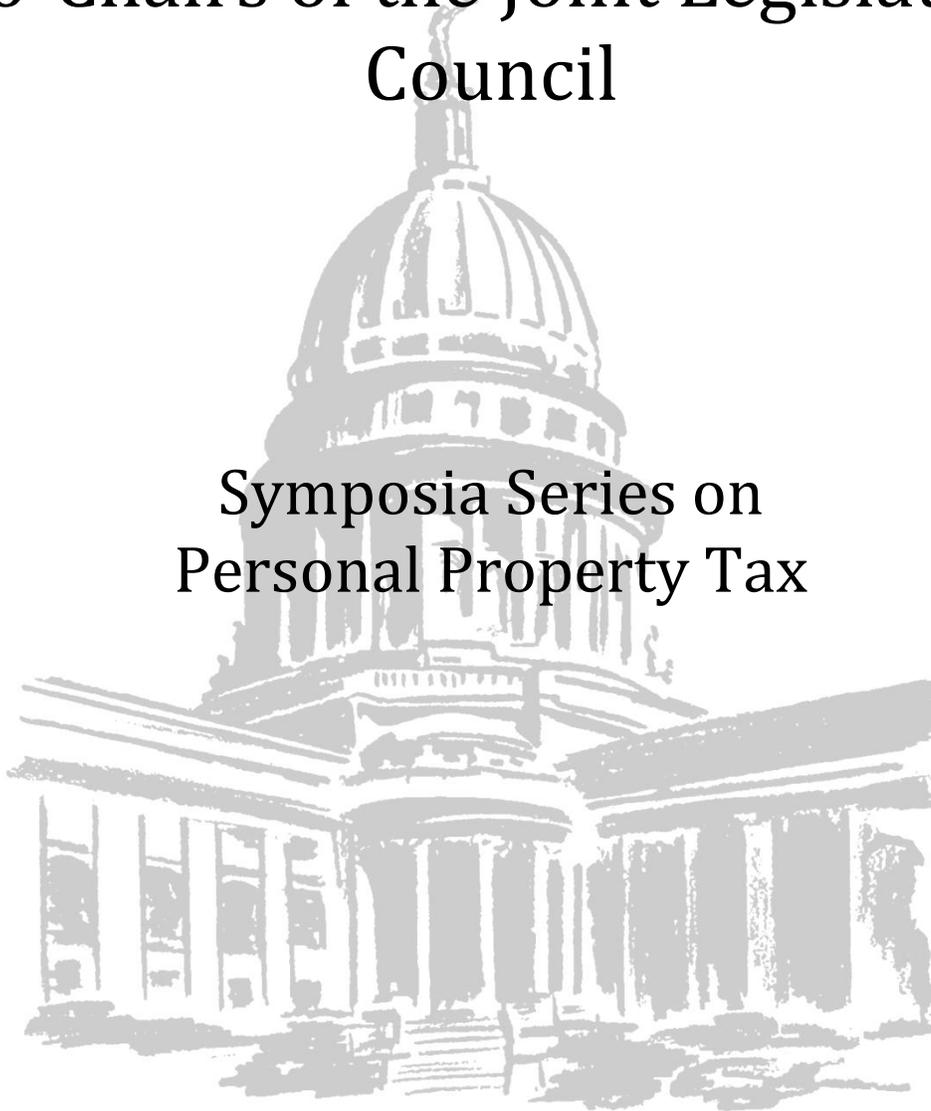


# Steering Committee Report to the Co-Chairs of the Joint Legislative Council

## Symposia Series on Personal Property Tax



September 25, 2014

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# SYMPOSIA SERIES ON PERSONAL PROPERTY TAX

Prepared by:  
Jessica Karls-Ruplinger and Larry Konopacki, Senior Staff Attorneys  
September 25, 2014

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# PART I

## STEERING COMMITTEE FORMATION AND ASSIGNMENT

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In March 2014, Senator Luther Olsen and Representative Joan Ballweg, Co-Chairs of the Joint Legislative Council, created a steering committee to develop a symposia series on personal property tax. Chaired by Representative Duey Stroebel and Vice-Chaired by Senator Tom Tiffany, the committee was provided with the following assignment:

The steering committee is directed to: conduct information symposia and develop recommendations regarding the state's personal property tax. The Steering Committee shall study the fiscal effect of the personal property tax and personal property tax exemptions, the constitutional concerns that may arise in the context of personal property tax reform, and the administrative and compliance costs associated with personal property taxation; and shall develop recommendations, in the form of a committee report, for personal property tax reform.



