

2001 DRAFTING REQUEST

Bill

Received: **09/26/2000**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget 6-8593**

By/Representing: **Holden**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Alt. Drafters:

Subject: **Tax - property**

Extra Copies:

Pre Topic:

DOA:.....Holden -

Topic:

Property tax assessment of manufacturing property

Instructions:

See Attached & ASA1 to 99 AB 186

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 09/27/2000	csicilia 10/23/2000		_____			S&L
/1	jkreye 10/26/2000	csicilia 10/30/2000	pgreensl 10/24/2000	_____	gretskl 10/24/2000		S&L
/2	jkreye 12/12/2000	csicilia 12/14/2000	rschluet 10/30/2000	_____	lrb_docadmin 10/30/2000		S&L
/3			martykr 12/14/2000	_____	lrb_docadmin 12/14/2000		

2001 DRAFTING REQUEST

Bill

Received: 09/26/2000

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Administration-Budget 6-8593

By/Representing: Holden

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - property

Extra Copies:

Pre Topic:

DOA:.....Holden -

Topic:

Property tax assessment of manufacturing property

Instructions:

See Attached & ASA1 to 99 AB 186

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 09/27/2000	csicilia 10/23/2000					S&L
/1	jkreye 10/26/2000	csicilia 10/30/2000	pgreensl 10/24/2000		gretski 10/24/2000		S&L
/2		/3 cjs 12/14/00	rschluet 10/30/2000		lrb_docadmin 10/30/2000		

FE Sent For:

km 12/14 *PK 12/14*

<END>

2001 DRAFTING REQUEST

Bill

Received: 09/26/2000

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Administration-Budget 6-8593

By/Representing: Holden

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - property

Extra Copies:

Pre Topic:

DOA:.....Holden -

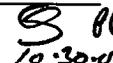
Topic:

Property tax assessment of manufacturing property

Instructions:

See Attached & ASA1 to 99 AB 186

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 09/27/2000	csicilia 10/23/2000	 10.30.00	 10.30.00			S&L
/1		1/2 cjs 10/27/00	pgreensl 10/24/2000		gretskl 10/24/2000		

FE Sent For:

<END>

2001 DRAFTING REQUEST

Bill

Received: 09/26/2000

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Administration-Budget 6-8593

By/Representing: Holden

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - property

Extra Copies:

Pre Topic:

DOA:.....Holden -

Topic:

Property tax assessment of manufacturing property

Instructions:

See Attached & ASA1 to 99 AB 186

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
1?	jkreye	1 cjs 10/23 00	10/23 pg 	10/23 -pg/RS			

FE Sent For:

<END>



Date: September 25, 2000

To: Steve Miller, LRB

From: Kerry Holden, DOA *KK*
266-8593

Subject: DOR Statutory Language Requests

543

I'm forwarding statutory language changes submitted with its budget by the Department of Revenue that pertain to corporate income and franchise tax, sales and use tax, and utility and special taxes.

Corporate Income and Franchise Tax:

1. Clarify the treatment of corporations that are members of LLCs or partners of partnerships, taxed as corporations. See Attachment 1.

Sales and Use Tax:

2. Revise definition of tangible personal property for purposes of property affixed to real estate (trade fixtures). See Attachment 2.
3. Clarify property deemed to be tangible personal property for repair purposes. See Attachment 3.
4. Clarify definition of tangible personal property for information or data transferred in tangible form. See Attachment 4.
5. Provide exemption for construction materials sold to contractors for use in school projects. See Attachment 5.

Utility and Special Taxes:

6. ~~REDACTED~~
7. Classify multi-use telephone company buildings based on predominant use (instead of requiring multi-jurisdictional assessment). See Attachment 7.
8. Eliminate waste treatment exemption application. See Attachment 8.

Please feel free to call me if you have any questions or concerns. Thank you!

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF STATE AND LOCAL FINANCE
MANUFACTURING & TELCO ASSESSMENT BUREAU
June 8, 2000**

U5

TITLE: Revisions to the Manufacturing Assessment Laws

SUMMARY OF RECOMMENDATION:

Make the following changes to manufacturing assessment law: (1) allow municipalities to pay a refund of taxes on manufacturing property in 5 installment payments; (2) provide that the state (instead of municipalities) will pay interest on refunds; and (3) revise the penalty for late filing.

DESCRIPTION OF CURRENT LAW:

A number of manufacturing assessment laws currently in force could be streamlined and clarified to the benefit of taxpayers, municipalities, and the Department of Revenue.

PROBLEM/OPPORTUNITY DEFINITION:

These changes to current law on manufacturing assessment contain benefits for municipalities, manufacturers and the Department. Because each party benefits from different portions of this package, these proposals were incorporated into one bill (1999 AB 186). After discussion the legislation was approved by the State Assembly but died in the State Senate.

RECOMMENDATION:

Amend Wisconsin Statutes as suggested by engrossed 1999 AB 186, Assembly Substitute amendment 1 with Assembly Amendment 1 to ASA1 with one additional modification. This proposal would:

- Allow municipalities to pay a refund of taxes on manufacturing property in five annual installments
- Provide that the state will pay interest on refunds instead of municipalities
- Change the interest rate for refunds to the six-month US Treasury Bill rate, or 10% a year, whichever is less
- Codify March 1 as the cutoff date for a new business to be classified as manufacturing for a particular assessment year
- Require manufacturing appellants to provide valuation evidence to the State Board of Assessors
- Provide a cross-appeal by municipalities
- Revise the penalty for late filing to be more reasonable and to improve compliance
- Allow manufacturing appellants up to 30 days to file supplemental information to support an objection

FISCAL/ADMINISTRATIVE IMPACT:

No significant cost. The department must update forms, taxpayer guides and the Assessor's Manual.

DRAFTING INSTRUCTIONS:

Amend current law similar to engrossed 1999 AB 186, Assembly Substitute amendment 1 with Assembly Amendment 1 to ASA1 and with the addition of allowing up to 30 days for manufacturing appellants to file supplemental information. See attached.

