

Repealing the Personal Property Tax Would Help Small Businesses

Each year, many Wisconsin small business owners divert time and money from their business to catalog personal property – tangible items like furniture and machinery. They're not just doing inventory; they are counting these items to comply with Wisconsin's nearly two-century old personal property tax law. That's right; in addition to paying sales tax, many businesses must pay an annual property tax on items like furniture. Some spend more on compliance than they do on the actual tax. This is why I've joined my colleagues Senator Duey Stroebel (Saukville) and Representative Dan Knodl (Germantown) to author a bill to repeal this unfair and burdensome tax.

The personal property tax is older than the state itself; it was first instituted in the 1830s – when property taxes were the only source of governmental revenue. Since then, both Republicans and Democrats have recognized the many drawbacks of the tax. Portions have been repealed, and several exemptions have been written into the law, setting up a system of winners and losers. For instance, clothing was exempted from the tax in 1891; automobiles were dropped in 1931; and business computers, fax machines, and cash registers were all written out at the turn of the 21st century.

Despite the reduction in impact, Wisconsin businesses still pay about \$200 million in personal property tax per year – and many millions more in compliance costs.

It's time for this tax to go – and momentum for repeal is growing. Already, most of our neighboring states have repealed the personal property tax. Last session, a repeal of the personal property tax was included in the legislature's budget, but was vetoed by Governor Evers. A standalone bill met the same fate, despite having bi-partisan support. This year, more than sixty legislators have signed on to support personal property tax repeal, and the Governor has indicated a possible willingness to finally get rid of this tax for good. This has the potential to be a bi-partisan win for small businesses here in the state, and I'm proud to be a part of continuing to reduce Wisconsin's tax burden.