# PART II

## COMMITTEE ACTIVITY

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### **JULY 9, 2014**

On July 9, 2014, the Steering Committee discussed the format of, and potential speakers for, its symposia series on personal property tax. Specifically, the committee discussed hosting a one-half day symposium on July 30, 2014, and another one-half day symposium on September 3, 2014. For the first symposium, the committee planned to invite speakers to make presentations on the following topics: (1) property tax and personal property tax, with an emphasis on national trends and history and general tax theory; (2) personal property tax in Wisconsin; and (3) administration of Wisconsin's personal property tax. For the second symposium, the committee planned to invite speakers to make presentations on tax policy from both a pro-business perspective and a progressive perspective; and to assemble a panel of representatives of various groups to get reactions from the panel to policy options raised in the symposia series.

### **JULY 30, 2014**

On July 30, 2014, a symposium on the personal property tax in Wisconsin was held in Room 412 East, State Capitol. Attendees heard from eight speakers who shared various perspectives on this topic and answered questions posed by the Steering Committee for the symposia series. The following people spoke to the committee:

Todd Berry, President, Wisconsin Taxpayers Alliance.

Nate Ristow, John Koskinen, and Scott Shields, Wisconsin Department of Revenue (DOR).

Rick Olin, Legislative Fiscal Bureau.

Robert Lorier, Assessor, City of Brookfield.

Michael Prochnow, Assessor, City of Fitchburg.

Bob Lange, Schenck, S.C.

Mr. Berry began the symposium with an overview of the tax system, the state economy, job trends, population trends, and other information that policy makers may find useful. He also provided specific information about the state's property tax system, and the personal property tax in particular, including history and trends, how revenues from this source are used, who pays the bills, and how this type of tax stacks up against others with respect to efficiency, stability, compliance, and other factors.

The speakers from DOR and the Fiscal Bureau provided specific information about personal property tax laws in Wisconsin, including information about exemptions, assessment of

manufacturing facilities, reporting processes, challenges inherent in the personal property tax system, and potential problems that could arise if changes are made to this tax.

Mr. Lorier, Mr. Prochnow, and Mr. Lange provided perspective about this tax from the ground level, as seen by the people responsible for administering this tax for local governments and businesses complying with the tax. They pointed out a number of problematic characteristics of this tax, but also identified the importance of this revenue source for local governments.

After hearing from these speakers, the Steering Committee discussed the second personal property tax symposium scheduled for September 3rd, 2014. At that symposium, the committee plans to hear from people with various perspectives on tax policy and from a panel of representatives of various groups, including groups representing local governments and businesses, to gauge their reactions to the information provided in the first and second symposia.

## **SEPTEMBER 3, 2014**

On September 3, 2014, a second symposium on the personal property tax in Wisconsin was held in Room 412 East, State Capitol. Following opening remarks from Chair Stroebel, attendees heard from seven speakers who shared various perspectives on this topic and answered questions posed by the Steering Committee for the symposia series. The following people spoke to the committee and other attendees:

Scott Drenkard, Economist and Manager of State Projects, Tax Foundation.

Matt Gardner, Executive Director, Institute on Taxation and Economic Policy.

Curt Witynski, Assistant Director, League of Wisconsin Municipalities.

Lee Turonie, Legal Counsel and Lobbyist, Wisconsin Towns Association.

Tom Larson, Vice President of Legal and Public Affairs, Wisconsin Realtors Association.

Michelle Kussow, Vice President - Government Affairs and Communications, Wisconsin Grocers Association.

Joseph Pickart, Shareholder, Whyte Hirschboeck Dudek S.C.

Mr. Drenkard began his presentation with a brief description of the Tax Foundation, noting that the Foundation's principles include support of tax simplicity, neutrality, transparency, and stability, and pro-growth tax policies. He described the Foundation's assessment of the business tax climate in Wisconsin, shared some examples of other states' efforts to repeal or phase out personal property taxes, identified negative attributes of personal property taxes, and provided options for the attendees to consider to improve the state's tax structure with respect to personal property taxes. Following his presentation, Mr. Drenkard fielded questions from steering committee members.

