



DUEY STROEBEL

STATE SENATOR • 20TH DISTRICT

Testimony on SB 2

April 25, 2023

Thank you Chairman Hutton and the Committee on Universities and Revenue for holding a hearing on Senate Bill 2. SB 2 could be the last piece of legislation on an issue area that has been part of the public debate since Wisconsin was a territory: repealing the personal property tax. Senate Substitute Amendment 1 is the product of many hours of work from DOR, stakeholders and my staff to harmonize stakeholder input, SB 2 and the Governor's version of repeal in his proposed executive budget. I want to thank DOR and their staff's productive work with my office to get to where we are today. I believe Senate Substitute Amendment 1 constitutes a bipartisan agreement on the technical language necessary to repeal the personal property tax. I ask everyone support it.

Property taxes were the main source of government revenue in the 19th century. In the first codification of law after statehood, the Wisconsin Legislature enacted a tax on all real and personal property except for government property, tribal property, property of benevolent organizations and the indigent.¹ Local assessors were elected. In 1868 the first exemptions to property tax were created. The passage of Wisconsin's first income tax in 1908 began a long, slow shift away from the property tax as the primary source of government revenue.

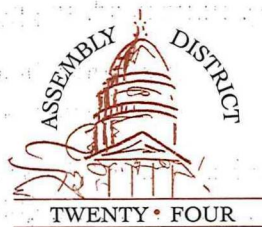
107 years ago, in 1916, the Wisconsin Tax Commission argued for repeal of the personal property tax. Governor Nelson, after being elected in 1958, announced he intended to gradually eliminate the personal property tax. In the intervening decades, scores of exemptions were passed.

The personal property tax is a relic from a bygone era. Before the technology and infrastructure existed for the administration of other taxes, the personal property tax was the only revenue source the government had. The story of Wisconsin tax law in the last century has been the gradual movement away from the personal property tax. What remains is a shell of a tax where almost all personal property is exempt.

No legislator, of either party, would cast a vote to impose the personal property tax in its current form. None of our neighboring states have a personal property tax. SB 2 can end this onerous, complicated and economically dampening tax once and for all. We will appropriate the funds to adequately compensate local governments for repeal in the upcoming Budget. Both parties indicated this intent with last session's JFC supplemental account set aside.

The personal property tax is inefficient to collect, contains outsized compliance cost and is unfairly levied with all the exemptions. I hope you will support SB 2 to finally end this tax. Thank you.

¹ A HISTORY OF THE PROPERTY TAX AND PROPERTY TAX RELIEF IN WISCONSIN by Jack Stark, 1991-1992 Blue Book



DAN KNODL

STATE REPRESENTATIVE • 24TH ASSEMBLY DISTRICT

Senate Bill 2

Public Testimony

Senate Committee on Universities and Revenue

April 25, 2023

Thank you, Chairman Hutton and members of the committee, for holding this hearing on Senate Bill 2.

We are here today to eliminate the personal property tax in Wisconsin. Passing this bill and ending the personal property tax will be a win for everyone.

In the first place, Assembly Bill 191 is a win for small businesses. Currently, businesses must go through a complicated and time-consuming process to catalog and calculate the value of their personal property just in order to pay this tax every year. This amounts to a hidden tax on the small business's time, with compliance costs often surpassing the amount of the final bill. The requirements to comply with this convoluted and arbitrary tax hit small businesses and start-ups particularly hard, because the bulk of the tax occurs up front before any depreciation occurs on the assets. This both discourages investment and targets businesses when they are likely at their least profitable stages.

This bill is also a win for local governments. As with small businesses, many municipalities find the administrative costs to collect the personal property tax exceed the amount of revenue they receive from it. Furthermore, legislation will follow this bill to backfill the lost revenue to these municipalities. The assurance of this income, combined with savings from reduced collection costs and lack of delinquent bills, will benefit our municipalities' bottom line.

Finally, this bill is a win for good government. The personal property tax, which Wisconsin has collected since we were just a territory, has become antiquated. We have found better and more efficient ways to collect revenue since then, and this tax has become nothing more than a relic of the 19th century. Most of our neighboring states recognized this and have already eliminated the tax. In Wisconsin, we have been taking a slower approach. Today, more than 50 exemptions to the personal property tax currently exist in state law. It is time to stop picking winners and losers arbitrarily and vote to end this tax for everybody.

