

WISCONSIN - LEGISLATIVE REFERENCE LIBRARY

The taxation of boats in Wisconsin

1959

Brief no.75

Prepared by the Wisconsin Legislative Reference Library  
June 1959

## I. INTRODUCTION

With the consideration of Bill 172, S., 1959, which provides for a state-wide system of registering power boats and setting a fee of \$3 for 3 years for the certificate, the question arises whether or not boats should continue to be taxed under the personal property tax most of which goes to the support of local governmental services. This study gives a brief resume of the type of boats which now come under the personal property tax, the total assessment figure for boats in the state and the total amount of the tax levied thereon for the year 1957, assessment statistics for various municipalities bordering lakes, practices followed by other states with regard to taxing boats, and pros and cons of the personal property tax on boats.

It is a well-known fact that the manufacture of boats and boat motors is one of the most rapidly growing industries in the nation. More beautiful, safer, faster, costlier boats are being built today than ever before. Engines which generate more power than most automobiles did a few years ago are common today.

With the increased number of boats has come the obvious problem of congestion and the rising need for regulation because of the few selfish and small-brained people who do not exercise good judgment. Increased power has aggravated the need for regulation.

The evidence reveals that few owners of boats have to this time paid their proportionate share of the burden of regulation and many have gotten off scot-free. On the basis of the estimate that there are 200,000 power propelled boats in Wisconsin, the current tax levy is roughly \$1 a boat. The boat owner of 1959 is in much the same position as the auto owner of 1910 or 1915 when the mass production of motor vehicles began to change our pattern of life. The typical boat owner in Wisconsin pays no property tax on his boat, has no registration fee and gets a refund for all the gasoline he uses in his boat. In return he receives rescue service, docks, lighthouses, patrol of the waters and other services.

This report seeks to provide some facts regarding the current taxation of boats in Wisconsin and other states.

## II. STATUS OF BOATS UNDER THE PERSONAL PROPERTY TAX IN WISCONSIN

In general boats are subject to the personal property tax in Wisconsin. Section 70.111 of the Wisconsin Statutes exempts from taxation watercraft employed regularly in interstate traffic and watercraft belonging to nonresidents but laid up for repairs in this state. Section 70.15 provides that the owner of any steam

vessel, barge, boat or other watercraft employed regularly in interstate traffic shall pay instead a sum equal to 1% per net ton of the registered tonnage thereof to the municipality where assessable. All other boats belonging to inhabitants of Wisconsin shall be taxed as personal property.

The 1952 Assessors' Manual, issued by the Wisconsin Department of Taxation, explained that the vessels not coming within the exemption are "pleasure boats of all kinds and also other boats and vessels of various kinds..."

The Property Tax Division of the same department says that exempt boats are primarily commercial boats which regularly operate in interstate waters, while all pleasure boats are subject to the personal property tax. Length is not used at all as a measuring device to determine which boats come under the tax.

The local assessor and the city council or village or town board have no discretion in determining whether boats be assessed or not. They must be assessed. Nor may the governing body set the value at which assessed. As all other property they must be assessed at full value.

### III. TOTAL ASSESSMENT AND TAXATION OF BOATS FOR WISCONSIN TOWNS, CITIES AND VILLAGES FOR THE YEAR 1957

#### Assessment (Personal Property)

	<u>Towns</u>	<u>Villages</u>	<u>Cities</u>	<u>Total</u>
Steamboats, launches, etc.	\$2,883,028	\$578,311	\$1,982,987	\$5,444,326

#### Taxes (Personal Property)

	114,550	22,767	77,599	214,916
--	---------	--------	--------	---------

Note: Based on an estimated 200,000 power boats in Wisconsin today, the average tax is \$1 per boat.

Source: Property tax 1957, Wis. Dept. of Taxation, September 1958.

### IV. ASSESSMENT OF BOATS IN SELECTED MUNICIPALITIES OF VARIOUS WISCONSIN COUNTIES FOR THE YEAR 1958

<u>County</u>	<u>Municipality</u>	<u>Aggregate Value</u>	
		<u>Assessment</u>	<u>Recommended Full Value</u>
Dane	Town, Westport	\$104,420	\$153,200
	City, Madison	498,570	850,800
Door	City, Sturgeon Bay	170,200	415,000
	Vil., Ephraim	6,800	20,000
	Vil., Sister Bay	12,600	15,750
	Town, Baileys Harbor	4,940	9,880

