



2005 ASSEMBLY BILL 1161

March 31, 2006 - Introduced by Representative JESKEWITZ, cosponsored by Senator BROWN. Referred to Committee on Ways and Means.

1 **AN ACT** *to amend* 70.511 (2) (b) and 74.41 (4) (b); and *to create* 20.835 (2) (bm)
2 and 70.511 (2) (bm) of the statutes; **relating to:** the payment of interest on
3 property tax refunds for manufacturing property and making an appropriation.

Analysis by the Legislative Reference Bureau

The Department of Revenue (DOR) currently assesses manufacturing property for property taxes. DOR determines what property is classified as manufacturing property for property tax purposes. If a reviewing authority for property tax assessments reduces a manufacturing property's assessed value or determines that manufacturing property is exempt from the property tax, an affected taxpayer may file a claim with the municipality for a property tax refund. The municipality pays the entire amount of the refund, with interest, to the taxpayer. However, each taxing jurisdiction for which taxes were collected by the municipality must reimburse the municipality for its proportionate share of the refunded taxes, not including any interest. The rate of the interest paid on such refunds is 0.8 percent per month (9.6 percent per year). Under this bill, the state pays 20 percent of the amount of the interest paid on such refunds. In addition, each taxing jurisdiction for which taxes were collected by the municipality must reimburse the municipality for its proportionate share of both the refunded taxes and the interest on the refunded taxes. Under the bill, the rate of the interest paid on the refunds is the same interest rate that taxpayers pay with regard to taxes that are owed as a result of an underassessment of manufacturing property. That interest rate is the average annual discount interest rate determined, generally, by the last auction of six-month U.S. treasury bills.

ASSEMBLY BILL 1161

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.835 (2) (bm) of the statutes is created to read:

2 20.835 (2) (bm) *Interest payments on overassessments of manufacturing*
3 *property.* A sum sufficient to make the payments under s. 70.511 (2) (bm).

4 **SECTION 2.** 70.511 (2) (b) of the statutes is amended to read:

5 70.511 (2) (b) If the reviewing authority reduces the value of the property in
6 question, or determines that manufacturing property is exempt, the taxpayer may
7 file a claim for refund of taxes resulting from the reduction in value or determination
8 that the property is exempt. If claim for refund is filed with the clerk of the
9 municipality on or before the November 1 following the decision of the reviewing
10 authority, the claim shall be payable to the taxpayer from the municipality no later
11 than January 31 of the succeeding year. A claim filed after November 1 shall be paid
12 to the taxpayer by the municipality no later than the 2nd January 31 after the claim
13 is filed. Interest on the claim ~~at the rate of 0.8% per month~~ shall be paid to the
14 taxpayer when the claim is paid at the average annual discount rate determined by
15 the last auction of 6-month U.S. treasury bills before the objection per day for the
16 period of time between the time when the tax was due and the date that the claim
17 was paid. If the taxpayer requests a postponement of proceedings before the
18 reviewing authority, interest on the claim shall permanently stop accruing at the
19 date of the request. If the hearing is postponed at the request of the taxpayer, the
20 reviewing authority shall hold a hearing on the appeal within 30 days after the
21 postponement is requested unless the taxpayer agrees to a longer delay. If the

ASSEMBLY BILL 1161

1 reviewing authority postpones the hearing without a request by the taxpayer,
2 interest on the claim shall continue to accrue. No interest may be paid if the
3 reviewing authority determines under s. 70.995 (8) (a) that the value of the property
4 was reduced because the taxpayer supplied false or incomplete information. If taxes
5 are refunded, the municipality may proceed under s. 74.41.

6 **SECTION 3.** 70.511 (2) (bm) of the statutes is created to read:

7 70.511 (2) (bm) No later than July 1 of each year, each municipality that pays
8 a refund under par. (b) for property that is assessed under s. 70.995 shall notify the
9 department of administration of the amount of all such refunds paid by the
10 municipality in the previous fiscal year. Annually, no later than the 3rd Monday in
11 November, from the appropriation account under s. 20.835 (2) (bm), the department
12 of administration shall pay to each municipality that pays a refund under par. (b) for
13 property that is assessed under s. 70.995 an amount that is equal to 20 percent of the
14 interest on such refunds paid by the municipality in the previous fiscal year and that
15 has accrued up to the date of the determination by the tax appeals commission of the
16 municipality's obligation.

17 **SECTION 4.** 74.41 (4) (b) of the statutes is amended to read:

18 74.41 (4) (b) Determine the amount of rescinded or refunded taxes to be
19 charged back to, and collected from, each taxing jurisdiction for which taxes were
20 collected by the taxation district, and determine the amount of taxes collected under
21 s. 74.33 to be shared with each taxing jurisdiction for which taxes were collected by
22 the taxation district. The Except for interest on refunds under s. 70.511 (2) (b) that
23 is paid with respect to property that was assessed under s. 70.995 and that is not paid
24 by the department of administration under s. 70.511 (2) (bm), the amount
25 determined may not include any interest.

