AB172

Assembly Hearing Slip

(Please print plainly)

Date: 4/25/01

Bill No. AB 172

Or Subject

"lie-Palm"

REP. JOE LEIBHAM

Name

3618 River Ridge Drive

Street Address or Route Number

Sheboygan, WI 53083

City and Zip Code

Representing

Speaking in favor: ☒

Speaking against: ☐

Registering in favor: ☐

Registering against: ☐

Speaking for information only:
Neither for nor against: ☐

Please promptly return this slip to the messenger at the committee.

Provided by:
Assembly Sergeant at Arms
411 West, State Capitol
Madison, WI 53708

Assembly Hearing Slip

(Please print plainly)

Date: 4-25-01

Bill No. AB 172

Or Subject

WAYNE COREY

Name

111 S. HAMILTON

Street Address or Route Number

MADISON 53703

City and Zip Code

WI INDEPENDENT BUSINESSES

Representing

Speaking in favor: ☒

Speaking against: ☐

Registering in favor: ☐

Registering against: ☐

Speaking for information only:
Neither for nor against: ☐

Please promptly return this slip to the messenger at the committee.

Provided by:
Assembly Sergeant at Arms
411 West, State Capitol
Madison, WI 53708

Assembly Hearing Slip

(Please print plainly)

Date: 4-25-01

Bill No. AB 172

Or Subject

Tom Ourada

Name

Dept. of Revenue

Street Address or Route Number

City and Zip Code

Representing

Speaking in favor: ☐

Speaking against: ☐

Registering in favor: ☐

Registering against: ☐

Speaking for information only:
Neither for nor against: ☑

Please promptly return this slip to the messenger at the committee.

Provided by:
Assembly Sergeant at Arms
411 West, State Capitol
Madison, WI 53708

Ways & Means Committee
Preliminary Report on Referred Legislation
May 2, 2001

Bill: **AB 172**
Author: **Rep. Leibham**
Date Referred: **03-06-2001**
Public Hearing: **N/A**
Executive Session: **N/A**

Relating Clause: **discontinuing the fee for issuing and renewing business tax registration certificates.**

Comments from Department of Revenue-
DOR does not like this legislation. The proposal eliminates the fee but does *not* find alternative funding to replace the loss. The process for the business tax registration certificates is a Program Revenue (PR) appropriation. If a PR appropriation runs out of money during the biennium, the General Fund (GF) kicks in to cover the short fall. Then, on the state's ledgers, it appears as the PR owing the GF however much money constituted the short fall (SGH – 3/13/01). In addition, this fee represents the consolidation of several business fees in to one fee.

Comments from the Author-

Author's reasoning for introducing legislation:
At the request of constituents. Their objection is basically that the state is charging taxpayers for paying taxes. The fee is only $10; it's the "principle" of the fee they don't like.

Author's intent:
To eliminate the fee associated with obtaining a business tax registration certificate.

Does the Author want the legislation moved forward?
_X_ Yes ___ No
If no, do we have this in writing?
___ Yes ___ No

Is the legislation in its final form?
_X_ Yes ___ No
If major changes are required, the author shall prepare and introduce the necessary amendments.

Notes-
comments.

State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK ROAD • P.O.BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718 • http://www.dor.state.wi.us

Scott McCallum
Governor

Richard G. Chandler
Secretary of Revenue

May 1, 2001

The Honorable Michael Lehman, Chairperson
Assembly Ways and Means Committee
103 West, State Capitol
Madison, WI 53702

Dear Representative Lehman and Committee Members:

As a follow-up to my appearance before the Ways and Means Committee on Wednesday, April 25, 2001, I am providing additional information regarding AB172.

The following table summarizes the positions currently supported by the Business Tax Registration appropriation and their functions:

Registration Unit	1 Revenue Agent Supervisor	Supervise the unit which handles registration for all business tax programs, as well as account maintenance, renewals, inactivations and security deposits.
	2 Revenue Agents	Provide advice on statutory issues to clerical staff, manage specialized registration programs like Certificates of Exempt Status and develop requirements for computer system modifications.
	11.5 Revenue Tax Representatives	Process business tax registrations, file maintenance, inactivations, security deposit requests and renewals.
Inquiry and Technical Assistance Unit	5.35 Revenue Agents	Provide assistance to taxpayers via correspondence and phone regarding requirements to register for business taxes.
Milwaukee District Office Taxpayer Assistance Counter	1 Revenue Agent	Perform duties similar to Revenue Agents in Inquiry and Technical Assistance Unit for walk-in and phone customers in the Milwaukee office.

Shipping & Mailing Section	.75 Shipping & Mailing Clerk	Process outgoing permits and renewals and related correspondence.
Office of Information Technology Services	2 IS Applications Programmers	Develop and maintain computer applications related to registration and renewal.

Only the two Applications Programmers and one Revenue Agent position in the Registration Unit were newly created positions at the time the Business Tax Registration appropriation was created. These positions were intended to create and maintain a Business Tax Registration computer system. All the other positions supported by the appropriation were originally GPR-funded positions that were transferred in the appropriation at its inception or in later biennia.

Please let me know if there is any further information I can provide to you.

Sincerely,

Thomas Ourada

Thomas Ourada
Executive Assistant

TO:VRS:ms

FROM: WAYNE COREY
Executive Director

WIB POSITION PAPER 2001 • 2002

WIB SUPPORTS AB 172!

BUSINESSES HATE BUSINESS TAX REGISTRATION FEE!

PREPARED FOR: THE ASSEMBLY COMMITTEE ON WAYS & MEANS

DATE: April 25, 2001

"Hate" is a strong word. It is the correct word to use, however, when describing the attitude of small business owners toward the business tax registration fee imposed by the Wisconsin Department of Revenue. Business owners understand this fee very well. DOR mandates that in exchange for the privilege of COLLECTING taxes on behalf of the State of Wisconsin, and in further exchange for the privilege of PAYING taxes to the Sate of Wisconsin, the business gets to pay an added fee. In other words, the price for collecting and paying taxes is yet another tax!

I wrote Representative Joe Leibham, the lead author of Assembly Bill 172, when the legislation was introduced. The letter thanked Representative Leibham for introducing the bill and added, "When the business registration fee was first imposed, our WIB toll-free member hotline was swamped with calls. Although the amount of the fee is small, the outrage it generates is huge!" Amen.

Why does Wisconsin impose this added tax burden on the owners of its businesses? The business tax registration fee has caused significant unhappiness. Businesses paid peanuts for acting as the state's tax collector are forced to pay for the opportunity to pay taxes.

Wisconsin Independent Businesses is keenly aware that the State of Wisconsin has needed "creative" measures to balance budgets in recent years. The business tax registration fee was highly creative and is highly disliked. It is an unfair tax that should be removed now!

Wisconsin Independent Businesses, Inc.
111 South Hamilton Street Madison, WI 53703 Telephone 608-255-0373 Fax 608-255-6600

Delinquent Tax Collection Program Annual Report 1999-2000

Wisconsin Department of Revenue

INTRODUCTION

This is the fourth edition of the Wisconsin Department of Revenue's Delinquent Tax Collection Annual Report. This report is designed to combine a variety of information related to delinquent tax collection in one location.

