



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-4600/1
EKL:amn

2019 BILL

1 **AN ACT** *to repeal* 70.11 (42); *to amend* 76.02 (1), 76.31 and 78.55 (1); and *to*
2 *create* 76.02 (4m), 76.025 (5) and 76.04 (3) of the statutes; **relating to:** the hub
3 facility tax exemption (suggested as remedial legislation by the Department of
4 Revenue).

Analysis by the Legislative Reference Bureau

This bill moves the hub facility tax exemption for air carriers from Chapter 70 of the statutes, which imposes local property taxes, to Chapter 76, which imposes an ad valorem tax on air carriers.

Under current law, air carriers are subject to an ad valorem tax on their property, instead of local property taxes. Current law provides an exemption from local property taxes for property owned and used by an air carrier that operates a hub facility in Wisconsin. For purposes of the ad valorem tax, "air carrier company" is defined to exclude any air carrier whose property is exempt from local property taxes under the hub facility exemption. Thus, under current law, property owned by an air carrier operating a hub facility in Wisconsin is exempt from the ad valorem tax if it meets the criteria for the local property tax exemption.

The bill repeals the hub facility exemption from local property taxes. The bill maintains the current ad valorem tax exemption for air carriers by creating a hub facility exemption specifically for purposes of that tax. The bill also requires that an air carrier claiming the hub facility exemption annually file a request for the exemption with the Department of Revenue no later than March 1.

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For further information, see the NOTES provided by the Law Revision Committee of the Joint Legislative Council.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

LAW REVISION COMMITTEE PREFATORY NOTE: This bill is a remedial legislation proposal, requested by the Department of Revenue and introduced by the Law Revision Committee under s. 13.83 (1) (c) 4. and 5., stats. After careful consideration of the various provisions of the bill, the Law Revision Committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy.

1 **SECTION 1.** 70.11 (42) of the statutes is repealed.

NOTE: SECTIONS 1 to 4 transfer the contents of the hub facility exemption from ch. 70, Stats. (which relates to general property taxes) to ch. 76, Stats. (which relates to special property taxes).

2 **SECTION 2.** 76.02 (1) of the statutes is amended to read:

3 76.02 (1) “Air carrier company” means any person engaged in the business of
4 transportation in aircraft of persons or property for hire on regularly scheduled
5 flights, ~~except an air carrier company whose property is exempt from taxation under~~
6 ~~s. 70.11 (42) (b)~~. In this subsection, “aircraft” means a completely equipped operating
7 unit, including spare flight equipment, used as a means of conveyance in air
8 commerce.

9 **SECTION 3.** 76.02 (4m) of the statutes is created to read:

10 76.02 (4m) “Hub facility” means any of the following:

11 (a) A facility at an airport from which an air carrier company operated at least
12 45 common carrier departing flights each weekday in the prior year and from which
13 it transported passengers to at least 15 nonstop destinations, as defined by rule by
14 the department, or transported cargo to nonstop destinations, as defined by rule by
15 the department.

16 (b) An airport or any combination of airports in this state from which an air
17 carrier company cumulatively operated at least 20 common carrier departing flights

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1 each weekday in the prior year, if the air carrier company's headquarters, as defined
2 by rule by the department, is in this state.

3 **SECTION 4.** 76.025 (5) of the statutes is created to read:

4 76.025 (5) Property owned by an air carrier company that operates a hub
5 facility in this state is exempt from taxation under this subchapter if the property
6 is used in the operation of the air carrier company.

7 **SECTION 5.** 76.04 (3) of the statutes is created to read:

8 76.04 (3) An air carrier company claiming the hub facility exemption under s.
9 76.025 (5) shall annually file with the department, on a form prescribed by the
10 department, a request for the exemption no later than March 1. A request is timely
11 filed under this subsection if received by the department no later than March 1.

NOTE: SECTION 5 requires an air carrier company that claims the hub facility exemption to file an annual request for the exemption no later than March 1. The request is filed with the department of revenue.

12 **SECTION 6.** 76.31 of the statutes is amended to read:

13 **76.31 Determination of ad valorem tax receipts for hub facility**
14 **exemptions.** ~~By July 1, 2004, and every~~ Annually, no later than July 1 thereafter,
15 the department shall determine the total amount of the tax imposed under ~~subch.~~
16 ~~I of ch. 76 this subchapter~~ that was paid by each air carrier company, ~~as defined in~~
17 ~~s. 70.11 (42) (a) 1.,~~ whose property is exempt from taxation under s. ~~70.11 (42) (b)~~
18 76.025 (5) for the most recent taxable year that the air carrier company paid the tax
19 imposed under ~~subch. I of ch. 76 this subchapter.~~ The total amount determined
20 under this section shall be transferred under s. 20.855 (4) (fm) to the transportation
21 fund.

NOTE: SECTIONS 6 and 7 change cross-references to the hub facility exemption to reflect the transfer of the exemption from ch. 70, Stats., to ch. 76, Stats. SECTION 6 also makes other technical changes.

