

Understanding Wisconsin's Utility Taxation and License Fees 2004

Information Manual
Utility and Special Taxes

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TO: Users of the Wisconsin Utility and Special Taxes Information Manual

FROM: Division of State and Local Finance
Utility and Special Taxes
Wisconsin Department of Revenue

The purpose of this publication is to provide an overview of the taxes and fees administered in 2003. Page three of the manual summarizes the 2001-2003 assessments by category and industry. The pages following describe for each fee and tax its statutory authority, history, valuation, and current assessments.

Our goal is to efficiently assess, collect, and account for all state taxes we are charged to administer in accordance with Chapters 70, 76, 77 and 79 of the Wisconsin Statutes that a person or business is required to pay. That goal is accomplished by interaction with taxpayers, local government officials, other state agencies, and the general public through an administration that is consistent, impartial, and courteous. Your comments are always welcome regarding our progress in reaching this goal.

We have included our Contact Index as an addendum to this publication. Please refer to it should you want more information about a specific subject. Visit our website at: ***www.dor.state.wi.us, publications***, then click on ***government, utility tax***. You may also write to:

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Please let us know how we may improve this manual for you!

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INTRODUCTION: BRIEF HISTORY OF UTILITY TAXATION IN WISCONSIN

The property taxation of public utilities in Wisconsin has been under central administration for almost 100 years. Centralized assessment began with the property taxation of railroad property in 1905. Prior to that time, railroads were taxed under a license fee system based upon gross earnings.

In 1908, central assessment was extended to street railway companies who had light, heat, and power operations connected with them. Those light, heat, and power companies not connected with any street railway were assessed and taxed locally until 1917 when the law was changed to provide for state assessment for those companies that had property in more than one municipality. Those light, heat, and power companies operating in a single municipality are still subject to local assessment.

Conservation and regulation companies were switched from local assessment to state assessment in 1915.

Light, heat, and power companies, both private and municipal, were subject to state assessment on operating properties until 1985. In that year, the law was changed to replace this method with annual license fees measured by each company's gross operating revenues from the prior year. A three-factor apportionment of property, payroll, and sales is used to allocate gross revenues to Wisconsin. Gross revenues for the sale of gas services is assessed at the rate of 0.97%, while all other gross revenues are assessed at the rate of 3.19%.

Airlines with regularly scheduled flights became subject to central assessment in 1946, while common carrier oil and gas pipelines were brought under state assessment from the start of their operation in Wisconsin, which was in 1950.

Gross revenues license fees are assessed in lieu of the property tax and income tax for rural electric cooperatives.

Telephone companies had been subject to gross revenues license fees since 1883. From 1883 to 1931, license fees were based on a graduated rate schedule applied to all revenues; from 1931 to 1993, separate, graduated rate schedules were applied to exchange and toll revenues; in 1994 and 1995, different rates were applied to exchange and toll revenues; and 1996 and 1997, a single rate of 5.77% was applied to all revenues.

The statutory definition of a telephone company was expanded in 1981 to include all specialized common carriers providing telecommunications services; in 1986 to include resellers, cellular telephone companies, telegraph companies and all other companies operating a telecommunications facility or providing telecommunications services; and in 1997 to include personal communications service providers.

Beginning in 1998, telephone companies are taxed on the value of their real and tangible personal property rather than their gross revenues. As with residential and commercial property, the tax rate varies with the municipality in which the property is located. In addition, in 1999 and 2000, local exchange companies and federally licensed commercial mobile service providers were assessed transitional adjustment fees, calculated as the difference between a hypothetical gross revenues license fee and the property tax they actually pay.

The property of rural electric cooperatives was subject to local property tax until 1939 when a 3% fee computed on total gross revenues was enacted. In 1980, the method of apportionment was changed and the rate dropped to 2.6%. It was further reduced to 2.35% in 1981. Then in 1988,

significant changes were made to the apportionment and rate to coincide with light, heat, and power companies and to allow major deductions for power purchased from other companies.

Beginning in 1997, the Department reinstituted the taxation of car line companies' equipment in Wisconsin, pursuant to sec. 76.39 of the statutes. Railroad companies operating car line equipment in this state withhold 3% of the Wisconsin gross earnings from the respective car line companies for remittance and reporting to this bureau.

In 1981, a law change subjected general structures, such as office buildings, that were used partly for utility purposes to be taxed for utility and special tax purposes only on the percent of utility use; the non-utility portion is now assessed locally. Prior to this change, the entire structure was either taxed locally or by the state, depending on its predominant use as either non-utility or utility. Land, buildings other than general structures, and personal property still remain taxed based upon "predominant use." That concept was sustained in the case TDS Real Estate Investment Corporation v. City of Madison, Court of Appeals, June 27, 1989.

Besides assessment and collection of all utility taxes, responsibilities of Utility & Special Taxes also include administration of the state's occupational tax laws and those laws involving collection of real estate transfer fees.

UTILITY & SPECIAL TAXES ASSESSED

	2001		2002		2003	
	Number of Companies	License Fees & Taxes Assessed (a)	Number of Companies	License Fees & Taxes Assessed (b)	Number of Companies	License Fees & Taxes Assessed
PUBLIC SERVICE CORPORATIONS:						
Railroad	11	11,669,435.43	12	\$12,167,904.39	11	\$11,965,934.50
Air Carrier	22	6,425,970.44	26	5,681,501.40	22	6,245,302.54
Pipeline	9	10,380,374.93	9	10,476,523.03	9	10,530,355.22
Conservation & Regulation	2	101,160.42	2	97,074.19	2	93,588.57
Association of Municipal Electric	3	1,322,370.98	3	1,258,566.67	3	1,321,381.66
Telecommunications	210	87,212,494.51	231	95,870,264.05	253	95,870,264.05
SUBTOTAL AD VALOREM:	257	\$117,111,806.71	283	\$125,551,833.73	300	\$126,026,826.54
Ad Valorem Audit (Air)	2	431,896.54	3	270,302.98	1	201,931.22
TOTAL AD VALOREM:		\$117,543,703.25		\$125,822,136.71		\$126,228,757.76
Rural Electric Cooperative	25	8,080,608.06	25	8,356,262.97	25	9,057,125.30
Light, Heat & Power (Private)	22	130,135,623.84	26	138,714,122.32	24	143,566,603.98
Light, Heat & Power (Municipal)	77	1,549,657.75	77	1,620,854.14	77	1,658,232.99
Carlines	9	466,570.79	10	484,029.92	10	456,651.64
SUBTOTAL GROSS REVENUES:	133	\$140,232,460.44	138	\$149,175,269.35	136	\$154,738,613.91
Gross Revenue Audit (Tel)	1	1,316,727.66				
TOTAL GROSS REVENUES:		\$141,549,188.10		\$149,175,269.35		\$154,738,613.91
TOTAL COMPANIES & TAXES ASSESSED	390	\$259,092,891.35	421	\$274,997,406.06	436	\$280,967,371.67

REAL ESTATE TRANSFER FEE ASSESSMENTS:

	Number of Returns	Transfer Fee Amount	Number of Returns	Transfer Fee Amount	Number of Returns	Transfer Fee Amount
Returns As Filed	235,380	\$57,893,604.30	242,459	\$67,748,442.53	265,731	\$77,244,958.46
Fiscal Year Audit Assessment	1,252	\$1,997,354.31	1,117	\$1,727,955.20	2,199	\$1,613,912.69
TOTAL CONVEYANCES & FEES	236,632	\$59,890,958.61	243,566	\$69,476,397.73	267,930	\$78,858,871.15
TOTAL UTILITY & SPECIAL TAXES ASSESSMENTS		\$318,983,849.96		\$344,473,803.79		\$359,826,242.82

a) Full value average tax rate decreased from .021427754 in 2001 to .021039053 in 2002

b) Full value average tax rate decreased from .021039053 in 2002 to .020559880 in 2003

PART I: THE LAW AND ITS ADMINISTRATION IN WISCONSIN

Click on link to take you to the WI Statutes web site: <http://www.legis.state.wi.us/rsb/stats.html>

A. The Law

Chapter 76 of the Wisconsin Statutes provides most of the legal basis for the taxation of utility property. Other legal basis is found in the state and federal constitutions, Wisconsin and U.S. Supreme Court decisions, and the federal interstate commerce clause. Chapter 77 addresses real property conveyances.

<u>Ad Valorem Taxation</u>	<u>Statutory Reference</u>
<u>Central Assessment by State</u>	76.01 & 76.03(3)
<u>Property Subject to State Assessment</u>	76.02
Railroads	76.02(6)
Airlines	76.02(1)
Pipelines	76.02(5)
Conservation & Regulation Companies	76.02(3)
Municipal Electric Association Projects	66.073(16)
<u>Property Not Subject to State Assessment</u>	
Intrastate air carriers serving only one airport	76.025(3)
Water utilities (municipal)	76.025(4)
Air taxi companies	
Chartered freight and passenger flights	Statutory
Barge lines on Mississippi River	Enumeration
Great Lakes shipping	Absent
<u>Property of Utility Companies Taxable by State</u>	
All rights, privileges, franchises and all real and personal property of the company used or employed in the operation of its business including all title and interest of the company as owner, lessee or otherwise.	76.025(1)
<u>Property of Utility Companies Not Taxable by the State</u>	
Motor vehicles	76.025(1)
Pollution and waste treatment facilities	76.025(1)
Any light, heat and power company located entirely within a single town, village or city	76.025(2)
All property not necessarily used in operating the business of a utility company	76.025(1)
Interest of state or municipality in any property used for roads and leased to another	76.03(4)
<u>Unit Assessment to Be Used by State</u>	76.03
<u>Assessment to Be "Full Market Value"</u>	76.07(1)

<u>Apportionment of Unit Value to Wisconsin</u>	76.07(3)
<u>Notice of Assessment to Company by Registered Mail</u>	76.07(3)
<u>Assessment to Company Is for All Interests in Property</u>	76.07(4)
<u>Assessment Appeal Direct to Dane County Circuit Court</u>	76.08
Within 30 days of assessment notice mailing.	
<u>Utility Companies May Request Department Review</u>	76.10
Assessment of general property (used in determining average state rate) appealable to Dane County Circuit Court.	
<u>Aggregate Local Property Tax in Entire State Levied on General Property to be Ascertained and Recorded</u>	76.11
<u>Tax Rate for Ad Valorem Companies</u>	76.126
State Average Tax Rate = $\frac{\text{Aggregate Property Taxes}}{\text{Total State Assessment}}$	
<u>Tax Rate for Railroads and Air Carriers should be lesser of:</u>	
Net Tax Rate for Commercial and Manufacturing Property, or	76.125
Average Net Rate of Taxation for General Property	76.126
<u>Utility Tax Levied</u> = State Average Tax Rate x Full Market Value of Company	76.13
As can be noted from the list of companies assessed all common carriers are taxed by the utility tax laws except motor and water transport companies. Motor vehicles are exempt from both Chapters 70 and 76 and pay a tax based upon weight to the Department of Transportation. However, barges operating on the Mississippi River and the Great Lakes, as well as ore ships and other vessels, can choose to be exempt from further state or municipal taxation by paying \$.01 per net registered ton to the town, village, or city which might otherwise be able to take jurisdiction under the general property tax laws. (See section 70.15, Wisconsin Statutes. This law was first enacted in 1911 when the fee was \$.03 per net registered ton.)	
<u>Confidentiality</u>	76.30
Any information provided by a company taxed under the ad valorem method may only be divulged to certain persons for official duties.	76.30(1)
Qualified persons listed	76.30(2)(5)

Gross Revenues License Fees

Statutory Reference

Light, Heat, & Power Companies

Imposition of license fee	76.28(2)
Definition of light, heat & power company	76.28(l)(e)
Definition of gross revenues	76.28(l)(d)
Fee rate for sale of gas services	76.28(2)(c)l
Fee rate for all other gross revenues	76.28(2)(c)2
Additional assessments and appeal thereof same procedure as telephone companies	76.28(4)

Telephone Companies (Ended in 1998)

Imposition of license fee	76.38(4)
Definition of telephone company, including telegraph companies, resellers, mobile radio and fiber optics providers	76.38(1)(c) 76.38(bm)
Definition of gross revenues	76.38(1)(b)
Qualifying telecommunications reseller	76.38(1)(bkm)
Fee rates for local exchange revenue	76.38(4)(a)
Fee rates for toll revenues and other operating revenues	76.38(4)(b)
Gross revenue fee is in lieu of all other taxes on all property used or useful in the operation of telephone business	76.38(8)
Additional assessment and appeal thereof same procedure as income tax	76.38(12)
Successor liability	76.38(14)

Electric Cooperative Associations

Imposition of license fee	76.48(1r)
Definition of association	76.48(1g)(c)
Fee rate	76.48(1r)
Fee is in lieu of all other property and income tax	76.48(1r7)
Definition of gross revenues	76.48(1g)(d)
Additional assessments and appeal thereof same procedure as income tax	76.48(6)

Telephone Companies (Began in 1998)

Telephone Company Property Tax	76.81
Definition of telecommunications services & telephone company	76.80(3)&(4)
Imposition of the telephone company property tax	76.81
Reporting of telephone company property	76.83
Combined reporting of telephone company property	76.815
Assessment of telephone company property	76.82
Payment of telephone company property tax	76.83
Administration of the telephone company property tax	76.84
Reconciliation with final gross revenues license fee	1995 Act 351, s. 41(1)
Transition to telephone company property tax and installment amounts	1995 Act 351, s. 41(2)(3)

Other

Car Line Companies

Imposition of tax	76.39(2)
Definition of car line company	76.39(1)(b)
Definition of gross earnings	76.39(1)(d)&(e)
Additional assessments/refunds	76.39(4)

Real Estate Transfer Fee

Definitions of conveyance, register and value	77.21(1)(2)&(3)
Imposition of real estate transfer fee	77.22(1)&(2)
Disposition of fees and returns	77.23(1)
Division of fees	77.24
Exemptions from fees	77.25
Exemption from returns	77.255
Additional assessments, investigation, additional fees, refunds, and penalties	77.26
Confidentiality	77.265
Penalty for falsifying value	77.27B.

Administration of The Law

1. Ad Valorem Taxation

The tax liability of a company subject to ad valorem assessment in any year is determined by the following relationship:

$$\text{Tax} = [\text{Wisconsin Assessed Value}] \times [\text{State Average Tax Rate}]$$

The state average tax rate is certified by the Bureau of Local Government Services in June of the year of the utility assessments. It is equal to the sum of all general property taxes in the state levied in the prior year less general credits divided by the full value of all general property in the state for the corresponding year. For 2003, that rate was .020559880

The use of the state average tax rate is unique to Wisconsin and serves the purpose of equalizing the burden of the property tax on utility property with the tax on general property. Many other states have the cumbersome burden of allocating utility property to the various municipalities in which it is located and to be taxed at the local rate.

The Wisconsin assessed value is the result of allocating a fraction of the system or unit value of the utility company to the State of Wisconsin, subtracting property exempted from taxation by the Wisconsin Statutes and adding leased personal property located in Wisconsin.

$$\begin{aligned} \text{Wisconsin Assessed Value} &= [\text{Unit Value}] \times [\text{Allocation Factor}] \\ &- [\text{Wisconsin Exempt Property}] \\ &+ [\text{Leased Personal Property Located in Wisconsin}] \end{aligned}$$

a. Methods of Valuation

According to the unit value concept, all operating property, real and personal, tangible and intangible (rights, privileges and franchises) is assessed as a single system. This differs from the summation approach where each property is valued separately.

With the exception of mergers or segment sales, utility companies are rarely bought or sold. Therefore, determining market value is an exercise in judgment. In place of actual market data, three common indicators of value are developed by appraisers, namely:

- capitalized income
- cost
- stock and debt

These indicators are used to form an opinion of market value, along with consideration of other information available, as prescribed by Wisconsin's full market value rule. (Administrative Rule, Tax 6.50) Valuation standards have been published for these indicators of value. Member states discuss unit value standards annually at the National Conference on Unit Valuation Standards (NCUVS). Wisconsin is a member state. These standards, as formally adopted through November 12, 1997, are reprinted at Appendix D.