We're interested in your feedback. If there is information in this report that is unclear or if you would like to see other information included in future editions, forward your comments to Vicki R. Siekert, Compliance Bureau Director at (608) 266-9635 or FAX (608) 261-6226 or vsiekert@dor.state.wi.us.

Process Description

The delinquent collection process starts when bills generated by the department's various processing and audit systems pass their due date without being fully paid. One to three weeks after the due date of the original bill, any unpaid or partially paid liabilities are transferred to the department's delinquent tax computer system. Ten days later, a notice of delinquent tax is sent to the taxpayer which notifies him or her that the delinquent tax collection fee has been added to the account and warns the taxpayer of what may occur if he or she does not pay the liability.

Most first-time delinquents are initially assigned to the Central Collection Section. Within 30 days of assignment, a notice of informal hearing is sent to the taxpayer. This asks the taxpayer to appear for a meeting with the revenue agent assigned to the account to establish a way to resolve the liability. The letter also indicates that arrangements can be made through a phone call; most responses come through that medium.

If the taxpayer is unable to pay the liability in full, the revenue agent may accept an installment agreement to pay the liability over time. The taxpayer will need to provide information on where he banks and works and may need to provide additional financial information if the payment agreement will extend over a long time.

If the taxpayer does not respond to the informal hearing notice, or fails to follow through on a promise to pay or an installment agreement, the revenue agent will look for opportunities to take an involuntary collection action, usually through delinquent withholding from wages ('certifications') or through levies on financial institution accounts. The information on where a taxpayer banks or works may have come from the taxpayer or department records or may have come from data sharing agreements that the department has with the Department of Workforce Development and the Internal Revenue Service.

The department may offset state tax refunds or lottery prizes owed to a delinquent taxpayer against his or her liabilities.

If the Central Collection revenue agent has been unable to resolve an account within six months, the account will be referred to one of two places:

1) Accounts that are over $1,000 **or** are the debts of an active business are referred to a field revenue agent.

2) Accounts that are under $1,000 are referred to a collection agency. **All** out-of-state accounts will be referred to a collection agency regardless of size.

In addition to accounts referred in 1) above, accounts will be referred to the Field Compliance Section immediately after set up if the taxpayer has previous delinquencies or if the first liability is large.

Field revenue agents may use the same tools as central agents to resolve accounts: informal hearings, installment agreements, wage certifications and levies. They will also make field calls to delinquent taxpayers in an attempt to make payment arrangements or obtain missing returns. In addition, they have the ability to utilize other delinquent collection techniques, such as the following:

1) **Delinquent tax warrants** may be filed on an account, which places a lien on any real or personal property owned by the taxpayer in the county of record. (Copies of tax warrants may be filed in multiple counties.)

2) **Garnishments** may be initiated to seize assets of the taxpayer that may be in the hands of a third party, such as accounts receivable.

3) **Warrant executions** may be initiated to seize property held by the taxpayer, such as a vehicle or the contents of a cash register.

4) **Seller's permits** may be **revoked**, which prevents the taxpayer from making sales of goods or services subject to sales tax.

5) **Occupational licenses** issued by various state agencies may be denied, revoked, or suspended.

6) **Supplemental hearings** may be held before a court commissioner to identify assets that may be used to liquidate the liability.

7) Payments from the State of Wisconsin to delinquents who are **vendors** to the state may be **offset** against the liability.

8) Officers or employes of a corporation with the responsibility to make tax payments who fail to make those payments may be found to have **personal liability** for those debts after an investigation.

Field revenue agents' first priority is the accounts of active businesses, since these accounts may accumulate debt rapidly. Agents are expected to resolve these accounts within three months. Individual accounts or accounts of inactive businesses must be resolved within one year. Resolution may mean payment or the determination that the account is uncollectible.

During their life, accounts may be moved to various special assignments managed by the Central Collection Section. These assignments are described below:

1) Accounts are assigned to the Special Procedures Unit if the taxpayer files for protection under the federal **bankruptcy** law. The Special Procedures Unit will file claims for delinquent taxes in bankruptcy court, monitor confirmed payment plans, and review bankruptcy discharges to determine what, if any, tax debt should be written off.

2) **Unable-to-locate** accounts are assigned to the Skip-Tracing Unit, which tries to discover a new address for the taxpayer or locate assets of the taxpayer that can be seized.

3) **Dormant accounts**, such as defunct corporations and deceased taxpayers, are maintained in separate assignments and written off when they meet departmental guidelines. Probate claims are filed if a deceased taxpayer has an estate.

4) Accounts involved in **legal proceedings**, such as foreclosures, are assigned to the Collection Attorneys Unit.

Taxpayers who are unable to pay their total delinquent liabilities, now or in the future, may petition the department to accept a compromise amount. These petitions are acted upon by the unit supervisor or the section chief, depending on the amount to be compromised.

Delinquent Collection Philosophy

In Wisconsin, the collection of delinquent taxes is based on the premise that the voluntary resolution of delinquent tax accounts is preferable to exercising the authority delegated to the Department of Revenue to collect these taxes by involuntary methods.

Our first preference in resolving accounts is immediate full payment. Since this is not always achievable, we are willing to negotiate mutually agreeable voluntary repayment schedules when circumstances indicate that it is the reasonable thing to do.

When taxpayers demonstrate that they will not voluntarily pay their legal obligations, we will initiate involuntary collection actions. Our involuntary actions should begin with those which are the least disagreeable and progress steadily when taxpayers do not respond by resolving their account. In cases which seriously jeopardize the state's revenue, we will progress rapidly to the most severe involuntary collection actions.

To assure that the taxpaying citizens of Wisconsin are not unduly burdened by those who will not pay their just obligations, our goal is to collect all delinquent accounts. In attempting to achieve this goal, the intensity of our collection efforts will vary in a manner which recognizes both costs and benefits. We use factors such as size of account balance, age of account and potential for continued noncompliance and pyramiding debt to determine the level of effort devoted to each account.

Based on these factors, our first collection priority is the delinquent accounts of active businesses. These accounts have the greatest potential to pyramid their delinquent balances to the point where collection in full may be very difficult, if not impossible. Our responsibilities regarding business accounts are two-fold. We must assure the payment of all outstanding amounts, and we must prevent the continued accrual of delinquent balances.

Nonbusiness and inactive business accounts are our second priority. As in the case of business accounts, the size of the outstanding balance and its age should determine the order in which we attempt our resolutions of these accounts.

The department believes that firm but fair collection policies best serve the interests of Wisconsin citizens by maximizing the recovery of tax receivables and limiting the growth of new liabilities.

Guidelines

In carrying out the above philosophy, the department's collection agents will work within the following guidelines:

- The department's agents will contact taxpayers in a professional and businesslike manner. Realizing that taxpayers are sometimes angry, frustrated or fearful, all department staff should ensure that neither their words nor gestures are demeaning, condescending, or threatening.

- Initial attempts to resolve a delinquent account should be with terms that are mutually acceptable to the taxpayer and the department. If mutually acceptable terms are reached, the department expects the taxpayer to assume the responsibility of meeting the terms of that agreement.