We have worked hard over the past decade to make Wisconsin a more inviting place for job creators. Our reforms have helped established businesses grow and new businesses get off the ground. It is time for Wisconsin to take the next step and grow its reform dividend even further by eliminating the personal property tax.

This bill is the product of long and fruitful discussions with the Department of Revenue and industry stakeholders. If we can get this done, I have no doubt that this will be the single greatest accomplishment to come from Wisconsin's 106th legislative session. Thank you for your time, and Senator Stroebel and I are happy to answer any questions you may have.



JOHN J. MACCO

STATE REPRESENTATIVE • 88TH ASSEMBLY DISTRICT

To: Senate Committee on Universities and Revenue

From: Representative John Macco

Date: April 25th, 2023

Testimony on Senate Bill 2

Chairman Hutton and Committee Members,

Thank you for hearing testimony on Senate Bill 2: eliminating the Personal Property Tax.

To begin, I want to acknowledge and thank the authors, Senator Stroebel and Senator Elect Knodl for their continued work on this over numerous years. We would not be sitting here in the place we are in without yours and your staff's efforts.

It is long overdue that we finally, completely, eliminate the Personal Property Tax in the state of Wisconsin. As many of you know over the course of many years, the legislature has slowly chipped away at the Personal Property Tax, a tax assessed on small businesses over and over again on their fixtures and equipment. It is unfair, inequitable, a burden on county administrators and on small businesses. Only a few states continue to levy a Personal Property Tax and both sides of the aisle agree- it's time to kill it.

Before you today, there is a Sub Amendment 1 to this bill which has undergone a tremendous amount of review to insure it is encompassing and effective. Many meetings have been had between the authors, myself, Department of Revenue, and the numerous stakeholders in the "PPT Coalition" to make sure this time we actually get this across the finish line.

Much assessment of issues relating to section 70 versus 76 have been integrated, the MAC Credit has been looked over with a fine tooth comb, and all partners, should be happy with the Sub Amendment version.

Thank you for your consideration.

A handwritten signature in blue ink, appearing to read "John J. Macco", with a long horizontal flourish extending to the right.

John J. Macco

Representative

88th Assembly District



Tony Evers
Governor

Peter W. Barca
Secretary of Revenue

**Information Only Testimony on Senate Bill 2
April 25, 2023
Peter Barca, Secretary of the Department of Revenue**

Good morning, Chairman Hutton, ranking member Larson and members of the Senate Committee on Universities and Revenue.

I appreciate the opportunity to provide written testimony for information only on Senate Bill 2, to eliminate the personal property tax. The Department of Revenue staff is pleased to have been part of the drafting of the revised substitute amendment for Senate Bill 2.

We thank Chairman Hutton, Senator Stroebel, Assembly member John Macco, Assembly member Dan Knodl, and their staff for their partnership and hard work and cooperation in drafting this extensive bill. We also thank Senator Brad Pfaff and other co-sponsors and committee members for their active involvement in this issue.

While we want to recognize that the technical aspects of the personal property tax repeal have been addressed by the revised substitute amendment, there are three issues outstanding – the backfilling of local government, and transportation fund revenues, as well as the administrative costs to DOR.

The drafting of this bill has proven challenging, as the personal property tax runs through many chapters of Wisconsin statutes. Our goal is, and has always been, clarity. The Department of Revenue staff is aiming for clarity to minimize litigation and thereby avoid or at least minimize potential unintended revenue loss to local governments and the state.

In working with organizations focused on small businesses it has been abundantly clear that any effort to avoid litigation for small businesses would be welcomed and vital. Small businesses generally do not have attorneys on their staff and retaining one is very costly. Additionally, the uncertainty of pending litigation for small businesses is very damaging from knowing how to budget and if they lose it can be disruptive to their ongoing operations, with often penalties and interest added on to a settlement.

In 2021, when a version of the personal property repeal passed, there were several components that were missing from the bill. We expressed concern over those issues, which unfortunately didn't get addressed, and ultimately factored into the Governor's veto, along with the lack of a documented commitment to backfill future revenues for local governments.

As you are aware, the Governor has been supportive of repealing the personal property tax. In fact, the language for the repeal was put in the Governor's 2023-25 budget which ensures that local government funding is held-harmless by the repeal.



