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I. Introduction

In 1973, the Wisconsin legislature created a state law ([sec. 70.995, Wis. Stats.](#)), making the Wisconsin Department of Revenue (DOR) responsible for the assessment of manufacturing real estate and personal property. This law was created to help ensure fair and equitable assessments for manufacturing property and assessment uniformity statewide.

II. Manufacturing Classification

A manufacturing operation is engaged in the assembling, processing, fabricating, making or milling of tangible personal property for profit.

A. SIC manual

The [Standard Industrial Classification Manual \(SIC Manual\)](#) organizes economic activities and defines industries for reporting economic statistical data. The manual organizes business establishments based on primary activity into nine divisions. Within [Division D – Manufacturing](#) – establishments engaged in the mechanical or transformation of materials or substances into new products are organized into 20 major groups of similar activity. The 1987 Edition plays a major role in identifying business activities that qualify as manufacturing.

Under state law ([70.995\(2\), Wis. Stats.](#)), an establishment may be classified as "manufacturing" if the establishment's activity is included in one of the major group classifications found in Division D of the SIC Manual.

B. Personal property vs. real property

- Manufacturing personal property includes: all personal property owned or leased by the manufacturer (ex: machinery and equipment, furniture and fixtures, copiers and telephone systems, computers, supplies)
- Manufacturing real estate includes: land and buildings substantially used in support of the manufacturing operation

C. Personal property tax exemption

Machinery and equipment – either owned or leased and used exclusively and directly in the manufacturing process is exempt from property tax.

Note: [2017 Wisconsin Act 59](#) exempted from property tax machinery, tools and patterns that were or would be reported on local personal property returns under Schedule C - Machinery, Tools and Patterns, pursuant to sec. 70.30, Stats. This exemption does not apply to manufacturing property.

D. Requesting a manufacturing classification

To obtain the machinery and equipment property tax exemption, your business must be classified as manufacturing by DOR's Manufacturing & Utility Bureau.

1. Qualifying as a manufacturer

If you feel your business qualifies as manufacturing, you must contact the [Manufacturing & Utility Bureau District Office](#) in your area in writing, by March 1 of the assessment year. Requests received after March 1 are considered for the following year.

- Complete the [Questionnaire for Potential Manufacturers \(Form PA-780\)](#) and submit it to the [Manufacturing & Utility Bureau District Office](#) where your property is located
- Include a fixed asset list detailing all personal property assets owned or leased by the business. For each asset, include an item description, original cost, and a date of acquisition.
- The business activity will not be considered for classification unless a fixed asset list is submitted

Note: DOR requests you write a letter or email, and provide a brochure or web address that helps explain your business activities. A visit to your property may be required prior to classification.

2. Sales tax exemption

Sales and use tax exemption may apply to machinery and equipment used by a **business** in producing tangible personal property. However, equipment qualifying for sales and use tax exemption, **does not automatically qualify for a property tax exemption.**

Note: Sales tax and manufacturing property tax are administered under different statutes. To be classified as manufacturing with DOR's Manufacturing & Utility Bureau, you must complete the process described in "[Qualifying as a manufacturer.](#)"

3. Income tax credit

The [manufacturing and agriculture credit](#) is available to businesses engaged in a qualifying manufacturing or agricultural activity. A claimant that is approved by the Wisconsin Department of Revenue to be classified as a manufacturer for purposes of sec. 70.995, Wis. Stats., but who is not eligible to be listed on the department's manufacturing roll until January 1 of the following year, may claim the credit in the year in which the manufacturing classification is approved.

E. DOR issues a manufacturing personal property classification decision

1. Manufacturing classification is granted

- If your business activity meets the requirements for a manufacturing classification, DOR sends you written confirmation that DOR classified your business as a manufacturing activity

2. Manufacturing classification is denied

- If your business is denied manufacturing classification, DOR sends you a letter explaining the basis for the denial
- DOR also sends a copy of the denial letter to the municipal assessor – to avoid an omitted assessment. This letter states that the local assessor is responsible for your property assessment.