1) Capitalized Income Indicator

Since an investor or purchaser is interested in future benefits from ownership of a company, two elements will lead to the purchase price: the expected future benefits and a required rate of return on the investment. This relationship is simply stated by the equation $V = I/R$, where V = value, I = income and R = rate. In other words, the value of the company times a required rate of return on investment will result in the expected future income. For example, assume the investor expects future income of \$75,000 per year in perpetuity from a utility company investment. Also, the investor would like to receive a 15% return on the purchase price of this utility. Dividing \$75,000 by 15% yields a purchase price of \$500,000 that the investor would presumably pay.

This method of approximating value has the most popular conceptual appeal to appraisers since it is premised on the definition of value as: Property is worth what it can earn. This definition may have been derived from Cleveland, C.C. & St. L.R. Co. v. Backus, 154 US 1041 (1893) which stated...

The rule of property taxation is that the property is the basis of taxation. It does not mean a tax upon the earnings which the property makes, nor for the privilege of using the property, but rests solely upon the value. But the value of the property results from the use to which it is put and varies with the profitability of that use, present and prospective actual and anticipated.

Courts have traditionally looked upon this method as the primary indicator of value because of testimony to that effect by a majority of experts. Unfortunately, the indicator is also the most speculative, subjective and easily manipulated of the three common approaches to value. Determining the income to be capitalized and matching it with the appropriate capitalization rate are two of the most difficult assignments the appraiser faces. Each is explained below.

What Income Should Be Capitalized?

Of major controversy here is the interpretation of the investor's expectation of future benefits. Traditionally, arguments have been made that accounting income, as shown in each company's financial statements, is the income to be capitalized. Whether an average is taken of the past three to five years or a trend is developed, expectations of the future are usually assumed to be

related to the past experience of the company. Although a simple and direct answer to the problem, the use of accounting, or "book" income, is not technically accurate for appraisal purposes.

The financial community recognizes that an investor is interested in, and only interested in one thing: cash. Whether the terms "future benefits", "income stream," or "expected income" are used, the concept is simply one of cash flow. The accounting income concept embraces income per books, income per regulatory agencies' required financial reports, tax income, and income shown in annual reports to shareholders.

Under most circumstances, these incomes are all different. Likewise, without adjustment none of these incomes are useful for appraisal of property value. Since cash flow involves only dollars in and dollars out, and cash flow is what the investor wants, accounting income necessarily differs from cash flow in any circumstance where expenses are claimed but cash is not spent. Two common examples are the deduction from income of deferred income taxes, which are continually offset, delaying payment indefinitely; and depreciation of assets, which is a ratable "wasting" of assets over time involving cash outlay only as each asset is replaced. As interest rates soar, the importance of cash payments made now, as opposed to several years in the future, is apparent to investors and appraisers. Often called "time value of money," it is a concept which has the most influence on the development of a meaningful capitalized income indicator of value.

The Capitalization Rate: The Other Half of the Equation

Equally speculative to its counterpart "income" or "expected future benefits," the rate of capitalization is generally developed in one of two ways. The first involves selecting a safe rate of return, such as on government bonds, and adding components for risk thought to be inherent in the industry in which the utility operates. The second, and most commonly used, is called the "band of investment" method. Generally, the income matched against the rate is before deduction of interest paid on debt. Consequently, the basic rate of capitalization must involve both a component for debt and another for return on equity.

For example, assume the current market rate for debt is 10% in the railroad industry and the investor perceives a 13% rate on return on investment as the minimum acceptable return. Also assume the typical debt to equity ratio of a railroad is 60/40. Using the "band of investment," a rate of capitalization is arrived at as follows:

	<u>% in Industry</u>			<u>Rate of</u>
	<u>Structure</u>			<u>Return</u>
Debt	60 %	x	10 %	= 6.0 %
Equity	40 %	x	13 %	= <u>5.2 %</u>
Basic Rate of Capitalization				11.2 %

Although the debt rate can be readily determined by examining bonds, railroad equipment trust certificates and similar obligations, the equity rate is a different matter. Appraisers generally rely on studies of several companies, or groups of companies within a portfolio, using Standard and Poor's, Moody's or Value-Line data to develop a rate. Complex formulas are often employed, including "discounted cash flow," "earnings-to-price ratios," and "capital asset pricing models." The subjectivity is heightened by different appraisal opinions as to whether or not to project growth in the income stream to be capitalized.

Far from being a "cookbook" method to arrive at value, the capitalized income indicator relies on judgment and discretion to produce an answer that is reasonable. Reasonability, however, is a two-edged sword wherein the company, under Wis. Stats., s. 76.18, is protected from "substantial injustice" and the Department of Revenue is not bound by an indicator which produces an obviously low value, for example, a company with a history of losses would not have a zero value for its property.

When a non-meaningful value results from the income capitalization approach, greater reliance must be made on the other indicators discussed below.

2) Cost Indicator

For PSC-regulated utilities, the earnings base is original cost less depreciation. With regulated oil product pipeline companies, the replacement cost new less depreciation (RCNLD) was allowed by the Federal Energy Regulatory Commission (FERC) as the earnings base. FERC Rule #154 has changed this to a trended cost rate base. Regulated companies have cost indicators developed net of depreciation, functional and economic obsolescence. Occasionally, earnings limitations curtail the earning integrity of the companies' operating properties, which is a form of economic obsolescence that must be reflected in the cost indicator. For railroads, such obsolescence has traditionally been estimated by comparing a number of economic and performance factors of the subject company against other railroads. All of the country's Class 1 railroads respond annually to Wisconsin's "Blue Chip" obsolescence study.

Utility plant at net book value (cost less depreciation) is further reduced by economic obsolescence and to it is added leased equipment, materials and supplies, construction work in progress, working funds and other applicable property. Although a summation approach, the cost indicator is a worthwhile indicator whose validity has been upheld by the Wisconsin Supreme Court¹, as well as by other states' high courts.

Unlike other centrally assessed properties, the air carriers have a secondary market for aircraft in addition to the market for the business as an entity. Careful examination of the individual market prices for each company's aircraft is necessary to compute a "salvage value" or "valuation floor" below which the unit value should not fall.

3) Stock and Debt Indicator

Since the book values of assets must always equal the book liabilities and equity on any balance sheet, it follows that the market value of debt and equity must equal the market value of the property and other assets. This is the theory of the stock and debt indicator of value.

To arrive at the market value of common and preferred stock, a monthly average of the latest calendar year's selling prices times the year-end number of shares indicates the minimum stock value of the company.

Mergers or corporate takeovers generally drive this price up, however, so the real stock value on a unit buy-out may be higher. To this stock value is added the market value of traded debt plus the average current liabilities for the current year to yield a gross stock and debt value for the company.

Removal of non-operating and exempt property from the gross stock and debt value is the most difficult problem with this valuation method. Sometimes operating income is compared to total company income and the resulting percentage is multiplied by gross stock and debt to arrive at the approximate market value of the operating property. Another comparison may be made of

¹ Soo Line RR Co. v. Department of Revenue, 97 W (2d) 56, 292 N.W. (2d) 869 (1980).

operating assets, usually at book, to total assets. The resulting percentage is applied to gross stock and debt in a similar manner as the income influence approach.

As companies tend to diversify or form conglomerates, the stock and debt approach becomes less reliable and price/earnings ratios are generally developed to separate the utility or railroad stock from the conglomerate.

For a more detailed discussion of this indicator's advantages and disadvantages, see "Validity of the Stock and Debt Approach to the Valuation of Public Utilities," Smith, Jerry V., Assessment Digest, International Association of Assessing Officers, Vol. 14, NO. 5, Sept./Oct., 1992, pp. 8-13.

Other Indicators

Besides the three indicators of value described above, comparisons are made using the following, under authority of Wisconsin Administrative Code Rule Tax 6.50:

1. Companies' internal appraisals.
2. Independent appraisals.
3. Other states' system values.
4. Prior years' assessments.
5. Significant changes in the business or industry.
6. Annual shareholders' reports.
7. Technical publications; relevant articles. (Moody's, Railway Age, Avmark, Business Week, IAAO Assessment Digest, Journal of Accountancy, Public Utilities Fortnightly, papers published at seminars, etc.)
8. Miscellaneous information furnished by the taxpayer at informal conferences.
9. If comparable sales are available, they are the best indicators and should be used accordingly.

Reconciliation of Unit Value Indicators

A single estimate of unit market value is determined by setting a "willing buyer/willing seller" scenario based upon the highs and lows of the indicator range established. Appraisal judgment must necessarily be applied to arrive at a reasonable estimate of fair market value.

The appraiser seasons this judgment with his or her familiarity with the company, the state of the industry and other economic data at his disposal. All factors developed should be considered, but not all receive the same weight in setting final value.

1. Allocation

Apportionment or allocation is not free from controversy and is the subject of litigation as often as the unit market value. In Northwest Airlines, Inc. v. Wisconsin Department of Revenue,² the Wisconsin Supreme Court denied Northwest Airlines allegations that Wisconsin is "importing value" and in violation of the state's own law and the United States Constitution.

In upholding the state's position, the [high] court recognized that under unitary appraisal procedure the determination of value is limited to the unit ruling that, "a segment of that unit is

² Northwest Airlines, Inc. v. State, 77 W (2d) 152.252 N.W.(2d) 337.

not to be appraised as such so long as it remains a part of an integrated system." Supreme Court Justice Oliver Wendall Holmes, in Wallace v. Hines, observed: "The only reason for allowing a state to look beyond its borders when it taxes the property of foreign corporations is that it may get the true value of the things within it, when they are part of organic system of wide extent, that gives a value above what they would otherwise possess."³

Another significant result of the Northwest case involved the Department's subsequent development to an allocation formula based one-fourth on originating revenues within Wisconsin to total company revenues, one-fourth on originating and terminating tonnage (Wisconsin to total), and one-half on property. With regard to property, net book value of ground property is attributed to Wisconsin based upon situs and migratory property (aircraft) is attributed to Wisconsin on the basis of flight and ground time in this state to total. The resulting net book values of aircraft and ground property are summed and the ratio to Wisconsin to total forms one-half the allocation factor. Beginning with the 1992 assessment, only flight time is used to allocate migratory property in the allocation formula. In addition, all three factors are weighted equally.

In making the assessments of railroad, air carrier and pipeline companies, allocation is a significant part of the assessment process. A formula developed by the Western States Association of Tax Administrators⁴ in 1960 has been used for oil product pipeline companies. It involves weighting cost by activity within the state compared to total system. Gas transmission and distribution companies use gross book cost of pipeline property. Airlines, as just noted, are allocated on weighting of originating revenues, originating and terminating tonnage, and a tangible property factor. Railroad system value is allocated based upon revenue traffic units, weighted cars handled, weighted tons handled, and depreciated cost of property. All allocation factors are statutory.

2. Gross Revenue License Fees

Gross revenue license fees are largely self-reported and so require less initial administrative effort than ad valorem taxes. However, experience has shown that follow-up audits must be made of such gross revenues after reports are filed if compliance is to be maintained. Furthermore, what should be included in gross revenue is not always free from controversy due to the complexity of each company's accounting methods and the nature of some companies' interstate operations. Regulatory changes have substantial influence on gross revenue license fee-paying companies.

The 3.19 percent license fee based on gross revenues of rural electric cooperatives is in lieu of both an income tax and a property tax. In 1986, the gross revenues license fee assessment of light, heat and power companies replaced an ad valorem tax. Gross revenues from the sale of gas services are subject to a rate of 0.97%. The rate for all other gross revenues is 3.19%. After computation of the license fee, it is apportioned to Wisconsin by an equal weighting of property, payroll and sales factors.

3. Assessment and Collection of Taxes

³ Wallace v. Hines, 253 U.S. 66 (1920).

⁴ Report of Committee on Allocation of Public Utilities (WSATA), 1960.

Semiannual estimated installment payments are required for utility taxpayers. Ad valorem payers must remit at least 50% of the prior year's liability or 40% of the current year's liability by May 10 and the remainder by November 10.

Light, heat and power companies and rural electric cooperative associations must pay at least 55% of the current year's liability or 50% of the estimated next year's liability by May 10, duplicate the payment by November 10, and settle the liability with the following year's May 10 installment payment.

The payment schedule for telephone company property taxes, which began in 1998, is described in section 5.

4. Real Estate Transfer Fee

Article VIII of the State Constitution requires that the taxation of property be uniform. To insure uniformity, the Wisconsin Legislature has established that real estate shall be valued "at the full value which could ordinarily be obtained therefor at private sale" [sec. 70.32(1)] in other words, at market value. The Real Estate Transfer Fee Return was devised to provide local assessors and the Department of Revenue with a means of obtaining market value data to comply with the State Constitution and Statutes. The Real Estate Transfer Fee Return provides a basis for the discovery of market value (transactions between willing buyers and willing sellers). The questions asked on the return are necessary to determine whether or not the transfer of property is an ordinary market transaction and should or should not be used for comparative purposes. The assessor needs an extensive amount of information to determine whether the transaction is at arm's-length and should be used to value like properties.

To aid in this process of collecting market value data to value like properties, the transfer return has been totally revised into a scannable form (PE-500). The data from the old transfer return (PE-500, Revised 7/96 and earlier returns) was key punched by data entry operators to collect this data. The scannable return will be both "intelligently" and "optically" scanned to capture both the "data" and the "image" of the transfer return. The scanning of the return will automate the collecting of this important data and it will make both the data and image of the transfer return more easily accessible to all the current users of the return. The scannable transfer return (PE-500) will be required for conveyances submitted for recording 01/01/98 and thereafter.

This law was enacted in 1969 upon repeal of the Federal Documentary Stamp Tax Act. The current fee is 30 cents for each \$100 of value on non-exempt conveyances. Value is usually the consideration paid for the real estate transferred. The "**Guidelines for Real Estate Transfer Fee and Return**" (Publication 802) can be found on the internet at: <http://www.dor.state.wi.us>. Click on "**Business** then **Real Estate Transfer**."

5. Taxation of Telephone Companies

Telephone company taxation is in transition from a gross revenues license fee to a property tax. 1991 Wisconsin Act 39 began the transition by shifting interexchange carriers and resellers in 1997 to a property tax on a company's system wide unit value allocated to Wisconsin. However, before the Act 39 tax on unit value could take effect, 1995 Wisconsin Act 351 revised the transition so that, beginning in 1998, all telephone companies are taxed on their real and tangible personal property in the state.

Telephone Company Property Tax

Beginning in 1998, telephone companies are taxed on their real and tangible personal property in Wisconsin. A telephone company is assessed using the methods that are used to assess manufacturing property.

Telephone companies are required to report their property by taxing jurisdiction. Telephone company property is taxed at the prior year's net general property tax rate in the taxing jurisdiction in which the property is located.

Taxes are paid in two installments. By May 10, companies must pay 50% of the total telephone property tax assessed for the prior year or 40% of the telephone property tax for the current year. On or before November 10, companies must pay the outstanding tax for the current year.

