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Senate sends personal property tax repeal to Evers' desk

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The Senate voted 20-12 to repeal the personal property tax imposed on business equipment, sending the proposal to Gov. Tony Evers.

The Senate signed off on changes the Assembly made to the original bill after the guv's Department of Revenue raised concerns. Still, the vote fell along party lines in the Senate after four Dems backed the bill in the Assembly on Tuesday.

Sen. Duey Stroebel, one of the bill's lead authors, argued taxpayers had waited long enough for repeal. He said special interests over the years had successfully won various exemptions to the tax, turning it into "Swiss cheese." He also said a third of businesses owe about $100, meaning the cost of paying an accountant to comply with filing efforts is close to the tax bill itself.

The bill would repeal the tax in 2022, while the bulk of the money to backfill the lost property tax collections for local governments was included in the state budget.

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"There is nothing fair or uniform about this tax as it currently stands," Stroebel said, adding he hoped Wisconsinites wouldn't have to wait long for the guv to sign it.

Sen. Jon Erpenbach, D-Town of West Point, supported the bill when it was before the Finance Committee. But he voted against it on the Senate floor after one of his amendments was rejected, saying he worried there were unintended consequences in the rush to pass the legislation despite concerns the Evers administration raised.

"I want this to work. We all want this to work, but we are very concerned as it stands now it won't," Erpenbach said. "There's nothing wrong with taking a step back and trying to address the concerns that Revenue has."

While the effort to repeal the personal property tax has floated around the Capitol for years, the effort got new legs earlier this month after the Legislative Fiscal Bureau projected the state would take in $4.4 billion more through mid-2023 than had been expected just five months earlier.

The Assembly and Senate versions of the bill were formally introduced in March. But neither moved in committee until after the new revenue projections came in.

The Assembly made two changes on Tuesday to address concerns the Evers administration had raised.

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.

See a Legislative Fiscal Bureau memo on the amendments.