



2013 ASSEMBLY BILL 598

January 7, 2014 - Introduced by Representatives STEINEKE, KAHL, BERNIER, BIES, OHNSTAD, RIPP and PETRYK, cosponsored by Senator PETROWSKI. Referred to Committee on Urban and Local Affairs.

1 **AN ACT** *to amend* 66.0715 (3) (b) and 74.35 (4); and *to create* 66.0602 (3) (d) 6.
2 of the statutes; **relating to:** changing the method for charging interest that
3 may be charged on special assessments and changing the interest rate paid on
4 claims for certain unlawfully assessed property taxes and creating an exception
5 for local levy limits.

Analysis by the Legislative Reference Bureau

Under current law, a local governmental unit may allow a special assessment that is imposed to pay for public improvements to be paid in installments. A local governmental unit includes a city, village, town, county, and special purpose district that is allowed to levy a special assessment. If installments are allowed, the local governmental unit may impose interest on the unpaid balance of the special assessment. Current law does not prescribe a maximum rate of interest that may be charged. Under this bill, installment payments are structured by the local governmental unit's governing body. Also under the bill, the interest rate is set by the governing body, and may include an administrative fee of up to 2 percent. Once the interest rate is set, the bill prohibits the rate from being changed during the course of the installment payments.

Also under current law, if a person is aggrieved by the levy and collection of an unlawful property tax assessed against his or her property, the person may file a claim against the taxation district to recover the unlawful tax. If the taxation district denies the claim, the person may file an action in circuit court. If the person filing

ASSEMBLY BILL 598

the claim prevails with the taxation district or at the circuit court, the recovery on his or her claim may include interest at the rate of 0.8 percent per month.

Under this bill the interest rate that a person may receive on the recovery of an unlawfully assessed tax is the average annual discount rate determined by the last auction of 6-month U.S. treasury bills that is held before the claim for recovery is filed or the action for recovery is commenced. This rate of interest is the same as the maximum amount of interest that an aggrieved person may collect on the recovery of an excessive assessment of property taxes imposed by a taxation district.

Generally, under current law, and subject to a number of exceptions, a city, village, town, or county (political subdivision) may not increase its levy by a percentage that exceeds its "valuation factor," which is defined as the greater of either zero percent or the percentage change in the political subdivision's equalized value due to new construction, less improvements removed. The base amount of a political subdivision's levy, on which the levy limit is imposed, is the actual levy for the immediately preceding year.

Under one of the current law exceptions, the limit that would otherwise apply does not apply to the amount that a political subdivision levies to make up any revenue shortfall for the debt service on a revenue bond issued by the political subdivision.

Under this bill, a similar exception is created for the amount that a political subdivision levies to make up any revenue shortfall for the debt service on a special assessment B bond issued to fund a public improvement.

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.** 66.0602 (3) (d) 6. of the statutes is created to read:

2 66.0602 (3) (d) 6. The limit otherwise applicable under this section does not
3 apply to the amount that a political subdivision levies to make up any revenue
4 shortfall for the debt service on a special assessment B bond issued under s. 66.0713
5 (4).

6 **SECTION 2.** 66.0715 (3) (b) of the statutes is amended to read:

7 66.0715 (3) (b) ~~The first installment shall include a proportionate part of the~~
8 Installment payments of principal of the special assessment, determined by the
9 ~~number of installments, together with and interest on the whole assessment from a~~

ASSEMBLY BILL 598

1 date, not before the date of the notice under par. (e), and to that date, not later than
2 December 31, in the year in which the installment is to be collected as determined
3 shall be structured by the governing body. Each subsequent installment shall
4 include the same proportion of the principal and one year's interest on the unpaid
5 portion of the assessment The interest rate shall be set by the governing body, and
6 may include an administrative fee of not more than 2 percent. The interest rate set
7 under this paragraph may not be changed during the course of the installment
8 payments for a particular special assessment.

9 **SECTION 3.** 74.35 (4) of the statutes is amended to read:

10 74.35 (4) INTEREST. The amount of a claim filed under sub. (2) or an action
11 commenced under sub. (3) may include interest computed from the date of filing the
12 claim against the taxation district, at the rate of 0.8% per month an interest rate that
13 is equal to the average annual discount rate determined by the last auction of
14 6-month U.S. treasury bills that is held before the claim is filed under sub. (2) or the
15 action is commenced under sub. (3).

16 **SECTION 4. Initial applicability.**

17 (1) The treatment of sections 66.0715 (3) (b) and 74.35 (4) of the statutes first
18 applies to a special assessment that is imposed, a claim that is filed, or an action that
19 is commenced on the effective date of this subsection.

20 (2) The treatment of section 66.0602 (3) (d) 6. of the statutes first applies to the
21 levy that is imposed in December 2013.

22 (END)