- Agents should advise taxpayers of the consequences should they fail to honor the terms of their agreement without good cause and without communicating this good cause to the assigned agent prior to the next expected action date.

- For accounts that have entered into installment agreements, one reminder or follow-up request will be issued by the agent if a payment is missed without prior notification. A second default will be cause to move to involuntary collection action.

- If mutually acceptable terms to resolve an account cannot be reached, department agents should advise taxpayers of the potential consequences of their refusal to voluntarily resolve the account.
- Active business accounts will generally be treated differently than others in regard to installment agreements because of their greater potential to jeopardize the state's revenue.
- The department will grant active business installment agreements only when it is in the state's best interest to do so. The duration of any agreement will generally be shorter than for nonbusiness accounts.
- Persons owing nonbusiness taxes or taxes from inactive businesses will generally be granted an installment agreement upon request if they have no prior history of delinquencies, or if they do have a history of delinquencies but have a record of honoring past commitments.

STAFFING

Highlights of 1999-2000

- 1999 Wisconsin Act 9 authorized 10 additional revenue agents to be devoted to delinquent tax collection. Five of these positions were assigned to the Central Collection Units, four to Field Compliance and one to the Special Procedures Unit.
- A full-time position from the Skip-Tracing Unit and a 55% position from the Collection Attorneys Unit were moved into the Delinquent Processing Unit to deal with heavy workloads there.

Current Staffing Levels

- The Delinquent Tax Program is currently staffed with 189.15 FTE's allocated as shown in the following table.

CATEGORY	NUMBER OF FTE'S	PERCENTAGE OF TOTAL
Field Revenue Agents	89	47%
Central Revenue Agents	34.6	19%
Support Staff	34.05	18%
Application Development Staff	8.5	4%
Supervisory/Managers	15	8%
Collection Attorneys	2	1%
Analysts/Network Coordinators	6	3%
Total	189.15	100%

Compliance Bureau; Administration
Income, Sales, & Excise Tax Division
Department of Revenue

Compliance Bureau Director
Revenue Administrative Manager
Vicki Siekert 81-80 GPR 021731

Administrative Support Unit
Program Assistant Supervisor 3
Jean Cleary 42-12 GPR 000548

Staff 3.45

- Purchasing
- Payroll
- Forms management
- Bureau mail table
- Budget support
- Word processing
- Clerical and phone support for bureau managers
- PC support

IS (N) Lan Coordinators
Scott Mueller 07-15 GPR 022174

IS (N) Lan Coordinator - Senior GPR
Scott Mueller 022174

IS (N) Lan Coordinator - Imtermediate
Chris Porter 201243 GPR
Ryan Wagner 002335 GPR

Collection Attorneys Unit
Attorney 14, Supervisor
James Harnett 49-74 GPR 016633

Staff 2.75

- Represent the department in delinquent tax collection matters
- Respond to requests for garnishments, executions, and supplemental hearings
- Research questions of law

Tax System Specialists

Staff 3

Central Collection Section
Revenue Administrative Manager
Catherine Bink 81-80 GPR 013484

Chart No. 4.2

Field Compliance Section
Revenue Administrative Manager
Ron Danielski 81-80 GPR 012986

Chart No. 4.3

Compliance Bureau; Field Compliance Section
Income, Sales, & Excise Tax Division
Department of Revenue

Field Compliance Section Chief
Revenue Administrative Manager
Ron Danielski 81-80 GPR 012986

Administrative Assistant
Revenue Agent 5
Dennis Orr 07-16 GPR 039112

Temporary Event's
Revenue Agent 3
Tom Beyer 07-14 GPR 328014

APPLETON
(8 Branch Offices)
Revenue Agt. Field Management Supervisor
Christine Wysocki 81-79 GPR 006821

Staff 15

- Field collection of delinquent accounts
- Taxpayer assistance
- District office reception and support

EAU CLAIRE
(10 Branch Offices)
Revenue Agt. Field Management Supervisor
Dennis Clark 81-79 GPR 017684

Staff 20

- Field collection of delinquent accounts
- Taxpayer assistance
- District office reception and support

MADISON
(6 Branch Offices)
Revenue Agt. Field Management Supervisor
Dennis Wogsland 81-79 GPR 015411

Staff 17

- Field collection of delinquent accounts
- Taxpayer assistance
- District office reception and support
- Vendor setoff

MILWAUKEE
(6 Branch Offices)
Revenue Agt. Field Management Supervisor
81-79
District G Linda Zepezauer 002825 GPR
District I Ron Winiarski 006814 GPR

District G Staff 20

District I Staff 21

- Field collection of delinquent accounts
- Taxpayer assistance

Compliance Bureau; Central Collection Section
Income, Sales, & Excise Tax Division
Department of Revenue

Central Collection Section Chief
Revenue Administrative Manager
Catherine Bink 81-80 GPR 013484

Tax System Specialist
Revenue Tax Specialist 1
Dennis Cooper 040303 GPR

Central Collection Unit A
Revenue Agent Supervisor
Brian Dischler 81-78 GPR 013266

Staff 13.5

- Handle incoming correspondence and calls regarding delinquent accounts
- Initiate first active collection actions on most accounts
  - -Outgoing phone calls
  - -Informal hearings
  - -Installment agreements
  - -Certification
  - -Levies or garnishments

Central Collection Unit B
Revenue Agent Supervisor
Steve Gorton 81-78 GPR 010683

Staff 13.6

- Handle incoming correspondence and calls regarding delinquent accounts
- Initiate first active collection actions on most accounts
  - -Outgoing phone calls
  - -Informal hearings
  - -Installment agreements
  - -Certification
  - -Levies or garnishments
- Manage tax warrants
- Adjust income delinquencies

Special Procedures Unit
Revenue Agent Supervisor
Gary Garczynski 81-78 GPR 041329

Staff 14.8

- Revocation
- Bankruptcy
- Probate claims
- Collection agency referrals
- Denial of occupational licenses
- Responsible person assessments

Delinquent Processing Unit
Revenue Supervisor 1
Cindy Mael 01-14 GPR 011207

Staff 8.55

- Process delinquent payments
- Process credit memos
- Work exception lists
- Lottery prize interception
- On-line account setup
- Refund offsets
- Agency setoffs

Skip Tracing Unit
Program Assistant Supervisor 3
Mary Heimann 01-12 GPR 010189

Staff 10

- Research UTL accounts
- Research for field agents
- Research return mail
- Process material coming from field
- Receipt book control
- Coordinate data sharing with other agencies
- State Treasurer's claim
- Manage certifications

LEGISLATION

- The Compliance Bureau implemented the change in appropriation structure authorized by 1999 Wisconsin Act 9. The Delinquent Tax Collection program revenue appropriation was abolished and all positions and other expenses reverted to GPR funding.

- At the end of the fiscal year, the department implemented a $20 fee for entering into an installment agreement and began passing on court costs to taxpayers, as authorized in 1999 Wisconsin Act 9.

- 1999 Wisconsin Act 189 gave the department the authority to accept compromise payments through installment agreements in addition to lump sum payments.

