



STATE REPRESENTATIVE

KATHY BERNIER

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Assembly Ways and Means Committee Testimony by Representative Kathy Bernier

Assembly Bill 731 – Property Tax Exemption For Rented Personal Property

Chairman Marklein and Committee Members,

Thank you for holding this Public Hearing today providing the opportunity for me to speak in favor of Assembly Bill 731 related to property tax exemption for rented personal property.

Before speaking to specific provisions of the bill I'd like to provide a brief background related to why this legislation is needed. In the 1989 Biennial Budget (Wis Act 31), the legislature established the Short Term Rental Property Exemption (ss. 70.111 (22)) with minimal fiscal impact. The intent of the exemption was to promote economic growth by specifically targeting the rental property industry.

Since the provision's inception, the rental industry has changed while Wisconsin statutes have not kept up. With AB 731, Wisconsin statutes can be updated to ensure the rental industry continues to spur both economic development as well as job growth. In today's economy, companies and small businesses are renting more equipment, for longer periods of time. The outdated statutes have thus begun discouraging longer term rentals which prevents businesses from freeing up capital that otherwise could be used for growth and expansion.

Additionally, the intent of the original exemption has been changed by some jurisdictions that have taken extreme stances with regard to the short term rental industry by disallowing the exemption *if only one piece of equipment was rented for a period exceeding one month*. The result of this practice is that the short term rental exemption in Wisconsin may not be uniformly or consistently applied throughout the state or even within the rental industry.

The evolving nature of this outdated statute also puts Wisconsin at a competitive disadvantage with neighboring states and leaves our state's businesses lagging behind in the industry. Two-thirds of states have already addressed this issue and states including *Minnesota, Illinois, and Iowa already do not have a property tax on rented personal property*.

Assembly Bill 731 moves Wisconsin closer to equal footing with neighboring states while providing a long overdue update and clarification of the statute. By expanding the exemption to 364 days or less, AB 731 ensures the rental exemption is uniformly applied throughout the state and meets the practices and needs of the rental equipment industry as originally intended.

Again, thank you Mr. Chairman for scheduling Assembly Bill 371 for Public Hearing today. I would be happy to respond to any questions.

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