Mr. Gardner shared information about the Institute on Taxation and Economic Policy (ITEP) and organized his presentation around his answers to the following four questions:

1. Why should a state bother to keep a personal property tax in place?

2. How should a state modify its personal property tax if it is kept in place?
3. If you decide to scale back or repeal a state personal property tax, how can you do so sensibly?
4. What is the link between personal property taxes and economic development?

Mr. Gardner also responded to questions from steering committee members following his presentation.

Mr. Witynski, Mr. Turonie, Mr. Larson, Ms. Kussow, and Mr. Pickart participated in a panel discussion. Each was asked to share the opinions of the organization that they represent on personal property taxes, and to reflect on the ideas and recommendations shared by Mr. Gardner and Mr. Drenkard. They also addressed questions posed by the steering committee members.

After hearing from these speakers, the steering committee discussed the work of the committee thus far. Chair Stroebel asked steering committee members to provide comments on what the members have learned during this project and what changes to the personal property tax system in Wisconsin should be made, if any. He asked that these comments be limited to no more than approximately a page of text and that they be submitted by September 10<sup>th</sup>.

Chair Stroebel also described the form of the report that the committee staff will be preparing for submission to the Joint Legislative Council summarizing the symposia series project. He noted that steering committee members' formal comments will be included in this report.

The Chair also explained that he may call another meeting of the symposia series steering committee on October 1<sup>st</sup>, if he deems it necessary after reviewing steering committee members' comments.



# PART III

## RECOMMENDATIONS RECEIVED BY THE STEERING COMMITTEE

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The speakers in the two Personal Property Tax Symposia offered recommendations to the Steering Committee for consideration in reforming the Wisconsin personal property tax system. The following is a summary of each speaker recommendation, along with a description of issues that the Legislature might consider if it wishes to implement the recommendation:

- Repeal the personal property tax. If the Legislature wishes to repeal the personal property tax, the Legislature might consider: (1) whether to replace the funding generated by the personal property tax with another source of funding for local governments and, if the funding is replaced, the source of the funding; and (2) whether, and how, to clarify the distinction between real property and personal property.
- Create an exemption from the personal property tax for a specified amount of personal property. If the Legislature wishes to create an exemption for a specified amount of personal property, the Legislature might consider: (1) the amount of personal property that is subject to the exemption; (2) whether to replace the personal property tax funding that would have been generated by the exempt property with another source of funding for local governments and, if the funding is replaced, the source of the funding; (3) if, and how, exempt personal property is reported to local governments; and (4) whether such an exemption would be permissible under Article VIII, Section 1, of the Wisconsin Constitution (the “Uniformity Clause”), which requires uniform taxation.
- Create an exemption from the personal property tax for new personal property, which results in a gradual phase-out of the personal property tax. If the Legislature wishes to create an exemption for a new personal property, the Legislature might consider: (1) whether to replace the personal property tax funding that would have been generated by the new property with another source of funding for local governments and, if the funding is replaced, the source of the funding; (2) if, and how, new personal property is reported to local governments; and (3) whether such an exemption would be permissible under the Uniformity Clause.
- Provide local governments with the option to: (1) create (or increase) an exemption from the personal property tax for a specified amount of personal property; or (2) create an exemption from the personal property for new personal property. If the Legislature wishes to provide local governments with either or both options, the Legislature might consider: (1) what parameters to provide local governments in exempting a specified amount of personal property or new personal property; and (2)

whether providing personal property tax options to local governments would be permissible under the Uniformity Clause.

