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Assembly Bill 716: Broadcasters Sales Tax Exemption *Assembly Committee on Ways and Means*

In the 2013-14 session, the Assembly (92-1) and the Senate (30-3) overwhelmingly passed 2013 Assembly Bill 4 (2013 Wisconsin Act 346) which created a sales tax exemption for certain commercial radio and television equipment used in the origination or integration of various sources of programming that are free to receive.

The intention of 2013 Wisconsin Act 346 was to provide economic relief to small broadcast stations around Wisconsin, in an effort to bolster their capabilities and broaden their breadth. Additionally, Wisconsin Act 346 was intended to level the playing field between print media and broadcast media. Newspaper, and other types of print media, already receive tax relief through the manufacturing tax credit.

After the bill was passed, the Department of Revenue (DOR) issued the standards, or guidance, by which the state would rely when determining what equipment could be considered exempt from Wisconsin's sales tax. Based on the guidance published by the DOR, as written, Wisconsin Act 346 would NOT apply to **radio/television towers, broadcast transmitters** and in some cases **satellite trucks**.

Towers, transmitters and satellite equipment are costly broadcasting elements used in the origination or integration of various sources of programming from licensed television and radio stations. According to the guidance from DOR, those items are not used exclusively for the origination of programming, and therefore would not be considered exempt.

While that equipment is not exclusively used for the origination of programming, without these major equipment components, programming would in fact be irrelevant. Towers, transmitters and satellite equipment are mission critical to broadcasting and as such should be included in the sales tax exemption category.

In an effort to fulfill the legislative intent of 2013 Wisconsin Act 346, it is necessary to add clarifying and technical language to the statutes. Assembly Bill 716 achieves this goal. Thank you for your time, I encourage your support on AB 716.



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT

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TESTIMONY ON ASSEMBLY 716

Thank you to Chairman Spiros and the members of the Assembly Committee on Ways & Means for the opportunity to submit testimony on Assembly Bill 716 relating to the sales and use tax exemption for commercial radio and television station property.

Last session, 2013 Wisconsin Act 346 was passed on a bipartisan basis in both houses of the legislature. This law created a sales tax exemption for certain commercial radio and television equipment used in creating various types of programming.

The intent of this law was to provide independently owned broadcast stations with some economic relief, with the hopes that this would broaden their reach and bolster their capabilities.

After the bill was signed into law, in the course of determining how this new exemption would be implemented, the Department of Revenue decided that the tax exemption would not apply to radio and television towers, broadcast transmitters, and satellite trucks because they are not exclusively used for the origination of programming. This equipment is essential for any television or radio station.

This bill simply clarifies that the tax exemption created in 2013 Wisconsin Act 346 would apply to television towers, broadcast transmitters, and satellite trucks.

I would like to thank the Wisconsin Broadcasters Association for their support of the bill. The Wisconsin Broadcasters Association is present to answer any technical questions regarding their equipment and operations. I am happy to take questions from committee members at this time.