- A legislative proposal requiring the department to post the top 100 delinquent accounts on the Internet was not successful.

AUTOMATION

- An automated call distribution system (APROPOS) was installed in the Central Collection Section. This system has greatly enhanced the section's ability to manage in-bound calls.

- The Central Collection Section has begun to develop specifications for the predictive dialing system funded in 1999 Wisconsin Act 9. This system will be installed after the department's move to its new building in November 2000.

DELINQUENT BALANCE

Highlights of 1999-2000

- Cash collections for fiscal 2000 increased 15.5% over fiscal 1999. This reflects the fact that collection staff returned to collection duties after being assigned to the Tax Amnesty Program. Also the ten new Revenue agent positions established in the Biennial Budget have been filled, trained, and are beginning to become productive.
- Refund offsets for fiscal 2000 increased by 60.6% over fiscal 1999, largely due to the $8,229,795 of sales tax rebates intercepted to apply to delinquent accounts. These interceptions paid over 13,000 accounts in full, plus partial payments to others.
- Total collections of delinquent tax for fiscal 2000 were almost $109 million, topping $100 million for the first time.
- The percentage of delinquent dollars in "open" status dropped from 45.5% at the end of fiscal 1999 to 30.7% at the end of fiscal 2000. This reflects the fact that accounts are being worked more timely now that agents have returned from amnesty assignments and the new agent positions established in the budget are beginning to become productive.
- Another contribution to increased collections is the expansion of the Occupational Licensing Program to more state agencies. In April 2000, this program set a new monthly collections record of $521,511. It is anticipated that all state agencies will have implemented this program by the end of fiscal 2001.

Delinquent Balance by Tax Type

Analysis over Four Years	Delinquent Balance as of 7/15/97		Delinquent Balance as of 6/30/98		Delinquent Balance as of 6/30/99		Delinquent Balance as of 7/7/00	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Corporation Tax	47,696,834	5.7%	56,074,947	6.3%	18,738,183	2.7%	21,368,682	3.1%
Income Tax	267,858,449	32.1%	312,406,142	35.2%	319,482,839	45.7%	311,758,450	45.3%
Sales Tax	212,289,135	25.4%	218,914,326	24.6%	173,857,070	24.8%	163,247,680	23.7%
Withholding Tax	251,537,468	30.1%	242,177,349	27.3%	139,863,101	20.0%	147,934,834	21.5%
Miscellaneous Taxes	55,867,554	6.7%	58,638,539	6.6%	47,675,265	6.8%	43,371,332	6.3%
GRAND TOTAL	835,249,440		888,211,303		699,616,458		687,680,978	

- The delinquent system includes delinquencies for all the tax programs administered by the Income, Sales & Excise Division plus three tax programs administered by the State and Local Finance Division.
- In March of 1999, the department first made use of its expanded authority to write off uncollectible accounts. Over $300 million was written off during 1998-99. Because 72% of the amount written off was the debt of defunct corporations, this reduced the percentage of the total delinquent balance made up of corporation and withholding taxes.
- The miscellaneous tax category includes the following:
  - ✓ Aviation fuel
  - ✓ Gift tax
  - ✓ Inheritance tax
  - ✓ Liquor tax
  - ✓ Motor fuel tax
  - ✓ Real estate transfer fee (SLF)
  - ✓ Special fuel tax
  - ✓ Tobacco tax
  - ✓ Utility tax (SLF)
  - ✓ Drug tax (added in 1990)
  - ✓ Temporary recycling surcharge (added in 1992)
  - ✓ Manufacturing penalty (SLF)(added in 1995)
  - ✓ Exposition center tax (added in 1996)
  - ✓ Petroleum inspection fee (added in 1996)
  - ✓ Business tax registration fee (added in 1996)
  - ✓ Stadium tax (added in 1997)
  - ✓ Premier Resort Tax (added in 2000)
  - ✓ Dry Cleaning Fee (added in 2000)
  - ✓ Rental Vehicle Tax (added in 2000)

Delinquent Balance by Assessment Type

Analysis over Four Years	Delinquent Balance as of 7/15/97		Delinquent Balance as of 6/30/98		Delinquent Balance as of 6/30/99		Delinquent Balance as of 7/7/00	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Addition to Estimate	5,844,611	0.7%	5,707,071	0.6%	4,274,451	0.6%	3,506,948	0.5%
Computer Determined	41,414,023	5.0%	50,652,579	5.7%	60,367,382	8.6%	48,193,112	7.0%
Appellate Redetermination	2,735,172	0.3%	4,230,053	0.5%	5,952,799	0.9%	3,406,579	.5%
Estimated Assessment	466,047,094	55.8%	501,035,555	56.4%	347,448,061	49.7%	413,954,391	60.2%
Field Audit	30,488,741	3.7%	37,153,067	4.2%	17,607,058	2.5%	13,933,117	2.0%
Late Filing Fee	5,265,249	0.6%	5,523,211	0.6%	3,163,806	0.5%	3,977,911	0.6%
Non Sufficient Funds	8,178,084	1.0%	8,078,696	0.9%	3,779,310	0.5%	3,911,056	0.6%
Office Audit	153,056,450	18.3%	154,557,086	17.4%	141,670,168	20.2%	124,832,265	18.2%
Personal Liability	36,934,520	4.4%	41,174,723	4.6%	78,003,635	11.1%	31,793,749	4.6%
No Remit	80,815,362	9.7%	75,774,768	8.5%	33,523,687	4.8%	36,873,605	5.4%
Short Remit	971,628	0.1%	1,625,433	0.2%	1,459,905	0.2%	1,439,850	0.2%
Tax Appeals Commission	2,297,735	0.3%	1,620,420	0.2%	1,445,117	0.2%	972,558	0.1%
Successor Liability	313,995	0.0%	385,440	0.0%	238,066	<0.1%	204,786	0.0%
Conversion	886,776	0.1%	693,201	0.1%	683,013	0.1%	681,051	0.1%
GRAND TOTAL	835,249,440		888,211,303		699,616,458		687,680,978	

- Definitions of the assessment types follow:
  - ✓ **Addition to Estimate** - An estimated assessment was issued for an unfiled period and when the return was filed. The original estimate was too low.
  - ✓ **Computer Determined** – A computation error or error in claiming credits or deductions was identified during computer processing of a return.
  - ✓ **Appellate Redetermination** - An assessment has been appealed to the Resolution Unit and upheld in full or in part.
  - ✓ **Estimated Assessment** - Estimates are issued when the department has reason to believe that a return is due but it has not been filed. Anyone with an active business tax account, such as sales tax or withholding tax, is required to file a return for each period, even if there is nothing to report.
  - ✓ **Field Audit** - A liability has been determined based on an on-site inspection of the taxpayer's books and records.
  - ✓ **Late Filing Fee** - Taxpayer has filed a return or report late and been billed a late filing fee.
  - ✓ **Non Sufficient Funds** - A taxpayer has paid a liability with a check that has been returned by the bank and has been billed for the balance due plus the NSF check fee.
  - ✓ **Office Audit** - A liability has been determined based on an office review of the taxpayer's returns and information received from the taxpayer or other sources.
  - ✓ **Personal Liability** - An officer of a corporation or member of a limited liability company has been determined to be responsible for the debts of a corporation.
  - ✓ **No Remit** - A return or report has been filed without any payment of the balance due.
  - ✓ **Short Remit** - A return or report has been filed without full payment of the balance due.
  - ✓ **Tax Appeals Commission** - An assessment has been appealed to the Tax Appeals Commission and upheld in full or in part.
  - ✓ **Successor Liability** - A taxpayer has purchased a business without getting a tax clearance certificate from the department and has been held responsible for tax debts of the previous owner.
  - ✓ **Conversion** - Debts were converted from paper records when delinquent records were computerized in 1970.