- Extend the state reimbursement of the personal property tax for computers to other, or all, types of personal property. Under such proposal, the state reimburses a local government for the personal property tax owed on any personal property subject to the state reimbursement, in lieu of payment of such tax by the owner of the personal property. If the Legislature wishes to extend the state reimbursement to other types of personal property, the Legislature might consider: (1) what types of personal property are subject to state reimbursement; and (2) if, and how, personal property that is subject to state reimbursement is reported to local governments.
- Provide a tax credit to a payer of the personal property tax. If the Legislature wishes to provide a tax credit, the Legislature might consider: (1) what personal property taxpayers are eligible for the tax credit; (2) what type of personal property is eligible for the tax credit; (3) the amount of the tax credit; (4) the type of tax liability to be offset by the credit; and (5) whether such a credit would be permissible under the Uniformity Clause.
- Develop alternative, less-burdensome ways to collect delinquent personal property tax. If the Legislature wishes to develop alternative ways to collect delinquent personal property tax, the Legislature might consider: (1) whether actions to collect the tax should continue to involve an action in small claims court; (2) whether local governments should be able to include the delinquent personal property tax on a taxpayer's real property tax bill; and (3) whether to increase the interest and penalties assessed on delinquent personal property taxes.

In addition to recommendations presented by the speakers, the Steering Committee also received recommendations for consideration in reforming the personal property tax system from members of the steering committee. At the September 3, 2014, meeting of the committee, Chair Stroebel asked committee members to provide comments on what changes should be made to the personal property tax system in Wisconsin, if any. **Appendix 3** contains the comments submitted by Chair Stroebel, and **Appendix 4** contains the comments submitted by other committee members.

## Committee List

<b>Legislative Council Steering Committee Symposia Series on Personal Property Tax</b>	
<b>Chair Duey Stroebel</b> , Representative 2428 Covered Bridge Rd. Saukville, WI 53080	<b>Vice Chair Thomas Tiffany</b> , Senator 4973 Willow Dam Rd. Hazelhurst, WI 54531
<b>Mandela Barnes</b> , Representative 4800 N. Port Washington Rd. Unit 205 Milwaukee, WI 53217	<b>Tim Carpenter</b> , Senator 2957 South 38th St. Milwaukee, WI 53215
<b>Sheila Harsdorf</b> , Senator N6627 County Rd. E. River Falls, WI 54022	<b>Robb Kahl</b> , Representative 5700 Winnequah Rd. Monona, WI 53716
<b>Bob Kulp</b> , Representative C4098 Pauline Ln. Stratford, WI 54484	<b>Joe Sanfelippo</b> , Representative 12024 W. Euclid Ave. West Allis, WI 53227
<b>Jennifer Shilling</b> , Senator 2608 Main St. La Crosse, WI 54601	

**STUDY ASSIGNMENT:** The Steering Committee is directed to conduct information symposia and develop recommendations regarding the state's personal property tax. The Steering Committee shall study the fiscal effect of the personal property tax and personal property tax exemptions, the constitutional concerns that may arise in the context of personal property tax reform, and the administrative and compliance costs associated with personal property taxation; and shall develop recommendations, in the form of a committee report, for personal property tax reform.

**9 MEMBERS:** 5 Representatives; 4 Senators; and 0 Public Members.

**LEGISLATIVE COUNCIL STAFF:** Jessica Karls-Ruplinger and Larry Konopacki, Senior Staff Attorneys; and Tracey Young, Support Staff.



## Committee Materials List

*[Copies of documents are available at [www.legis.wisconsin.gov/lc/](http://www.legis.wisconsin.gov/lc/)]*

### **July 9, 2014 Meeting 10:30 a.m. 225 Northwest [ [Agenda](#) | [Notice](#) | [Audio](#) ]**

- Memorandum, General Information on the Property Tax on Personal Property, from Rick Olin, Fiscal Analyst, Legislative Fiscal Bureau (June 30, 2014).
- Wisconsin Property Assessment Manual (2013), Chapter 15 (“Personal Property Assessment”), Wisconsin Department of Revenue.
- Statement of Personal Property (2014), PA-003, Wisconsin Department of Revenue.
- **Data provided by the Wisconsin Department of Revenue:**
  - Tables with municipal and statewide data on the equalized value of personal property and the personal property tax levy.
  - Email from Nate Ristow, Department of Revenue, with data on the revenue generated by, and the cost to administer, the personal property tax.
  - Town, Village, and City Taxes – 2013 (Taxes Levied 2013 – Collected 2014), Department of Revenue. [See Table 1 for the full value of personal property in towns, villages, and cities. See Table 2 for the personal property tax levies in towns, villages, and cities.]
  - Line Summary for 2013 Final Statement of Assessment, Wisconsin Department of Revenue. [See pages 289 to 292 for the number of personal property accounts for all municipalities, all towns, all villages, and all cities.]
  - Statewide Assessment of Manufacturing: Manufacturing Property Full Values by County 2011-2012, Department of Revenue.
  - Statewide Assessment of Manufacturing: Five Year History of Manufacturing Assessments, Department of Revenue.
  - Statewide Assessment of Manufacturing: 10 Year History of Manufacturing Assessments, Department of Revenue.
  - Final Major Class Comparison Report for 2013, Department of Revenue.
- Table summarizing personal property tax in each state, provided by Mandy Rafool, Program Principal, Fiscal Affairs Program, National Conference of State Legislatures.
- Summary of Steering Committee Meeting.