State of Wisconsin • DEPARTMENT OF REVENUE

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Tony Evers
Governor

Peter W. Barca
Secretary of Revenue

The legislative staff and the DOR team have put in many hours to ensure that this draft includes the relevant provisions to provide local government officials the direction they need to carry out the repeal, and correctly classify property in a post-repeal world. For example, the draft ensures assessors can transfer items, such as buildings on leased land from the personal property rolls to the real property rolls. We also added a provision to assist the local real property listers with obtaining abbreviated legal descriptions so that the shift can occur promptly. The needs of local treasurers, clerks, assessors, other local stakeholder groups, and business organizations have been taken into account as we sought to draft a comprehensive bill.

Please note that we reference the "revised substitute amendment" because there was a drafting error in the bill. That error has been corrected with senate substitute amendment 1.

Again, we sincerely appreciate the consideration you and your staff have provided in getting to this point today, and we look forward to joining other states that have already repealed the personal property tax.

Thank you for the opportunity to provide this testimony. We appreciate your attention to this important matter and look forward to continued cooperation and the passage of this important bill.



Testimony of

Michael Olwig of Fox Bros. Piggly Wiggly & Michael Semmann

On Behalf of the

Wisconsin Grocers Association

Before the

Senate Committee on Universities and Revenue

Senate Bill 2

April 25, 2023

Mr. Chairman, thank you for the opportunity to speak to the committee today in support of Senate Bill 2 eliminating the personal property tax. My name is Mike Semmann, Vice President of Government Affairs for the Wisconsin Grocers Association.

The Wisconsin Grocers Association (WGA) is a non-profit trade association established in 1900 to represent independent grocers and grocery chains, warehouses & brokers, vendors, suppliers, and manufacturers before all levels of government. The WGA provides educational and networking opportunities, leadership training, public affairs, and compliance information for its membership.

WGA and its membership have a significant Economic Impact in the state of Wisconsin. The WGA represents nearly 350 independent grocers with multiple locations across the state, more than 200 retail grocery chain stores, warehouses and distributors, convenience stores, food brokers and suppliers. Wisconsin grocers employ over 30,000 people with over \$1 billion in payroll and generate more than \$12 billion in annual sales in Wisconsin resulting in approximately \$800 million in state sales tax revenue. (Data provided by The Food Institute).

With me today is WGA Board Member, Mike Olwig, president of Fox Bros Piggly Wiggly.

We'll be happy to answer any questions that surface either during this testimony or in the future.

Thank you.

-OVER-



Chair Hutton and Members of the Committee. Thank you for the opportunity to speak in favor of Senate Bill 2/Assembly Bill 2 which would eliminate the personal property tax. My name is Mike Olwig and I'm the president of Fox Bros Piggly Wiggly.

Fox Bros. Piggly Wiggly began as an independently owned and operated franchised Grocery Store, established by Pat and Bob Fox in Hartland, Wisconsin in 1988. Over the years, Fox Bros. has added 9 more stores and now employs nearly 900 people.

In addition to the traditional retail grocery business, Fox Bros. also operates a sausage production facility, producing such products such as bratwurst and summer sausage. In fact, we just made our 8 millionth brat. In 2017 Lori & Pat Fox sold the company to the Fox Bros. team members and Fox Bros. Piggly Wiggly became Wisconsin's only 100% Employee-Owned Grocery Chain. We have ten stores located in Dodge, Waukesha, Washington, and Ozaukee Counties containing numerous items that are currently subject to the personal property tax.

For Wisconsin's grocery industry and many other retailers such as convenience stores, the elimination of the personal property tax would be welcome news for two predominant reasons.

Primarily, it is the elimination of a burdensome tax, both financially and in the amount of time effort it takes to comply. The items we pay property tax on have already been taxed and the process is complicated, time-consuming, and may not be consistent from one municipality to another. This compounds the problem for operators with stores in multiple counties, like ours. Without this tax, some retailers may be able to invest in their people, others may be able to upgrade equipment or facilities, and we must acknowledge that some businesses may barely even realize it's gone. But the grocery industry will take notice.

Second, the elimination of this tax that is as old as statehood, is a signal to businesses small and large that the legislature and the administration are taking active steps to clarify and streamline Wisconsin's tax code to reflect a more modern way of doing business.

We appreciate the work and efforts of Senator Stroebel, Representative Knodl, the co-sponsors, legislative staff, and the administration. We hope that you will all be able to support this legislation.

Thank you. I'd be happy to answer questions.