If you have questions:

- Contact the [Manufacturing & Utility Bureau District Office](#) in your area to discuss the basis for the decision.
- If you remain dissatisfied, you can file an appeal with the Wisconsin State Board of Assessors (BOA), objecting to the classification denial. Refer to the "[Filing an appeal](#)" section in this guide for more information.

F. DOR issues a manufacturing real estate classification decision

1. Substantial use

State law ([sec. 70.995\(4\) Wis. Stats.](#)), states in part, "...For all purposes of this section the department of revenue shall have sole discretion for the determination of what is substantial use and what description of real property or what unit of tangible personal property shall constitute "the property" to be included for assessment purposes, and, in connection herewith, the department may include in a real property unit, real property owned by different persons..." The substantial use of real estate by a manufacturer generally determines whether the assessment responsibility is with DOR or the municipal assessor.

- **DOR** – generally assesses the real estate if a classified manufacturer occupies more than 50 percent of the square footage in the building
- **Municipal assessor** – generally assesses the real estate if a classified manufacturer occupies less than 50 percent of the square footage in the building. Occupancy can be based on a lease agreement, or the area used

Note: If the substantial use of the real estate changes, DOR investigates the change. Assessment authority will shift from DOR to the municipal assessor if a non-manufacturing use is imminent.

If you have questions:

- Contact the [Manufacturing & Utility Bureau District Office](#) in your area to discuss the basis for the decision
- If you remain dissatisfied, you may file an appeal with the Wisconsin State Board of Assessors (BOA), objecting to the classification denial. For more information, review the "[Filing an appeal](#)" section in this guide.

G. Statutory filing requirements

1. Personal property – if you own or lease personal property as a classified manufacturer

- **M-P Form** – you must annually file a [Manufacturing Personal Property Return \(PA-750P\)](#)
- You must file a separate M-P Form for each account located in a different taxation district or special district (Examples of special districts include: tax incremental districts (TIDs), school districts, technical colleges, and sanitary districts)
- Examples of personal property reported on the M-P Form: boats and watercraft, machinery tools and patterns, boilers, copiers and telephone equipment, furniture, fixtures and equipment, leased items, leasehold improvements, supplies, and buildings on leased land

2. Real estate – if you own or lease real estate classified as manufacturing

- **M-R Form** – you must annually file a [Manufacturing Real Estate Return \(PA-750R\)](#)
- You must file a separate M-R Form for:
 - » Each parcel or legal description - parcels must not be combined on one M-R Form
 - » Property located in different special districts within the same municipality are considered separate parcels
- Real estate changes to report on the M-R Form include: new construction, construction in progress, remodeling, demolition, land improvements, waste treatment, and lease information

Note:

- Both M-Forms collect changes in personal property assets or changes made to your real estate from January 1 of the prior year, to January 1 of the current year
- Your assessment is based on what is in place as of January 1
- Filing an accurate M-Form helps ensure you receive a fair and accurate assessment

3. Filing your form

a. Electronic filing (e-file)

DOR recommends you e-file your M-Forms and extension requests. Electronic forms are convenient, easy to use, and allow you to:

- File your M-Form on a secure, confidential website
- Receive immediate confirmation of the filing
- Request one filing extension to April 1 and receive immediate approval
- Prepare, save, view and print your M-Form online
- Notify DOR of ownership and address changes
- View historical filings

b. Paper forms – if you choose to file a paper form, download the M-Form from our website. **Note:** DOR does not accept modified versions of any M-Form, prior year returns or faxed paper returns (since an original signature is required).

c. Filing deadlines and extensions

1) Filing date – to file timely, you must submit your M-Form to DOR using one of the following methods with the stated guidelines on or before the March 1 due date:

- **Deliver in-person** – must be received by the appropriate [Manufacturing & Utility Bureau District Office](#) on or before March 1
- **First class mail** – must be postmarked on or before March 1
- **Electronically** – finalize and submit by midnight, March 1
- **Certified mail** – must be postmarked by midnight, March 1

2) Filing an extension request

- Manufacturers can request one filing extension to April 1
 - » Must file a written extension request electronically, by email, first class mail or fax with the [Manufacturing & Utility Bureau District Office](#) in your area
 - » DOR must receive your extension request on or before the March 1 due date
- DOR will not grant filing extensions based on a phone request
- All requests must include the DOR State ID number

Note: If the due date for filing an M-Form or an extension fall on a Saturday or Sunday, the due date shifts to the following Monday.