- Estimated assessments make up a substantial part of the delinquent tax balance. Since estimated assessments are computed at an amount expected to be larger than the actual balance, part of this liability is usually credited off when an actual return is filed. Some part of the liability shown under Estimated Assessments has already been reduced to the actual liability.
- In March of 1999, the department first made use of its expanded authority to write off uncollectible accounts. Over $300 million was written off in fiscal 1999, 72% of which was the debt of defunct corporations. A disproportionate amount of the amount written off represented estimated assessments, resulting in the decreased percentage of the delinquent balance attributable to estimates.

Delinquent Balance by Age

Analysis over Four Years	Delinquent Balance as of 7/15/97		Delinquent Balance as of 6/30/98		Delinquent Balance as of 6/30/99		Delinquent Balance as of 7/7/00	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
CURRENT YEARS								
Account Set Up <1 Year Ago	165,307,571	19.8%	186,314,432	21.0%	140,724,419	20.1%	151,430,604	22.0%
Account Set Up 1-2 Years Ago	80,245,939	9.6%	106,523,949	12.0%	102,731,141	14.7%	96,502,551	14.0%
Account Set Up 2-3 Years Ago	75,588,735	9.0%	66,766,174	7.5%	78,420,660	11.2%	79,244,567	11.5%
TOTAL CURRENT YEARS	321,142,245	38.4%	359,604,555	40.5%	321,876,220	46.0%	327,177,722	47.6%
OLD YEARS								
Account Set Up 3-4 Years Ago	63,739,528	7.6%	68,207,350	7.7%	44,581,911	6.4%	62,069,796	9.0%
Account Set Up 4-5 Years Ago	77,721,306	9.3%	59,530,013	6.7%	46,003,532	6.6%	35,623,298	5.2%
Account Set Up 5-6 Years Ago	69,756,738	8.4%	74,997,220	8.4%	40,600,669	5.8%	37,471,305	5.4%
Account Set Up 6-7 Years Ago	50,205,292	6.0%	66,707,137	7.5%	33,296,915	4.8%	34,231,405	5.0%
Account Set Up 7-8 Years Ago	32,458,048	3.9%	45,697,757	5.1%	40,151,986	5.7%	27,620,233	4.0%
Account Set Up 8-9 Years Ago	34,013,952	4.1%	29,285,758	3.3%	22,024,527	3.1%	32,025,423	4.7%
Account Set Up 9-10 Years Ago	44,864,701	5.4%	30,672,417	3.5%	13,944,343	2.0%	16,452,104	2.4%
Account Set Up 10-11 Years Ago	27,667,528	3.3%	40,850,338	4.6%	19,308,602	2.8%	9,804,275	1.4%
Account Set Up >11 Years Ago	113,680,102	13.6%	112,658,758	12.7%	117,827,753	16.8%	105,205,417	15.3%
TOTAL OLD YEARS	514,107,195	61.6%	528,606,748	59.5%	377,740,238	54.0%	360,503,256	52.4%
GRAND TOTAL	835,249,440		888,211,303		699,616,458		687,680,978	

- On average, the department resolves about 75% of delinquent dollars within the first three years after delinquent setup. Resolution includes both payments and credits to accounts.
- After three years, the rate of resolution drops off, but a small but steady number of accounts can still be resolved, either totally or partially.
- Beginning in fiscal 1998-99, the department can write-off accounts that are determined to be uncollectible. Accounts are determined to be uncollectible if:
  - ✓ The taxpayer has little income and no appreciable assets.
  - ✓ The department has determined that the cost to pursue collection is greater than the collection potential.
  - ✓ The taxpayer is deceased.
  - ✓ The taxpayer is an inactive partnership.
  - ✓ The taxpayer is a defunct corporation and a responsible person has been assessed or cannot be identified.
  - ✓ The account has been returned as uncollectible by two collection agencies.
  - ✓ The department has been unable to locate the taxpayer for three years.
  - ✓ The taxpayer is a Native American and has been living and working on the reservation for three years.
  - ✓ The account totals $25 or less and the newest liability is at least two years old.
- This expansion of the department's write-off authority has allowed the department to significantly reduce the balance of old, uncollectible delinquencies retained in its records.
- If a tax warrant has been filed on an account, the warrant remains in effect even after the account is written off. Collections are occasionally made on these accounts when a taxpayer is trying to clear the title of property.

Delinquent Balance by Assignment

Analysis over Four Years	Delinquent Balance as of 7/1/97		Delinquent Balance as of 6/30/98		Delinquent Balance as of 1/03/00*		Delinquent Balance as of 7/01/00*	
NORMAL ASSIGNMENT								
Appleton District	42,219,940	4.8%	43,070,902	4.8%	55,172,085	5.9%	48,793,019	5.2%
Eau Claire District	61,432,934	7.0%	64,627,824	7.2%	78,638,551	8.4%	73,915,308	7.8%
Madison District	39,657,745	4.5%	37,700,216	4.2%	56,553,249	6.0%	51,220,994	5.4%
Milwaukee District	131,161,346	14.9%	136,456,899	15.1%	205,128,835	21.9%	208,989,144	22.1%
Central Collection Units	116,278,906	13.2%	226,179,596	25.0%	306,968,226	32.8%	222,969,429	23.6%
TOTAL NORMAL ASSIGNMENT	390,750,871	44.3%	508,035,437	56.3%	702,460,946	75.0%	605,887,894	64.0%
SPECIAL ASSIGNMENT								
Special Procedures Unit		17.5%		15.7%		11.3%		20.3%
Bankruptcy	55,017,814	6.2%	58,200,465	6.4%	67,419,337	7.2%	66,072,144	7.0%
Collection Agencies	90,446,823	10.3%	78,555,774	8.7%	33,033,705	3.5%	115,913,287	12.3%
Revocation	8,489,305	1.0%	5,813,528	0.6%	5,955,596	0.6%	47,063	<0.1%
Occupational License/Denial**	N/A		N/A		N/A		9,664,587	1.0%
Legal Unit	187,662	<0.1%	207,416	<0.1%	188,819	<0.1%	194,374	<0.1%
Dormant Assignments		35.1%		27.9%		13.6%		15.7%
Unable-to-Locate	45,076,870	5.1%	32,325,981	3.6%	48,897,574	5.2%	5,702,095	0.6%
Defunct Corporations	209,158,862	23.7%	174,581,074	19.3%	20,611,804	2.2%	23,774,074	2.5%
Deceased Taxpayers	17,699,428	2.0%	23,984,231	2.7%	37,471,812	4.0%	42,330,818	4.5%
Dormant Out-of-State***	27,934,579	3.2%	431,406	0.0%		0.0%		0.0%
Waiting for Writeoff	37,238,141	4.2%	20,778,139	2.3%	20,482,635	2.2%	76,549,174	8.1%
TOTAL SPECIAL ASSIGNMENT	491,249,484	55.7%	394,878,014	43.7%	234,061,282	25.0%	340,247,616	36.0%
GRAND TOTAL	882,000,355		902,913,451		936,522,228		946,135,510	