To: Members of the Senate Committee on Universities & Revenue
Sen. Rob Hutton, Chair

From: Dave Phaneuf, Vice President, WISCO Hotel Group

Date: April 25, 2023

Re: Support for SB 2 - Eliminating the Personal Property Tax

Good morning Chair Hutton and committee members, I appreciate the opportunity to be here today as a representative from Wisconsin's hotel and lodging industry.

My company, the WISCO Hotel Group, operates 14 hotel facilities throughout the state of Wisconsin. I'm here to ask for your support in repealing Wisconsin's Personal Property Tax.

All of our properties are located in municipalities that impose a Personal Property Tax, and the annual bills start at more than \$4,000 and go to over \$30,000 depending on the property. Hotels heavily rely on furniture, fixtures and equipment to provide travelers to Wisconsin a top-notch experience, but unfortunately we do not enjoy the exemptions that other industries get from having to pay this unfair tax. These taxes do not only hold down our profitability, but they leave us with less resources to invest into our employees, our business and the communities we serve.

Each property that WISCO manages in Wisconsin is a franchise, from our Holiday Inn in Appleton to our Radisson Hotel in Fond du Lac to our Fairfield by Marriott by the Milwaukee Airport to our Comfort Suites in Madison. Our franchise contracts require us to keep our properties up to brand standards, which means we are constantly investing in upgrading our facilities. Of course when we are purchasing new products we are paying sales tax, but then we continue to pay the personal property tax on these items well into the future. This also adds an administrative burden on our businesses, as we need to be sure that we are tracking and reporting our personal property correctly in each of the municipalities we have hotels.

Of course the repeal of this tax has a much broader impact on the business community, it is not just about our hotels. So many of the "Main Street" businesses in the communities we serve are saddled with the same problems that we have with this tax. Now that Wisconsin has the resources to eliminate this tax once and for all, I strongly urge you to support Senate Bill 2.



To: Members of the Senate Committee on Universities & Revenue
Sen. Rob Hutton, Chair

From: Bill Elliott, WHLA President & CEO

Date: April 25, 2023

Re: Support for SB 2 - Eliminating the Personal Property Tax

The Wisconsin's Hotel & Lodging Association is made up of approximately 600 bed and breakfasts, vacation homes, hotels, motels, resorts and other industry partners who play a key role in the successful operation of lodging properties in the state. Our members span across all regions of the state, and we represent a great variety of independent, franchise, family-owned and corporate-owned properties. Some have restaurants, some have attractions and some are single units that allow you to get away from it all.

No matter what type of property they run or which corner of the state they do business in, WHLA members support the repeal of Wisconsin's archaic Personal Property Tax. For decades, the Legislature has been chipping away at the tax, picking winners and losers by exempting specific equipment and industries. This unfair approach has put the tax and compliance burden on Wisconsin's lodging industry and other "Main Street" businesses.

We know that these taxes are a factor when developers decide if they are going to invest in new hotels in our communities, and the personal property tax deters economic development throughout the state. The lodging industry is already paying sales tax to acquire personal property items, like tables, chairs, beds and other furniture and fixtures, so it is especially unfair to continue to tax us year after year on the same goods. Lodging properties who try to "stay fresh" remodel and upgrade fixtures and furnishings on a regular basis, so we aren't able to fully depreciate our personal property. Oftentimes, our franchise agreements require it every seven years.

Thank you for giving me the opportunity to share this update with you, and I look forward to working with you all to bolster Wisconsin's tourism economy to help advance our great state.



PROFESSIONAL INSURANCE AGENTS OF WISCONSIN, INC.

725 Heartland Trail, Ste. 108, Madison, WI 53717 • (608) 274-8188 • piaw.org

To: Members, Senate Committee on Universities and Revenue

From: Peter Hanson, Executive Director, Professional Insurance Agents of Wisconsin

Date: April 25th, 2023

RE: Support Senate Bill 2

Thank you to Chairman Hutton and members of the committee for holding a hearing on Senate Bill 2, relating to repealing the personal property tax in Wisconsin. We appreciate the opportunity to submit testimony on this priority issue.

The Professional Insurance Agents of Wisconsin is a non-profit trade organization representing thousands of independent insurance agents at agencies across the state. The vast majority of these agencies are small businesses with a handful of employees or fewer. They are a perfect example of those that this burdensome tax continues to negatively impact.