PART II: THE AD VALOREM GROUP

CHAPTER 1 RAILROADS

	<u>Statutory Reference</u>
<u>A. The Law</u>	
<u>Authority to Tax</u>	
The Department of Revenue shall make an annual assessment of the property of all railroad companies within the state for the purpose of levying and collecting taxes thereon as provided in this subchapter.	76.01
Any person, association, company or corporation owning and operating a railroad, or operating a railroad in this state, or owning or operating any station, depot, track, terminal, or bridge in this state, for railroad purposes, shall be deemed a railroad company.	76.02(6)
<u>Property of Railroad Companies Taxable by the State</u>	
All franchises and all real and personal property of the company used or employed in the operation of its business including all title and interest of the company as owner, lessee or otherwise.	76.025
<u>Property of Railroad Companies Not Taxable by the State</u>	
Computers	76.025(1)
Motor vehicles	76.025(1)
Waste treatment facilities	76.025(1)
All property not necessarily used in operating the railroad business is <u>not</u> taxable by the state, but is assessed locally.	76.23
<u>Unit Assessment to be Used by State</u>	
The property, both real and personal, including all rights, franchises and privileges used in and necessary to the prosecution of the business of the company shall be deemed personal property for the purpose of taxation, and shall be valued and assessed together as a unit.	76.03(1)
<u>Assessment to be "Full Market Value"</u>	
The Department on or before August 1, in each year, shall according to its best knowledge and judgment, ascertain and determine the full market value of the property of each company within the state.	76.07(1)

Apportionment of Unit Value to Wisconsin

Railroad unit value is apportioned by a formula of one-third ton miles of revenue handled; plus one-sixth cars originated, terminated, received, and delivered at connections; plus one-sixth tons of revenue freight on line originated, terminated, received, and delivered at connections. plus one-third depreciated cost of property in Wisconsin. 76.07(4g)(a)

Certain Railroad Property Valued for Purposes of Municipal Revenue Distribution

After the property of a company is first valued as a whole, if any repair facilities, docks, ore yards, piers, wharves, grain elevators or car ferries used in transferring freight or passengers between cars and vessels or transfer of freight cars located on car ferries, shall be included in such valuation, then for the purpose of accounting to the proper taxation districts, the department shall make a separate valuation of each such repair facilities, dock, ore yard, pier, wharf, grain elevator. 76.16

Special Disposition of Railroad Revenues

The taxes paid into the state treasury by any railroad company as defined in s. 76.02(2) except those taxes distributed (to municipalities because of any repair facilities, docks, ore yards, etc. shall be deposited in the transportation fund. 76.24(1)

**TAX ROLL OF THE PROPERTY OF ALL RAILROAD COMPANIES WITHIN THE STATE OF WISCONSIN
FOR THE YEAR 2003**

Description of Property:
Real estate, right-of-way, tracks, stations, terminals, rolling
stock, equipment, franchise, and all other
real estate and personal property of said company within
the state of Wisconsin

Tax Rate 0.020559880

Name of Company	(A) System Valuation (000)	(B) WI Allocation Percent	(C) (A x B) Allocated Value	(D) Adjustment s	(E) (C+D) Wisconsin Valuation	(F) (E x Tax Rate) Taxes Levied
Burlington Northern Railroad Company	\$10,050,000	1.6221%	163,021,050	(\$3,770,200)	\$159,250,850	\$3,274,178.37
Duluth, Missabe & Iron Range Railway Co.	80,000	2.1561%	1,724,880	0	1,724,880	35,463.33
Duluth, Winnipeg & Pacific Railway Company	39,000	20.4664%	7,981,896	(245,000)	7,736,896	159,069.65
Escanaba & Lake Superior Railroad Co.	15,000	44.4583%	6,668,745	(4,000)	6,664,745	137,026.36
Iowa, Chicago & Eastern Railroad Company	120,000	1.1411%	1,369,320	0	1,369,320	28,153.05
Sault Ste. Marie Bridge Company	45,000	16.0166%	7,207,470	6,400	7,213,870	148,316.30
Soo Line Railroad Company	660,000	15.6702%	103,423,320	1,630,700	105,054,020	2,159,898.04
Tomahawk Railway, Limited Partnership	3,200	100.0000%	3,200,000	(25,000)	3,175,000	65,277.62
Union Pacific Railroad Company	11,000,000	0.9528%	104,808,000	(276,960)	104,531,040	2,149,145.64
Wisconsin Central Ltd. / Fox Valley & Western Ltd.	250,000	70.8140%	177,035,000	(1,579,117)	175,455,883	3,607,351.90
Wisconsin & Southern Railroad Company	13,000	77.9646%	10,135,398	(307,800)	9,827,598	202,054.24
Total 2003					\$582,004,102	\$11,965,934.50

**TAX ROLL OF ALL TERMINAL FACILITIES WITHIN THE STATE OF WISCONSIN
FOR THE YEAR 2003**

Description of Property:

Docks, ore yards, piers, wharves, grain elevators or car ferries used in transferring freight or passengers
Between cars and vessels or transfer of freight cars located on car ferries, or terminal storage facilities,
Docks, pipelines and pumping equipment used in transferring oil from pipelines to vessels; repair facilities.

		2003 Assessment	Taxes at 0.020559880
<u>The Burlington Northern and Santa Fe Railroad Company</u>			
S & X Grain Elevators	C. Superior	\$4,460,000	\$91,697.06
Yards E & F	C. Superior	472,000	9,704.26
Ore Yard & Docks	C. Superior	46,696,623	960,076.97
Repair Facilities	C. Superior	415,000	8,532.35
Ore Yard	T. Superior	485,700	9,985.93
Approach to Ore Yard	T. Parkland	627,677	12,904.97
Total BNSF		<u>\$53,157,000</u>	<u>\$1,092,901.54</u>
<u>Duluth, Winipeg & Pacific Railway Co.</u>			
Repair Facilities	T. Superior	\$1,084,000	\$22,286.91
<u>Wisconsin Central Ltd. / Fox Valley & Western Ltd.</u>			
Ore Dock	C. Ashland	\$14,000	\$287.84
Repair Facilities	C. Stevens Point	24,000	493.44
Repair Facilities	V. North Fond du Lac	865,000	17,784.30
Repair Facilities	C. Rhinelander	45,000	925.19
Repair Facilities	C. Ladysmith	3,000	61.68
Repair Facilities	C. Green Bay	63,000	1,295.27
Total WCL/FVW		<u>\$1,014,000</u>	<u>\$20,847.72</u>
<u>Wisconsin & Southern Railroad Co.</u>			
Repair Facilities	C. Horicon	\$615,000	\$12,644.33
Repair Facilities	C. Janesville	83,000	1,706.47
Total WSOR		<u>\$698,000</u>	<u>\$14,350.80</u>
2003 TOTAL TERMINAL TAX ROLL		<u>\$55,953,000</u>	<u>\$1,150,386.97</u>

<u>Summarized by Municipalities</u>			
C. Superior		\$52,043,623	\$1,070,010.64
T. Superior		1,569,700	32,272.84
T. Parkland		627,677	12,904.97
C. Ashland		14,000.00	287.84
C. Stevens Point		24,000	493.44
V. North Fond du Lac		865,000	17,784.30
C. Rhinelander		45,000	925.19
C. Ladysmith		3,000	

		61.68
C. Green Bay	63,000	
		1,295.27
C. Horicon	615,000	12,644.33
C. Janesville	83,000	1,706.47
2003 TOTAL TERMINAL TAX ROLL	\$55,953,000	\$1,150,386.97

CHAPTER 2 AIRLINES

Statutory Reference

A. The Law

Authority to Tax

The Department of Revenue shall make an annual assessment of the property of all air carriers within this state for the purpose of levying and collecting taxes thereon as provided in this subchapter. 76.01

Any person, association, company or corporation engaged in the business of transportation in aircraft of persons or property for hire on regularly scheduled flights shall be deemed an air carrier company. 76.02(1)

Property of Airlines Taxable by the State

All franchises and all real and personal property of the company used or employed in the operation of its business including all title and interest of the company as owner, lessee or otherwise. 76.025(1)

Property of Airlines Not Taxable by the State

All property not necessarily used in operating the airline business is not taxable by the state, but is assessed locally. 76.23

Exemptions

Any air carrier as defined in subsection (5a) engaged solely in intrastate transportation using the facilities of only one airport within the state, shall be excepted from taxation under this subchapter and shall be subject to local assessment and taxation. 76.025(3)

Unit Assessment to be Used by State

The property, both real and personal, including all rights, franchises and privileges used in and necessary to the prosecution of the business of the company shall be deemed personal property for the purpose of taxation, and shall be valued and assessed together as a unit. 76.03(1)

Assessment to be "Full Market Value"

The Department on or before September 15 in each year shall, according to its best knowledge and judgment, ascertain and determine the full market value of the property of each company within the state. 76.07(1)

Apportionment of Unit Value to Wisconsin

Air carrier unit value is apportioned by formula of one-third of each transport and transport-related revenues; tons of revenue passengers and cargo first received or connected and finally discharged; and depreciated cost of operating property owned or rented. Migratory property cost is allocated by flight hours. Prior to 1992, the respective weights were 25%, 25% and 50%, with migratory property allocated by flight and ground hours. The history of the factors can be traced to the 1947 N.A.T.A. proposed statute. 76.07(4g)(b)

Wisconsin flight hours include the total time within the state boundary on all flights that start or stop in the state. The eastern boundary for Wisconsin is the center of Lake Michigan per Article 11 Wisconsin Constitution.

Transport revenues are assigned to Wisconsin on a ticket lift basis. Originating revenue based on ticket lifts is defined as revenue to an air carrier from the transportation of revenue passengers and revenue property first received by such carrier either as originating or connecting traffic at airports within the state of Wisconsin. Revenue is assigned to the state of Wisconsin from the point of origination in Wisconsin (a Wisconsin airport) to the passenger or property's final destination on the reporting air carrier. If transfer of the passenger or property is made to a carrier other than the originating carrier outside the state of Wisconsin, revenue is assigned to Wisconsin from the point of origination to the point of such transfer.

For passenger fares, examples of Wisconsin originating revenues follow:

- (1) Round-trip ticket from Madison, Wisconsin to Phoenix, Arizona on Longhaul Airlines, Inc., a major air carrier; cost \$500; passenger changes planes both ways in Minneapolis, Minnesota. Wisconsin originating revenue is \$250 (1/2 of \$500).
- (2) Round-trip ticket from Minneapolis to Detroit, Michigan on Longhaul Airlines; cost \$350; passenger changes planes both ways in Milwaukee, Wisconsin. Wisconsin originating revenue is zero.
- (3) Round-trip from Minneapolis to Detroit; passenger flies Shortline Airways, a commuter carrier, from Minneapolis to Milwaukee, changing planes to Longhaul for the Milwaukee to Detroit leg; return trip mirrors this route; cost \$350; Shortline keeps \$150; Longhaul keeps \$200. Wisconsin originating revenues are \$75 (1/2 of \$150) for Shortline and \$100 (1/2 of \$200) for Longhaul.
- (4) Round-trip ticket from Milwaukee to Miami, Florida; passenger flies Shortline from Milwaukee to Memphis, Tennessee, changing planes to Longhaul for the Memphis to Atlanta leg; return trip mirrors this route; cost \$400; Shortline keeps \$100; Longhaul keeps \$300. Wisconsin originating revenues are \$50 (1/2 of \$100) for Shortline and zero for Longhaul.

Revenue tons handled are defined as tons of revenue passengers and revenue cargo first received either as originating traffic or as connecting traffic in Wisconsin divided by the total everywhere. On-line connections, that is, transfers from one plane to another operated by the same carrier, are excluded. Tons are first received if originating with the subject carrier or connecting from another carrier. They are finally discharged if transferred to another carrier or put off at the final destination. For revenue tons handled, examples of Wisconsin and total follow:

(1) A passenger boards Longhaul Airlines for a trip from Milwaukee, Wisconsin to Atlanta, Georgia, changing planes on Longhaul at Chicago, Illinois. The weight is included once in the numerator of the tonnage factor as first received in Wisconsin and twice in the denominator (for the numerator plus final discharge in Georgia).

(2) A passenger flies the same route as in (1), but the Milwaukee to Chicago leg is on Shortline Airways and the Chicago to Atlanta portion is on Longhaul. Shortline has first received the passenger in Wisconsin, so the weight goes into Shortline's numerator. Shortline has finally discharged the passenger to Longhaul in Chicago, so its reporting is identical to Longhaul's in example (1). Longhaul reports nothing in the Wisconsin numerator, but the Illinois first received passenger and the Georgia finally discharged passenger are part of its denominator.

(3) Ticketed exclusively by Longhaul Airlines, a passenger has multiple destinations upon departing Milwaukee. The circumstances are the same as example (1), however, the passenger stays a week in Atlanta, flying then to Houston, Texas for another week, then returning to Milwaukee. The times counted in numerator and denominator would be as follows:

	Wisconsin (Numerator)	Total (Denominator)
Milwaukee-Chicago	1	1
Chicago-Atlanta	0	1
Atlanta-Houston	0	2
Houston-Chicago	0	1
Chicago-Milwaukee	1	1
Total Count	<u>2</u>	<u>6</u>

Note the on-line connections at Chicago were excluded from both numerator and denominator, since the passenger was finally discharged in Atlanta. Likewise, the same methodology was used when the passenger was finally discharged at Milwaukee.

Special Disposition of Airline Revenue

The taxes paid into the state treasury by any air carrier defined in s. 76.02 shall be deposited in the transportation fund.

76.24(1)

**TAX ROLL OF THE PROPERTY OF ALL AIR CARRIER COMPANIES
WITHIN THE STATE OF WISCONSIN FOR THE YEAR 2003**

Page 1 of 2

Tax Rate 0.020559880

Description of Property:

Real estate, appurtenances, equipment, franchises and all other real estate
and personal property of said company within the State of Wisconsin.

Name of Company	(A) System Valuation (000)	(B) Wisconsin Allocation Percentage	(C) (A*B) Allocated Value	(D) Adjustments	(E) (C+D) Wisconsin Valuation	(F) (E*Tax Rate) Taxes Levied
ABX Air, Inc.	\$590,000	0.4908%	\$2,895,720	\$440,600	\$3,336,320	\$68,594.34
America West Airlines, Inc.	1,600,000	0.2753%	4,404,800		4,404,800	90,562.16
American Eagle Airlines, Inc.**	1,660,000	1.8233%	30,266,780		30,266,780	622,281.36
American Trans Air, Inc.	1,710,000	0.5992%	10,246,320	1,000	10,247,320	210,683.67
Atlantic Southeast Airlines**	1,140,000	0.0954%	1,087,560		1,087,560	22,360.10
Atlantic Coast Airlines, Inc.	1,050,000	0.5045%	5,297,250		5,297,250	108,910.82
Casino Express Airlines, Inc.	9,000	0.9232%	83,088		83,088	1,708.28
Chautauqua Airlines, Inc.	498,000	1.5534%	7,735,932		7,735,932	159,049.83
Chicago Express Airlines, Inc.	31,000	8.4550%	2,621,050		2,621,050	53,888.47
ComAir, Inc.**	1,130,000	1.6581%	18,736,530		18,736,530	385,220.81
Delta Airlines, Inc.**	10,900,000	0.1327%	14,464,300		14,464,300	297,384.27
Emery Worldwide Airlines, Inc.	24,000	1.5770%	378,480	39,000	417,480	8,583.34
Express Jet Airlines, Inc.	1,725,000	1.6664%	28,745,400		28,745,400	591,001.97
Federal Express Corporation	8,500,000	0.4851%	41,233,500		41,233,500	847,755.81
Great Lakes Aviation, LTD.	100,000	0.0844%	84,400		84,400	1,735.25
Mesa Air Group	830,000	0.1480%	1,228,400		1,228,400	25,255.76
Mesaba Aviation, Inc.**	595,000	2.5563%	15,209,985		15,209,985	312,715.47
Northwest Airlines, Inc.**	6,680,000	1.1858%	79,211,440		79,211,440	1,628,577.70
Pinnacle Airlines, Inc.	430,000	3.9105%	16,815,150		16,815,150	345,717.47
Trans States Airlines, Inc.*	475,000	0.7500%	3,562,500		3,562,500	73,244.57
U.S. Airways, Inc.	4,250,000	0.2190%	9,307,500		9,307,500	191,361.08
United Parcel Service, Inc.**	4,570,000	0.1902%	8,692,140	972,800	9,664,940	198,710.01

TOTAL 2003	<u>\$303,761,625</u>	<u>\$6,245,302.54</u>
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TOTAL 2003 OMITTED PROPERTY TAX (from page 2)		<u>201,931.22</u>
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GRAND TOTAL 2003		<u>\$6,447,233.76</u>
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* Nonfiler. Estimated assessment levied
** Appealed to Dane County Circuit Court

**TAX ROLL OF THE PROPERTY OF ALL AIR CARRIER COMPANIES
WITHIN THE STATE OF WISCONSIN FOR THE YEAR 2003**

Page 2 of 2

OMITTED PROPERTY ASSESSMENTS

<u>Company</u>	<u>Year</u>	<u>Omitted Property</u>	<u>Tax Rate</u>	
Delta Airlines, Inc.	1999	2,621,550	0.022111499	\$ 57,966.40
	2000	2,902,337	0.021463928	62,295.55
	2001	3,811,378	0.021427754	81,669.27
TOTAL				<u>\$ 201,931.22</u>

CHAPTER 3 PIPELINES

A. The Law

Statutory

Reference

Authority to Tax

The Department of Revenue shall make an annual assessment of the property of all pipeline companies within this state for the purpose of levying and collecting taxes thereon as provided in this subchapter. 76.01

Any person, association, company or corporation which is not a light, heat and power company as defined by s. 76.28(1) and which is engaged in the business of transporting or transmitting gas, gasoline, oils, motor fuels, or other fuels, by means of pipelines shall be deemed a pipeline company. 76.02(5)

Property of Pipelines Taxable by the State

All franchises and all real and personal property of the company used or employed in the operation of its business including all title and interest of the company as owner, lessee or otherwise. 76.025(1)

Property of Pipelines Not Taxable by the State

All property not necessarily used in operating the pipeline business is not taxable by the State, but is assessed locally. 76.23

Unit Assessment to be Used by State

The property, both real and personal, including all rights, franchises and privileges used in and necessary to the prosecution of the business of the company shall be deemed personal property for the purpose of taxation, and shall be valued and assessed together as a unit. 76.03(1)

Assessment to be "Full Market Value"

The Department on or before September 15, in each year shall, according to its best knowledge and judgment, ascertain and determine the full market value of the property of each company within the state. 76.07(1)

Apportionment of Unit Value to Wisconsin

Natural gas pipeline unit value is apportioned by dividing
gross cost of gas plant in service in Wisconsin by total gross
cost of gas plant in service. 76.07(4g)(c)

Other pipeline companies have unit value apportioned on a
formula weighted 75% gross book cost of line of pipe, plus
20% barrel miles, plus 5% barrels received and delivered. 76.07(4g)(d)

Distribution of Revenue

All such taxes paid shall be deposited to the general fund. 76.24(1)

**TAX ROLL OF THE PROPERTY OF ALL PIPELINE COMPANIES WITHIN THE STATE OF WISCONSIN
FOR THE YEAR 2003**

Tax Rate 0.020559880

Description of Property:

Land and land rights, structures, improvements, mains, pumping and regulation equipment, services, appliances, instruments, franchises, and all other real estate and personal property of said company within the State of Wisconsin.