### **July 30, 2014 Meeting 9:30 a.m. 412 East [ [Agenda](#) | [Notice](#) | [Audio](#) ]**

- Presentation by Todd Berry, President, Wisconsin Taxpayers Alliance
- Summary of Steering Committee Meeting.

- Presentation by John Koskinen, Division Administrator, Research and Policy Division, Department of Revenue.
- Handout distributed by Robert Lorier, Assessor, City of Brookfield.
- Remarks of Nate Ristow, Legislative Advisor, Department of Revenue.

**September 3, 2014 Meeting 9:30 a.m. 412 East [ Agenda | Notice | Audio ]**

- "States Moving Away From Taxes on Tangible Personal Property," Joyce Errecart, Ed Gerrish, and Scott Drenkard, Tax Foundation (October 4, 2012).
- "Indiana's 2014 Tax Package Continues State's Pattern of Year-Over-Year Improvements," Scott Drenkard, Tax Foundation (April 7, 2014).
- Michigan Personal Property Tax Reform Voted into Law, Scott Drenkard, Tax Foundation (April 6, 2014).
- Tangible Personal Property Tax Reform on the the Ballot in Michigan in August, by Courtney Michaluk (July 3, 2014).
- Handout, distributed by Michelle Kussow, Wisconsin Grocers Association.
- Handout, distributed by Michelle Kussow, Wisconsin Grocers Association.
- Testimony, Curt Witynski, Assistant Director, League of Wisconsin Municipalities.
- Handout, Curt Witynski, Assistant Director, League of Wisconsin Municipalities.
- Presentation, by Scott Drenkard, Economist and Manager of State Projects, Tax Foundation.
- Testimony, Lee Turonie, Legal Counsel, Wisconsin Towns Association.
- Summary of Steering Committee Meeting.

## Statement of Chair Stroebel



### **DUEY STROEBEL** STATE REPRESENTATIVE • 60<sup>TH</sup> DISTRICT

After much deliberation and fact finding, it is my belief that the personal property tax should be repealed in the State of Wisconsin. As a result of over a century of transition from the property tax being the sole source of government revenue to the variety of taxes and fees we see today, many categories of personal property have been exempted from taxation over time. It has gotten to the point where the personal property tax is now a tax exclusively on a handful of business property that affects those unfortunate Wisconsinites who have not been given an exemption. No one seems to be able to defend the Swiss cheese structure of the personal property tax, except by warning that government needs the money. When imposing taxes, the government should do so uniformly, transparently, efficiently and in a way that does not distort private sector incentives.

The personal property tax fails on all accounts. The personal property tax is not uniform because of its many and sometimes arbitrary exemptions, leaving those groups without well paid lobbyists with smaller bank accounts. The personal property tax is opaque. Enforcement is uneven among Wisconsin's municipalities and valuing personal property is a difficult, subjective process. The personal property tax imposes real and significant compliance costs on business. Business owners oftentimes must spend hours to fill out a multi-page form and apply an arcane depreciation schedule to pay a tax to the government that is frequently less than \$100. Administering the tax is no easier for Wisconsin's cities, villages and towns as they often readily acknowledge. Lastly, the personal property tax is an economically distorting tax. Business decisions that could lead to economic growth are discouraged, delayed or stopped. Every grocer, restaurant owner, contractor and many other business owners must face a tax on upgraded or expanded equipment to grow or update their business.