- 3) **Receipt acknowledgement** – if you need acknowledgement of mailing, make sure to send your M-Form by certified mail. DOR will not acknowledge receipt of M-Forms or extensions in any other manner.

d. Late or non-filing penalties

- 1) If an M-P Form is not filed, DOR estimates the personal property assessment and issues a penalty. If an M-R Form is not filed, DOR reviews the prior year assessment, building permits, and current economic conditions. DOR will set the real estate assessment and issue a penalty.

2) Penalties are issued for late M-Forms or non-filing, based on the statutory guidelines below:

<u>Days filed late</u>	<u>Late fee</u>
1 to 10 days	\$25
11 to 30 days	\$50 or 0.05% of prior year's assessment (whichever is greater, not to exceed \$250)
Over 30 days	\$100 or 0.1% of the prior year's assessment (whichever is greater, not to exceed \$750)

3) Penalty information

- If the property was not classified manufacturing in the prior year, DOR will waive the assessed penalty
- To avoid interest and collection fees, you must pay your penalty to DOR within 30 days of the Assessment Notice date
- Payment instructions are on the penalty notice
- If you have a penalty question, contact your [Manufacturing & Utility Bureau District Office](#) within 30 days of the Assessment Notice date

Note: If you remain dissatisfied, you can file an appeal with the Wisconsin State Board of Assessors (BOA), objecting to the classification denial. Refer to the "[Filing an appeal](#)" section in this guide for more information.

III. Manufacturing Assessment Values

A. Market value for real estate

Market value is the statutory standard for valuing real estate. It is generally defined as the value a property would ordinarily sell for in an arms-length sale, where both the buyer and seller are knowledgeable and willing participants, and neither are compelled to act. The relationship between the parties, their motives, and all circumstances involved in the transaction are investigated to determine the validity of the sale.

Evidence used to determine market value

Under state law ([sec. 70.32\(1\), Wis. Stats.](#)), the assessor must first consider a recent arm's-length sale of the subject to value the property.

- **If there is no recent arm's-length sale of the subject property** – assessor should consider sales of comparable or similar properties
- **If there is no recent arm's-length sale of the subject property, or sales of comparable properties** – assessor will consider all other relevant data that may impact the property value

B. DOR site visits

Periodically, DOR conducts a site visit (field audit) of your property. In the years without a site visit, we rely on your filed M-Forms to track your property changes.

At the site visit, the DOR appraiser:

- Tours your property
- Reviews the dimensions, construction components, features, physical condition and obsolescence of each building on the property
- Reviews land improvements
- Inquires about issues with your buildings and the neighborhood
- Photographs exterior views of your facility
- Discusses any concerns you have about your property
- Updates DOR records (after the visit) to accurately reflect your property characteristics

C. Your real estate assessment determination

After updating DOR records, the appraiser considers which approach(es) to value to consider when determining your assessment: Sales Comparison Approach, Cost Approach and/or Income Approach.

1. Approaches

- a. Sales comparison approach** – if there is no recent sale of the subject, the appraiser reviews the DOR sales data base for recently sold properties with characteristics similar to the subject property. After adjusting for differences, the appraiser reviews the adjusted sale prices to help determine the value for your property.
- b. Cost and income approaches** – if there are insufficient sales available, the Cost Approach and Income Approach may be used to determine the market value of your property

2. Market

Current market activity – is also considered when determining your assessment. Current market activity impacts real estate assessments, in addition to physical changes made to the property.