EFFECTIVE DATE:

Effective date should be for the January 1 assessment following passage.

PERSON TO CONTACT: Charles E. Turner, Telephone 266-3845

PREPARED BY: John Reinemann, Telephone 267-2265

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1999 ASSEMBLY BILL 186**

May 5, 1999 - Offered by COMMITTEE ON WAYS AND MEANS.

1 **AN ACT** *to renumber and amend* 70.995 (8) (b) and 70.995 (8) (c); *to amend*
2 70.511 (2) (b), 70.995 (5), 70.995 (6), 70.995 (8) (d), 70.995 (8) (dm), 70.995 (12)
3 (a), 70.995 (12) (b), 70.995 (12) (c), 74.35 (3) (c) and 74.37 (3) (c); and *to create*
4 20.835 (2) (bm), 70.511 (2) (bm), 70.511 (2) (br), 70.995 (8) (b) 2., 70.995 (8) (c)
5 2., 74.23 (1) (a) 5., 74.25 (1) (a) 4m., 74.30 (1) (dm), 74.35 (3) (cm) and 74.37 (3)
6 (cm) of the statutes; **relating to:** instalment payments of refunds of taxes on
7 manufacturing property, appeals of manufacturing property taxes, distribution
8 of taxes on manufacturing property and the interest on refunded and additional
9 taxes on manufacturing property, the deadline for classification of property as
10 manufacturing, manufacturers' reports and making an appropriation.

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

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

1 20.835 (2) (bm) *Payments of interest on overassessments of manufacturing*
2 *property.* A sum sufficient to make the payments under s. 70.511 (2) (br).

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

4 70.511 (2) (b) If the reviewing authority reduces the value of the property in
5 question, or determines that manufacturing property is exempt, the taxpayer may
6 file a claim for refund of taxes resulting from the reduction in value or determination
7 that the property is exempt. If Except as provided in par. (bm), if a claim for refund
8 is filed with the clerk of the municipality on or before the November 1 following the
9 decision of the reviewing authority, the claim shall be payable to the taxpayer from
10 the municipality no later than January 31 of the succeeding year. A Except as
11 provided in par. (bm), a claim filed after November 1 shall be paid to the taxpayer by
12 the municipality no later than the 2nd January 31 after the claim is filed. Interest
13 Except for claims related to property assessed under s. 70.995, interest on the claim
14 at the rate of 0.8% per month shall be paid to the taxpayer when the claim is paid.
15 Interest on claims related to property assessed under s. 70.995 shall be paid when
16 the claim is made at the average annual discount interest rate determined by the last
17 auction of 6-month U.S. treasury bills before the appeal or objection is filed or 10%
18 per year, whichever is less. If the taxpayer requests a postponement of proceedings
19 before the reviewing authority, interest on the claim shall permanently stop accruing
20 at the date of the request. If the hearing is postponed at the request of the taxpayer,
21 the reviewing authority shall hold a hearing on the appeal within 30 days after the
22 postponement is requested unless the taxpayer agrees to a longer delay. If the
23 reviewing authority postpones the hearing without a request by the taxpayer,
24 interest on the claim shall continue to accrue. No interest may be paid if the
25 reviewing authority determines under s. 70.995 (8) (a) that the value of the property

1 was reduced because the taxpayer supplied false or incomplete information. If taxes
2 are refunded, the municipality may proceed under s. 74.41.

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

4 70.511 (2) (bm) A municipality may pay a refund under par. (b) of the taxes on
5 property that is assessed under s. 70.995 in 5 annual instalments, each of which
6 except the last is equal to at least 20% of the sum of the refund and the interest on
7 the refund that is due, beginning on the date under par. (b), if all of the following
8 conditions exist:

9 1. The municipality's property tax levy for its general operations for the year
10 for which the taxes to be refunded are due is less than \$100,000,000.

11 2. The refund is at least 0.0025 of the municipality's levy for its general
12 operations for the year for which the taxes to be refunded are due.

13 3. The refund is more than \$10,000.

14 SECTION 4. 70.511 (2) (br) of the statutes is created to read:

15 70.511 (2) (br) From the appropriation under s. 20.835 (2) (bm), the department
16 of administration shall pay to each municipality that pays a refund under par. (b) for
17 property that is assessed under s. 70.995 or that pays a refund under par. (bm) an
18 amount equal to the interest that is paid by the municipality in the previous
19 biennium and that has accrued up to the date of the determination by the tax appeals
20 commission of the municipality's obligation.

21 SECTION 5. 70.995 (5) of the statutes is amended to read:

22 70.995 (5) ~~Commencing January 1, 1974, and annually thereafter, the~~ The
23 department of revenue shall assess all property of manufacturing establishments
24 included under subs. (1) and (2) as of the close of January 1 of each year, if on or before
25 March 1 of that year the department has classified the property as manufacturing

1 or the owner of the property has requested, in writing, that the department make
2 such a classification and the department later does so. A change in ownership,
3 location or name of the manufacturing establishment does not necessitate a new
4 request. In assessing lands from which metalliferous minerals are being extracted
5 and valued for purposes of the tax under s. 70.375, the value of the metalliferous
6 mineral content of such lands shall be excluded.

7 SECTION 6. 70.995 (6) of the statutes is amended to read:

8 70.995 (6) Prior to February 15 of each year the department of revenue shall
9 notify each municipal assessor of the manufacturing property within the taxation
10 district that, as of that date, will be assessed by the department during the current
11 assessment year.

12 SECTION 7. 70.995 (8) (b) of the statutes is renumbered 70.995 (8) (b) 1. and
13 amended to read:

14 70.995 (8) (b) 1. The department of revenue shall annually notify each
15 manufacturer assessed under this section and the municipality in which the
16 manufacturing property is located of the full value of all real and personal property
17 owned by the manufacturer. The notice shall be in writing and shall be sent by 1st
18 class mail. In addition, the notice shall specify that objections to valuation, amount
19 or taxability must be filed with the state board of assessors within 60 days of issuance
20 of the notice of assessment, that objections to a change from assessment under this
21 section to assessment under s. 70.32 (1) must be filed within 60 days after receipt of
22 the notice, that the fee under par. (c) 1. or (d) must be paid and that the objection is
23 not filed until the fee is paid. A statement shall be attached to the assessment roll
24 indicating that the notices required by this section have been mailed and failure to
25 receive the notice does not affect the validity of the assessments, the resulting tax

1 on real or personal property, the procedures of the tax appeals commission or of the
2 state board of assessors or the enforcement of delinquent taxes by statutory means.

