDMENT 3 TO ASSEMBLY SUBSTITUTE AMENDMENT 1**

Assembly Amendment 3 to Assembly Substitute Amendment 1 does the following:

- Transfers an additional \$20 million in fiscal year 2021-22, and \$44 million in fiscal year 2022-23 and subsequent fiscal years, from the general fund to the transportation fund. Generally, this transfer reflects the expectation that deposits in the transportation fund would be reduced by similar amounts under the substitute amendment.
- In addition to the exemption of business and manufacturing personal property created by the substitute amendment, specifies that no tax shall be levied on personal property under ch. 70, Stats., effective January 1, 2022.
- Revises the treatment relating to assessment of buildings, improvements, and fixtures on certain types of lands, such as leased lands and forest lands, as described above.
- Directs taxing jurisdictions to report to the Department of Revenue the amounts of property taxes levied on personal property as of January 1, 2021.

## **ASSEMBLY AMENDMENT 4 TO ASSEMBLY SUBSTITUTE AMENDMENT 1**

Assembly Amendment 4 to Assembly Substitute Amendment 1 does the following:

- Expands the recalculation of the base value of TIDs, described above, to also apply to town TIDs and environmental remediation TIDs.
- Revises the substitute amendment's treatment of the definition of "manufacturing property" in s. 70.995, Stats., to retain a current law reference to the site of certain activity.
- Specifies that the elimination of the personal property tax first applies to assessments as of January 1, 2022.

## **BILL HISTORY**

Representative Knodl offered Assembly Substitute Amendment 1 on June 18, 2021. On June 23, the Joint Committee on Finance recommended adoption of the amendment and passage of the bill, as amended, on successive votes of Ayes, 11; Noes, 3.

On June 29, 2021, Representative Knodl offered Assembly Amendments 3 and 4 to Assembly Substitute Amendment 1. On the same day, the Assembly adopted the Assembly Amendments 3 and 4 to the substitute amendment, adopted Assembly Substitute Amendment 1, and passed Assembly Bill 191. The vote on passage was Ayes, 64; Noes, 34.

SG:ksm