<u>County</u>	<u>Municipality</u>	<u>Aggregate Value</u>	
		<u>Assessment</u>	<u>Recommended Full Value</u>
Door (cont.)	Town, Egg Harbor	\$ 1,915	\$ 25,000
	Town, Sevastopol	500	25,000
	Town, Sturgeon Bay	600	2,500
Fond du Lac	City, Fond du Lac	70,460	75,000
Green Lake	Vil., Green Lake	53,575	90,000
	Town, Brooklyn	10,738	25,000
	Town, Princeton	9,990	20,000
Manitowoc	City, Manitowoc	7,850	29,000
	City, Two Rivers	28,350	47,250
Portage	City, Stevens Point	0	5,000
	Town, Amherst	0	3,000
Shawano	City, Shawano	0	3,500
	Town, Washington	700	7,500
	Town, Wescott	62,255	62,255
Sheboygan	City, Sheboygan	44,450	74,080
	Vil., Elkhart Lake	1,950	15,000
	Vil., Random Lake	6,940	13,880
Walworth	City, Delavan	0	10,000
	City, Elkhorn	750	7,500
	City, Lake Geneva	0	100,000
	City, Whitewater	0	10,000
	Vil., Fontana (1957)	10,425	25,000
	Vil., Walworth	5,675	11,400
	Vil., Williams Bay	96,800	176,000
	Town, Bloomfield	2,865	25,000
	Town, Delavan	40,200	100,500
	Town, East Troy (1957)	4,360	50,000
	Town, Geneva	950	25,000
	Town, La Grange	4,050	25,000
Town, Linn	63,950	127,900	
Waukesha	City, Oconomowoc	0	5,000
	Vil., Chenequa	18,500	41,100
	Vil., Pewaukee	1,110	20,000
	Town, Delafield	29,950	85,550
	Town, Oconomowoc	120	10,000
	Town, Summit	6,480	21,600
Waupaca	Town, Dayton	16,650	16,650
	Town, Farmington	98,715	98,715
Waushara	Town, Coloma	0	2,000
	Town, Deerfield	1,825	6,900
	Town, Marion	975	20,000

<u>County</u>	<u>Municipality</u>	<u>Aggregate Value</u>	
		<u>Assessment</u>	<u>Recommended Full Value</u>
Winnebago	City, Neenah	\$ 35,145	\$100,400
	City, Menasha	30,700	43,900
	City, Oshkosh	125,600	179,400
Wood	City, Wisconsin Rapids	0	10,000
	Vil., Biron	0	5,000
	Vil., Port Edwards	0	10,000

Source: Statistical reports 1958 of the Wisconsin Counties, Wis. Dept. of Taxation.

## V. PRACTICES OF OTHER STATES REGARDING THE TAXATION OF BOATS

### States exempting motor boats from personal property taxes

Delaware (does not allow local governments to tax boats)  
 New York  
 Oregon  
 Pennsylvania

### States providing state-wide registration of boats

California - no fee, but payment of property taxes a prerequisite for registration  
 Oregon - registration fee is in lieu of all other taxes on boats over 16 feet in length  
 New York - registration fee, but no personal property tax  
 Pennsylvania - registration fee, but no personal property tax  
 Arkansas - registration fee and local property tax  
 New Hampshire - registration fee and local property tax  
 New Jersey - registration fee and local property tax

Source: Survey made by the Tax Foundation, Inc., as summarized in Monthly tax features, September 1958.

## VI. ARGUMENTS FOR AND AGAINST EXEMPTING BOATS FROM PERSONAL PROPERTY TAXES

### Arguments for Exemption

1. Boats are difficult to assess. They can be easily hidden. The difference between the assessed valuation and the recommended full value in many communities indicates the ease with which many boat owners have either escaped taxation or been under-assessed.

### Arguments against Exemption

1. If boats are required to be licensed it should no longer be so easy to hide them. California, for example, makes payment of property tax a prerequisite for registration.

Arguments for Exemption

2. Boating is no longer a sport of the rich; 65% of all boats purchased are financed over a 3-year period.
3. It is unfair that boat owners who use the same waters may be subject to different tax rates in different communities.
4. Other sports items, such as hunting rifles, are not taxed.
5. Boats are used only about 3 months of the year, yet are taxed on the same basis as other personal property which is probably used more frequently.
6. If boats are licensed, then they should be exempt from the property tax as are other items, such as motor vehicles, aircraft and house trailers, which are subject to special license fees.
7. Boats should not be subject to both property taxes and license fees.
8. Many boats evade the property tax now.