Repealing the tax would help spur our State's economy, particularly among the types of small, main street businesses that are the engine of job growth. Recognizing all decisions have consequences, I believe we should make sure we do two things when repealing the personal property tax to make it a smooth transition.

First, some tax increment districts have previously borrowed money on the assumption that personal property tax revenues would be there to help repay the debt. I think any bill or budget that repeals the personal property tax should provide a one-time transfer to these districts to cover the expected portion of the increment revenue attributable to personal property. We must always ensure we have solvent tax increment districts. Second, to prevent a possible sudden shift in local tax liability, it may be prudent to have the state government provide some state funding to transition local governments off of the personal property tax as a revenue source.

Every state neighboring Wisconsin either has no personal property tax or is in the process of phasing it out. Wisconsin needs to be competitive if we want economic and job growth. We can take an important step in that direction by repealing the antiquated, unequal and job-killing tax personal property tax.



## Letters from Committee Members



# TOM TIFFANY

STATE SENATOR • 12TH SENATE DISTRICT

September 4, 2014

Representative Duey Stroebel  
Room 207 North  
State Capitol  
Madison, WI 53708

Re: Personal Property Tax Review

Dear Chairman Stroebel:

Through the hearings to date examining the Personal Property Tax (PPT), I believe there is a consistent theme. PPT is not a fair and efficient means of collecting taxes to support public services. For example, both the Tax Foundation and the Institute on Taxation and Economic Policy pointed out flaws using the PPT.

I believe the question facing this committee and the legislature is how to phase out the PPT. Local units of government are going to want to be made whole in terms of revenues. While the Institute on Taxation stated, "tax cuts have to be paid for," there may be other ways to give local units of government flexibility for providing services not simply finding offsetting revenues from the state.

Secondly, if we choose to end PPT, I believe it is important to remove the reporting requirements. Those who pay PPT have two complaints, paying the tax and having to annually update the reporting forms. Personally, I would set aside at least a half day to complete the forms each year when I owned my business. I suspect other businesses might require significantly more time than the small business I operated. We will have only achieved half of our goal if the tax goes away but not the reporting requirements.

While my first choice is to eliminate the PPT if possible there may be other options. A phase out like other states have done may be acceptable. Perhaps we can implement a de minimis exemption. That way the effort of collecting the tax does not exceed the revenue generated. Mr. Pickart from Whyte Hirschboeck Dudek S.C. pointed out concerns with the Uniformity Clause that should be reviewed before implementing a de minimis exemption. It will be important to consult with Legislative Counsel and experts in private practice before creating a de minimis exemption.

Thank you for allowing me to participate in this symposia. I look forward to our next meeting when we fully review our efforts.

Senator Tom Tiffany

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WISCONSIN STATE SENATE  
**TIM CARPENTER**  
SENATOR – 3RD DISTRICT

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State Capitol • PO Box 7882 • Madison, WI 53707-7882 • Phone: (608) 266-8535

September 12, 2014

Representative Duey Stroebel  
Senator Tom Tiffany  
Co-Chairs, Legislative Council Steering Committee for Personal Property Tax

Dear Representative Stroebel and Senator Tiffany,

At your invitation, I am happy to submit to the Committee my concluding thoughts on this Committee's symposium and any recommendation the Committee should make to the legislature. My conclusion and recommendation is as follows:

“The reduction of residential property taxes should be the legislature's first priority next session.”

I have enjoyed the opportunity to serve on this study committee.

Best wishes,



Tim Carpenter  
State Senator

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Website: <http://carpenter.senate.wi.gov>



State Senator Sheila Harsdorf

September 18, 2014

Representative Duey Stroebel, Chair  
Legislative Council Steering Committee for Personal Property Tax  
Room 207 North, State Capitol  
Madison, WI 53708

Dear Representative Stroebel:

Thank you for providing me with the opportunity to share my thoughts regarding the information provided to the Legislative Council Steering Committee for Personal Property Tax.

Given the input I have received from small businesses and employers throughout my district on the personal property tax, I was pleased to have been appointed to serve on this Committee to review this issue.

As the Committee heard, the personal property tax has proven to be a complicated and onerous form of taxation that is not applied uniformly across the state. This tax is particularly frustrating for our Main Street and small business owners that are required to complete a burdensome process every year to pay property taxes on equipment that was already taxed at the time of purchase.