Independent agencies can be found on main streets throughout the state and are staples in their communities. Due to exemptions added to the law over the years, independent agencies contain exactly the remaining contents that continue to be affected by the personal property tax - chairs, desks, tables, couches, light fixtures, etc. Every year, these furnishings must be tallied, and the tax must be calculated. It is extremely common for these agencies to pay more in accounting fees associated with calculating the tax than they are paying in the tax itself.

Not only is it a burden on agencies to calculate this tax, but it is also disincentivizing agencies from investing in their business. Our members are hesitant to invest in their business and have indicated that they have put off remodels and renovations to their agency to avoid increasing their personal property tax burden. Repealing this tax will remove this annual burden and allow owners to invest wholeheartedly in their businesses without fear of this duplicative taxation.

Repealing the personal property tax has been a longstanding priority issue for the Professional Insurance Agents of Wisconsin. Considering the projected surplus of the state, we urge you to finally relieve Wisconsin small businesses of this outdated burden.

Thank you again for taking the time to hear this imperative legislation and please support its timely passage. If you have any questions, please do not hesitate to contact me.



Date: April 25, 2023

To: Members of the Wisconsin Senate Universities and Revenue Committee

From: Mattias Gugel, Director of State External Affairs at National Taxpayers Union

Re: Support Senate Bills 1 & 2

Businesses and taxpayers continue to reel from the aftermath of the pandemic and the effects of inflation. As a result, Wisconsin must pursue efforts to keep up with the reforms of other Midwestern states to maintain its reputation as a business-friendly state and keep family-supporting jobs for Wisconsin workers and families.

As the nation's oldest taxpayer advocacy group, National Taxpayers Union is encouraged to see Wisconsin — at a time when it has a historic \$7 billion surplus — prioritizing tax relief. Now is not the time to increase government spending or consider increasing local government levy limits to undo the excellent work being done by the state.

Senate Bill 1 — Moving Wisconsin toward a 3.25% flat tax

Competition between states has become increasingly common, and in recent years we have seen migration patterns of people moving away from high-tax states toward states with low or no income tax. This bill will make Wisconsin competitive going into the next decade with a rate that competes with the single tax rates in Michigan, Indiana, and Illinois — and the new flat tax rates we'll soon see in Iowa.

Notably, all Wisconsin taxpayers would win under this tax proposal. Every tax bracket sees a cut, which will help families who are struggling right now and help Wisconsin retain and attract workers who are so desperately needed.

Senate Bill 2 — Repeal of the personal property tax

Wisconsin's current personal property tax has been the target of reform for several past sessions. Unfortunately, these efforts have created a patchwork of carve-outs determining who needs to comply with reporting this owed tax, depending on which industries have been most successful lobbying. As a voice for all taxpayers, National Taxpayers Union is encouraged that there may be the opportunity to pass a meaningful bipartisan repeal of this costly tax on the property of business owners.

Furthermore, SB 2 would help streamline tax collection and alleviate the red tape on business owners for assessment while ensuring the state doesn't leave local governments with a budgetary hole.

NTU would like to commend the bill authors of the flat tax bill, Senate Majority Leader Devin LeMahieu and Representative Robert Brooks, the authors of the repeal of personal property tax, Senator Duey Stroebel and Representative Dan Knodl, and Senate Universities & Revenue Committee Chairman Rob Hutton for their pursuit of making Wisconsin friendlier to taxpayers. We hope their important work is successful.



TO: Senate Committee on Universities & Revenue

FROM: Evan Umpir, Director of Tax, Transportation, and Legal Affairs

DATE: April 25, 2023

RE: Testimony on Senate Bill 2, Personal Property Tax Repeal

Thank you Chairman Hutton, Ranking Member Larson, and Committee members for the opportunity to testify on 2023 Senate Bill 2 (personal property tax repeal). Wisconsin Manufacturers & Commerce (WMC) applauds the work of the authors this, and many previous sessions, towards repeal of one of Wisconsin's oldest and most burdensome taxes, the personal property tax.