***Statistics from January 2000 are used for 1998-99, as similar figures for the end of that year are not available.**

****Prior to fiscal 1999-2000, Occupational Licensing Accounts were lumped together with Revocation Accounts.**

*****As of fiscal 1999, this designation is no longer used. Accounts that have been determined to be uncollectible by two agencies are written off.**

When liabilities first become delinquent, they are assigned to a Central Collection Unit unless they are a repeat delinquent, an active business, or are above a certain dollar threshold. These exceptions are assigned directly to a field collection district based on the location of the taxpayer.

- If accounts that are assigned to the Central Collection Units are not resolved within six months and they are above a certain dollar threshold, they are transferred to a field collection district.
- Accounts assigned to field collection agents are expected to be completed within one year of the date assigned.
- The part of the delinquent balance that is in normal assignment generally has a high degree of collectability.
- The various special assignments are defined and discussed below:
  - ✓ **Bankruptcy -** The taxpayer has sought the protection of the bankruptcy court under chapter 7, 11, 12 or 13. We are stayed from taking active collection actions on these accounts with the exception of liabilities incurred after plan confirmation in Chapter 11 accounts. We will collect some portion of the liability on many of these accounts, but a large part of this liability will be written off under the bankruptcy discharge. Secured tax debts (i.e., those with tax warrants filed) under three years old are not dischargeable in bankruptcy and will revert to the normal collection staff after discharge.

- ✓ **Collection Agencies -** When a delinquent taxpayer is a resident in another state, our collection authority is limited. We will attempt to collect the account through letters and phone calls from a Central Collection Unit, but if we are unsuccessful within about six months, we will refer the account to one of two private collection agencies. These agencies generally collect about 4-6% of what is referred to them. In 1995, the department began to use collection agencies on certain in-state accounts. In-state accounts are referred to collection agencies if they are more than three years old and if the department has exhausted its collection avenues. So far, these agencies have collected only about 1% of what has been referred to them.
- ✓ **Revocation -** If a business taxpayer with a seller's permit fails to resolve his or her delinquent tax account, the department can hold a hearing to revoke that person's seller's permit. (Operating without a seller's permit is a misdemeanor but is prosecuted with varying degrees of enthusiasm by different district attorneys.) This tool is particularly effective against businesses that require liquor licenses, because most municipalities will not renew the liquor license if the seller's permit is revoked. (In the second half of fiscal 2000, the Special Procedures Unit position that handles revocation was vacant. Revocation accounts were reassigned to field compliance, resulting in the drop in the balance in the revocation assignment.)
- ✓ **Occupational License Denial -** If a delinquent taxpayer holds an occupational license issued by a state agency, the department can deny, revoke, or suspend the license if the taxpayer does not make arrangements with the department to pay the delinquency. Some collections will be made during these processes, but a good share of this liability will not be collected.
- ✓ **Legal Unit -** Accounts are assigned to the Compliance Bureau Collection Attorneys Unit for various legal activities, such as receiverships, foreclosures, supplemental hearings, etc. Some collections will be made, but not a large amount.
- ✓ **Unable-to-Locate -** Accounts are assigned here if the department does not have a valid current address for the taxpayer. Although the amount assigned here is relatively steady, individual accounts are referred in and out of this assignment at a fairly rapid pace based on a number of taxpayer location resources. Also, some collection actions can be taken against these taxpayers' assets even though we cannot locate the taxpayer. (In early 2000, DOR referred most unable-to-locate accounts to collection agencies, resulting in the drop in the balance in the unable-to-locate assignment.)
- ✓ **Defunct Corporations -** Accounts for corporations that are out-of-business and have no remaining assets are assigned here. These accounts are largely uncollectible, although some will be collected by means of responsible person assessments on the officers.
- ✓ **Deceased Taxpayers -** Accounts are assigned here when the taxpayer is deceased. Some of these liabilities will be collected through probate claims or through relatives who need to clear the title of inherited property, but most are uncollectible.
- ✓ **Dormant Out-of-State -** These are accounts of nonresident taxpayers which have been referred to both collection agencies and been found to be uncollectible. A small amount of this may be collected if the taxpayer returns to Wisconsin.
- ✓ **Waiting for Writeoff -** This includes a variety of largely uncollectible accounts for things such as inactive partnerships, native Americans living on reservations, etc. Most of these accounts will be written off when the appropriate amount of time has passed.

NOTE: The delinquent balance reflected in this table is larger than the previous tables because this table includes related accounts. Related accounts exist when a liability is owed by more than one entity, such as a joint income tax liability, a partnership debt, or a responsible person debt. Different entities owing a liability may be assigned differently.

Delinquent Balance by Status

Analysis over Four Years	Delinquent Balance as of 7/1/97		Delinquent Balance as of 7/1/98		Delinquent Balance as of 1/03/00		Delinquent Balance as of 7/01/00	
Status	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Deferred					4,569,976	0.5%	5,830,567	0.6%
Dormant					13,144,344	1.4%	37,253,918	3.9%
Open					426,234,863	45.5%	290,103,660	30.7%
Pending					306,263,861	32.7%	408,864,833	43.2%
Resolved					97,994,747	10.5%	109,095,913	11.5%
Suspended					37,904,383	4.0%	38,251,304	4.0%
Uncollectible					50,606,753	5.4%	56,735,268	6.0%
TOTAL					936,718,927		946,135,463	

Information not available for these years.

- Definitions of the statuses follow:
  - **Deferred -** A status manually assigned to an account which is on hold for an indefinite period of time, primarily due to workload. It is intended to be reopened when workload permits.
  - **Dormant -** A status manually assigned to an account that is not being pursued due to low priority, low risk, high workload, or other factors. Has not been determined to be uncollectible but there is no intent to reopen.
  - **Open -** A status either: (1) automatically assigned to an account when it is setup on DTS or (2) manually assigned to an account intended to be pursued for collection.
  - **Pending -** A status assigned to an account where some activity has been initiated but not completed. Pending activity may or may not result in closure. (EXAMPLE: Revenue agent has issued a levy on the taxpayer's bank account but has not yet received the results.)
  - **Resolved -** A status assigned to an account that has a satisfactory agreement in effect or a collection action is in the process which should result, with some degree of certainty, in a closed case. (EXAMPLE: Revenue agent has attached taxpayer's wages.)
  - **Suspended -** A status assigned to a DTS account whereby collection action is ceased for a set period of time. It will be reviewed and possibly reopened at a later date. (EXAMPLE: Taxpayer is incarcerated for the next year.)
  - **Uncollectible -** A status assigned to a case that has been determined to be uncollectible. This case will not be pursued unless new information becomes available.