Furthermore, in addition to the economic impact on entrepreneurs and small businesses, the personal property tax has proven to be an inefficient means of taxation. As noted by those that serve as property tax assessors for our local governments, the personal property tax creates a heavy workload on assessors while generating a relatively small portion of our state's property tax revenue.

The personal property tax should be addressed by the State Legislature as a means of improving the uniformity of our property tax system and improving our state's business climate. It is critical that we continue to seek ways to bring relief to our small businesses that are a vital to our state's economy and a driver of job creation.

Thank you again for the opportunity to share my thoughts and for your leadership of this Committee.

Sincerely,

Sheila Harsdorf  
State Senator  
10<sup>th</sup> Senate District

SH/mw

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**ROBB KAHL**  
STATE REPRESENTATIVE

September 10, 2014

Rep. Duey Strobel, Chair  
Steering Committee on Symposia Series on Personal Property Tax  
Room 207 North  
State Capitol  
P.O. Box 8953  
Madison, WI 53708

Dear Chair Stroebel,

Thank you for the opportunity to submit a letter explaining what was learned from the symposia series and what the state should do, if anything, on the personal property tax.

As noted in the testimony provided by the Wisconsin League of Municipalities, the majority of personal property taxed is located in cities and villages. Prior to the first meeting of the steering committee, local government officials and economic development officials expressed concerns with the potential impact any suggested legislation related to the personal property tax could have given the narrow scope of the steering committee. As such, the best action for the committee would be to provide a reference work that may be consulted when legislation addressing personal and real property taxes and municipal budget issues is addressed by Legislators in the next session.

However, if legislation is to be suggested by the Steering Committee, both municipalities and realtors have stated indicated provisions they would like to see.

Municipalities feel that since the personal property tax base is so narrow as a result of exemptions granted over the years, if the committee recommends instituting a de minimus exemption, the committee should also consider repealing certain exemptions given over the years – to broaden the base.

Realtors who I represent also hope any changes to or decrease in revenues from the personal property tax would not result in (a) a shift or increase in real property taxes to homeowners, (b) a decrease in revenues generated by existing Tax Increment Districts (TIDs), and/or (c) a decrease in revenue options for future TIDs.

Thank you for the opportunity to submit this information to you.

Sincerely,

A handwritten signature in black ink, appearing to read "Robb Kahl".

Robb Kahl  
State Representative  
47<sup>th</sup> Assembly District

# BOB KULP

STATE REPRESENTATIVE • 69<sup>TH</sup> ASSEMBLY DISTRICT

Representative Duey Stroebel, Chair  
Legislative Council Steering for Personal Property Tax  
207 North  
State Capitol  
Madison, WI 53708

Chair Stroebel:

The Personal Property Tax Symposia yielded the information that I thought it would. We heard good testimony from a variety of people with varying responsibilities and representing different entities.

Back in 1848 when the state was founded, Personal Property Tax (PPT) was levied even on individual's personal belongings and possessions. This meant that assessors would be able to ask every person in the state if they had acquired anything new in the past year in order to tax it. This was intrusive and difficult to administer, and has since been eliminated.

Over the last several decades, we have successfully removed manufacturing and agricultural businesses and computers from PPT roles. This is a good start, but we need to go further. The principles of sound tax policy include simplicity, transparency, and neutrality. PPT on physical items used in the daily operation of a business including machinery, equipment, tools, furniture, and the costs of remodeling are none of those things; neutral, transparent, or simple. It really is a matter of economics; the more businesses pay for things they need to make a living, the less they can pay in wages and other costs of doing business.

PPT is less than 1% of the state tax revenue and approximately 2% of all property tax in Wisconsin. This is a relatively insignificant tax in the overall tax equation. The challenges of administering and collecting this tax are burdensome to both business and government.

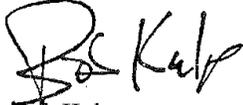
There are some challenges that will need to be addressed in eliminating PPT. The percentage of PPT for the entire State is mentioned above, but some municipalities have far greater percentages and would take a significant tax "hit" if they were not made "whole". Devising a formula to make all local governments "whole" will be the biggest challenge. The other challenge will be whether to fund this lost revenue from General Purpose Revenue or some other mechanism.