WMC is the largest general business association in Wisconsin, representing approximately 3,800 member companies of all sizes, from every sector of the economy. Since 1911, our mission has been to make Wisconsin the most competitive state in the nation to do business. Repeal of the personal property tax is one item that could not be a more clear competitive disadvantage to, and burden on, Wisconsin businesses than businesses in *all of our neighboring states*, and many around the country, do not have to calculate and pay every year, which is WMC has strongly supported its repeal. Wisconsin's business climate has dropped to 27th in 2023 from our peak at 25th in 2020.¹ Repealing the personal property tax has been identified as one simple solution that will enhance Wisconsin's business climate and competitiveness.²

This tax, which costs businesses approximately \$200 million a year, costs businesses much more than the dollar amount that must be paid every year. Businesses must annually calculate the cost of their property, or pay to have an accountant undertake the project, which costs both time and money, both of which could be put to better use serving customers. As Ben Franklin is attributed writing in 1748, "time is money." Not only does compliance cost businesses, but assessors too spend countless hours a year devoted to ensuring the tax is paid. With the twenty-seven exemptions in statute already, the tax collected combined with the cost of compliance – both to the private and public sectors – is not worth the money and effort on both sides of the equation. The human capital expended to aid compliance and tax money paid could much better be utilized by serving customers and reinvesting in business, particularly at this time when so many businesses are struggling to find workers.

As mentioned, Wisconsin has made efforts to lessen this burden. As noted, the twenty-seven exemptions to the tax have helped relieve some of this burden, the most recent in 2017, but much

¹ Janelle Fritts and Jared Walczak, "2023 State Business Tax Climate Index," Tax Foundation (October 25, 2022), available at: <https://taxfoundation.org/2023-state-business-tax-climate-index/>.

² Katherine Loughhead, "Wisconsin Legislature Considering Several Pro-Growth Tax Reforms," Tax Foundation (June 29, 2021), available at: <https://taxfoundation.org/wisconsin-state-budget-tax/>.

April 25, 2023

Senate Committee on Universities & Revenue

SB 2 – Personal Property Tax Repeal

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property and many businesses are still subject to the tax. Not only is the tax a competitive disadvantage for Wisconsin, but frequently the exemptions have resulted in non-uniform application and/or litigation, which can leave similarly situated businesses confused, frustrated, and on unequal footing. Full repeal of the personal property tax is the simplest, best course of action after the long – decades long – effort to repeal this tax which predates our statehood.

Last session, the Legislature set aside funding to ensure that local governments who are directly impacted by the collection of this tax are not impacted by the loss of this tax revenue. While ultimately last session's repeal bill was vetoed, the same sentiment to ensure that both businesses and local government are not harmed through repeal remains alive and a bipartisan goal.

Another issue of concern in past sessions would be ensuring repeal would not negatively impact manufacturers who claim the Manufacturing and Agriculture Credit. I am happy to say that **WMC and the Department of Revenue (DOR) have come to agreement on language that both sides feel confident is viable; past concerns over the effect of repealing the personal property tax should no longer be an impediment to repeal becoming law effective with the 2024 tax year.** I would like to thank DOR for their efforts to address our concerns.

Again, WMC, and the business community, would like to thank the authors of the bill for their tireless commitment to seeking repeal of the personal property tax, the DOR for their efforts to address WMC's concerns, and the other legislators and stakeholders who have worked the last few months – and many, many sessions prior – to see that Wisconsin can become a more competitive state to do business and promote economic opportunity and growth.



Wisconsin County Treasurers' Association

2023 SB-2 re: Elimination of Personal Property

BENEFIT: reduce county & local administrative headaches (assessment / tax bill / collection)

- 2 sets of property rolls each year (RE & PP 5%)
- 2 sets of tax bills each year (RE & PP 1%)
- Local collection of delinquent PP (ex. small claims, collection agency, etc.)

FINANCIAL/LEGAL CONSIDERATIONS (x3)...

NEED: state funding to backfill & make all taxing jurisdictions "whole" 100% (state aid under §79.096)

- **ALTERNATIVE:**
 - Counties, municipalities, tech colleges, and school districts will not be able to cover mandatory long-standing operating expenses
 - Shift tax burden onto homeowners

NEED: include buildings on leased land as RE (same tax bill as the land)

- **ALTERNATIVE:**
 - Create major legal battles through the courts
 - Shift tax burden onto homeowners

NEED: explicitly maintain taxation of utility property under Chapter 76 (utilities, telecoms, airlines)

- **ALTERNATIVE:**
 - Create major legal battles through the courts
 - Shift tax burden onto homeowners

ADMINISTRATIVE CONSIDERATIONS (x3)...