3 SECTION 8. 70.995 (8) (b) 2. of the statutes is created to read:

4 70.995 (8) (b) 2. If a municipality files an objection to the amount, valuation,
5 taxability or change from assessment under this section and the person assessed
6 does not file an objection, the person assessed may file an appeal within 15 days after
7 the municipality's objection is filed.

8 SECTION 9. 70.995 (8) (c) of the statutes is renumbered 70.995 (8) (c) 1. and
9 amended to read:

10 70.995 (8) (c) 1. All objections to the amount, valuation, taxability or change
11 from assessment under this section to assessment under s. 70.32 (1) of property shall
12 be first made in writing on a form prescribed by the department of revenue and that
13 specifies that the objector shall set forth the reasons for the objection, the objector's
14 estimate of the correct assessment and the basis under s. 70.32 (1) for the objector's
15 estimate of the correct assessment. An objection shall be filed with the state board
16 of assessors within the time prescribed in par. (b) 1. A \$45 fee shall be paid when the
17 objection is filed unless a fee has been paid in respect to the same piece of property
18 and that appeal has not been finally adjudicated. The objection is not filed until the
19 fee is paid. Neither the state board of assessors nor the tax appeals commission may
20 waive the requirement that objections be in writing. Persons who own land and
21 improvements to that land may object to the aggregate value of that land and
22 improvements to that land, but no person who owns land and improvements to that
23 land may object only to the valuation of that land or only to the valuation of
24 improvements to that land.

25 SECTION 10. 70.995 (8) (c) 2. of the statutes is created to read:

1 70.995 (8) (c) 2. The state board of assessors may grant a manufacturer who
2 files an objection under subd. 1. a reasonable amount of additional time, as
3 determined by the state board of assessors, to file supplemental information to
4 support the manufacturer's objection, if the manufacturer shows good cause for
5 granting such additional time. The state board of assessors shall notify the
6 municipality in which the manufacturer's property is located of supplemental
7 information filed by the manufacturer under this subdivision.

8 **SECTION 11.** 70.995 (8) (d) of the statutes is amended to read:

9 70.995 (8) (d) A municipality may file an objection with the state board of
10 assessors to the amount, valuation or taxability under this section or to the change
11 from assessment under this section to assessment under s. 70.32 (1) of a specific
12 property having a situs in the municipality, whether or not the owner of the specific
13 property in question has filed an objection. Objection shall be made on a form
14 prescribed by the department and filed with the board within 60 days of the date of
15 the issuance of the assessment in question, except that, if the person assessed files
16 an objection and the municipality affected does not file an objection, the municipality
17 affected may file an appeal within 15 days after the person's objection is filed. A \$45
18 filing fee shall be paid when the objection is filed unless a fee has been paid in respect
19 to the same piece of property and that appeal has not been finally adjudicated. The
20 objection is not filed until the fee is paid. The board shall forthwith notify the person
21 assessed of the objection filed by the municipality.

22 **SECTION 12.** 70.995 (8) (dm) of the statutes is amended to read:

23 70.995 (8) (dm) The department shall refund filing fees paid under par. (c) 1.
24 or (d) if the appeal in respect to the fee is denied because of lack of jurisdiction.

25 **SECTION 13.** 70.995 (12) (a) of the statutes is amended to read:

1 70.995 (12) (a) The department of revenue shall prescribe a standard
2 manufacturing property report form that shall be submitted annually for each real
3 estate parcel and each personal property account on or before March 1 by all
4 manufacturers whose property is assessed under this section. The report form shall
5 contain all information deemed necessary by the department and shall include,
6 ~~without limitation, income and operating statements, fixed asset schedules and a~~
7 ~~report of new construction or demolition. Failure to submit the report shall result~~
8 ~~in denial of any right of redetermination by the state board of assessors or the tax~~
9 ~~appeals commission. If any property is omitted or understated in the assessment roll~~
10 ~~in any of the next 5 previous years, the assessor shall enter the value of the omitted~~
11 ~~or understated property once for each previous year of the omission or~~
12 ~~understatement. The assessor shall designate each additional entry as omitted or~~
13 ~~understated for the year [....] of omission or understatement. The assessor shall affix~~
14 a just valuation to each entry for a former year as it should have been assessed
15 according to the assessor's best judgment. Taxes shall be apportioned and collected
16 on the tax roll for each entry, on the basis of the net tax rate for the year of the
17 omission, taking into account credits under s. 79.10, and. In the case of omitted
18 property, interest shall be added at the rate of 0.0267% per day for the period of time
19 between the date when the form is required to be submitted and the date when the
20 assessor affixes the just valuation. In the case of underpayments determined after
21 an objection under s. 70.995 (8) (d), interest shall be added at the average annual
22 discount interest rate determined by the last auction of 6-month U.S. treasury bills
23 before the objection, between the date when the tax was due and the date when it is
24 paid.

25 SECTION 14. 70.995 (12) (b) of the statutes is amended to read:

1 70.995 (12) (b) The department of revenue shall allow an extension to April 1
2 of the due date for filing the report forms required under par. (a) if a written
3 application for an extension, stating the reason for the request, is filed with the
4 department on or before March 1.

