

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:** October 22, 2021  
**Re:** Response to AB 641/SB 623 to Repeal the Personal Property Tax

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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 AB 641/SB 623 recently introduced by 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:** AB 641/SB 623 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:** The bill 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:** AB 641/SB 623 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.

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.