DOR monitors:

- Improved and vacant land sales
- Current property listings, including subject property
- Lease rates and vacancy rates
- Changes in the economy (local, state, national)
- Current lending practices
- New construction

D. Your personal property assessment determination

Your personal property assessment determination is based on the assets you reported on your [Manufacturing Personal Property Assessment Form \(M-P Form\)](#). During the site visit, the appraiser reviews information pertaining to your personal property assessment.

1. Assessor will review your:

- Business activities – to ensure a manufacturing classification is appropriate
- Fixed asset list or accounting records, to verify that all your personal property is reported
- Leased equipment reported by you (lessee) and the leasing company (lessor)
- Leasehold improvements

Note: To calculate your personal property assessment, the assessor reviews the fixed asset list and notes from the site visit and compares them to information reported on your M-P Form. It may be necessary to make some modifications to the reported value, to ensure an accurate assessment.

2. Methodology used to determine the assessment

True cash value (or market value)

- Statutory standard for valuing personal property
- Composite conversion factors – DOR develops factors for groups of assets, based on the asset's anticipated useful life
 - » Factors include the impact of both appreciation and depreciation
 - » When the factors are applied to the acquisition cost of the asset, the result is a fair estimate of market value for the asset

IV. Taxable Manufacturing Personal Property

All personal property is taxable, unless Wisconsin statutes provide a specific exemption. Generally, all personal property not used in the manufacturing production process is taxable, except computers and computer software which is exempt under state law ([sec.70.11\(39\) Wis. Stats.](#)), and waste treatment equipment which is exempt under ([sec. 70.11\(21\) Wis. Stats.](#)).

A. Examples of taxable manufacturing assets include:

- Shipping and receiving equipment
- Raw material or finished product storage racking, tanks and silos
- Forklifts used in shipping and receiving, or in a warehouse
- Equipment used to clean and maintain machines and buildings
- Equipment used in research and development
- Multi-function device (MFD) copiers, single-function copiers, telephone systems and equipment
- Furniture, fixtures and office equipment
- All other property not listed on other schedules. Examples include: pallets, signs, kegs, rail cars, trays, returnable containers, and creative works of art
- Safety equipment
- Leasehold improvements
- Boilers

B. Notice of Assessment

- DOR mails a Notice of Assessment to the owner for each personal property account and real estate parcel assessed in June of each year
- If you have questions or concerns about your assessment, contact the [Manufacturing & Utility Bureau District Office](#) where the property is located
- Appeal instructions are on the reverse side of the notice

C. Assessment information is given to the municipal clerk

Full market value – by statute, DOR is required to assess all property at full market value. However, Wisconsin law allows municipal assessors to assess real estate and personal property at a fraction of full market value. To maintain equity between all taxpayers, manufacturing assessments are adjusted to the local level of assessment.

DOR provides the municipal clerk with assessed values for manufacturing personal property and real estate. The municipal clerk calculates and collects property taxes for manufacturers, in the same manner and at the same rate as all other property.

Example 1:

DOR full value assessment	\$500,000
Local level of assessment	\times 90%
Adjusted assessment used to extend taxes	\$450,000

Example 2:

DOR full value assessment	\$500,000
Local level of assessment	\times 105%
Adjusted assessment used to extend taxes	\$525,000

V. Filing an Appeal

A. Before you file an appeal

- If you have questions or concerns about your manufacturing real estate or personal property assessment, or classification appeal, contact the [Manufacturing & Utility Bureau District Office](#) responsible for the location of your manufacturing property. In some cases, an issue can be resolved without filing a formal appeal.
- If you have new information (ex: fee appraisal, listing price) showing the assessment is incorrect, DOR will work with you to ensure a fair and equitable assessment

B. Filing procedures

The following apply to all first-level BOA appeals, including: real estate and personal property valuation, computer exemption, classification, and late filing penalties.