RECOMMEND: effective date 2nd January after passage (allow time for state & county programming updates)

- **ALTERNATIVE:**
 - Waiver to request accommodations for updates
 - Imperfect information and/or inconsistent compliance

RECOMMEND: retain statutory language for short-term personal property tax administration (ex. "correction for assessor errors" on PP from before elimination of PP)

- **ALTERNATIVE:**
 - Create major legal battles through the courts
 - Shift tax burden onto homeowners

RECOMMEND: section 43 use "property" -vs- "real property" (allow assessments of omitted prior years PP)

- **ALTERNATIVE:**
 - Create major legal battles through the courts
 - Shift tax burden onto homeowners



To: Members of the Senate Committee on Universities and Revenue

From: Megan Novak, State Director, Americans for Prosperity - Wisconsin

Date: April 25, 2023

Subject: Support for Senate Bill 2

Chairman Hutton, and members of the Senate Committee on Universities and Revenue, thank you for the opportunity to provide testimony today in favor of Senate Bill 2.

Americans for Prosperity – Wisconsin strongly supports Senate Bill 2 to repeal our state’s personal property tax, easing a significant burden on businesses across the entire state. Our current personal property tax code is cumbersome, inefficient, and applied unfairly. It is past time for us to fully repeal this outdated tax.

Wisconsin businesses are essential to our state’s economy. With the vast majority of our state’s businesses being small businesses, the time has come to repeal the unfair personal property tax. With an average-at-best start up and business climate, repealing this tax is a positive step forward for our state to improve entrepreneurship in Wisconsin, allowing more of our citizens to live out their version of the American dream.

Through the personal property tax, millions of dollars in taxes are collected from businesses in certain industries on items like furniture, equipment, machinery, tools, and more. This tax discourages businesses from certain purchases because of how burdensome it is to file this paperwork annually, and how unfair the tax is applied across industries and purchased goods. Senate Bill 2 will help encourage businesses to reinvest in necessary equipment, tools and other goods, which is ultimately good for our economy.

The Legislature has the chance to make a positive impact on our economy and for businesses across the state by repealing this antiquated, unequal, and simply unnecessary tax. Wisconsin companies, big and small, should not continue to carry the burden of the personal property tax and the paperwork that goes with it. For decades, exemptions and carve outs from the personal property tax have been added to the tax code, but this is the year we can make the final exemption and repeal the personal property tax for good.

Thank you for your consideration of Senate Bill 2.



**Statement Before the
Senate Committee on Universities and Revenue**

By

**Bill G. Smith
State Director
National Federation of Independent Business
Wisconsin**

Tuesday, April 25, 2023

Senate Bill 2

Mr. Chair and members of the Committee, I appreciate the opportunity to share some comments with you on behalf of our state's small business community.

Senate Bill 2, which would eliminate the personal property tax, is critically important to small business.

Wisconsin's small business community continues to struggle in these months of post pandemic. And while some businesses have reopened, others will never reopen, still others struggle to capture the economic strength and viability enjoyed during the months before the 2020 pandemic.

Small businesses continue to face economic headwinds including the uncertainty of inflation and the on-going challenge of workforce shortages. According to NFIB's Economic Trends Report, expectations for better business conditions six months from now are near historic lows.

To be competitive with all our surrounding states, promote economic development, and most importantly, encourage small business creation and growth, we believe the elimination of the personal property tax is a key reform that will have a positive impact on the bottom line of small businesses throughout our state.

The personal property tax, first enacted in colonial times, is a small business tax that has evolved into a grab bag of exemptions and definitions that violates the basic principles of tax fairness, simple cost effective administration, and low efficient enforcement costs.

**National Federation of Independent Business in Wisconsin
10 East Doty Street, Suite 519 – Madison, WI 53703 - 608/255-6083 – www.nfib.com/wi**

Statement Before the Senate Committee on Universities and Revenue -- continued
Tuesday, April 25, 2023

Importantly, the elimination of the personal property tax would impact all Main Street businesses equally regardless of economic status, number of employees, amount of revenue or type of business.

Mr. Chair, the time is now to remove this burdensome obsolete tax from the tax code.

Thank you for today's hearing, we are grateful to Senator Stroebel, Representative Knodl, and others for their continuing support toward bringing this important small business legislation forward.

On behalf of our state's small business community, we urge all legislators to take a major step toward tax fairness and support this key tax reform.

Thank you for your consideration.