5 **SECTION 15.** 70.995 (12) (c) of the statutes is amended to read:

6 70.995 (12) (c) Unless the taxpayer shows that the failure is due to reasonable
7 cause, if a taxpayer fails to file any form required under par. (a) for property that the
8 department of revenue assessed during the previous year by the due date or by any
9 extension of the due date that has been granted, the taxpayer shall pay to the
10 department of revenue a penalty of ~~the greater of \$10 or 0.05% of the previous year's~~
11 ~~full value assessment not to exceed \$1,000. If the form required under par. (a) for~~
12 ~~property that the department of revenue assessed during the previous year is not~~
13 ~~filed within 30 days after the due date or within 30 days after any extension, the~~
14 ~~taxpayer shall pay to the department of revenue a 2nd penalty of the greater of \$10~~
15 ~~or 0.05% of the previous year's full value assessment not to exceed \$1,000~~ \$25 if the
16 form is filed 1 to 10 days late: \$50 or 0.05% of the previous year's assessment,
17 whichever is greater, but not more than \$250, if the form is filed 11 to 30 days late:
18 and \$100 or 0.1% of the previous year's assessment, whichever is greater, but not
19 more than \$750, if the form is filed more than 30 days late. Penalties are due 30 days
20 after they are assessed and are delinquent if not paid on or before that date. The
21 department may refund all or part of any penalty it assesses under this paragraph
22 if it finds reasonable grounds for late filing.

23 **SECTION 16.** 74.23 (1) (a) 5. of the statutes is created to read:

24 74.23 (1) (a) 5. Pay to each taxing jurisdiction within the district its
25 proportionate share of the taxes and interest under s. 70.995 (12) (a).

1 SECTION 17. 74.25 (1) (a) 4m. of the statutes is created to read:

2 74.25 (1) (a) 4m. Pay to each taxing jurisdiction within the district its
3 proportionate share of the taxes and interest under s. 70.995 (12) (a).

4 SECTION 18. 74.30 (1) (dm) of the statutes is created to read:

5 74.30 (1) (dm) Pay to each taxing jurisdiction within the district its
6 proportionate share of the taxes and interest under s. 70.995 (12) (a).

7 SECTION 19. 74.35 (3) (c) of the statutes is amended to read:

8 74.35 (3) (c) If the governing body of the taxation district determines that an
9 unlawful tax has been paid and that the claim for recovery of the unlawful tax has
10 complied with all legal requirements, the governing body shall allow the claim. The
11 Except as provided in par. (cm), the taxation district treasurer shall pay the claim
12 not later than 90 days after the claim is allowed.

13 SECTION 20. 74.35 (3) (cm) of the statutes is created to read:

14 74.35 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
15 property that is assessed under s. 70.995 in 5 annual instalments, each of which
16 except the last is equal to at least 20% of the sum of the refund and the interest on
17 the refund, beginning in the year of the determination, if all of the following
18 conditions exist:

19 1. The municipality's property tax levy for its general operations for the year
20 for which the taxes to be refunded are due is less than \$100,000,000.

21 2. The refund is at least 0.0025 of the municipality's levy for its general
22 operations for the year for which the taxes to be refunded are due.

23 3. The refund is more than \$10,000.

24 SECTION 21. 74.37 (3) (c) of the statutes is amended to read:

1 74.37 (3) (c) If the governing body of the taxation district or county that has a
2 county assessor system determines that a tax has been paid which was based on an
3 excessive assessment, and that the claim for an excessive assessment has complied
4 with all legal requirements, the governing body shall allow the claim. The Except
5 as provided in par. (cm), the taxation district or county treasurer shall pay the claim
6 not later than 90 days after the claim is allowed.

7 **SECTION 22.** 74.37 (3) (cm) of the statutes is created to read:

8 74.37 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
9 property that is assessed under s. 70.995 in 5 annual instalments, each of which
10 except the last is equal to at least 20% of the sum of the refund and the interest on
11 the refund, beginning in the year of the determination, if all of the following
12 conditions exist:

13 1. The municipality's property tax levy for its general operations for the year
14 for which the taxes to be refunded are due is less than \$100,000,000.

15 2. The refund is at least 0.0025 of the municipality's levy for its general
16 operations for the year for which the taxes to be refunded are due.

17 3. The refund is more than \$10,000.

18 **SECTION 23. Initial applicability.**

19 (1) REFUNDS. The treatment of sections 70.511 (2) (b) and (bm), 74.35 (3) (c) and
20 (cm) and 74.37 (3) (c) and (cm) of the statutes first applies to refunds of taxes that
21 were collected based on the assessment as of January 1, 2000.

22 (2) OBJECTIONS. The treatment of section 70.995 (8) (c) of the statutes first
23 applies to objections to the state board of assessors that are filed on the first day of
24 the 3rd month beginning after the effective date of this subsection.



DOA:.....Holden - Property tax assessment of manufacturing property

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION *js*

in 9-27-00

Do Not Gen

LPS: PLEASE
PROOF ~~WITH~~ WITH
~~FOLIO~~ FOLIO
AS INDICATED.

1 AN ACT...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION ✓

PROPERTY TAXATION ✓

STET ✓

STET ✓

Under current law, DOR assesses manufacturing property and 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 property tax, the property owner may file a claim for a property tax refund with the municipality in which the property is located. The municipality pays the refund in one sum that includes interest on the refund amount, paid at the rate of 0.8% a month.

Under current law, a property owner may file an objection to a property tax assessment of the owner's manufacturing property with the state board of assessors within 60 days of receiving notice from DOR of the property's assessment.

Under this bill, property may be classified as manufacturing property in any year only if on or before March 1 of that year either DOR has classified it as manufacturing property or the property owner has requested that classification and DOR complies with the request. Under the bill, a municipality may pay a property tax refund to an owner of manufacturing property in five annual installments rather than all at once, if the refund is more than \$10,000, the refund amount represents at least 0.0025% of the municipality's tax levy, and the municipality's tax levy is less

*

than \$100,000,000. The interest on the refund amount is paid either at a rate of 10% a year or at a rate determined by the last auction of six-month U.S. treasury bills, whichever is less. In addition, the state compensates the municipality for the interest on any such refund that is paid by the municipality.

Under the bill, a property owner who files an objection to a property tax assessment of the owner's manufacturing property must include in the objection the reasons for the objection, an estimate of the correct assessment, and the basis for that estimate. In addition, the property owner may file supplemental information to support the objection within 30 days from the date that the objection is filed.