Arguments against Exemption

2. Boats are a luxury item and therefore should not escape taxation when necessities, such as houses, are taxed.
3. All taxable property is subject to the varying rates of different communities.
4. To exempt boats is to further riddle the personal property tax and place a greater burden on remaining property. The increased use of boats is adding to the cost of government so boats should pay their share.
5. It is impractical to vary the assessment or tax rate on the basis of how often a particular type of property is likely to be used. Porches are used only in summer yet there is no discount for lack of use.
6. Municipalities would lose about \$215,000 in local revenue if boats are exempted, and the fee provided in Bill 172, S., 1959, does not go to local governments for general use. It is doubtful that a \$5,000 Chris Craft should evade a \$150 annual property tax because of a \$1 license fee.
7. Boat owners are now refunded the gasoline tax. There is no reason why they should also be exempt from the property tax.
8. Taxes should be sure. It has been demonstrated that registration improves the response in the property tax.

LOCAL AND FULL VALUE ASSESSMENT OF BOATS IN  
WISCONSIN COUNTIES, ASSESSMENT YEAR 1957

	<u>Local Assessment</u>	<u>Full Value</u>	<u>Ratio</u>	<u>Ratio of Total Real and Personal Property Local Assessment to Full Value</u>
Adams	8,104	28,700	.28	59.70
Ashland	39,625	84,080	.47	60.42
Barron	46,795	76,265	.61	71.91
Bayfield	158,320	266,515	.59	79.16
Brown	124,650	398,500	.31	57.80
Buffalo	30,995	35,780	.86	70.84
Burnett	65,777	103,615	.63	51.25
Calumet	15,960	50,450	.31	68.73
Chippewa	49,545	98,660	.50	58.86
Clark	10,305	18,645	.55	69.02
Columbia	226,545	245,000	.92	61.86
Crawford	24,109	47,180	.51	61.65
Dane	668,906	1,281,820	.52	57.96
Dodge	46,570	66,100	.70	65.56
Door	302,250	745,650	.40	51.43
Douglas	27,765	85,900	.32	95.31
Dunn	2,500	21,540	.11	63.68
Eau Claire	25,390	33,860	.74	59.16
Florence	4,790	17,360	.27	27.07
Fond du Lac	91,815	105,730	.86	57.83
Forest	32,350	44,585	.72	59.65
Grant	26,910	66,360	.40	51.13
Green	18,620	22,400	.83	67.79
Green Lake	105,385	163,800	.64	52.46
Iowa	12,780	18,040	.70	62.60
Iron	72,300	83,730	.86	76.80
Jackson	14,900	22,530	.66	69.34
Jefferson	16,385	90,500	.18	62.06
Juneau	12,689	26,100	.48	51.77
Kenosha	7,850	36,700	.21	62.78
Kewaunee	27,140	40,050	.67	61.29
La Crosse	211,930	356,660	.59	48.55
Lafayette	8,610	28,300	.30	61.11
Langlade	13,443	38,240	.35	66.37
Lincoln	16,565	56,530	.29	53.92
Manitowoc	54,685	106,980	.51	68.41
Marathon	14,375	32,340	.44	73.87
Marinette	27,525	166,060	.16	58.88
Marquette	19,835	47,340	.42	67.87
Milwaukee	13,900	100,000	.14	48.04

	<u>Local Assessment</u>	<u>Full Value</u>	<u>Ratio</u>	<u>Ratio of Total Real and Personal Property Local Assessment to Full Value</u>
Monroe	12,190	31,100	.39	72.95
Oconto	101,845	126,080	.80	66.24
Oneida	467,170	604,870	.77	74.38
Outagamie	80,945	199,100	.40	51.51
Ozaukee	9,760	19,500	.50	46.55
Pepin	11,550	16,320	.70	49.04
Pierce	79,890	95,500	.83	64.42
Polk	48,475	91,495	.53	67.13
Portage	11,500	22,880	.50	66.09
Price	23,270	40,105	.58	56.11
Racine	1,860	48,750	.38	42.02
Richland	3,950	16,900	.23	55.58
Rock	6,380	38,200	.17	41.95
Rusk	24,540	38,585	.63	68.45
St. Croix	144,942	230,400	.62	66.10
Sauk	31,048	66,160	.47	65.66
Sawyer	113,609	177,695	.64	56.85
Shawano	65,230	86,030	.76	69.77
Sheboygan	58,985	137,870	.43	74.89
Taylor	12,285	20,620	.60	74.20
Trempealeau	17,445	23,010	.76	64.61
Vernon	10,005	24,300	.41	63.07
Vilas	362,008	462,015	.78	56.48
Walworth	211,812	612,390	.34	46.38
Washburn	57,164	98,115	.58	60.17
Washington	58,295	117,500	.49	71.18
Waukesha	84,315	228,200	.36	58.97
Waupaca	136,479	160,640	.85	69.44
Waushara	28,891	45,400	.63	57.51
Winnebago	453,830	702,800	.64	52.43
Wood	2,415	39,515	.06	59.58

Source: Property tax 1957, Wisconsin Department of Taxation,  
September 1958.