Name of Company	(A) System Valuation (000)	(B) Wisconsin Allocation Percentage	(C) (A x B) Allocated Value	(D) Adjustment s	(E) (C+D) Wisconsin Valuation	(F) (E x Tax Rate) Taxes Levied
ANR Pipeline Company	\$1,090,000	6.2364%	\$67,976,760	\$484,168	\$68,460,928	\$1,407,548.46
Great Lakes Transmission Co.	960,000	9.4198%	90,430,080	(753,000)	89,677,080	1,843,750.00
Guardian Pipeline Company	240,000	27.7057%	66,493,680	(27,000)	66,466,680	1,366,546.96
Enbridge Energy Ltd. Partnership	700,000	29.3597%	205,517,900	(3,311,600)	202,206,300	4,157,337.26
Mid-America Pipeline Co., Inc.	525,000	0.3297%	1,730,925	(2,000)	1,728,925	35,546.49
Natural Gas Pipeline Co.			9,200	0	9,200	185.15
Northern Natural Gas Company	1,150,000	3.3302%	38,297,300	(191,000)	38,106,300	783,460.96
Viking Gas Transmission Co.	67,000	14.1777%	9,499,059	100	9,499,159	195,301.57
West Shore Pipe Line Company	92,000	33.6569%	30,964,348	0	30,964,348	636,623.28
Williams Pipe Line Company	380,000	1.3326%	5,063,880	(3,000)	5,060,880	104,051.09
TOTAL 2003					\$512,179,800	\$10,530,355.2
						2

CHAPTER 4 OTHER AD VALOREM TAXPAYERS

I. Conservation and Regulation Companies

A. The Law

Authority to Tax

Statutory Reference

The Department of Revenue shall make an annual assessment of the property of all conservation and regulation companies within this state for the purpose of levying and collecting taxes thereon as provided in this subchapter.

76.01

Any company or corporation organized under the laws of this state for the conservation and regulation of the height and flow of water in public reservoirs within this state, shall be deemed a conservation and regulation company.

76.02(3)

Property of a Conservation and Regulation Company Taxable by the State

All franchises and all real and personal property of the company used or employed in the operation of its business including all title and interest of the company as owner, lessee or otherwise.

76.025(1)

Property of a Conservation and Regulation Company Not Taxable by the State

All property not necessarily used in operating the business is not taxable by the state, but is assessed locally.

76.23

Unit Assessment to be used by State

The property, both real and personal, including all rights, franchises and privileges used in and necessary to the prosecution of the business of the company shall be deemed personal property for the purpose of taxation, and shall be valued and assessed together as a unit.

76.03(1)

Assessment to be "Full Market Value"

The Department on or before September 15, in each year shall, according to its best knowledge and judgment, ascertain and determine the full market value of the property of each company within the state.

76.07(1)

B. Description of Conservation and Regulation Companies Operating in Wisconsin

Conservation and Regulation companies operating in Wisconsin were established to conserve the run-off waters in the Wisconsin and Chippewa River watershed. This is done by means of impounding the headwaters into various reservoirs during the times of heavy rainfall and then releasing the stored water during subsequent periods of light rainfall. Thus they operate to normalize the river flow to the benefit of the down-river hydraulic power users. Said waterpower users are subject to a toll charge which is proportional to the hydraulic head established at their dam. The toll is also related to the number of reservoirs, more specifically, the volume of water stored above each of the power dams as well as the availability of the stored supply.

Pursuant to sec. 76.03, all the property of conservation and regulation companies that is used and necessary to the prosecution of their business is assessed as part of their unitary enterprise. In the case of the Chippewa and Flambeau Company, it also happens to include a substantial amount of property leased from Northern States Power Company, one of its parent companies. Much of this excess flowage property was sold to the State of Wisconsin in 1990.

The taxable property comprises both tangibles and intangibles such as, for example, flowage rights. The property records do not make any particular distinction between lands purchased in fee simple and land on which only flowage rights were acquired. However, we do have a listing of all lands and land rights owned.

B. CONSERVATION & REGULATION COMPANY VALUATION AND TAX SUMMARY

Tax Rate: . 0.020559880

2003 ASSESSMENTS

<u>Name of Company</u>	<u>Wisconsin Valuation</u>	<u>Taxes Levied</u>
Chippewa & Flambeau Improvement Company	\$2,412,000	\$49,590.43
Wisconsin Valley Improvement Company	<u>2,140,000</u>	<u>43,998.14</u>
TOTALS:	<u>\$4,552,000</u>	<u>\$ 93,588.57</u>

II. Municipal Electric Association Projects

A. The Law

Authority to Tax

Statutory Reference

The property of a company, including any proportional share of any property owned by a company in conjunction with any other person or public agency, is declared to be public property used for essential public and governmental purposes and such property or proportional share, a company and its income shall be exempt from all taxes of the state or any state public body except that for each project owned or partly owned by it, a company shall make payments-in-lieu-of-taxes to the state equal to the amount which would be paid to the state under ss. 76.01 to 76.26 for such project or share thereof if it were deemed to be owned by a company under s. 76.02(8).

66.073(16)(b)

B. Description of the Three Municipal Electric Companies' Projects in Wisconsin

Badger Power Marketing Authority of Wisconsin, Inc. (BPMA), began its transmission delivery facilities project in 1988. The project includes three 138 KV transmission lines and two substations in Shawano County.

Wisconsin Public Power, Inc. (WPPI) is the municipal electric company with an office facility in Sun Prairie and a combustion turbine facility near Fond du Lac.

Western Wisconsin Municipal Power Group (WWMPG) has a shared transmission system agreement with Dairyland Power Cooperative.

C. Municipal Electric Association Project Valuation and Tax Summary

2003 ASSESSMENTS

Tax Rate: 0.020559880

<u>Name of Company</u>	<u>Wisconsin Valuation</u>	<u>Taxes Levied</u>
Badger Power Marketing Authority	\$ 5,094,000	\$ 104,732.03
Western Wisconsin Municipal Power Group	538,911	11,079.95
Wisconsin Public Power, Inc.	<u>54,085,000</u>	<u>1,111,981.11</u>
	<u>\$59,717,911</u>	<u>\$1,227,793.09</u>

PART III: THE GROSS REVENUES GROUP

CHAPTER 1 ELECTRIC COOPERATIVE ASSOCIATIONS

A. The Law

Authority to Assess

Statutory Reference

The Department of Revenue shall compute and assess the license fees provided for in sub. (1r) and certify the amounts due to the state treasurer and file a duplicate with the Department of Administration.

76.48(3)

Every cooperative association organized under Chapter 185 which carries on the business of generating, transmitting or distributing electric energy to its members at wholesale or retail shall pay in lieu of all other general property and income taxes an annual license fee of 3.19 percent to be computed on that portion of its total gross revenues apportioned to Wisconsin.

76.48(1r)

Gross Revenues to Rural Electric Cooperatives

"Gross revenues" means total operating revenues except revenues for interdepartmental sales and interdepartmental rents, less deductions from the sales and use tax under s. 77.61(4) and, in respect to any electric cooperative that purchases more than 50% to the power it sells, less the actual cost to power purchased for resale ...

76.48(1g)(d)

Apportionment Factor Computed

"Apportionment factor" means a fraction the numerator of which is the sum of the property factor, the payroll factor and the sales factor and the denominator of which is the number three.

76.48(1g)(a)

B. Electric Cooperative (Rural Electric) Associations Operating in Wisconsin

The major association is Dairyland Power Cooperative. Dairyland maintains its general offices in La Crosse, Wisconsin, headquartering a generation and transmission cooperative that supplies wholesale electricity to 29 rural electric distribution cooperatives in the Upper Midwest, 21 of which are in Wisconsin. These cooperatives in turn serve consumer members in Western Wisconsin and parts of surrounding states.

Rural Electric Associations	Gross Receipts 2002	Total Gross License Fee May 1, 2003	Wisconsin Apportionment Factor	Wisconsin Gross License Fee May 1, 2003
Adams-Columbia Elec. Coop.	\$16,809,831.00	\$536,233.61	100.00%	\$536,233.61
Barron Electric Coop.	\$7,628,853.00	\$243,360.41	100.00%	\$243,360.41
Bayfield Electric Coop., Inc.	\$3,753,307.00	\$119,730.49	99.80%	\$119,491.03
Central WI Electric Cooperative	\$3,729,985.00	\$118,986.52	100.00%	\$118,986.52
Chippewa Valley Electric Coop.	\$3,369,216.82	\$107,478.02	100.00%	\$107,478.02
Clark Electric Cooperative	\$4,092,949.00	\$130,565.07	100.00%	\$130,565.07
Dairyland Power Cooperative	\$203,020,282.71	\$6,476,347.02	78.49%	\$5,083,284.78
Dunn County Electric Coop.	\$4,212,414.00	\$134,376.01	100.00%	\$134,376.01
East Central Energy (Head of the Lakes)	\$2,350,815.00	\$74,991.00	89.90%	\$67,416.91
Eau Claire Energy Cooperative	\$5,570,292.00	\$177,692.31	100.00%	\$177,692.31
Jackson Electric Cooperative	\$4,103,132.00	\$130,889.91	100.00%	\$130,889.91
Jump River Electric Coop., Inc.	\$4,116,847.00	\$131,327.42	100.00%	\$131,327.42
Oakdale Electric Cooperative	\$6,512,272.00	\$207,741.48	100.00%	\$207,741.48
Oconto Electric Coop.	\$4,773,967.00	\$152,289.55	100.00%	\$152,289.55
Pierce-Pepin Cooperative Services	\$5,606,049.00	\$178,832.96	100.00%	\$178,832.96
Polk-Burnett Electric Coop.	\$9,984,540.29	\$318,506.84	100.00%	\$318,506.84
Price Electric Coop., Inc.	\$2,843,028.00	\$90,692.59	100.00%	\$90,692.59
Richland Electric Coop.	\$2,131,399.23	\$67,991.64	100.00%	\$67,991.64
Riverland Energy Cooperative	\$9,061,653.00	\$289,066.73	100.00%	\$289,066.73
Rock County Electric Coop. Ass'n.	\$3,408,353.42	\$108,726.47	99.25%	\$107,911.02
Scenic Rivers Energy Cooperative	\$7,315,339.00	\$233,359.31	99.93%	\$233,195.96
St. Croix Electric Coop.	\$5,250,565.00	\$167,493.02	100.00%	\$167,493.02
Taylor Electric Cooperative	\$2,318,341.00	\$73,955.08	100.00%	\$73,955.08
Vernon Electric Cooperative	\$5,271,159.05	\$168,149.97	100.00%	\$168,149.97
Washington Island Elec. Co-op., Inc.	\$633,118.00	\$20,196.46	100.00%	\$20,196.46
Total REA's	\$327,867,708.52	\$10,458,979.90		\$9,057,125.30

CHAPTER 2 LIGHT, HEAT & POWER COMPANIES

A. The Law

Authority to Assess

Statutory Reference

There is imposed on every light, heat and power company an annual license fee to be assessed by the Department on or before May 1..... measured by the gross revenues of the preceding year ...

76.28(2)(a)

Gross Revenues

"Gross revenues" means total operating revenues as reported to the public service commission ...

76.28(1)(d)

Revenues Not Included in Gross Revenues

. . . except revenues for interdepartmental sales and for interdepartmental rents and deductions from the sales and use tax... less the actual cost of power purchased for resale ... except by a municipal light, heat and power company, that purchases under federal or state approved wholesale rates more than 50% of its electric power from a person other than an affiliated interest . . .

76.28(1)(d)

Computation of Gross Revenues License Fee

The license fee is computed as an "apportionment factor" multiplied by the sum of (gross revenues from the sale of gas services x 0.97%) + (all other gross revenues x 3.19%).

76.28(2)(c)

"Apportionment Factor"

"Apportionment factor" means a fraction the numerator of which is the sum of the property factor, the payroll factor and the sales factor and the denominator of which is the number three.

76.28(1)(a)

"Qualified Wholesale electric Company"

"Qualified Wholesale Electric Company" means any person that owns or operates facilities for the generation and sale of electricity to a public utility, as defined in s.196.01(5), or to any other entity that sells electricity directly to the public, ... and must sell at least 95% of its net production of electricity and must own, operate or control electric generating facilities that have a total power production capacity of at least 50 megawatts.