REPRESENTING WISCONSIN'S 69<sup>TH</sup> ASSEMBLY DISTRICT

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There will be some confusion about what is assessed as personal property and what real estate property is. Confusion already exists in the property tax code, and while this may create a different set of potential challenges, I believe they can be overcome over a short amount of time. I believe it is time to get Wisconsin in a more competitive position with other states in the Upper Midwest who do not levy a (PPT) on businesses.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Kulp". The signature is stylized with a large, looped initial "B" and "K".

Bob Kulp

State Representative

69<sup>th</sup> Assembly District



# JOE SANFELIPPO

STATE REPRESENTATIVE • 15<sup>th</sup> ASSEMBLY DISTRICT

(608) 266-0620  
FAX: (608) 282-3615  
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Rep.Sanfelippo@legis.wi.gov

P.O. Box 8953  
Madison, WI 53708-8953

September 15<sup>th</sup>, 2014

State Representative Duey Stroebel  
Room 207 North  
State Capitol  
P.O. Box 8953  
Madison, WI 53708

Dear Representative Strobel,

I would like to commend you on your work as Chairman of the Legislative Council Steering Committee for Personal Property Tax that was assembled to examine Wisconsin's personal property law. I found all of the people who testified to be very knowledgeable and the information that they provided was very helpful in gaining a better understanding of the issue.

It's quite clear from our meetings that the personal property tax is very burdensome on Wisconsin businesses as well as our municipalities. In fact, many other states including some of our neighbors right here in the Midwest, have already taken steps to eliminate personal property taxes. I think Wisconsin should do the same.

I have spoken with officials in the two municipalities that I represent, West Allis and New Berlin, regarding how they would be impacted if the personal property tax were to be eliminated. They both expressed concerns regarding the time frame for elimination as well as the loss of revenue.

We learned from the testimony given that the states who have eliminated personal property tax so far have utilized many different methods to achieve elimination. As a result of the work of our taskforce, I would like to see us recommend that Wisconsin work towards total elimination of the personal property tax. Our recommendation should also call for a further study to be done by the appropriate state agencies to investigate options for the legislature to consider that will address the concerns of our municipalities.

Yours Truly,

A handwritten signature in black ink, appearing to read "Joe Sanfelippo". The signature is fluid and cursive, written over a light grey circular watermark.

Joe Sanfelippo



# Jennifer Shilling

WISCONSIN STATE SENATOR  
32ND SENATE DISTRICT

TO: Representative Duey Stroebel, Chair  
Steering Committee on Symposia Series on Personal Property Tax

FROM: Senator Jennifer Shilling, Steering Committee Member

DATE: September 10, 2014

RE: Symposia Series Summary Memo

These comments are in response to Chairman Stroebel's request for committee members to submit a letter explaining what each member learned from the symposia series and what changes should be made, if any, regarding the personal property tax.

I have appreciated the opportunity to hear testimony from tax policy experts, assessors, business representatives and local government representatives as we have discussed Wisconsin's tax code, with a particular focus on the state's property tax system. This discussion has been helpful in better understanding the concerns regarding the current personal property tax system in Wisconsin, as well as the importance of this revenue source for local units of government.

Based on information provided during the committee's discussions, it appears that administrative problems exist with regard to how the personal property tax is assessed and collected. These problems should be addressed to reduce the administrative burdens on both businesses and local governments.

However, at a time when local units of government are finding it increasingly difficult to maintain important neighborhood services due to declining state revenue sharing and revenue collection restrictions that have tied the hands of local elected officials, I have concerns about compounding this burden.

Additionally, as discussed in the Legislative Fiscal Bureau (LFB) memo to members of the Steering Committee on June 30, 2014, completely eliminating the personal property tax would increase the share of taxes paid by residential property owners. According to the LFB memo to committee members, exempting all personal property from taxation would result in a \$193 million tax shift to Wisconsin homeowners.

As state legislators continue to discuss possible changes to Wisconsin's tax code, we must ensure that any changes result in an equitable distribution that does not further shift the tax burden to homeowners and working families, while also providing adequate funding to invest in critical state and local services.