NOTE: The delinquent balance reflected in this table is larger than the previous tables because this table includes related accounts. Related accounts exist when a liability is owed by more than one entity, such as a joint income tax liability, a partnership debt, and responsible person debts.

History of the Delinquent Balance

Analysis over Five Years	Fiscal Year Ending 6/19/97		Fiscal Year Ending 6/30/98		Fiscal Year* Ending 6/30/99		Fiscal Year* Ending 7/7/00	
INPUT TOTAL	912,666,265	15.4%	877,673,164	-3.8%	888,218,228	1.2%	669,433,245	-24.6%
New Accounts Added	365,158,233	21.8%	441,880,080	21.0%	388,858,544	-12.0%	382,124,812	-1.7%
Total Debits	41,120,384	-75.8%	94,232,636	129.2%	46,800,351	-50.3%	37,891,217	-19.0%
Total Cash Credits	(82,583,537)	1.5%	(88,708,698)	7.4%	(79,061,732)	-10.9%	(91,333,908)	15.5%
Refund Offsets	(7,228,082)	5.8%	(9,918,368)	37.2%	(10,866,636)	9.6%	(17,456,946)	60.6%
Writeoffs	(98,846,147)	135.1%	(67,022,172)	-32.2%	(304,600,315)	354.5%	(2,017,331)	-99.3%
Other Non-Cash Credits	(252,613,949)	16.2%	(305,242,520)	20.8%	(271,479,009)	-11.1%	(276,905,518)	2.0%
NEW TOTAL ON FILE	877,673,167	-3.8%	906,760,124	3.3%	669,433,245	-26.2%	683,539,890	2.1%

- This table provides a running summary of changes to the delinquent balance based on transactions. The transactions on this report are described as follows:
  - ✓ **New Accounts Added -** This is the total of new delinquencies added to the delinquent system during the year. Although fluctuations in this amount are largely outside of the control of the delinquent collection program, they can have an effect on the amount of delinquent tax collected. Fluctuations can be the result of such factors as new taxes created, increases or decreases in tax rates, changes in the amount of staff devoted to auditing, and the relative health of the economy.
  - ✓ **Total Debits -** This figure represents various kinds of upward adjustments of delinquent liability, the most significant of which is accruing interest. This amount took a jump in fiscal 1996 due to the increase in the delinquent tax fee and related interest posting.
  - ✓ **Total Cash Credits -** This represents the cash collected by the delinquent collection staff and is a good indicator of the effectiveness of that staff.
  - ✓ **Refund Offsets** - This represents tax refunds that are intercepted to be applied to the delinquent account of the taxpayer. Refund interceptions provide a steady source of delinquent tax collections. (This amount increased substantially in fiscal 2000 because of the interception of sales tax rebates.)
  - ✓ **Writeoffs -** This represents the total written off under the various writeoff categories described above. In March 1999, the department first made use of its expanded authority to write off uncollectible accounts.
  - ✓ **Other Noncash Credits -** This figure represents various downward adjustments of delinquent liability, the most significant of which is credits reducing estimated assessments to actual liability. Also included in this category are the amounts written off when accounts are compromised.

*The new delinquent tax system was implemented on July 1, 1998. As part of the conversion process, interest was updated on all accounts and the total on file was computed without including duplicate liabilities owed by multiple entities. These changes explain the difference between the ending balance for fiscal 1998-99 and the beginning balance for fiscal 1999-2000.

COLLECTIONS

Central Collection Section

	1997-98		1998-99		1999-00	
Total Activity Costs	$816,094	2.1%	$488,274	-40.17%	$707,637	44.93%
Total Hours	51,668	-1.5%	28,805	-44.25%	44,464	54.36%
Staff Years	24.84	-1.57%	13.80	-44.44%	21.40	55.07%
Number of Hearings	46,080	73.6%	0	-100.00%	29,817	%
Number of Pay Agreements	9,653	52.8%	3,367	-65.12%	6,802	102.02%
Number of Levy/Garnishments	1,959	164.7%	44	-97.75%	531	1106.82%
Amount Received from Levy/Garnishments	$1,059,033	111.5%	$98,396	-90.71%	$180,768	83.71%
Number of Wage Certifications	5,451	1.5%	161	-97.05%	2,921	1714.29%
Amount Received from Certifications	$3,601,696	18.0%	$3,861,440	7.21%	$488,120	-87.36%
Total Amount of Collections	$32,500,295	48.6%	$30,900,681	-4.92%	$40,735,562	31.83%
Collected Per Staff Year	$1,308,385	50.9%	$2,239,180	71.14%	$1,903,531	-14.99%
Cost Per Dollar Collected	$0.025	-32.4%	$0.016	-36.00%	$0.017	6.25%

- The central collection staff handles most first-time delinquents and all out-of-state accounts.

Field Collection Activity

	1997-98		1998-99*		1999-00*	
Staff Years	87.80	-7.8%	90.34	2.89%	92.10	1.95%
Staff Cost	$3,365,311		$3,499,522	3.99%	$3,419,218	-2.29%
Cost Per Dollar Collected	0.08		0.10	28.00%	0.07	-30.21%
Collections						
Appleton	$8,338,393	-4.4%	$6,707,278	-19.56%	$9,167,820	36.68%
Eau Claire	$9,007,078	-0.3%	$7,959,362	-11.63%	$10,433,838	31.09%
Madison	$9,321,729	17.1%	$6,508,984	-30.17%	$10,988,809	68.83%
Milwaukee	$18,474,570	-16.3%	$15,380,554	-16.75%	$21,502,291	39.80%
TOTAL	$45,141,770	-5.6%	$36,556,178	-19.02%	$52,092,758	42.50%
Collections per staff year	$514,143	2.4%	$404,651	-21.30%	$565,611	39.78%
Liabilities & Refunds established						
Appleton	$3,461,960	-0.8%	$2,782,649	-19.62%	$3,641,425	30.86%
Eau Claire	$4,467,415	-15.7%	$4,122,624	-7.72%	$5,856,685	42.06%
Madison	$5,374,873	12.3%	$3,810,962	-29.10%	$6,789,244	78.15%
Milwaukee	$8,662,989	-19.1%	$7,372,896	-14.89%	$8,733,256	18.45%
TOTAL	$21,967,237	-9.5%	$18,089,131	-17.65%	$25,020,610	38.32%
Liab/refunds per staff year	$250,196	16.1%	$200,234	-19.97%	$271,668	35.68%
Certifications						
Number	3,342	-13.4%	2,207	-33.96%	N/A**	-100.00%
Amount collected	$8,432,485	-4.2%	$6,134,202	-27.26%	$1,869,265	-69.53%
Garnishments						
Number	529	-14.3%	223	-57.84%	402	80.27%
Amount collected	$452,000	1.7%	$273,757	-39.43%	$383,479	40.08%
Levies						
Number	7,034	-24.1%	4,407	-37.35%	6,814	54.62%
Amount collected	$6,153,153	-5.2%	$3,473,123	-43.56%	$6,379,518	83.68%
Referrals						
Completed	22,991	-14.0%	22,214	-3.38%	34,725	56.32%
Completed referrals per staff year	261.86	10.4%	245.89	-6.10%	377.00	53.32%
Supplemental hearings scheduled	370	30.7%	148	-60.00%	222	50.00%

