

WPT: Seven likely reasons Intel skipped over Wisconsin? Hint. Property taxes

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MADISON – WPT today released the following statement and list after news that Wisconsin came up short in its bid to attract Intel Corporation's \$20 billion production facility to Mount Pleasant.

"We have no doubt that state and local officials worked their hardest to lure Intel to Southeast Wisconsin," said John Jacobson, Government & Member Relations Director. "But from where we stand, a one-time incentive package might not be as attractive as fixing some of the legacy inequities with Wisconsin's property taxation. The following seven items were undoubtedly included in this multinational corporation's diligence and added to their decision to pass up such an incredible place to do business as Wisconsin."

1. **"Clean Rooms" Being Taxable:** When Cray Research started in Chippewa Falls, DOR considered "clean rooms" that are utilized to manufacture integrated circuit boards as exempt under 70.11(27) Wis. Stat. DOR has dramatically changed their interpretation of the manufacturing machinery and process equipment assessment and now, they consider "clean rooms" as taxable personal property or taxable real estate. Intel requires extensive "clean rooms" and DOR's current interpretation was a likely consideration.
2. **The 70.111(27) Machinery & Equipment Exemption:** Notwithstanding a decision from the Wisconsin Tax Appeals Commission (TAC) ruling that manufacturers can utilize this personal property tax exemption; the DOR continues to take the position that manufacturers cannot use this personal property assessment exemption. There are hundreds of appeals pending from 2018 to 2021 for companies that want to use the exemption and DOR is

fighting all of them.

3. **Narrow Interpretation of 70.11(39):** There is a personal property assessment exemption for computer and peripheral equipment, but DOR continues to exclude equipment from being exempt that should qualify for this exemption.
4. **Pollution Prevention & 70.11(21):** Notwithstanding that there has been a Wisconsin court ruling that the pollution abatement and waste treatment assessment exemption applies to equipment that prevents pollution, DOR has taken the position the exemption does not apply to equipment or real estate improvements that prevent pollution.
5. **Research & Development Equipment is Taxable:** DOR has taken the position that all equipment utilized in research and development is outside the manufacturing process as taxable.
6. **Special Purpose Classification:** DOR takes the position that if a manufacturing facility is classified as special purpose that they will assess the real estate exclusively on the cost approach and will not consider market sales of other buildings. This results in higher-than-normal real estate assessments. Assuming DOR classifies Intel's facility as special purpose, the building would be assessed as the highest manufacturing assessment in Wisconsin because of its cost to build.
7. **Leased Industrial Building Sales:** All DOR assessed manufacturing businesses in Wisconsin will experience increase of their annual real estate assessments in the next 1-4 years because DOR is including leased investment industrial building sales in their market sales database. Many leased buildings sell at very high prices because of the credit worthiness of the tenant, lease term and rent. These high sales are being utilized by DOR to establish real estate assessments of owner-occupied manufacturing businesses.