76.28(1)(gm)

Private Light Heat & Power	2002 Electric Operating Revenue (Excl. of Gas) less Deductions	License Fee at 0.0319	2002 Gas Operating Revenue less Deductions	License Fee at 0.0097	Total Gross System License Fees	Wisconsin Apportionment Factor	Gross Wisconsin License Fee May 1, 2003
Alliant Energy Generation, Inc.	\$15,051,304.00	\$480,136.60	\$0.00	\$0.00	\$480,136.60	100.00%	\$480,136.60
American Transmission Company	\$8,833,374.00	\$281,784.63	\$0.00	\$0.00	\$281,784.63	90.59%	\$255,268.70
City Gas Company	\$0.00	\$0.00	\$4,933,867.00	\$47,858.51	\$47,858.51	100.00%	\$47,858.51
Combined Locks Energy Center, LLC	\$8,637,491.00	\$275,535.96	\$0.00	\$0.00	\$275,535.96	100.00%	\$275,535.96
Consolidated Water Power Co.	\$32,735,932.00	\$1,044,276.23	\$0.00	\$0.00	\$1,044,276.23	100.00%	\$1,044,276.23
Dahlberg Light & Power Company	\$6,235,984.00	\$198,927.89	\$0.00	\$0.00	\$198,927.89	100.00%	\$198,927.89
LSP -- Whitewater Limited Partnership	\$53,946,709.00	\$1,720,900.02	\$3,524,295.00	\$34,185.66	\$1,755,085.68	100.00%	\$1,755,085.68
Madison Gas & Electric Company	\$224,952,853.00	\$7,175,996.01	\$126,625,466.00	\$1,228,267.02	\$8,404,263.03	99.96%	\$8,400,901.32
Mid American Power LLC	\$2,080,882.00	\$66,380.14	\$0.00	\$0.00	\$66,380.14	100.00%	\$66,380.14
Midwest Natural Gas, Inc.	\$0.00	\$0.00	\$11,924,650.00	\$115,669.11	\$115,669.11	100.00%	\$115,669.11
Neenah & Menasha Water Power Co.	\$15,221.00	\$485.55	\$0.00	\$0.00	\$485.55	100.00%	\$485.55
North Central Power Company, Inc.	\$2,547,485.00	\$81,264.77	\$0.00	\$0.00	\$81,264.77	100.00%	\$81,264.77
Northwestern Wisconsin Electric Co.	\$10,971,044.00	\$349,976.30	\$0.00	\$0.00	\$349,976.30	98.58%	\$345,022.04
Pioneer Power & Light Company	\$724,568.00	\$23,113.72	\$0.00	\$0.00	\$23,113.72	100.00%	\$23,113.72
RockGen Energy, LLC	\$26,841,061.00	\$856,229.85	\$0.00	\$0.00	\$856,229.85	100.00%	\$856,229.85
St. Croix Valley Nat. Gas Co., Inc.	\$0.00	\$0.00	\$5,563,580.00	\$53,966.73	\$53,966.73	100.00%	\$53,966.73
Superior Water, Light & Power Co.	\$21,428,246.00	\$683,561.05	\$13,594,898.00	\$131,870.51	\$815,431.56	97.31%	\$793,501.34
United Power Association	\$478,159,798.00	\$15,253,297.56	\$0.00	\$0.00	\$15,253,297.56	0.25%	\$37,980.71
Wisconsin Electric Power Company	\$1,905,679,471.00	\$60,791,175.12	\$388,240,161.00	\$3,765,929.56	\$64,557,104.68	93.06%	\$60,076,841.62
Wisconsin Gas Company	\$1,589,423.00	\$50,702.59	\$528,376,939.00	\$5,125,256.31	\$5,175,958.90	100.00%	\$5,175,958.90
Wisconsin Power and Light Company	\$786,260,627.00	\$25,081,714.00	\$155,212,163.00	\$1,505,557.98	\$26,587,271.98	96.90%	\$25,764,236.39
Wisconsin Public Service Corporation	\$710,974,290.06	\$22,680,079.85	\$298,971,273.22	\$2,900,021.35	\$25,580,101.20	97.14%	\$24,848,407.99
Wisconsin River Power Company	\$6,384,719.00	\$203,672.54	\$0.00	\$0.00	\$203,672.54	100.00%	\$203,672.54
Xcel Energy	\$378,170,173.00	\$12,063,628.52	\$102,056,111.00	\$989,944.28	\$13,053,572.80	97.03%	\$12,665,881.69
Total Private LHP's	\$4,682,220,655.06	\$149,362,838.90	\$1,639,023,403.22	\$15,898,527.02	\$165,261,365.92		\$143,566,603.98

Municipal Light Heat & Power	2002 Electric Operating Revenue (Excl. of Gas) less Deductions	License Fee at 0.0319	2002 Gas Operating Revenue less Deductions	License Fee at 0.0097	Total Gross License Fees May 1, 2003
Algoma Utility Commission	\$31,614.00	\$1,008.49	\$0.00	\$0.00	\$1,008.49
Arcadia Electric Company	\$50,225.00	\$1,602.18	\$0.00	\$0.00	\$1,602.18
Argyle Municipal Electric Utility	\$34,182.39	\$1,090.42	\$0.00	\$0.00	\$1,090.42
Bangor Municipal Utility	\$1,412,223.00	\$45,049.91	\$0.00	\$0.00	\$45,049.91
Barron Light & Water Utility	\$28,138.93	\$897.63	\$0.00	\$0.00	\$897.63
Belmont Mun. Light & Water Utility	\$3,094.00	\$98.70	\$0.00	\$0.00	\$98.70
Benton Municipal Electric Utility	\$6,201.33	\$197.82	\$0.00	\$0.00	\$197.82
Black Earth Electric Utility	\$597,838.77	\$19,071.06	\$0.00	\$0.00	\$19,071.06
Black River Falls Mun. Utility	\$441,982.90	\$14,099.25	\$0.00	\$0.00	\$14,099.25
Bloomer Mun. Electric Utility	\$58,344.00	\$1,861.17	\$0.00	\$0.00	\$1,861.17
Boscobel Municipal Utilities	\$100,041.00	\$3,191.31	\$0.00	\$0.00	\$3,191.31
Brodhead Water & Light Commission	\$84,730.00	\$2,702.89	\$0.00	\$0.00	\$2,702.89
Cadott Light & Water	\$10,611.62	\$338.51	\$0.00	\$0.00	\$338.51
Cashton Municipal Elec. & Water Utility	\$3,298.00	\$105.21	\$0.00	\$0.00	\$105.21
Cedarburg Light & Water Comm.	\$354,036.55	\$11,293.77	\$0.00	\$0.00	\$11,293.77
Centuria Municipal Electric Utility	\$5,214.19	\$166.33	\$0.00	\$0.00	\$166.33
City of Hartford Utilities	\$53,147.73	\$1,695.41	\$0.00	\$0.00	\$1,695.41
City of Kiel Utilities	\$356,816.24	\$11,382.44	\$0.00	\$0.00	\$11,382.44
City of Oconomowoc Utilities	\$1,470,420.47	\$46,906.41	\$0.00	\$0.00	\$46,906.41
Clintonville Utilities	\$49,455.64	\$1,577.63	\$0.00	\$0.00	\$1,577.63
Columbus Water & Light Dept.	\$104,662.01	\$3,338.72	\$0.00	\$0.00	\$3,338.72
Cornell Municipal Electric Utility	\$21,665.95	\$691.14	\$0.00	\$0.00	\$691.14
Cumberland Municipal Utility	\$135,274.41	\$4,315.25	\$0.00	\$0.00	\$4,315.25
Eagle River Light & Water Comm.	\$216,883.00	\$6,918.57	\$0.00	\$0.00	\$6,918.57
Elkhorn Light & Water Utility	\$883,357.00	\$28,179.09	\$0.00	\$0.00	\$28,179.09
Elroy Municipal Elec. & Water Utility	\$31,746.00	\$1,012.70	\$0.00	\$0.00	\$1,012.70
Evansville Mun. Electric Utility	\$1,200,000.00	\$38,280.00	\$0.00	\$0.00	\$38,280.00
Fennimore Water & Light Plant	\$27,248.15	\$869.22	\$0.00	\$0.00	\$869.22
Florence Utility Commission	\$122,938.52	\$3,921.74	\$91,809.97	\$890.56	\$4,812.30
Gresham Municipal Light & Power Co.	\$953,766.00	\$30,425.14	\$0.00	\$0.00	\$30,425.14
Hustisford Utilities	\$631,794.22	\$20,154.24	\$0.00	\$0.00	\$20,154.24
Jefferson Water & Electric Dept.	\$579,745.89	\$18,493.89	\$0.00	\$0.00	\$18,493.89
Juneau Utility Commission	\$8,840.00	\$282.00	\$0.00	\$0.00	\$282.00
Kaukauna Utilities	\$18,456,287.00	\$588,755.56	\$0.00	\$0.00	\$588,755.56
La Farge Mun. Electric Utility	\$38,411.97	\$1,225.34	\$0.00	\$0.00	\$1,225.34
Lake Mills Light & Water Dept.	\$524,871.94	\$16,743.41	\$0.00	\$0.00	\$16,743.41
Lodi Municipal Light & Water	\$105,139.00	\$3,353.93	\$0.00	\$0.00	\$3,353.93
Manitowoc Public Utilities	\$32,499.00	\$1,036.72	\$0.00	\$0.00	\$1,036.72
Marshfield Electric & Water Dept.	\$2,646,283.75	\$84,416.45	\$0.00	\$0.00	\$84,416.45
Mazomanie Municipal Electric Utility	\$43,799.81	\$1,397.21	\$0.00	\$0.00	\$1,397.21
Medford Electric Utility	\$560,320.41	\$17,874.22	\$0.00	\$0.00	\$17,874.22
Menasha Elec. & Water Utilities	\$223,665.00	\$7,134.91	\$0.00	\$0.00	\$7,134.91
Merillan Mun. Elec. & Water Utility	\$6,895.00	\$219.95	\$0.00	\$0.00	\$219.95
Mount Horeb Electric Utility	\$434,783.57	\$13,869.60	\$0.00	\$0.00	\$13,869.60
Muscoda Utilities	\$191,070.00	\$6,095.13	\$0.00	\$0.00	\$6,095.13
New Glarus Mun. Light & Water Works	\$21,703.00	\$692.33	\$0.00	\$0.00	\$692.33

Municipal Light Heat & Power	2002 Electric Operating Revenue (Excl. of Gas) less Deductions	License Fee at 0.0319	2002 Gas Operating Revenue less Deductions	License Fee at 0.0097	Total Gross License Fees May 1, 2003
New Holstein Public Utility	\$726,385.00	\$23,171.68	\$0.00	\$0.00	\$23,171.68
New Lisbon Mun. Elec. & Water Dept.	\$5,989.54	\$191.07	\$0.00	\$0.00	\$191.07
New London Utilities	\$2,265,507.00	\$72,269.67	\$0.00	\$0.00	\$72,269.67
New Richmond City Utilities	\$54,131.00	\$1,726.78	\$0.00	\$0.00	\$1,726.78
Oconto Falls Water & Light Comm.	\$7,627.00	\$243.30	\$0.00	\$0.00	\$243.30
Pardeeville Public Utilities	\$83,595.00	\$2,666.68	\$0.00	\$0.00	\$2,666.68
Plymouth Utilities Commission	\$5,204,258.00	\$166,015.83	\$0.00	\$0.00	\$166,015.83
Reedsburg Utility Commission	\$47,406.27	\$1,512.26	\$0.00	\$0.00	\$1,512.26
Rice Lake Utilities	\$314,394.00	\$10,029.17	\$0.00	\$0.00	\$10,029.17
Richland Center Muni. Electric	\$55,281.94	\$1,763.49	\$0.00	\$0.00	\$1,763.49
River Falls Mun. Utility	\$341,588.63	\$10,896.68	\$0.00	\$0.00	\$10,896.68
Sauk City Elec. & Water Dept.	\$17,437.00	\$556.24	\$0.00	\$0.00	\$556.24
Shawano Municipal Utilities	\$3,038,070.00	\$96,914.43	\$0.00	\$0.00	\$96,914.43
Sheboygan Falls Utilities	\$234,710.77	\$7,487.27	\$0.00	\$0.00	\$7,487.27
Shullsburg Electric Utility	\$10,038.18	\$320.22	\$0.00	\$0.00	\$320.22
Slinger Electric Utility	\$22,267.20	\$710.32	\$0.00	\$0.00	\$710.32
Spooner Municipal Utilities	\$11,144.00	\$355.49	\$0.00	\$0.00	\$355.49
Stoughton Electric Utility	\$1,597,943.00	\$50,974.38	\$0.00	\$0.00	\$50,974.38
Stratford Mun. Water & Elec. Utility	\$10,097.00	\$322.09	\$0.00	\$0.00	\$322.09
Sturgeon Bay Utilities	\$1,619,011.00	\$51,646.45	\$0.00	\$0.00	\$51,646.45
Sun Prairie Water & Light Comm.	\$27,957.00	\$891.83	\$0.00	\$0.00	\$891.83
Trempealeau Mun. Water & Elec. Utility	\$120,217.13	\$3,834.93	\$0.00	\$0.00	\$3,834.93
Two Rivers Water & Light Utility	\$10,356.30	\$330.37	\$0.00	\$0.00	\$330.37
Viola Municipal Electric Utility	\$67,488.00	\$2,152.87	\$0.00	\$0.00	\$2,152.87
Waterloo Water & Light	\$77,816.43	\$2,482.34	\$0.00	\$0.00	\$2,482.34
Waunakee Water & Light	\$194,594.57	\$6,207.57	\$0.00	\$0.00	\$6,207.57
Waupun Public Utilities	\$64,809.00	\$2,067.41	\$0.00	\$0.00	\$2,067.41
Whitehall Mun. Elec. Utility	\$109,418.00	\$3,490.43	\$0.00	\$0.00	\$3,490.43
WI Rapids Water Wks. & Light Comm.	\$2,224,768.18	\$70,970.10	\$0.00	\$0.00	\$70,970.10
Wisconsin Dells Electric Utility	\$12,310.00	\$392.69	\$0.00	\$0.00	\$392.69
Wonewoc Electric & Water Utility	\$22,426.00	\$715.39	\$0.00	\$0.00	\$715.39
Total Municipal LHP's	\$51,954,308.50	\$1,657,342.43	\$91,809.97	\$890.56	\$1,658,232.99

CHAPTER 4 CARLINE TAX

A. The Law

Statutory Reference

Authority to Assess

There is levied annually a gross earnings tax in lieu of all property taxes on the car line equipment of a car line company equal to 3% of the gross earnings in this state. Every railroad company operating in this state shall, upon making payment to each car line company for use of its cars, withhold 3% of the amount constituting the gross earnings in this state of such car line company.

76.39(2)

Gross Earnings

“Gross earnings” means all receipts by a car line company from operation of car line equipment.

76.39(1)(d)

“Gross earnings in this state” means all gross earnings on intrastate business of a car line company from operation of car line equipment, and also gross earnings on interstate business in the proportion that the Wisconsin car miles are of the total car miles of such interstate business. The gross earnings not based on mileage shall be allocated to this state in the ratio of each carrier’s average annual freight car miles in Wisconsin to the carrier’s total freight car miles in all states.

76.39(1)(e)

Company Name	2002 Gross Earnings	April 15, 2003 License Fee at 3.0000%
Burlington Northern & Santa Fe RW Co.	\$5,033,299.33	\$150,998.98
Canadian National Railway Co.	\$2,187,170.48	\$65,615.11
Chicago Freight Car Leasing	\$87,781.00	\$2,633.43
CIT Group, Inc.	\$81,600.00	\$2,448.00
Escanaba & Lake Superior RR Co.	\$16,422.14	\$492.66
I & M Rail Link, LLC	\$147.54	\$4.43
Soo Line Railroad Co.	\$2,406,348.33	\$72,190.45
Union Pacific Railroad Co.	\$1,322,069.14	\$39,662.07
WI Central Ltd./Fox Valley & Western RR Co.	\$4,008,765.00	\$120,262.95
Wisconsin & Southern Railroad Co.	\$78,118.65	\$2,343.56
Total Carline	\$15,221,721.61	\$456,651.64

PART IV: TELEPHONE COMPANY PROPERTY TAX

<u>The Law</u>	<u>Statutory Reference</u>
<u>Effective Date</u>	
The property tax on telephone companies first applies to taxes due for 1998.	1995 Wis. Act 351 s. 43(1)
<u>What is a "Telephone Company"</u>	
"Telephone company" means any person that provides to another person telecommunications services, including the resale of services provided by another telephone company. "Telephone company" does not include a person who operates a private shared telecommunications system, as defined in s.196.201 (1), and who is not otherwise a telephone company.	76.80(4)
<u>Imposition of the Tax on Telephone Company Property</u>	
A tax is imposed on the real and tangible personal property of every telephone company except motor vehicles that are exempt under s. 70.112(5) and treatment plant and pollution abatement equipment that is exempt under s. 70.11(21)(a).	76.81
<u>Telephone Company Property Report</u>	
On or before March 1, each telephone company shall report its taxable real and personal property on a form prescribed by the Department.	76.83
<u>Tax Rates</u>	
The tax rate on each description of real property and on each item of tangible personal property is the net tax rate on general property for the prior year in the taxing jurisdiction in which the property is located.	76.81
<u>Authority to Assess and Method of Assessment</u>	
The Department shall assess the taxable property of every telephone company using the methods that it uses to assess manufacturing property under s. 70.995.	76.82

Administration of the Tax

On or before October 1, the Department shall notify each telephone company of the assessed value of its property. 76.84(1)

On or before November 1, the Department shall notify each telephone company of the amount of tax due. 76.84(2)

On or before May 10, every telephone company shall pay 50% of telephone property tax assessed for the previous year or 40% of the tax for the current year. On or before November 10, every telephone company shall pay the remainder of the tax due for the current year. 76.83

