

Assembly passes bill to eliminate personal property tax

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The Assembly today passed a bill that would eliminate Wisconsin's personal property tax, which businesses pay on furnishings and equipment.

Lawmakers made two changes to the bill, which ultimately passed 64-34 along party lines, to address concerns raised by the Department of Revenue.

Currently, railroads can't be treated differently from other entities in how they're taxed. The original bill raised concerns railroads could either refuse to pay the state property tax imposed on them or sue to overturn the tax, which goes to the transportation fund. An amendment would transfer \$64 million from the general fund to the transportation fund if railroads take either action against the tax.

Another amendment would ensure that repealing the personal property tax wouldn't unintentionally expand a separate tax break for manufacturers. Lawmakers tweaked the legislation so manufacturers headquartered outside of Wisconsin wouldn't be able to reduce their state tax bill due to holdings elsewhere.

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But Rep. Mark Spreitzer, D-Beloit, said manufacturers based outside of Wisconsin could still be eligible for tax breaks under the bill. Spreitzer said Dems "absolutely want this bill to become law," but encouraged Republicans to tie up loose ends to prevent unintended consequences.

Assembly Speaker Robin Vos, R-Rochester, accused Dems of trying to "rewrite history," noting that Dems did not reach out to Republicans to help fine-tune the legislation. But Rep. Dianne Hesselbein, D-Middleton, said she approached Rep. Daniel Knodl, R-Germantown and the bill's lead author, earlier Tuesday to speak about concerns raised by the Department of Revenue.

AB 191 passed 14-0 in the Joint Finance Committee, which voted to allocate \$202 million in the 2021-23 budget to pay for eliminating the personal property tax.

The bill now heads to the Senate.