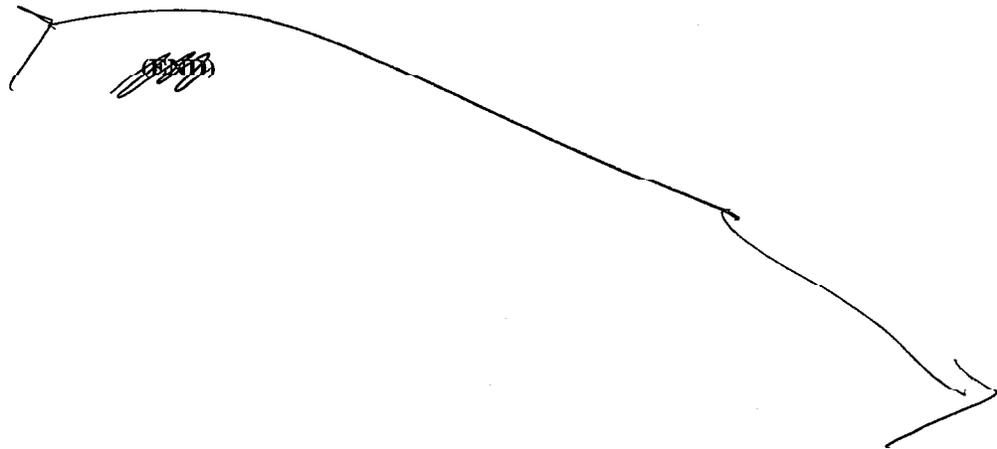
Under current law, an owner of manufacturing property must submit annually by March 1 a report to DOR that contains certain information about the property that DOR considers necessary for property tax assessment purposes. However, DOR may grant an extension to April 4 for filing the report. An owner of manufacturing property who fails to submit the report by the date that it is due must pay a penalty equal to the greater of \$10 or 0.05% of the property's assessment for the previous year, but not more than \$1,000. If the property owner does not submit the report within 30 days from the date that it is due, the property owner must pay a second penalty that is equal to the first.

Under the bill, an owner of manufacturing property who fails to submit the report by the date that it is due is subject to the following penalties: if the report is one to ten days late, \$25; if the report is 11 to 30 days late, the greater of \$50 or 0.05% of the previous year's assessment, but not more than \$250; and if the report is more than 30 days late, the greater of \$100 or 0.1% of the previous year's assessment, but not more than \$750.

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



**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1999 ASSEMBLY BILL 186**

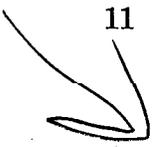
May 5, 1999 - Offered by COMMITTEE ON WAYS AND MEANS.

1 **AN ACT to renumber and amend** 70.995 (8) (b) and 70.995 (8) (c); **to amend**
 2 70.511 (2) (b), 70.995 (5), 70.995 (6), 70.995 (8) (d), 70.995 (8) (dm), 70.995 (12)
 3 (a), 70.995 (12) (b), 70.995 (12) (c), 74.35 (3) (c) and 74.37 (3) (c); **and to create**
 4 20.835 (2) (bm), 70.511 (2) (bm), 70.511 (2) (br), 70.995 (8) (b) 2., 70.995 (8) (c)
 5 2., 74.23 (1) (a) 5., 74.25 (1) (a) 4m., 74.30 (1) (dm), 74.35 (3) (cm) and 74.37 (3)
 6 (cm) of the statutes; **relating to:** instalment payments of refunds of taxes on
 7 manufacturing property, appeals of manufacturing property taxes, distribution
 8 of taxes on manufacturing property and the interest on refunded and additional
 9 taxes on manufacturing property, the deadline for classification of property as
 10 manufacturing, manufacturers' reports and making an appropriation.

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

11

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



1 20.835 (2) (bm) *Payments of interest on overassessments of manufacturing*
2 *property.* A sum sufficient to make the payments under s. 70.511 (2) (br).

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

note: bud

4 70.511 (2) (b) If the reviewing authority reduces the value of the property in
5 question, or determines that manufacturing property is exempt, the taxpayer may
6 file a claim for refund of taxes resulting from the reduction in value or determination
7 that the property is exempt. If Except as provided in par. (bm), if a claim for refund
8 is filed with the clerk of the municipality on or before the November 1 following the
9 decision of the reviewing authority, the claim shall be payable to the taxpayer from
10 the municipality no later than January 31 of the succeeding year. A Except as
11 provided in par. (bm), a claim filed after November 1 shall be paid to the taxpayer by
12 the municipality no later than the 2nd January 31 after the claim is filed. Interest
13 Except for claims related to property assessed under s. 70.995, interest on the claim
14 at the rate of 0.8% per month shall be paid to the taxpayer when the claim is paid.
15 Interest on claims related to property assessed under s. 70.995 shall be paid when
16 the claim is made at the average annual discount interest rate determined by the last
17 auction of 6-month U.S. treasury bills before ^{an} the appeal or objection is filed ^{under s. 70.995} or 10% ⁽⁸⁾
18 per year, whichever is less. If the taxpayer requests a postponement of proceedings
19 before the reviewing authority, interest on the claim shall permanently stop accruing
20 at the date of the request. If the hearing is postponed at the request of the taxpayer,
21 the reviewing authority shall hold a hearing on the appeal within 30 days after the
22 postponement is requested unless the taxpayer agrees to a longer delay. If the
23 reviewing authority postpones the hearing without a request by the taxpayer,
24 interest on the claim shall continue to accrue. No interest may be paid if the
25 reviewing authority determines under s. 70.995 (8) (a) that the value of the property

PWF

1 was reduced because the taxpayer supplied false or incomplete information. If taxes
2 are refunded, the municipality may proceed under s. 74.41.