File Code	Telecommunication Company Name	2003 Property Taxes
9552	24-7 TELCOM INC	88,961.49
9587	360NETWORKS (USA) INC	27,604.32
9608	4 G TOWERS LLC	13,528.31
9609	AAT COMMUNICATIONS CORP	46,060.60
9338	ACC OF MINNESOTA CORP	39,691.00
9175	ACC OF WISCONSIN LLC	276,664.02
9381	AIRADIGM COMMUNICATIONS	196,025.87
9580	ALAMOSA WISCONSIN PROPERTIES LLC	233,156.65
9141	ALLTEL WIRELESS OF APP-OSH-NEE MSA	722,154.30
9158	ALLTEL WIRELESS OF LA CROSSE (CO 172)	87,108.79
9182	ALLTEL WIRELESS OF WIS RSA#1 (CO 175)	92,805.00
9184	ALLTEL WIRELESS OF WIS RSA#2 (CO 176)	26,366.49
9187	ALLTEL WIRELESS OF WIS RSA#6 (CO 177)	68,389.84
9188	ALLTEL WIRELESS OF WIS RSA#7 (CO 178)	200,102.63
9237	ALLTEL WIRELESS OF WIS RSA#8 (CO 180)	84,492.59
9601	AMERICAN TOWER LP	25,900.84
9600	AMERICAN TOWER MANAGEMENT INC	29,546.83
9384	AMERITECH COMMUNICATIONS INC	39,452.61
9579	AMERITECH SERVICES INC	51,723.17
9131	AMERITECH WISCONSIN	27,790,319.09
9005	AMERY TELCOM INC	86,876.74
9007	AMHERST TELEPHONE COMPANY	122,935.03
9006	AT&T COMMUNICATIONS INC	4,475,503.89
9512	AT&T WIRELESS PCS LLC	15,019.75
9198	AT&T WIRELESS SERV OF MINNESOTA INC	56,177.05
9010	BADGER TELECOM LLC	152,726.44
9011	BALDWIN TELECOM INC	136,755.00
9559	BAYLAND COMMUNICATIONS INC	11,707.04
9012	BAYLAND TELEPHONE INC	54,788.55
9019	BB & W TELEPHONE CO	72,335.74
9568	BCE NEXXIA CORPORATION	20,921.65
9013	BELMONT TELEPHONE COMPANY	21,583.77
9014	BERGEN TELEPHONE COMPANY	18,654.24
9615	BERKLEY MANOR LIMITED	4,230.13
9634	BIG PIPE US INC	113,930.38
9015	BLACK EARTH TELEPHONE CO LLC	25,483.93
9016	BLOOMER TELEPHONE COMPANY	66,231.78
9017	BONDUEL TELEPHONE COMPANY	39,248.34
9569	BROADWING COMMUNICATION SERV INC	68,728.45
9555	BROWN COUNTY CLEC LLC	105,195.89
9145	BROWN COUNTY MSA CELLULAR LP	195,660.47
9018	BRUCE TELEPHONE COMPANY	35,857.10
9173	CABLE AND WIRELESS USA INC	3,388.97
9023	CENTRAL STATE TELEPHONE CO LLC	264,746.90
9024	CENTURYTEL LONG DISTANCE	50,422.26
9583	CENTURYTEL OF CENTRAL WIS LLC	1,510,075.59
9040	CENTURYTEL OF FAIR-BRAND-ALTO LLC	46,240.88
9045	CENTURYTEL OF FORESTVILLE LLC	60,936.31
9056	CENTURYTEL OF LARSEN-READFIELD LLC	54,634.56

File Code	Telecommunication Company Name	2003 Property Taxes
9082	CENTURYTEL OF MIDWEST-KENDALL LLC	1,659,709.40
9081	CENTURYTEL OF MIDWEST-WIS LLC	2,589,172.48
9072	CENTURYTEL OF MONROE COUNTY LLC	248,922.17
9119	CENTURYTEL OF NO WISCONSIN LLC	390,751.16
9100	CENTURYTEL OF NW WISCONSIN LLC	490,496.80
9085	CENTURYTEL OF SO WISCONSIN LLC	212,767.01
9025	CENTURYTEL OF WISCONSIN LLC	1,102,591.48
9598	CENTURYTEL SERVICE GROUP	854,799.32
9613	CHEQTEL COMMUNICATIONS INC	117,760.46
9026	CHEQUAMEGON COMMUNICATIONS COOPERATIVE INC	269,768.07
9027	CHIBARDUN TELEPHONE CO-OP INC	245,183.61
9291	CHORUS NETWORKS INC	76,565.33
9120	CITIZENS COMMUNICATION INC	718,540.59
9451	CITIZENS TELECOMM CO OF ILLINOIS	3,662.35
9392	CITIZENS TELECOMM CO OF WISCONSIN	576,327.18
9028	CITIZENS TELEPHONE COOPERATIVE INC	84,056.69
9576	CLAIRCOM COMMUNICATIONS GROUP	8,407.65
9029	CLEAR LAKE TELEPHONE COMPANY	32,319.11
9593	CNCS INC	69,559.51
9030	COCHRANE COOPERATIVE TELEPHONE CO	33,306.18
9570	COMM SITE TOWERS INC	15,712.55
9033	COON VALLEY FARMERS TELEPHONE CO	80,229.78
9591	COVAD COMMUNICATIONS COMPANY	34,651.02
9466	CTC TELCOM INC	245,463.01
9036	CUBA CITY TELEPHONE CO	33,408.80
9037	DICKEYVILLE TELEPHONE CORP LLC	19,037.66
9520	D-J TELEPHONE SYSTEMS	60.99
9293	DULUTH MSA LLP	4,565.90
9123	EASTCOAST TELECOM INC	122,723.56
9160	EAU CLAIRE MSA LIMITED PARTNERSHIP	153,778.97
9041	FARMERS INDEPENDENT TELEPHONE CO	41,485.48
9042	FARMERS TELEPHONE COMPANY LLC	109,789.47
9522	FIBERCO TELECOMMUNICATIONS CORP	72,590.24
9565	GENUITY SOLUTIONS INC	43,673.43
9523	GLOBAL CROSSING NO AMERICAN NET INC	26,211.42
9002	GLOBAL CROSSING TELECOMM INC	28,183.10
9043	GRANTLAND TELECOM INC	77,175.80
9161	GREEN BAY CELLULAR TELEPHONE CO	192,476.69
9050	HAGER TELECOM	41,470.33
9052	HILLSBORO TELEPHONE COMPANY INC	84,872.36
9633	ILLUMINET INC	15,978.25
9053	INDIANHEAD TELEPHONE COMPANY	81,483.04
9620	IPCS WIRELESS INC	20,883.90
9470	KENOSHA CELLULAR TELEPHONE CO	141,647.37
9496	KMC TELECOM INC	120,762.42
9610	KMC TELECOM V INC	88,126.00
9168	LA CROSSE CELLULAR TELEPHONE CO	121,433.37
9057	LA VALLE TELEPHONE CO-OP	52,231.97
9460	LAKEFIELD COMMUNICATIONS INC	65,301.18
9054	LAKEFIELD TELEPHONE CO	48,269.81

File Code	Telecommunication Company Name	2003 Property Taxes
9603	LAKELAND TELECOM INC	25,135.39
9058	LEMONWEIR VALLEY TELEPHONE CO	136,503.42
9059	LUCK TELEPHONE COMPANY	29,347.20
9164	MADISON CELLULAR TELEPHONE CO	1,007,222.19
9146	MADISON SMSA L/P	357,318.87
9061	MANAWA TELEPHONE COMPANY INC	68,479.87
9631	MARQUETTE-ADAMS COMMUNICATIONS LLC	1,642.63
9064	MARQUETTE-ADAMS TELEPHONE CO-OP INC	114,584.89
9549	MAST ACQUISITION LLC	14,178.50
9345	MCIMETRO ACCESS TRANSMISSION SERV LLC	287,614.00
9518	MCLEODUSA NETWORK SERVICES INC	1,243,252.03
9495	MCLEODUSA TELECOMM SERVICES INC	46,454.70
9621	MESA COMMUNICATIONS GROUP LLC	11,408.61
9561	METRO SOUTHWEST PCS LLC	80,280.70
9623	METROMEDIA FIBER NETWORK SERV INC	5,339.19
9562	METRONET FIBER U S INC	100,505.43
9635	MID-AMERICA PAYPHONES INC	1,557.72
9068	MID-PLAINS INC	593,796.67
9067	MIDWAY TELEPHONE CO LLC	131,396.81
9543	MIDWEST TOWER PARTNERS LLC	3,543.80
9578	MIDWEST WIRELESS WI LLC	77,718.53
9069	MILLTOWN MUTUAL TELEPHONE CO	53,314.49
9004	MILWAUKEE SMSA L/P	1,262,659.30
9074	MOSINEE TELEPHONE CO (THE)	107,094.60
9567	MOUNT HOREB TELECOM INC	186,501.19
9075	MOUNT HOREB TELEPHONE COMPANY	144,039.75
9076	MOUNT VERNON TELEPHONE CO LLC	349,361.72
9233	NATIONAL TELEMAGEMENT CORP	3,560.11
9571	NATIONAL WIRELESS INFRASTRUCTURE LP	3,138.37
9077	NELSON TELEPHONE COOPERATIVE	169,229.32
9527	NET LEC LLC	26,544.78
9528	NEW CELL INC	123,742.69
9463	NEW NORTH TELECOMMUNICATIONS	585.63
9375	NEXTEL WEST CORPORATION	217,776.06
9078	NIAGARA TELEPHONE COMPANY	95,748.37
9227	NORLIGHT TELECOMMUNICATIONS	834,339.05
9556	NORTHEAST COMMUNICATIONS OF WIS INC	55,692.28
9079	NORTHEAST TELEPHONE COMPANY	161,879.65
9551	NORTHEAST TOWER	142,420.12
9607	NORTHERN PCS SERVICES	548.77
9369	NORTHERN TELEPHONE & DATA	28,592.79
9582	NPCR INC	369,091.43
9581	NSIGHTEL WIRELESS LLC	23,473.19
9617	PARKLAND RESERVE INC	8,701.61
9586	PCS DIGITAL LLC	305.09
9110	POWERCOM CORPORATION	29,144.79
9087	PRICE COUNTY TELEPHONE CO	187,644.13
9252	PRIME TIME COMMUNICATIONS	207.16
9573	PROCOM MANAGEMENT CORP	1,679.87
9365	QWEST COMMUNICATIONS CORP	55,583.64

File Code	Telecommunication Company Name	2003 Property Taxes
9165	RACINE CELLULAR TELEPHONE CO	191,080.87
9092	RICHLAND GRANT TELEPHONE CO-OP INC	117,703.20
9616	RICHLAND LANCASTER LTD	3,869.66
9618	RICHLAND TOWERS-KANSAS CITY LLC	2,537.84
9039	RIVERSIDE TELECOM LLC	91,240.18
9503	ROCKFORD MSA LIMITED PTRSHP	1,830.79
9531	RURAL CELLULAR CORP	20.58
9532	SBA TOWERS INC	179,236.79
9095	SCANDINAVIA TELEPHONE COMPANY	53,683.26
9097	SHARON TELEPHONE COMPANY	106,395.33
9099	SIREN TELEPHONE COMPANY INC	43,257.62
9101	SOMERSET TELEPHONE CO INC	37,638.38
9102	SOUTHEAST TELEPHONE COMPANY	181,994.19
9534	SPECTRASITE COMMUNICATIONS INC	175,377.19
9103	SPRING VALLEY TELEPHONE CO INC	37,997.02
9049	SPRINT COMMUNICATIONS CO LP	572,126.09
9406	SPRINT SPECTRUM LP	1,563,583.70
9548	SPRINTCOM	113,089.46
9104	STATE LONG DISTANCE TELEPHONE CO	176,964.51
9105	STOCKBRIDGE & SHERWOOD TELEPHONE CO	74,028.99
9612	SWB COMMUNICATIONS SERVICES	56,987.56
9467	TDS METROCOM LLC	1,827,729.85
9535	TDS REAL ESTATE INV CORP	178,691.60
9604	TDS TELECOMMUNICATIONS CORP	77,172.10
9566	TECH COM INC	58,232.40
9515	TELECORP COMMUNICATIONS INC	2,299,261.79
9112	TELEPHONE ASSOCIATES	6,528.02
9584	TELEPHONE USA OF WISCONSIN LLC	1,455,362.10
9511	TELIGENT SERVICES INC	109.32
9113	TENNEY TELEPHONE COMPANY LLC	21,606.27
9536	TIME WARNER TELECOM OF WISC LP	353,254.00
9590	TOUCH AMERICA INC	376,612.13
9553	TOWER SITES INC	9,424.50
9461	TRI COUNTY COMMUNICATIONS INC	7,921.97
9115	TRI COUNTY TELEPHONE CO-OP INC	204,570.20
9614	TRINITY WIRELESS TOWERS	4,891.39
9505	U S XCHANGE OF WIS LLC	542,539.74
9117	UNION TELEPHONE COMPANY	121,743.87
9572	UNISITE INC	4,882.27
9225	US CELLULAR OPERATING CO	490,049.60
9441	US CELLULAR OPERATING CO	481,218.78
9449	US CELLULAR OPERATING CO	3,924,250.51
9602	US SIGNAL COMPANY LLC	65,766.11
9118	UTELCO INC	312,178.38
9524	VERIZON AIRPHONE	1,398.49
9611	VERIZON CORPORATE SERV GROUP INC	70.50
9046	VERIZON NORTH INC	6,838,564.89
9382	VERIZON WIRELESS PERSONAL COMMUNICATIONS	881,776.09
9355	VERIZON WIRELESS VAW LLC	30,599.38
9619	VERNEAU NETWORKS INC	3,617.62

File Code	Telecommunication Company Name	2003 Property Taxes
9124	VERNON TELEPHONE COOPERATIVE	306,380.97
9622	VOICESTREAM GSM 1 OPERATING CO LLC	17,704.72
9514	VOICESTREAM MINNEAPOLIS INC	178,772.39
9585	VOICESTREAM PCS II CORPORATION	636,212.37
9126	WAUNAKEE TELEPHONE COMPANY LLC	96,827.75
9170	WAUSAU CELLULAR LICENSE CORP	429,928.15
9167	WAUSAU CELLULAR TELEPHONE CO	85,168.43
9541	WAUSAU ORANGE COMMUNICATIONS	59.43
9129	WEST WISCONSIN TELCOM CO-OP INC	199,724.06
9577	WITEL COMMUNICATIONS LLC	204,108.11
9544	WIRELESS ALLIANCE	9,886.94
9504	WIS INDEPENDENT TELECOM SYSTEM INC	477.46
9542	WISCONSIN INDEPENDENT NETWORK LLC	35,794.08
9183	WISCONSIN RSA #10 L/P	103,064.27
9185	WISCONSIN RSA #3 L/P	129,477.19
9186	WISCONSIN RSA #4 L/P	149,253.83
9133	WITTENBERG TELEPHONE COMPANY	58,086.18
9134	WOOD COUNTY TELEPHONE CO	891,348.65
9065	WORLDCOM	327,149.87
3508	1300 BROADWAY LLC	20,915.12
3532	4610 EAST WASHINGTON AVE LLC	10,092.82
3533	525 JUNCTION ROAD LLC	881,136.46
3522	AMERICAN MGMT GROUP TRUST	9,921.96
3512	AMERITECH 1800 INDUSTRIAL DRIVE CORP	9,734.13
3524	BTS PROPERTIES LLC	26,234.29
3513	CHARLES ALPERT	14,863.01
3506	DARYL JOY	1,915.91
3501	ECKSTEIN SERVICE PLUMBING & HEATING INC	495.59
3502	FIFTH GENERATION PROPERTIES INC	7,262.55
3521	FOCUS GROUP LLP	33,293.22
3514	GRECO CROSSING LLC	71,676.77
3518	GUS WIRTH JR	9,534.70
3503	HG PROPERTIES A LP	13,702.75
3505	J E DOUGLAS	4,700.07
3531	J E DOUGLAS	8,459.89
3515	J L LLP	9,382.60
3526	JEROME BLOCK	2,669.56
3516	JOEL S LEE IRREVOCABLE TRUST	11,507.11
3527	JOHNSON/SCHUCHART LLC	6,234.41
3509	KENNEDY II ASSOCIATES	144,566.03
3510	LIBERTY PROPERTY DEVELOPMENT CORP	70,259.23
3528	LIVESEY APM LTD PRTNRSH	11,834.64
3517	MIDWESTERN RELAY CO	378.99
3507	MILWAUKEE SMSA L/P	69,456.92
3511	MILWAUKEE WELLS BLDG CO	84,897.68
3529	NORTH MEADOWS	4,939.44
3535	PATSY & PAUL INC	63,169.31
3525	RICHARD & MARION GORGES	9,002.75
3520	ROBERT T & LAVERNE R KANE	817.48
3530	SAVE MORE FOODS MARKET INC	3,116.85

File Code	Telecommunication Company Name	2003 Property Taxes
3519	STEVE DENAMUR	4,232.15
3504	SUMITOMA BANK LEASING INC	17,406.05
3523	VANDEHEY BENSON	7,403.31
3534	WISCONSIN POWER & LIGHT COMPANY	2,607.31
Total Telecommunication Taxes		\$95,870,264.05

PART V: MINING NET PROCEEDS OCCUPATION TAX

Authority to Tax

There is imposed upon persons engaged in mining metalliferous minerals in this state a net proceeds occupation tax effective on the date on which extraction begins to compensate the state and municipalities for the loss of valuable, irreplaceable metalliferous minerals.

