State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-2548/1
JK:kjf

2017 SENATE BILL 218

May 4, 2017 - Introduced by Senators STROEBEL, CRAIG, LASEE, WANGGAARD, LEMAHIEU, KAPENGA, NASS, FEYEN, MARKLEIN and HARSDORF, cosponsored by Representatives KULP, KNODL, KREMER, JARCHOW, SKOWRONSKI, GANNON, JACQUE, HUTTON, EDMING, R. BROOKS, KLEEFISCH, MURPHY, TUSLER, THIESFELDT, OTT, KRUG, QUINN, AUGUST, RIPP, BRANDTJEN and SANFELIPPO. Referred to Committee on Revenue, Financial Institutions and Rural Issues.

AN ACT ***to renumber and amend*** 79.095 (4); ***to amend*** 70.17 (1), 121.004 (6), 121.15 (4) (a) and 121.90 (2) (am) 2.; and ***to create*** 20.835 (1) (f), 70.042, 70.17 (3), 79.095 (4) (b) and 79.096 of the statutes; **relating to:** eliminating the personal property tax and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill eliminates the personal property tax in 2018. Under the bill, improvements on leased land will be assessed as real property.

Under current law, taxing jurisdictions are reimbursed by the state for the loss of personal property tax revenue as a result of the exemption for computers and computer-related equipment. Under the bill, taxing jurisdictions are reimbursed by the state for the loss of personal property tax revenue.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the ***state and local*** fiscal estimate, which will be printed as an appendix to this bill.

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

SECTION 1. 20.835 (1) (f) of the statutes is created to read:

20.835 **(1)** (f) *State aid; personal property tax phase-out*. A sum sufficient to make the state aid payments under s. 79.096.

SECTION 2. 70.042 of the statutes is created to read:

70.042 Personal property tax sunset. No personal property is subject to taxation under this chapter beginning with the property tax assessments as of January 1, 2018.

SECTION 3. 70.17 (1) of the statutes is amended to read:

70.17 **(1)** Real property shall be entered in the name of the owner, if known to the assessor, otherwise to the occupant thereof if ascertainable, and otherwise without any name. The person holding the contract or certificate of sale of any real property contracted to be sold by the state, but not conveyed, shall be deemed the owner for such purpose. The undivided real estate of any deceased person may be entered to the heirs of such person without designating them by name. The real estate of an incorporated company shall be entered in the same manner as that of an individual. ~~Improvements~~ Except as provided in sub. (3), improvements on leased lands may be assessed either as real property or personal property.

SECTION 4. 70.17 (3) of the statutes is created to read:

70.17 **(3)** Beginning with the property tax assessments as of January 1, 2018, improvements on leased lands shall be assessed as real property. If improvements, but not the underlying land, are leased to a person other than the landowner or if the improvements are owned by a person other than the landowner, the assessor may create a separate tax parcel for the improvements and assess the improvements as real property to the lessee or owner of the improvements.

SECTION 5. 79.095 (4) of the statutes is renumbered 79.095 (4) (a) and amended to read:

79.095 **(4)** (a) The department shall calculate the payments due each taxing jurisdiction under this section by multiplying the full value as of the January 1 of the preceding year of the property that is exempt under s. 70.11 (39) and (39m) and that is located in the jurisdiction by the full-value gross tax rate of the jurisdiction for the preceding year. ~~The~~ Subject to par. (b), the department shall certify the amount of the payment due each taxing jurisdiction to the department of administration, which shall make the payments on or before the 4th Monday in July. For purposes of ch. 121, school districts shall treat the payments made in July under this subsection as if they had been received in the previous school year.

SECTION 6. 79.095 (4) (b) of the statutes is created to read:

79.095 **(4)** (b) Beginning in 2018, and in each year thereafter, each taxing jurisdiction shall receive a payment under this subsection equal to the amount determined under par. (a) for that taxing jurisdiction in 2017.

SECTION 7. 79.096 of the statutes is created to read:

79.096 State aid; personal property. (1) Beginning in 2018, and in each year thereafter, the department of revenue shall pay to each taxing jurisdiction an amount equal to the amount of revenue loss incurred by the taxing jurisdiction in 2018 as a result of s. 70.042, as determined by the department.

(2) Each taxing jurisdiction shall report to the department of revenue, in the time and manner determined by the department, any information the department considers necessary to administer this section.

SECTION 8. 121.004 (6) of the statutes is amended to read:

121.004 **(6)** NET COST. The "net cost" of a fund means the gross cost of that fund minus all nonduplicative revenues and other financing sources of that fund except property taxes, general aid, and aid received under ~~s.~~ ss. 79.095 (4) and 79.096. In this subsection, "nonduplicative revenues" includes federal financial assistance under 20 USC 236 to 245, to the extent permitted under federal law and regulations.

SECTION 9. 121.15 (4) (a) of the statutes is amended to read:

121.15 **(4)** (a) In this subsection, "state aid" has the meaning given in s. 121.90 (2) except that it excludes aid paid to school districts under ~~s.~~ ss. 79.095 (4) and 79.096.

SECTION 10. 121.90 (2) (am) 2. of the statutes is amended to read:

121.90 **(2)** (am) 2. Amounts under ~~s.~~ ss. 79.095 (4) and 79.096 for the current school year.

(END)