

American Family Insurance
Associated Builders & Contractors of
Wisconsin
Associated General Contractors of
Wisconsin
Assn of WI Tourism Attractions
AT&T
Bell Ambulance, Inc.
Bowling Centers Assn of WI
Cooperative Network
Great Lakes Credit & Collection Assn
Greater Whitewater Committee
Independent Insurance Agents of WI
Metropolitan Milwaukee Assn of
Commerce
Midwest Food Products Assn
Midwest Hardware Association
Midwest-SouthEastern Equipment
Dealers Association
National Waste & Recycling
Association-Wisconsin Chapter
NFIB-Wisconsin
Outdoor Advertising Assn of WI
Professional Insurance Agents of WI
Skiing Wisconsin, Inc.
TDS Telecommunications Corp.
Water Quality Assn of WI
Wisconsin Agri-Business Assn
WI Assn of Textile Services
WI Auto & Truck Dealers Assn
WI Automotive Care Assn
Wisconsin Bankers Association
Wisconsin Beverage Assn
Wisconsin Broadcasters Assn
Wisconsin Builders Association
WI Cable Communications Assn
Wisconsin Dental Association
Wisconsin Fabricare Institute
Wisconsin Grocers Association
Wisconsin Hotel & Lodging Assn
Wisconsin Housing Alliance
Wisconsin Independent Businesses
WI Manufacturers & Commerce
WI Motor Carriers Association
Wisconsin Newspaper Association
Wisconsin Nursery & Landscape
Association
Wisconsin Paper Council
Wisconsin Petroleum Marketers &
Convenience Store Association
Wisconsin Propane Gas Association
Wisconsin Property Taxpayers
Wisconsin Recreational Vehicle
Dealers Alliance
Wisconsin Restaurant Association
Wisconsin Small Businesses United
Wisconsin Veterinary Medical Assn



MEMORANDUM

To: Governor Tony Evers and Members of the Wisconsin Legislature
From: Coalition to Repeal Wisconsin's Personal Property Tax
Date: September 30, 2021
Re: Response to LRB 4737 to Repeal Wisconsin's Personal Property Tax

The Coalition to Repeal Wisconsin's Personal Property Tax appreciates the efforts made this session to repeal the personal property tax. As a coalition, we fully supported AB 191. However, we took to heart the Governor's commitment in his veto message of the bill that he would work with us to address the issues necessary to move forward with full repeal of the personal property tax.

To this end, members of the Coalition met with Department of Revenue (DOR) Secretary Barca in July and responded to the numerous concerns raised by the DOR and the administration. We agreed with a majority of the technical areas of concern that were identified, however, there were several items on the list that are not related to the repeal of the personal property tax, or that significantly modify the taxability of property or are problematic for the business community. Unfortunately, those issues remain in LRB 4737 released by Governor Evers, Senator Pfaff and Rep. Vining. Therefore, we feel it is important to specify these items and share the following concerns:

- **Funding:** The bill repeals the \$202M JFC funding for PPT replacement aid to local governments, and instead provides that beginning in 2023, municipalities will receive an amount equal to their 2021 PPT levy, and that number will thereafter be indexed to increase annually by the CPI. The coalition supports efforts to reimburse municipalities for lost revenue, but as many businesses are experiencing economic issues, we cannot support an annual increase that could amount to a 6.3 percent increase (August, 2021 Consumer Price Index + 1) and potentially more each year.

- **Taxing Recreational Mobile Homes and Outdoor Advertising Signs:** LRB 4737 singles out both recreational mobile homes and outdoor advertising signs and would require them to continue to be taxed. The coalition does not support singling out any industry or specific property to tax.
- **Diminishing the MAC for Certain Properties:** LRB 4737 would overturn the Tax Appeals Commission case known as *Modine Manufacturing Co. v. DOR*. Prior to that decision, the DOR had tried to exclude property that was predominantly office space from the definition of “manufacturing property,” even if manufacturing activity occurred there. This is significant because businesses only qualify for the MAC if the property is assessed as “manufacturing property.” So if property is not classified as manufacturing property, you earn no MAC for the production that occurs there. The Tax Appeals Commission overturned the DOR practice, holding that property is manufacturing property if manufacturing activity is done there, even if there are other uses like office space. This will result in an income and property tax increase on manufacturers, and likely costly and time consuming lawsuits disputing property assessments.
- **MAC Eligibility & Personal Property:** The bill requires all manufacturers to apply to the DOR to maintain their current status as manufacturing property. The Coalition does not support this requirement because it is not necessary as it relates to repeal of personal property and is only intended to reduce the number of properties eligible to claim the Manufacturing & Agriculture Tax Credit, which the bill does not address.
- **Property Tax Exemption for Aircraft Carriers:** LRB 4737 exempts aircraft carriers from real estate property taxes. The sole focus of this bill should remain on the personal property tax and is not intended to diminish the real estate property tax.

The Coalition, whose members represent the majority of Wisconsin businesses, is hopeful that the Legislature and Governor Evers will reach consensus on this issue. We hope that the intended effect of the bill to repeal an unfair and costly tax on small businesses will prevail and that the items identified in this memo are remedied. These items are not relevant to the intent of the issue and only bring unnecessary politics into this bipartisan tax cut.