Statutory Reference

70.375(2)(a)

Amount of Tax

The amount of the tax shall be determined by applying the rates to the net proceeds

70.375(2)(a)

(a) Net proceeds = (Gross proceeds) - (Deductions)

1. Computation of gross proceeds

70.375(1)(am)

2. Deductions: actual and necessary, as detailed in the statutes

70.375(4)(a)

(b) Rates for 2003 are computed as follows:

70.375(5)(6)

<u>2002-03 COMPUTED NET PROCEEDS</u>			<u>RATE</u>
\$ 0	to	\$ 431,500	0%
\$ 431,501	to	\$ 8,630,000	3%
\$ 8,630,001	to	\$17,259,900	7%
\$17,259,901	to	\$25,889,900	10%
\$25,889,901	to	\$34,520,100	13%
\$34,520,101	to	\$43,149,700	14%
exceeding		\$43,149,701	15%

The dollar amounts are indexed each year.

PART VI: REAL ESTATE TRANSFER FEE

Authority to Impose the Fee

Statutory Reference

There is imposed on the grantor of real estate a real estate transfer fee at the rate of 30 cents for each \$100 of value or fraction thereof, on every conveyance not exempted or excluded under this subchapter.

77.22(1)

Collection and Distribution of the Fee

On or before the 15th day of each month the register shall submit to the county treasurer transfer fees collected together with the returns filed during the preceding month for the treasurer's transmission to the Department of Revenue under s. 77.24.

77.23

Twenty percent of all fees collected under this subchapter shall be retained by the county and the balance shall be transmitted to the state.

77.24

Exemptions

Exemptions from the fee are enumerated in s. 77.25

77.25

Penalty

Any person who intentionally falsifies value on a return required to be filed under this subchapter may for each offense be fined not more than \$1,000 or imprisoned in the county jail not more than one year, or both.

77.27

Rules

The secretary of revenue may adopt, pursuant to Chapter. 227, such rules as he deems necessary in the administration of this subchapter and may proceed under s. 73.03(9) to enforce its provisions. (Tax 15, Wis. Adm. Code.)

77.30

Information

All returns filed under this law are deemed privileged information pursuant to s. 77.265 of the Wisconsin Statutes. An extensive audit program has been established in the Special Taxes Section. The Bureau of Property Tax maintains copies of the returns. Certain items that reported on these returns are confidential. For more information visit our website at: ***www.dor.state.wi.us, business***, then click on ***real estate transfer***. *The scannable transfer return, PE-500, is required for all conveyances submitted for recording 01/01/98 and thereafter.*

**SUMMARY WISCONSIN REAL ESTATE TRANSFER RETURN TRANSMITTAL
JANUARY - DECEMBER 2003**

COUNTY	Number of Returns With Fee:			Number of Returns Without Fee:			Grand Total Returns	Amount of Fees Collected by County:			State Share of Fees Received
	Prior 9/1/81	After 9/1/81	Total Returns	Prior 9/1/81	After 9/1/81	Total Returns		PRIOR 9/1/81 @ rate of .001	AFTER 9/1/81 @ rate of .003	TOTAL FEES COLLECTED	
01 ADAMS	1	1,723	1,724	0	782	782	2,506	0.75	295,213.46	295,214.21	236,171.14
02 ASHLAND	0	666	666	1	440	441	1,107	0.00	136,884.69	136,884.69	109,507.75
03 BARRON	2	1,758	1,760	0	842	842	2,602	75.50	529,160.40	529,235.90	423,366.07
04 BAYFIELD	0	1,134	1,134	0	849	849	1,983	0.00	286,188.99	286,188.99	219,247.77
05 BROWN	0	7,339	7,339	0	2,677	2,677	10,016	0.00	3,401,194.60	3,401,194.60	2,720,955.68
06 BUFFALO	0	526	526	0	349	349	875	0.00	127,214.20	127,214.20	101,771.36
07 BURNETT	5	1,239	1,244	0	659	659	1,903	357.20	324,821.20	325,178.40	260,035.56
08 CALUMET	1	1,715	1,716	0	599	599	2,315	54.00	608,948.46	609,002.46	487,185.77
09 CHIPPEWA	2	2,042	2,044	0	902	902	2,946	225.00	602,471.55	602,696.55	482,089.74
10 CLARK	0	1,058	1,058	0	694	694	1,752	0.00	233,411.90	233,411.90	186,729.52
11 COLUMBIA	7	1,900	1,907	0	889	889	2,796	885.00	747,668.63	748,553.63	598,577.40
12 CRAWFORD	0	632	632	0	364	364	996	0.00	159,729.29	159,729.29	127,783.43
13 DANE	20	14,454	14,474	0	4,273	4,273	18,747	2,410.30	9,359,169.60	9,361,579.90	7,488,540.83
14 DODGE	4	2,399	2,403	0	1,056	1,056	3,459	810.00	925,968.60	926,778.60	758,128.71
15 DOOR	1	1,961	1,962	0	1,288	1,288	3,250	203.00	826,018.50	826,221.50	660,916.30
16 DOUGLAS	0	1,471	1,471	0	806	806	2,277	0.00	364,152.60	364,152.60	291,322.08
17 DUNN	5	1,285	1,290	0	520	520	1,810	255.00	435,385.13	435,640.13	348,435.60
18 EAU CLAIRE	6	4,515	4,521	0	990	990	5,511	362.90	1,100,376.00	1,100,738.90	880,482.75
19 FLORENCE	0	337	337	0	270	270	607	0.00	62,563.11	62,563.11	50,050.48
20 FOND DU LAC	3	2,487	2,490	2	1,157	1,159	3,649	399.70	984,078.20	984,477.90	787,462.41
21 FOREST	0	543	543	0	417	417	960	0.00	145,599.90	145,599.90	124,698.72
22 GRANT	5	1,255	1,260	0	800	800	2,060	580.00	324,686.40	325,266.40	260,050.88
23 GREEN	3	1,161	1,164	0	554	554	1,718	585.00	384,172.92	384,757.92	307,630.84
24 GREEN LAKE	9	677	686	0	483	483	1,169	1,136.30	246,142.98	247,279.28	197,482.63
25 IOWA	2	869	871	0	513	513	1,384	519.00	309,507.46	310,026.46	247,865.48
26 IRON	1	435	436	1	344	345	781	13.00	110,203.62	110,216.62	88,501.70
27 JACKSON	0	718	718	0	456	456	1,174	0.00	145,377.35	145,377.35	116,301.88
28 JEFFERSON	2	2,198	2,200	0	1,060	1,060	3,260	99.90	930,275.70	930,375.60	744,270.51
29 JUNEAU	5	1,234	1,239	0	582	582	1,821	174.60	315,797.90	315,972.50	252,730.62
30 KENOSHA	2	4,959	4,961	0	2,134	2,134	7,095	251.80	2,917,780.85	2,918,032.65	2,334,343.38
31 KEWAUNEE	0	550	550	0	419	419	969	0.00	169,346.10	169,346.10	135,476.88
32 LA CROSSE	4	2,943	2,947	0	1,232	1,232	4,179	631.00	1,207,932.00	1,208,563.00	966,661.10
33 LAFAYETTE	5	493	498	1	334	335	833	369.70	153,807.47	154,177.17	123,230.04
34 LANGLADE	1	850	851	0	536	536	1,387	15.50	164,729.57	164,745.07	131,824.46
35 LINCOLN	0	1,090	1,090	0	680	680	1,770	0.00	259,713.87	259,713.87	207,771.12
36 MANITOWOC	5	2,279	2,284	0	1,248	1,248	3,532	563.90	603,338.70	603,902.60	482,952.91
37 MARATHON	0	3,857	3,857	0	1,755	1,755	5,612	0.00	1,433,763.51	1,433,763.51	1,147,010.34
38 MARINETTE	1	1,792	1,793	0	1,394	1,394	3,187	6.72	376,587.91	376,594.63	301,273.69

**SUMMARY WISCONSIN REAL ESTATE TRANSFER RETURN TRANSMITTAL
JANUARY - DECEMBER 2003**

COUNTY	Number of Returns With Fee:			Number of Returns Without Fee:			Grand Total Returns	Amount of Fees Collected by County:			State Share of Fees Received
	Prior 9/1/81	After 9/1/81	Total Returns	Prior 9/1/81	After 9/1/81	Total Returns		PRIOR 9/1/81 @ rate of .001	AFTER 9/1/81 @ rate of .003	TOTAL FEES COLLECTED	
39 MARQUETTE	3	795	798	0	462	462	1,260	376.80	185,745.00	186,121.80	148,784.60
40 MILWAUKEE	13	21,025	21,038	0	7,772	7,772	28,810	1,971.10	10,224,321.20	10,226,292.30	8,180,408.36
41 MONROE	9	1,306	1,315	0	782	782	2,097	159.90	355,979.65	356,139.55	284,888.60
42 OCONTO	2	1,635	1,637	0	1,189	1,189	2,826	35.60	423,193.50	423,229.10	338,572.60
43 ONEIDA	3	2,284	2,287	0	1,559	1,559	3,846	57.30	834,384.45	834,441.75	667,536.19
44 OUTAGAMIE	4	5,188	5,192	0	1,955	1,955	7,147	283.90	2,187,842.20	2,188,126.10	1,750,415.71
45 OZAUKEE	0	2,436	2,436	0	843	843	3,279	0.00	1,856,876.56	1,856,876.56	1,485,501.25
46 PEPIN	0	296	296	0	196	196	492	0.00	83,356.00	83,356.00	66,684.81
47 PIERCE	4	1,119	1,123	0	576	576	1,699	191.50	473,389.20	473,580.70	378,804.71
48 POLK	6	2,028	2,034	2	1,015	1,017	3,051	132.15	705,418.58	705,550.73	564,703.18
49 PORTAGE	0	1,627	1,627	0	835	835	2,462	0.00	617,059.28	617,059.28	493,647.46
50 PRICE	1	809	810	0	515	515	1,325	4.00	149,579.25	149,583.25	119,665.40
51 RACINE	0	13,011	13,011	0	2,822	2,822	15,833	0.00	2,513,004.10	2,513,004.10	2,010,403.28
52 RICHLAND	1	578	579	0	318	318	897	227.50	143,829.90	144,057.40	115,177.67
53 ROCK	8	4,873	4,881	0	2,177	2,177	7,058	286.00	1,901,690.54	1,901,976.54	1,522,032.63
54 RUSK	5	822	827	0	639	639	1,466	290.00	164,182.20	164,472.20	131,490.65
55 ST CROIX	3	3,626	3,629	0	1,015	1,015	4,644	188.00	1,937,714.40	1,937,902.40	1,649,247.36
56 SAUK	2	3,687	3,689	0	1,222	1,222	4,911	97.00	1,095,445.75	1,095,542.75	876,322.58
57 SAWYER	1	1,297	1,298	0	720	720	2,018	2.60	461,798.10	461,800.70	369,439.78
58 SHAWANO	5	1,461	1,466	0	843	843	2,309	284.30	373,351.20	373,635.50	298,823.11
59 SHEBOYGAN	5	2,999	3,004	0	1,458	1,458	4,462	727.20	1,270,908.00	1,271,635.20	1,017,090.00
60 TAYLOR	0	788	788	0	421	421	1,209	0.00	142,592.40	142,592.40	114,073.92
61 TREMPLEAU	3	916	919	1	511	512	1,431	149.60	221,558.80	221,708.40	177,321.82
62 VERNON	0	974	974	0	526	526	1,500	0.00	201,687.18	201,687.18	161,349.74
63 VILAS	3	1,924	1,927	0	1,256	1,256	3,183	126.00	751,696.20	751,822.20	601,419.96
64 WALWORTH	3	4,903	4,906	0	1,942	1,942	6,848	470.11	2,275,307.97	2,275,778.08	1,820,732.88
65 WASHBURN	0	962	962	0	592	592	1,554	0.00	278,380.92	278,380.92	222,704.74
66 WASHINGTON	3	4,031	4,034	0	1,400	1,400	5,434	112.00	2,403,583.25	2,403,695.25	1,922,922.60
67 WAUKESHA	2	10,718	10,720	0	3,582	3,582	14,302	139.00	7,854,098.10	7,854,237.10	6,283,347.90
68 WAUPACA	2	1,792	1,794	0	952	952	2,746	395.00	512,054.77	512,449.77	409,841.36
69 WAUSHARA	2	1,113	1,115	0	1,157	1,157	2,272	100.00	299,349.33	299,449.33	239,529.48
70 WINNEBAGO	2	4,664	4,666	0	1,814	1,814	6,480	146.00	2,064,641.70	2,064,787.70	1,651,786.36
71 WOOD	1	1,845	1,846	0	870	870	2,716	12.50	532,188.81	532,201.31	425,757.30
72 MENOMINEE	0	92	92	0	74	74	166	0.00	20,894.32	20,894.32	16,715.47
TOTAL CAL. 2003	198	186,168	186,366	8	79,357	79,365	265,731	17,949.83	77,226,486.13	77,244,435.96	61,905,980.99
TOTAL CAL. 2002	284	160,453	160,737	7	74,637	74,644	235,380	22,416.07	57,871,188.23	57,893,604.30	46,366,318.30

APPENDIX A

OPERATIONS OVERVIEW

In fiscal 2002-2003, Utility & Special Tax assessed \$126,026,826.54 of ad valorem taxes and \$154,738,613.91 in gross receipt fees and taxes for a total of \$280,765,440.45. In addition, the real estate transfer fee audits produced \$1,613,912.69.

The Wisconsin Utility & Special Tax Information Manual will provide an overview of activities and its taxpaying clients.

Both the ad valorem taxes and gross revenues license fees are in lieu of general property taxes. Because of the complexity in taxing, railroads, airlines, pipelines, electric power and telephone companies, taxes are administered by the state rather than local taxing units.

The special taxes are the net proceeds tax on metal mining activities and the real estate transfer fees imposed upon the grantors of interests in real property.

Real estate transfer fees are collected by 72 county registers of deeds and county treasurers who retain 20% of the fee and submit 80% to the State Treasurer. The Division receives and monitors the collections of over 265,000 returns with over \$77 million in revenue submitted by the 72 county treasurers, tracks overpayments and underpayments, and grants refunds to individual grantors for fees paid in error.

To aid registers of deeds and conveyors of real property, the Division publishes a real estate transfer newsletter. These newsletters are summarized into "Guidelines for Real Estate Transfer Return and Transfer Fee" which is intended to be a ready source of DOR's interpretation of the statutes and administrative rules. These publications should assist in the expeditious closing of real estate transactions, business restructuring, and recordings thereof. Both publications can be found on the Internet at www.dor.state.wi.us.

In addition, the Division has undertaken a project that selects for audit certain individual returns and issues additional assessments or refunds where warranted. After audit selection has been recorded in the Division, the individual returns are forwarded to the Income, Sales & Excise units for further audit of their respective taxes.

APPENDIX B
DIVISION OF STATE & LOCAL FINANCE / UTILITY & SPECIAL TAXES

BUREAU CONTACT	E-Mail -@dor.state.wi.us	PHONE: (608)	WORK HRS	ADDITIONAL CONTACTS
Rongstad, Bonnie--Accountant	bonnie.rongstad	266-8162	7:00-4:30	Don Goldsworthy 267-9597
Hendrickson, Jerry—Auditor	jhendri1	266-7235	7:00-3:30	John Evans 266-2845
Jepperson, Eric—Auditor/Appraiser	ejeppers	264-6889	8:00-4:30	Dan Huegel 266-5705
Reppen, Russel--Auditor	rreppen	266-1594	7:00-4:00	
Scoville, Sheri--PA	sscovill	266-3505	8:00-4:30 T-TR	<u>Weatherization</u>
Wedige, Jeremy--Auditor	jwedige	264-6885	7:00-3:30	Dept. of Commerce 267-2240

CONTACTS

Ad Valorem Tax / Gross Revenues Fees Audit

Eric Jepperson
Jerry Hendrickson.