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

4 70.511 (2) (bm) A municipality may pay a refund under par. (b) of the taxes on
5 property that is assessed under s. 70.995 in 5 annual instalments, each of which
6 except the last is equal to at least 20% of the sum of the refund and the interest on
7 the refund that is due, beginning on the date under par. (b), if all of the following
8 conditions exist:

9 1. The municipality's property tax levy for its general operations for the year
10 for which the taxes to be refunded are due is less than \$100,000,000.

11 2. The refund is at least 0.0025% of the municipality's levy for its general
12 operations for the year for which the taxes to be refunded are due.

13 3. The refund is more than \$10,000.

14 **SECTION 4.** 70.511 (2) (br) of the statutes is created to read:

15 70.511 (2) (br) From the appropriation under s. 20.835 (2) (bm), the department
16 of administration shall pay to each municipality that pays a refund under par. (b) for
17 property that is assessed under s. 70.995 or that pays a refund under par. (bm) an
18 amount equal to the interest that is paid by the municipality in the previous
19 biennium and that has accrued up to the date of the determination by the tax appeals
20 commission of the municipality's obligation.

21 **SECTION 5.** 70.995 (5) of the statutes is amended to read:

22 70.995 (5) ~~Commencing January 1, 1974, and annually thereafter, the~~ The
23 department of revenue shall assess all property of manufacturing establishments
24 included under subs. (1) and (2) as of the close of January 1 of each year, if on or before
25 March 1 of that year the department has classified the property as manufacturing

PWF

PWF

1 or the owner of the property has requested, in writing, that the department make
2 such a classification and the department later does so. A change in ownership,
3 location or name of the manufacturing establishment does not necessitate a new
4 request. In assessing lands from which metalliferous minerals are being extracted
5 and valued for purposes of the tax under s. 70.375, the value of the metalliferous
6 mineral content of such lands shall be excluded.

7 **SECTION 6.** 70.995 (6) of the statutes is amended to read:

8 70.995 (6) Prior to February 15 of each year the department of revenue shall
9 notify each municipal assessor of the manufacturing property within the taxation
10 district that, as of that date, will be assessed by the department during the current
11 assessment year.

12 **SECTION 7.** 70.995 (8) (b) of the statutes is renumbered 70.995 (8) (b) 1. and
13 amended to read:

PWF
14 70.995 (8) (b) 1. The department of revenue shall annually notify each
15 manufacturer assessed under this section and the municipality in which the
16 manufacturing property is located of the full value of all real and personal property
17 owned by the manufacturer. The notice shall be in writing and shall be sent by 1st
18 class mail. In addition, the notice shall specify that objections to valuation, amount,
19 or taxability must be filed with the state board of assessors within 60 days of issuance
20 of the notice of assessment, that objections to a change from assessment under this
21 section to assessment under s. 70.32 (1) must be filed within 60 days after receipt of
22 the notice, that the fee under par. (c) 1. or (d) must be paid and that the objection is
23 not filed until the fee is paid. A statement shall be attached to the assessment roll
24 indicating that the notices required by this section have been mailed and failure to
25 receive the notice does not affect the validity of the assessments, the resulting tax

PWF

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

on real or personal property, the procedures of the tax appeals commission or of the state board of assessors, or the enforcement of delinquent taxes by statutory means.

SECTION 8. 70.995 (8) (b) 2. of the statutes is created to read:

70.995 (8) (b) 2. If a municipality files an objection to the amount, valuation, taxability, or change from assessment under this section and the person assessed does not file an objection, the person assessed may file an appeal within 15 days after the municipality's objection is filed.

SECTION 9. 70.995 (8) (c) of the statutes is renumbered 70.995 (8) (c) 1. and amended to read:

70.995 (8) (c) 1. All objections to the amount, valuation, taxability, or change from assessment under this section to assessment under s. 70.32 (1) of property shall be first made in writing on a form prescribed by the department of revenue and that specifies that the objector shall set forth the reasons for the objection, the objector's estimate of the correct assessment, and the basis under s. 70.32 (1) for the objector's estimate of the correct assessment. An objection shall be filed with the state board of assessors within the time prescribed in par. (b) 1. A \$45 fee shall be paid when the objection is filed unless a fee has been paid in respect to the same piece of property and that appeal has not been finally adjudicated. The objection is not filed until the fee is paid. Neither the state board of assessors nor the tax appeals commission may waive the requirement that objections be in writing. Persons who own land and improvements to that land may object to the aggregate value of that land and improvements to that land, but no person who owns land and improvements to that land may object only to the valuation of that land or only to the valuation of improvements to that land.

SECTION 10. 70.995 (8) (c) 2. of the statutes is created to read:

PWF

1
2
3
4
5
6
7

70.995 (8) (c) 2. ~~The state board of assessors may grant a manufacturer who files an objection under subd. 1. a reasonable amount of additional time, as determined by the state board of assessors, to file supplemental information to support the manufacturer's objection, if the manufacturer shows good cause for granting such additional time.~~ *may* within 30 days from the date the objection is filed The state board of assessors shall notify the municipality in which the manufacturer's property is located of supplemental information filed by the manufacturer under this subdivision.

if the municipality has filed an appeal related to the objection

8

SECTION 11. 70.995 (8) (d) of the statutes is amended to read:

9

70.995 (8) (d) A municipality may file an objection with the state board of assessors to the amount, valuation, or taxability under this section or to the change from assessment under this section to assessment under s. 70.32 (1) of a specific property having a situs in the municipality, whether or not the owner of the specific property in question has filed an objection. Objection shall be made on a form prescribed by the department and filed with the board within 60 days of the date of the issuance of the assessment in question.

10

except that if the person assessed files an objection and the municipality affected does not file an objection, the municipality affected may file an appeal ^{to that objection} within 15 days after the person's objection is filed.

11

A \$45 filing fee shall be paid when the objection is filed unless a fee has been paid in respect to the same piece of property and that appeal has not been finally adjudicated. The objection is not filed until the fee is paid. The board shall forthwith notify the person assessed of the objection filed by the municipality.