1. Agent representation

- Legal representation is not required to proceed through the appeal process. A determination is based on evidence provided with the appeal. It does not rest on a hearing or the testimony of witnesses.
- Many taxpayers proceed on their own behalf. If you choose to hire an agent, you must submit a signed document authorizing the agent to represent your interests in the appeal process.

2. Appeals filed by a tenant

As a manufacturing tenant (lessee), you may file an assessment appeal. However, you must provide written authorization from the owner to appeal the assessment. This authorization may be included in the lease agreement. If it is included in the lease agreement, you may need to submit the lease agreement to meet the authorization requirement. In most cases, an authorization request document is created and signed by the owner, giving authorization to the tenant to file an appeal.

3. Types of appeals – forms

There are several types of appeals. Each objection form addresses a specific appeal type. [Objection forms](#) are located on our website.

C. Filing the objection form

To file an appeal, you must use the appropriate objection form. For valuation appeals, under state law, you must complete specific sections of the form, including:

- Reason for objection
- Opinion of the correct full value assessment
- Basis for the opinion of value

Note: If you file an incomplete objection form, DOR may deny your appeal.

1. Due date

You must file your appeal no later than 60 days after the date of the assessment notice. Your appeal is considered timely filed if the BOA receives it with the filing fee, by the 60th day; or you send your appeal form by certified mail with the filing fee and it is postmarked before midnight of the 60th day.

2. Deadlines for submitting evidence

You may submit supporting evidence/documents with your appeal. Under state law ([sec. 70.995\(8\)\(c\)\(2\), Wis. Stats.](#)), you may submit additional information to the BOA within 60 days of your appeal in support of your appeal. See "1. Due date" (above) to determine timely filing of evidence.

Note: The deadline applies to filing of appeals of manufacturing property notices of assessment, appeals of notices of classification determinations, and appeals of imposition of penalties.

3. Current year M-Form filing

DOR must have a current M-Form filing for the account under appeal, or a current filing must accompany your appeal. If you do not file, you lose your appeal rights.

Note: If the due dates for filing the Form of Objection (or submitting evidence) falls on a Saturday, Sunday, or a holiday, the due date shifts to the following Monday or first business day.

D. Submitting your appeal to DOR

1. To file an appeal, you must submit the following to DOR for each appeal

- a. **State prescribed form** – under state law ([sec. 70.995\(8\)\(c\), Wis. Stats.](#)), you are required to file a state prescribed objection form with the BOA
- b. **Filing fee** – you must include a \$45 filing fee payable to the “Wisconsin Department of Revenue”
 - DOR does not consider your objection filed until you pay this fee
 - DOR waives the fee if a prior year appeal on the same property is pending, under state law ([sec. 70.995\(8\)\(c\) and \(d\), Wis. Stats.](#))

2. Where to file

Submit the completed objection form and a \$45 filing fee for **each** real estate parcel or personal property account, your agent authorization (if appropriate) and two copies of all supporting documents to:

By mail:

Wisconsin Department of Revenue
State Board of Assessors
PO Box 8971 MS 6-97
Madison WI 53708-8971

By certified mail:

Wisconsin Department of Revenue
State Board of Assessors
2135 Rimrock Rd MS 6-97
Madison WI 53713

3. DOR receives your appeal

After we receive your appeal, we review it to ensure the filing requirements are met. We will send you and the municipal clerk in your area the following:

- Acknowledgement letter stating DOR received the appeal
- Request for detailed information supporting your value opinion
- Explanation of actions taken if you do not meet the filing requirements
- List of the most credible indicators of value for real estate objections

4. Filing requirements are met and DOR appraiser reviews the evidence

After your appeal is reviewed and filing requirements are met, a DOR appraiser is assigned to the case. Throughout the appeal process, you (the property owner) are referred to as the "appellant." When your deadline to submit evidence is over, the appraiser investigates the information provided with the appeal and reviews DOR records.

If you don't submit **timely-filed** evidence or submit evidence with no analysis, you are not providing clear and convincing evidence to show the assessment is inaccurate. In this case, the appraiser would recommend the assessment be sustained. Generally, the investigation includes a site visit to your property. The appraiser may request additional information or evidence as necessary.