Leased Real & Personal Property

Bonnie Rongstad

Occupational Tax

Eric Jepperson

Accounting

Bonnie Rongstad

Telecommunication Property Taxo

Wm. Wardwell 266-3845
Linda Adler 266-8606

Real Estate Transfer Fee Audit

Russ Reppen
Jeremy Wedige

Real Estate Transfer Fee Appeals

Russ Reppen
Jeremy Wedige

Amended Real Estate Transfer Returns

Russ Reppen

APPENDIX C

TIMELINE

January	Send reminders of filing requirements to taxpayers reporting, railroads, airlines, pipelines, car lines, light, heat and power companies, association of municipal electric companies, and cooperatives. Forms are only available on our website: http://www.dor.state.wi.us/html/utility.html
March	Register of Deeds seminar.
April	Mail gross revenues license fee assessments. Payment date of April 15 for car line license fee.
May 10	Payment due date for ad valorem installment and gross revenue license fees final payments. Obsolescence & Blue Chip Studies due out.
June	Transfer of railroad and airline tax collections to DOT. Mining report and payment are due. Appraisal Capitalization Rate analysis completed.
July	County sharing of real estate transfer fee assessment collections.
Summer-Fall	Unit Value appraisal of Ad Valorem companies completed. Pre-assessment conferences with representatives of railroad, airline, and pipeline companies.
September	Review with chief appraiser valuations for railroads, airlines, pipelines, and other ad valorem taxpayers. Carline installment license fee due September 10.
October	Mail ad valorem & telecommunication assessments. Send reminders for due dates and filing of: Annual Reports and extensions, UT-149 (leased operating property form), UT-149NO (non-operating, utility-owned property leases form) and UT-008 / UT-009 (waste treatment forms) to applicable companies.
November 10	Payment due date - ad valorem and gross revenue license fees. Preparation and delivery of tax rolls.
December	Transfer of railroad and airline tax collections to DOT.
Ongoing	Office and Field audits of Utility & Real Estate Transfers

APPENDIX D

NATIONAL CONFERENCE ON UNIT VALUATION STANDARDS

STATES PARTICIPATING IN NCUVS

The following states have participated in the National Conference of Unit Valuation States (NCUVS) by voting on resolutions. Most of these states have also attended one or more national conferences.

Alabama	Montana
Alaska	Nebraska
Arizona	Nevada
Arkansas	New Hampshire
California	New Jersey
Colorado	New Mexico
Connecticut	New York
Delaware	North Carolina
Florida	North Dakota
Georgia	Ohio
Hawaii	Oklahoma
Idaho	Oregon
Illinois	Pennsylvania
Indiana	Rhode Island
Iowa	South Carolina
Kansas	South Dakota
Kentucky	Tennessee
Louisiana	Texas
Maine	Utah
Maryland	Vermont
Massachusetts	Virginia
Michigan	Washington
Minnesota	West Virginia
Mississippi	Wisconsin
Missouri	Wyoming

UNIT VALUATION STANDARDS

As of November 2002

PREAMBLE

The objective of these standards is to provide a systematic means by which member states can improve and standardize the operation of their offices. The standards presented herein are advisory in nature and the use of, or compliance with, such standards are purely voluntary. If any portion of these standards is found to be in conflict with the Uniform Standards of Professional Appraisal Practice (USPAP) or state laws, USPAP and state laws shall govern.

I. UNIT VALUATION

A. A unit value appraisal considers the three basic approaches to value:

1. Cost
2. Income
3. Market (Sales Comparison or Stock and Debt)

B. Under the unit concept, the market value of the unit includes the synergistic value of all properties which comprise the unit. This includes all assets owned, used, and/or leased by a firm and needed in the operation of its business.

C. The unit rule, as applied to the valuation of public utilities, telecommunication networks, railroads, and other transportation systems, is a method under which the value of the property within a particular jurisdiction is based upon a fair share of the value of an operating enterprise, of which the property is an integral part.

D. The appraiser's initial responsibility is to define the unit. In defining the unit, an appraiser should consider the following criteria:

1. The nature of the properties to be appraised.
2. The manner in which the properties are used.
3. The permissible and most probable use of the properties.
4. The ownership and control of the properties.
5. The most probable grouping of assets that would be sold as a unit.

E. The unit value concept is superior to fractional or summation appraisals for valuing public utility/public service property because it properly captures "going concern value."

F. Going Concern - Intangibles:

1. The unit value concept values the business as a going concern which includes tangible assets and may include intangible assets.
2. "Going-concern value includes an intangible enhancement of the value of an operating business enterprise which is produced by the assemblage of the land, building, labor, equipment, and marketing operation. This process creates an economically viable business that is expected to continue. Going-concern value refers to the total value of an

property, including both real property and intangible personal property attributed to business value.” The Appraisal of Real Estate, 10th ed. (Chicago: Appraisal Institute, 1992), 23-24

3. Intangibles:

a. There are three generally accepted types of intangibles:

(1) specific identifiable intangibles (such as cash and accounts receivable, etc.);

(2) intangibles that represent intellectual property rights and influence the value of tangible assets (software, contracts, patents, copyrights, etc.); and

(3) intangibles (such as location, assemblage, franchise, goodwill, etc.) that are not separate or divisible from their influence on the value of underlying tangible assets.

b. Unitary valuation practices would dictate that no class of intangibles identified above should be removed from unitary appraisals.

c. Intangibles, as described in I.F.3.a.(3) above, have no separate, distinguishable, market value apart from the tangible assets that they adhere to.

G. Regulation: Government regulation does impact the value of a rate base regulated company; however, it does not necessarily determine the value of such a company. Government regulation does not invalidate any of the three basic approaches to determining value because the market value of any company is determined by investors, not by regulators.

H. Leased Property: The unit value appraisal should measure the value of the assets owned, used, and/or leased by the public service firm. The appraiser is required to include as part of the unit the value for property held under operating leases that captures the full bundle of rights inherent in the property. This includes both the leased fee (lessor) and the leasehold (lessee) interests.

I. The difference between historical cost less depreciation (HCLD) and income indicators of value does not inherently reflect obsolescence in the unit value appraisal.

J. Exempt property statutes are a matter of local law and regulation. Therefore, adjustments for exempt property should be made to the allocated state value and not to the unit value.

II. COST APPROACH

A. When using the cost approach as an indicator of value, the following costs may be used:

1. Original or Historical Cost
2. Reproduction Cost
3. Replacement Cost

B. Rate base for regulated utilities is not synonymous with net book or cost for appraisal purposes.

C. For a non-rate base regulated company, historical cost less depreciation is usually the least meaningful business value indicator (absent of recent write-offs, write downs or recent construction of an entire system).

D. The historical cost less depreciation indicator should not be reduced by a company's deferred federal income tax reserve.

E. Depreciation:

1. Market depreciation includes loss in value from physical, functional, and economic causes.

2. Book depreciation is an accounting method used to match (amortize) expended costs of depreciable property against revenue.

3. The economic life and the depreciation method that should be used in a cost indicator are reflections of the market's perceptions of the total life, the remaining life, and the difference in value between new and existing property.

4. As a property ages, any resemblance between book depreciation and market depreciation is mostly coincidental.

F. Leased Property: A depreciated cost should be added for property held under an operating/non-capitalized lease.

G. The cost approach should include all direct and indirect costs and also include a component for "entrepreneurial profit" which measures the developer's reward in a construction project.

III. INCOME APPROACH

A. Direct and Yield Capitalization

1. Direct capitalization and yield capitalization are both acceptable methods and should produce similar results if applied properly.

2. A direct capitalization rate expresses the relationship between a single year's income and price (value). ($I/P = R$)

3. Direct capitalization differs fundamentally from yield capitalization in a way it is applied:

a. In direct capitalization, a single year's income is converted into market value by a direct capitalization rate.

b. In yield capitalization, cash flows for several years in the future, including proceeds upon sale, are converted into market value at the yield (discount) rate required by the market.

4. A yield rate is "a measure of investment return that is applied to a series of incomes to obtain the present value of each; examples are the interest rate, the discount rate, the internal rate of return (IRR), and the equity yield rate (YE)." *From the definition of yield rate in The Dictionary of Real Estate Appraisal, 3rd ed. (Chicago; Appraisal Institute, 1993).

5. A yield rate, a discount rate, and the opportunity cost of capital are all synonymous terms. However, they are different from a direct capitalization rate.

6. It is improper to use a yield rate in a direct capitalization formula.

B. Capitalization Rates and Capital Structure:

1. The components of a capitalization rate are:

- a. Equity rate
- b. Preferred rate
- c. Debt rate

2. The methods used to derive each of the components of direct capitalization include:

a. Equity rate - derived by an analysis of earning/price ratios from the stock market or from an analysis of the income and price from sales of public utility or railroad properties.

b. Preferred rate - expresses the relationship of dividends divided by the market value of preferred stock.

c. Debt rate - expresses the relationship of interest divided by the market value of debt.

3. The equity portion of a direct capitalization rate is not a cost of capital, but rather a relationship between earnings and prices observed in the market place. This rate is commonly known as the earnings/price ratio.

4. The methods used to derive each of the components of yield capitalization include:

a. An "equity rate" may be determined by the following:

- (1) Dividend Growth Model (discount cash flow)
- (2) Capital Asset Pricing Model
- (3) Risk Premium Model

b. A "preferred rate" is the annual dividends divided by the market value of the preferred stock.

c. The "debt rate" is determined by analysis of yield to maturity.

5. A discount rate, overall capitalization rate, and/or the components of these rates (equity rate, preferred rate, debt rate) may be derived from an analysis of comparable companies. The standard for determining comparability is not "perfect"

comparability, but rather “reasonably similar.” It is based upon as objective and comparable data as possible, but experience and judgment must be used in drawing conclusions from the data. When determining comparability, the appraiser may analyze:

- a. Industry Class
- b. Risk
- c. Growth
- d. Profitability
- e. Size or physical characteristics
- f. Other characteristics

6. When deriving the equity portion of an industry capitalization rate, the comparables used should be sufficient in number as to be representative of that industry.

7. A capital structure is made up of equity and debt percentages (ratios). The percentages are calculated using market or book values relative to total capital.

8. To calculate an overall rate, the percentages of equity and debt are multiplied by their respective rate, as described in III.B.2 and 4, resulting in a weighted rate for each part of the capital structure. The sum of these weighted rates is the overall rate.

C. Income - Income Streams:

1. An appraiser may consider the following techniques to forecast future income: straight or weighted historical averages, percentage change, performance ratios, regression analysis, analyst forecasts, last year’s income, company forecasts, and/or other generally accepted techniques.

2. Historical income should be adjusted to remove the effects of extraordinary income or expenses that will not be incurred in subsequent years.

3. Properties that generate income streams resulting in a return on net book greater than the required market rate will produce a value estimate in excess of net book.

4. The conversion of income to an indicated value for a public utility requires the appraiser to determine the quality, quantity, shape, and durability of the income stream and select the appropriate technique for conversion to value.

D. Leased Property: The full market value of non-capitalized leases is not reflected in an income capitalization approach unless adjustments have been made to the income stream.

IV. MARKET APPROACH

A. The market approach may include an analysis of:

1. Stock and debt transfers
2. Mergers and acquisitions
3. Actual sales

B. Sales analysis (e.g., analysis of mergers and acquisitions) is a valid technique for the appraisal of public utilities and railroads.

C. Stock and debt indicators are determined by the application of the general financial appraisal principle that the market value of the debt and equity interests of the enterprise is equal to the market value of the assets presented on the balance sheet. Stock and

debt indicators determine the value of a company's assets by appraising the value of the shareholder's equity and liabilities of the company, such as current liabilities, long-term debt, reserves, and deferred credits. Appropriate reductions shall be made for non-operating property of the company. The appraiser may consider the following ratios to eliminate non-operating properties:

1. Non-operating net book value to total net book value.
2. Non-operating original cost to total original cost.
3. Non-operating income to total income.
4. Non-operating market value to total market value.

D. Leased Property: The market value of the lessor's interest in the property financed with operating/non-capitalized leases must be added in the market approach to make it consistent with the other approaches.

V. RECONCILIATION

A. Reconciliation is not a mechanical process that applies arbitrary weights to the three approaches to value, but is a process by which an appraiser considers all factors and conditions pertinent to each approach to value.

B. The lowest point in the value range would be salvage or net liquidation value.

VI. ALLOCATION AND APPORTIONMENT

A. Allocation is the distribution of a portion of the unit market value directly to a state or directly to a local taxing jurisdiction.

B. Apportionment is the distribution of a portion of the state's allocated unit value to a local taxing jurisdiction.

C. Allocation of a unit value is a process of distributing the unit value and not an estimate of market value.

D. For the allocation and/or apportionment process, one or more of the following factors may be used:

1. Cost
2. Income
3. Use

E. When determining proper allocation factors (formula) for a company or industry, the following criteria should be considered:

1. The factors should fairly distribute value among the states.
2. The aggregate of all allocation percentages should total 100%.
3. The factors should be simple in application and not burdensome.
4. The factors should be based on readily available data.
5. The factors themselves should not be an allocation.

- F. In the allocation process of interstate transportation property (barges, trucks, bus-lines, airplanes, railroad cars, and locomotives) time, mileage, and/or income produced in a state are useful factors and should be considered if they can be measured.
- G. When excluding exempt or locally assessed property from the unit, the following should be considered:
 - 1. The exclusion should occur only after the unit value is determined.
 - 2. The exclusion should be based upon the property's contribution to the unit.
 - 3. A separate market value appraisal of an excluded property is not synonymous with that property's contribution to the unit.

VII. GENERAL INFORMATION

- A. Suggested readings:
 - 1. The Appraisal of Real Estate text published by the American Institute of Real Estate Appraisers (AIREA).
 - 2. Appraisal Terminology Handbook, (Revised Edition) published by AIREA and the Society of Real Estate Appraisers (SREA).
 - 3. Property Appraisal and Assessment Administration published by the International Association of Assessing Officers (IAAO).
 - 4. Investment Analysis & Portfolio Management by Frank Reilly, Notre Dame.
 - 5. Principles of Corporate Finance by Brealy and Meyers.
 - 6. Handy-Whitman Public Utility Construction Indices published by Whitman, Requard & Associates, 2315 St. Paul Street, Baltimore, Maryland 21218.
 - 7. Marshall Valuation Service published by Marshall and Swift, 1617 Beverly Boulevard, PO Box 26307, Los Angeles, California 90026-0307.
 - 8. Boeckh Building Valuation Manual published by Boeckh Publications, A Division of America Appraisal Associates, Inc., 525 East Michigan Street, Milwaukee, Wisconsin 53201.
 - 9. Public Utility Common Stock published by C. A. Turner and Associates, Inc. PO Box F, Bloomington, Illinois 60108.
 - 10. Appraisal Handbook, Valuation of Utility & Railroad Property published by the Western States Association of Tax Administrators, Committee on Centrally Assessed Property (WSATA).

11. Investment Analysis, by Bodie, Kane, and Marcus.
12. Corporate Finance by Ross and Westerfiel.
13. Valuation of Property, Vol. I and II, by James C. Bonbright.
14. Corporate Valuation: Tools for Effective Appraisal and Decision Making, by Bradford Cornell.
15. Public Utilities, by Martin T. Farris and Roy J. Sampson.
16. Valuation of Railroad and Utility Property, by Arlo Woolery, CAE.

APPENDIX E

SOURCES OF INFORMATION USED IN THE PREPARATION OF THIS MANUAL

"Appraisal of Railroad and Other Public Utility Property for Ad Valorem Tax Purposes," Report of the Committee on Unit Valuation of the National Association of Tax Administrators, June, 1954.

Assessment and Collection Control Files prepared by the Wisconsin Department of Revenue.

Western States Association of Tax Administrators Report of Committee on Allocation of Public Utilities 1960.

Wisconsin Statutes -

Chapter 70: General Property Taxes

Chapter 76: Taxation of Public Utilities

Chapter 77: Subchapter 11: Real Estate Transfer Fee

Chapter 79: State Tax Sharing

National Conference on Unit Valuation Standards