12

SECTION 12. 70.995 (8) (dm) of the statutes is amended to read:

13

70.995 (8) (dm) The department shall refund filing fees paid under par. (c) 1. or (d) if the appeal in respect to the fee is denied because of lack of jurisdiction.

14

~~SECTION 13. 70.995 (12) (a) of the statutes is amended to read:~~

PLN

PLN

SCALED PERIOD

1 70.995 (12) (a) The department of revenue shall prescribe a standard
2 manufacturing property report form that shall be submitted annually for each real
3 estate parcel and each personal property account on or before March 1 by all
4 manufacturers whose property is assessed under this section. The report form shall
5 contain all information deemed necessary by the department and shall include,
6 without limitation, income and operating statements, fixed asset schedules and a
7 report of new construction or demolition. Failure to submit the report shall result
8 in denial of any right of redetermination by the state board of assessors or the tax
9 appeals commission. If any property is omitted or understated in the assessment roll
10 in any of the next 5 previous years, the assessor shall enter the value of the omitted
11 or understated property once for each previous year of the omission or
12 understatement. ~~The assessor shall designate each additional entry as omitted or~~
13 ~~understated for the year [....] of omission or understatement.~~ The assessor shall affix
14 a just valuation to each entry for a former year as it should have been assessed
15 according to the assessor's best judgment. Taxes shall be apportioned and collected
16 on the tax roll for each entry, on the basis of the net tax rate for the year of the
17 omission, taking into account credits under s. 79.10, and. In the case of omitted
18 property, interest shall be added at the rate of 0.0267% per day for the period of time
19 between the date when the form is required to be submitted and the date when the
20 assessor affixes the just valuation. In the case of underpayments determined after
21 an objection under s. 70.995 (8) (d), interest shall be added at the average annual
22 discount interest rate determined by the last auction of 6-month U.S. treasury bills
23 before the objection, between the date when the tax was due and the date when it is
24 paid.

25 SECTION 14. 70.995 (12) (b) of the statutes is amended to read:

INSERT A

1 70.995 (12) (b) The department of revenue shall allow an extension to April 1
2 of the due date for filing the report forms required under par. (a) if a written
3 application for an extension, stating the reason for the request, is filed with the
4 department on or before March 1.

5 **SECTION 15.** 70.995 (12) (c) of the statutes is amended to read:

6 70.995 (12) (c) Unless the taxpayer shows that the failure is due to reasonable
7 cause, if a taxpayer fails to file any form required under par. (a) for property that the
8 department of revenue assessed during the previous year by the due date or by any
9 extension of the due date that has been granted, the taxpayer shall pay to the
10 department of revenue a penalty of ~~the greater of \$10 or 0.05% of the previous year's~~
11 ~~full value assessment not to exceed \$1,000. If the form required under par. (a) for~~
12 ~~property that the department of revenue assessed during the previous year is not~~
13 ~~filed within 30 days after the due date or within 30 days after any extension, the~~
14 ~~taxpayer shall pay to the department of revenue a 2nd penalty of the greater of \$10~~
15 ~~or 0.05% of the previous year's full value assessment not to exceed \$1,000~~ \$25 if the
16 form is filed 1 to 10 days late; \$50 or 0.05% of the previous year's assessment,
17 whichever is greater, but not more than \$250, if the form is filed 11 to 30 days late;
18 and \$100 or 0.1% of the previous year's assessment, whichever is greater, but not
19 more than \$750, if the form is filed more than 30 days late. Penalties are due 30 days
20 after they are assessed and are delinquent if not paid on or before that date. The
21 department may refund all or part of any penalty it assesses under this paragraph
22 if it finds reasonable grounds for late filing.

23 **SECTION 16.** 74.23 (1) (a) 5. of the statutes is created to read:

24 74.23 (1) (a) 5. Pay to each taxing jurisdiction within the district its
25 proportionate share of the taxes and interest under s. 70.995 (12) (a).

PWK

1 SECTION 17. 74.25 (1) (a) 4m. of the statutes is created to read:

2 74.25 (1) (a) 4m. Pay to each taxing jurisdiction within the district its
3 proportionate share of the taxes and interest under s. 70.995 (12) (a).

4 SECTION 18. 74.30 (1) (dm) of the statutes is created to read:

5 74.30 (1) (dm) Pay to each taxing jurisdiction within the district its
6 proportionate share of the taxes and interest under s. 70.995 (12) (a).

7 SECTION 19. 74.35 (3) (c) of the statutes is amended to read:

8 74.35 (3) (c) If the governing body of the taxation district determines that an
9 unlawful tax has been paid and that the claim for recovery of the unlawful tax has
10 complied with all legal requirements, the governing body shall allow the claim. ~~The~~
11 Except as provided in par. (cm), the taxation district treasurer shall pay the claim
12 not later than 90 days after the claim is allowed.

13 SECTION 20. 74.35 (3) (cm) of the statutes is created to read:

14 74.35 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
15 property that is assessed under s. 70.995 in 5 annual instalments, each of which
16 except the last is equal to at least 20% of the sum of the refund and the interest on
17 the refund, beginning in the year of the determination, if all of the following
18 conditions exist: *under par. (c)*

19 1. The municipality's property tax levy for its general operations for the year
20 for which the taxes to be refunded are due is less than \$100,000,000.

21 2. The refund is at least 0.0025% of the municipality's levy for its general
22 operations for the year for which the taxes to be refunded are due.

23 3. The refund is more than \$10,000.

24 SECTION 21. 74.37 (3) (c) of the statutes is amended to read:

PWR

1 74.37 (3) (c) If the governing body of the taxation district or county that has a
2 county assessor system determines that a tax has been paid which was based on an
3 excessive assessment, and that the claim for an excessive assessment has complied
4 with all legal requirements, the governing body shall allow the claim. The Except
5 as provided in par. (cm), the taxation district or county treasurer shall pay the claim
6 not later than 90 days after the claim is allowed.

