



JULIAN BRADLEY
WISCONSIN STATE SENATOR

Senate Bill 323
Senate Committee on Utilities, Technology and Telecommunications
Wednesday, November 15, 2023

Vice-Chairman Wanggaard and fellow committee members,

For years, legislators have worked to eliminate the personal property tax here in Wisconsin. This tax is an inefficient and impractical burden on businesses of all size.

With the passage of the 2023 Act 12, personal property tax was finally repealed for all companies who are taxed under Chapter 70 of our state law. However, since 1998, telecommunications companies have been taxed under chapter 76 and are thus still required to pay this archaic tax.

Today, telecommunications companies pay a tax directly to the state that approximates what they would have paid in local personal property taxes. The Department of Revenue estimates this amount would be approximately \$38 million in 2024. This bill simply puts telecommunication companies on an equal footing by eliminating their requirement to pay personal property tax. Telecommunication companies would still pay many other taxes, including income taxes, employer payroll taxes and sales and use taxes if this bill was signed into law.

Thank you for your time. I appreciate your consideration of this bill and I'm happy to take any questions.



DAVID STEFFEN

STATE REPRESENTATIVE • 4th ASSEMBLY DISTRICT

November 15, 2023

Testimony to the Senate Committee on Utilities and Technology: Senate Bill 323

Chairman Bradley and Committee Members,

Thank you for the opportunity to provide written testimony in favor of Senate Bill 323, which would exempt telephone companies from the personal property tax beginning with the 2023 assessment.

While the 2023-25 budget put forth by the Legislature included \$173 million in tax relief for most businesses by eliminating the burdensome personal property tax, telecommunication companies were not included in that relief. Today, telecommunication companies are still subject to this inefficient and incredibly cumbersome tax. SB 323 seeks to remedy this imbalance by eliminating the personal property tax for telephone companies, just as it was eliminated for other businesses in the current biennial budget.

SB 323 is not asking for special treatment of telecommunication companies, but rather, for the same treatment under Wisconsin tax law as is applied to other businesses across the state. Wisconsin telephone companies would continue to pay their share of income taxes, employer payroll taxes and sales and use taxes.

The personal property tax no longer made sense for businesses in Wisconsin and was deemed inefficient and highly burdensome—which is why it was virtually eliminated in the 2023-25 budget. Just like in other areas of business, the personal property tax is equally inefficient and burdensome to telephone companies and should be eliminated for these businesses as well.

Thank you for the opportunity to provide testimony in favor of this bill. I encourage you to join me in supporting this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "David Steffen".

David Steffen
State Representative
4th Assembly District



**Testimony of
GERARD KEEGAN
CTIA**

**In Support of
Wisconsin Senate Bill 323**

Before the Wisconsin Senate Committee on Utilities and Technology

November 15, 2023

On behalf of CTIA® and its member companies, I submit this testimony in support of Senate Bill 323. This legislation would: (1) eliminate the disparity and inequitable tax treatment of telecommunications companies that resulted from the passage of Act 12, which repealed the locally imposed general property taxes on business personal property; (2) create a level tax playing field between cable providers and telecommunications companies that are competing to provide broadband and other communications services; and (3) encourage investment in wireless broadband networks throughout Wisconsin - benefiting consumers and businesses alike by increasing competition and enhancing networks.

Earlier this year, the Governor signed Act 12 of 2023, which included a provision that exempts the personal property of all businesses from local property taxes imposed under Chapter 70 of the Wisconsin Statutes. This personal property tax repeal will help thousands of Wisconsin businesses be more competitive in the national and global marketplace by reducing the ongoing cost of making investments in machinery and equipment in Wisconsin.



However, because wireless and other telecommunications companies are centrally assessed and taxed under Chapter 76, the exemption included in Act 12 does not apply to investments in machinery, equipment, and other personal property by telecommunications companies. Since 1998, telecommunications companies have been subject to the state property tax imposed by Chapter 76 with the Department of Revenue assessing the value of real and tangible personal property and collecting the tax. The state telephone property tax was explicitly designed to approximate the local property tax that would be levied on the wireless property if it were subject to the local property tax imposed under Chapter 70. Act 12 eliminated that longstanding parity in property tax treatment between telecommunications companies and all other competitive businesses in Wisconsin.

This is problematic for two reasons. First, telecommunications companies are competitive businesses, not rate regulated monopolies. There is no legitimate policy reason for treating the personal property of telecommunications companies differently than all other competitive Wisconsin businesses. Second, convergence in the communications industry means that wireless companies, cable companies, landline phone companies, and providers of streaming audio and video services are all competing in the same marketplace. Under Act 12, cable companies and streaming service providers are exempt from the personal property tax while wireless and landline phone companies are not. This creates an unlevel playing field that distorts the competitive market.



The pandemic highlighted the importance of broadband connectivity for work, education, and entertainment. Telecommunications companies have limited funds to invest in network upgrades, while consumer demand for faster and more robust wireless networks continues to grow exponentially. The Wisconsin State Legislature has recognized the need to incentivize broadband investment in the state. The enactment of Act 128 in 2019 created a property tax exemption for broadband investment made in rural areas of Wisconsin. While this exemption is very useful and will go a long way to promote new investment in rural areas, repealing the property tax on the personal property of telecommunications companies would further the policy goal of increasing broadband investment throughout the state.

To further broadband investment in Wisconsin and eliminate the disparity and inequitable property tax treatment of telecommunications companies, we respectfully request that you pass SB 323. Thank you for your consideration.