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# Wisconsin Repeals Tax on Personal Property

On June 20, 2023, Wisconsin Governor Tony Evers signed a revenue reform bill (AB245, 2023 Wisconsin Act 12) that repealed the business personal property tax, effective January 1, 2024, and boosted funding to municipalities from the state. Prior to the passage of this Act, personal property has been taxed unless specifically exempted from taxation.

Currently, tax exemptions exist for certain types of personal property, such as household personal property, manufacturing machinery, inventories, and computers. The addition of numerous personal property tax exemptions over the years has now limited the amount of revenues that a local government can collect and also created the widely held belief by businesses that compliance with personal property tax return filing deadlines is more cumbersome than the amount of personal property taxes which may be owed to a local government.

Historically, Wisconsin has allowed improvements on leased lands to be assessed as either real property or personal property; however, this new bill creates a new section (Wis. Stats. § 70.17(3)), so that beginning with property tax assessments as of January 1, 2024, buildings, improvements, and fixtures on leased lands must be assessed as real property. In addition, the new section allows an assessor to create a separate tax parcel for the buildings, improvements, and fixtures owned by a person other than the landowner. The buildings, improvements, and fixtures are then assessed as real property to the owner. This includes property improvements made by any owner on exempt land or land within Wisconsin that is owned by the United States.

## What this means to you

Landlords and tenants may want to review their lease agreements for the potential impacts of this new law. Additionally, Wisconsin businesses will soon

be able to retain the funds they historically paid on personal property and as importantly, redirect resources previously utilized to comply with the personal property tax law.

## **Contact us**

For more on how this law may impact your specific situation, please contact Smitha Chintamaneni, Bill Schenkelberg, Amy Ambro, or a Husch Blackwell State and Local Tax professional.