VI. Board of Assessors

After the investigation is concluded, the appraiser prepares and submits a written recommendation to the BOA. BOA members include: DOR employees selected by the DOR Secretary. The Manufacturing & Utility Bureau Director chairs this board.

A. BOA's decision

1. Appeal resources available – the appraiser and the BOA have the same resources available to address the appeal:

- Wisconsin statutes
- Wisconsin Property Assessment Manual
- Standard Industrial Classification (SIC) Code Manual
- Judicial rulings
- Prior year BOA determinations

2. BOA review

BOA does the following:

- Reviews the appraiser's recommendation, as well as the appellant's evidence
- May request that additional information be provided or suggest other changes to consider
- Verifies the recommendation meets the threshold for BOA approval before issuing an assessment determination
- Sends a BOA determination notice to the appellant, the agent (if one is authorized), and the municipal clerk where the property is located. Under state law, the BOA must address every appeal and send a determination by April 1 of the year following the appeal.

B. Appealing the BOA determination

- If you are dissatisfied with the determination, you may appeal the BOA's decision to the [Wisconsin Tax Appeals Commission \(TAC\)](#) within 60 days of the date on the determination notice
- Specific appeal instructions are provided on the determination notice
- TAC **may conduct** a trial providing you the opportunity to present evidence and cross-examine DOR witnesses in a formal setting
- If you are dissatisfied with the TAC's determination, you may appeal the decision to the Circuit Court

C. Municipal appeals

1. Information

- Your **municipal clerk** is notified of your assessment and can appeal your assessment or any decision made by the BOA or the TAC
- In addition, both you and the municipality are notified of any appeal filed by the other party and can provide information or present evidence regarding the appeal

2. Filing an appeal

a. Property owner

If the property owner files an objection, the municipality affected may file an appeal to the property owner's objection within 15 days after the owner's objection is filed, under state law ([sec. 70.995\(8\)\(d\), Wis. Stats.](#)).

b. Municipality

- May file an objection to the amount, valuation or taxability of a property, whether or not the owner of the specific property filed an objection
- Must file the appeal within 60 days of the date on the property's Assessment Notice
- Must attach two dated copies of the governing body's authorization with the objection form
- DOR will notify the property owner that the municipality filed an objection

Note:

- If a municipality files a real estate appeal, the property owner can also file an appeal
- If a municipality files an objection and the property owner did not file an objection, the property owner may file an appeal within 15 days after the municipality's objection is filed, under state law ([sec. 70.995\(8\)\(b\)2, Wis. Stats.](#))

D. Withdrawing an appeal

- You may withdraw your appeal at any time before the BOA issues a determination
- To withdraw your appeal, complete [Objection Form PA-138 \(Appeal Withdrawal\)](#) – complete and file a separate form for each property appealed
- Send your original withdrawal form to the same address previously noted under "[Where to file](#)" in this guide

Note: For additional information on appeals, review the "[Guide to Manufacturing Board of Assessor Appeals](#)."

VII. Resources/Contact Information

Wisconsin Statutes

- State assessment of manufacturing property – [sec. 70.995, Wis. Stats.](#)
- General property taxes – [chapter 70, Wis. Stats.](#)

DOR website – [Manufacturers landing page](#)

[State prescribed forms](#)

[Wisconsin Tax Appeals Commission](#)

[DOR Manufacturing Bureau District Office locations](#)

[DOR manufacturing email list](#)

Certification Statement

As the Secretary of the Wisconsin Department of Revenue (DOR), I have reviewed this guidance document or proposed guidance document and I certify that it complies with secs. 227.10 and 227.11, Wis. Stats. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is not explicitly required or explicitly permitted by a statute or rule that has been lawfully promulgated. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is more restrictive than a standard, requirement, or threshold contained in the Wisconsin Statutes.

DEPARTMENT OF REVENUE



Peter Barca

Secretary of Revenue