7 SECTION 22. 74.37 (3) (cm) of the statutes is created to read:

8 74.37 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
9 property that is assessed under s. 70.995 in 5 annual instalments, each of which
10 except the last is equal to at least 20% of the sum of the refund and the interest on
11 the refund, beginning in the year of the determination, if all of the following
12 conditions exist: *under par. (c)*

13 1. The municipality's property tax levy for its general operations for the year
14 for which the taxes to be refunded are due is less than \$100,000,000.

15 2. The refund is at least 0.0025^{9%} of the municipality's levy for its general
16 operations for the year for which the taxes to be refunded are due.

17 3. The refund is more than \$10,000.

18 SECTION 23. ⁹³⁴⁴Initial applicability.

19 (1) REFUNDS. The treatment of sections 70.511 (2) (b) and (bm), 74.35 (3) (c) and
20 (cm), and 74.37 (3) (c), and (cm) of the statutes first applies to refunds of taxes that
21 were collected based on the assessment^s as of January 1, 2000.

22 (2) OBJECTIONS. The treatment of section 70.995 (8) (c) of the statutes first
23 applies to objections ^{with} to the state board of assessors that are filed on the first day of
24 the 3rd month beginning after the effective date of this subsection.

INSERT A

1 **SECTION 1.** 70.995 (12) (a) of the statutes is amended to read:

2 70.995 (12) (a) The department of revenue shall prescribe a standard
3 manufacturing property report form that shall be submitted annually for each real
4 estate parcel and each personal property account on or before March 1 by all
5 manufacturers whose property is assessed under this section. The report form shall
6 contain all information considered necessary by the department and shall include,
7 without limitation, income and operating statements, fixed asset schedules and a
8 report of new construction or demolition. Failure to submit the report shall result
9 in denial of any right of redetermination by the state board of assessors or the tax
10 appeals commission. If any property is omitted or understated in the assessment roll
11 in any of the next 5 previous years, the assessor shall enter the value of the omitted
12 or understated property once for each previous year of the omission or
13 understatement. ~~The assessor shall designate each additional entry as omitted or~~
14 ~~understated for the year of omission or understatement.~~ The assessor shall affix a
15 just valuation to each entry for a former year as it should have been assessed
16 according to the assessor's best judgment. Taxes shall be apportioned and collected
17 on the tax roll for each entry, on the basis of the net tax rate for the year of the
18 omission, taking into account credits under s. 79.10, and. In the case of omitted
19 property, interest shall be added at the rate of 0.0267% per day for the period of time
20 between the date when the form is required to be submitted and the date when the
21 assessor affixes the just valuation. In the case of underpayments determined after
22 an objection under s. 70.995 (8) (d), interest shall be added at the average annual
23 discount interest rate determined by the last auction of 6-month U.S. treasury bills

per day for the period of time

1 before the objection between the date when the tax was due and the date when it is
2 paid.

History: 1973 c. 90, 283, 333; 1975 c. 39, 144, 199, 200, 213, 224; 1977 c. 29 ss. 776 to 782, 1646 (3), 1647 (5m), 1656 (38); 1977 c. 31, 142, 272; 1977 c. 300 ss. 7, 8; 1977 c. 328, 377, 418, 447; 1979 c. 34 ss. 883m, 2102 (39) (g); 1979 c. 221; 1981 c. 20; 1983 a. 27; 1983 a. 275 s. 15 (8); 1985 a. 29; 1985 a. 120 s. 3202 (46); 1987 a. 27, 196, 399; 1989 a. 31; 1991 a. 39, 269; 1993 a. 307, 391; 1995 a. 227, 408; 1997 a. 35, 237, 250; 1999 a. 32.

Kreye, Joseph

From: Holden, Kerry
Sent: Thursday, October 26, 2000 1:55 PM
To: Kreye, Joseph
Subject: FW: LRB Draft: 01-0543/1 Property tax assessment of manufacturing property

Below are DOR's brief comments.

Kerry Holden

Tax, Finance & Local Government Team
DOA State Budget Office
Phone: (608)266-8593
Fax: (608)267-0372
Email: Kerry.Holden@doa.state.wi.us

-----Original Message-----

From: Weber, Mary Jo
Sent: Thursday, October 26, 2000 10:59 AM
To: Holden, Kerry
Subject: FW: LRB Draft: 01-0543/1 Property tax assessment of manufacturing property

Kerry,
DOR's comments are below.

MJW

-----Original Message-----

From: Turner, Charles E
Sent: Thursday, October 26, 2000 8:35 AM
To: Weber, Mary Jo; Reinemann, John F
Subject: RE: LRB Draft: 01-0543/1 Property tax assessment of manufacturing property

~~... except for error in Reference to Section 2, paragraph 2. Should say DOR may grant an extension to April~~

-----Original Message-----

From: Weber, Mary Jo
Sent: Wednesday, October 25, 2000 3:32 PM
To: Turner, Charles E; Reinemann, John F
Subject: FW: LRB Draft: 01-0543/1 Property tax assessment of manufacturing property

Attached is the LRB draft for issue paper U5. Would you please review this paper and forward any comments that you or anyone else may have back to me?

Thanks.

-----Original Message-----

From: Holden, Kerry
Sent: Tuesday, October 24, 2000 12:07 PM
To: Weber, Mary Jo
Cc: Gates-Hendrix, Sherrie
Subject: FW: LRB Draft: 01-0543/1 Property tax assessment of manufacturing property

Attached is the LRB draft for issue paper U5. It looks like Charlie Turner and John Reinemann worked on it. Could you please have this draft reviewed and let me know if DOR has comments? Thanks.

Kerry Holden

Tax, Finance & Local Government Team
DOA State Budget Office
Phone: (608)266-8593

Fax: (608)267-0372
Email: Kerry.Holden@doa.state.wi.us

-----Original Message-----

From: Greenslet, Patty
Sent: Tuesday, October 24, 2000 12:00 PM
To: Holden, Kerry
Cc: Koskinen, John; Currier, Dawn; Hanaman, Cathlene; Haugen, Caroline
Subject: LRB Draft: 01-0543/1 Property tax assessment of manufacturing property

Following is the PDF version of draft 01-0543/1.

<< File: 01-0543/1 >>