*1.13 staff years diverted to amnesty program have been excluded from staff years on this report.
**Centralization of certifications was completed in Fiscal Year 2000. See Schedule E

Special Procedures Unit

	1997-98		1998-99*		1999-00**	
Total Activity Costs	$274,117	10.5%	$159,580	-41.78%	$269,142	68.66%
Total Hours	18,677	6.5%	9,427	-49.53%	16,113	70.92%
Staff Years	8.98	6.5%	4.50	-49.89%	7.70	71.11%
Collections Per Staff Year	$746,635	-13.3%	$1,546,133	107.08%		-100.00%
Cost Per Dollar Collected	0.04	17.7%	0.02	-50.00%		-100.00%
Revocation & Nonrenewal Activity						
(Seller's Permits)						
Hearings Scheduled	1,269	1.4%	811	-36.09%	513	-36.74%
Appearances	55	-14.1%	38	-30.91%	133	250.00%
Permits Revoked/Nonrenewed	383	-24.5%	307	-19.84%	250	-18.57%
Amounts Collected	$3,585,754	-15.9%	$3,442,511	-3.99%	$2,269,540	-34.07%
Bankruptcy Activity						
Bankruptcy Notices Received	19,729	8.2%	20,388	3.34%	19,184	-5.91%
Bankruptcy Claims Filed	967	-3.8%	921	-4.76%	1,389	50.81%
Total Amount of Claims Filed	$15,779,619	-12.9%	$10,412,500	-34.01%	$17,537,281	68.43%
Bankruptcy Dividends Received	$1,842,713	-15.8%	$2,163,021	17.38%	$2,218,054	2.54%
Probate Activity						
Number of Probate Certs Filed	333	-8.0%	296	-11.11%	420	41.89%
Collections Received	$411,582	137.7%	$713,739	73.41%	$513,217	-28.09%
Department of Reg. & Lic. Credential Denial						
Pre-Denial Letters Sent	576	11.6%	497	-13.72%	1,841	270.42%
Amount of Pre-Denial Letters	$3,715,586	-47.6%	$4,046,995	8.92%	$16,900,914	317.62%
Clearance Letters Sent	470	41.6%	322	-31.49%	1,074	233.54%
Final Denial Notices	286	27.1%	214	-25.17%	1,052	391.59%
Direct Collections - SPU	$864,729	36.3%	$638,327	-26.18%	$1,994,321	212.43%
Direct Collections - Field					$46,835	
Total Collections					$2,041,156	

Special Procedures Unit - Continued

	1997-98		1998-99*		1999-00**	
Personal Liability* **						
Assessment - Number					1,796	
Assessment - Amount					$21,426,890	
Withdrawn - Number					49	
Withdrawn - Amount					$159,439	
Total # of Businesses Assessed					1,356	
Appeals						
Number Received					24	
Number to Resolution Officer					48	
Number to WTAC					10	
Amount to WTAC (dollars)					$69,431	
Successor Liability						
Number of Bills Issued					8	
Amount of Bills Issued					$87,037	
Number of Potential S/L Letters					61	
Number of requests for Additional Info.					246	
Number of Clearance Certificates					192	
Collections per Staff Year					$908,459	
Cost per Dollar Collected					$0.04	

*Amnesty hours not included

**Amnesty hours/costs not included. Supervisor and support staff costs/hours not included. Field staff ran most of the revocation program during vacancy of revocation specialist position. Personal/successor liability hours/costs added to report.

***Personal Liability activity was moved to the Central Collection Section in Fiscal Year 2000.

- The Special Procedures Unit handles a variety of specialized collection activities. In addition to the functions above, the unit also supports referrals to collection agencies.

Collections and Cost of Total Delinquent Collection Program

	1997-98		1998-99		1999-00	
Total Activity Costs	$11,514,467	6.39%	$12,024,974	4.43%	$11,320,589	-5.86%
Total Hours	277,788	-1.42%	278,023	0.08%	277,157	-0.31%
Staff Years	165.9	-1.43%	166.1	0.12%	165.6	-0.30%
Delinquent Collections						
Cash Collections	$88,708,698	7.42%	$79,016,768	-10.93%	$91,333,908	15.59%
Refund Offsets	$9,918,368	37.22%	$10,866,640	9.56%	$17,456,946	60.65%
Total	$98,627,066	9.82%	$89,883,408	-8.87%	$108,790,854	21.04%
Collected per Staff Year	$594,344	11.40%	$541,467	-8.90%	$657,086	21.35%
Cost Per Dollars Collected	$0.12	0.00%	$0.13	8.33%	$0.10	-23.08%

- This table analyzes the productivity of the delinquent program as a whole, including support staff and application development staff.
- Collection amounts are not adjusted for refunds and DO NOT include nondelinquent collections by field.

FISCAL ESTIMATE FORM

2001 Session

☒ ORIGINAL ☐ UPDATED
☐ CORRECTED ☐ SUPPLEMENTAL

LRB # 01-2089/1
INTRODUCTION # AB 172
Admin. Rule #

Subject
Discontinue Business Tax Registration Certification Fee

Fiscal Effect

State: ☐ No State Fiscal Effect
Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

☐ Increase Existing Appropriation ☐ Increase Existing Revenues
☐ Decrease Existing Appropriation ☒ Decrease Existing Revenues
☐ Create New Appropriation

☐ Increase Costs - May be Possible to Absorb Within Agency's Budget ☐ Yes ☐ No
☐ Decrease Costs

Local: ☐ No Local Government Costs

1. ☐ Increase Costs
   ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs
   ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenues
   ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenues
   ☐ Permissive ☐ Mandatory
5. Types of Local Governmental Units Affected:
   ☐ Towns ☐ Villages ☐ Cities
   ☐ Counties ☐ Others _____
   ☐ School Districts ☐ WTCS Districts

Fund Sources Affected
☐ GPR ☐ FED ☒ PRO ☐ PRS ☐ SEG ☐ SEG-S

Affected Ch. 20 Appropriations
20.566 (1)(gb)

Assumptions Used in Arriving at Fiscal Estimate:

This bill would eliminate the business tax registration fee currently charged by the Department of Revenue to businesses registering for various taxes administered by the Department. It would reduce program revenues by an estimated $1,864,400 in FY02 and $1,534,000 in FY03. However, the bill does not eliminate the business registration function or provide a new funding source for this activity.

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Dennis Collier, 266-5773	Yeang-Eng Braun (608) 266-2700	3/19/01

FISCAL ESTIMATE WORKSHEET

☒ ORIGINAL ☐ UPDATED

☐ CORRECTED ☐ SUPPLEMENTAL

Detailed Estimate of Annual Fiscal Effect

2001 Session

LRB # 01-2089/1

INTRODUCTION # AB 172

Admin. Rule #

Subject
Discontinue Business Tax Registration Certification Fee

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	**Annualized Fiscal impact on State funds from:**	
A. State Costs by Category	**Increased Costs**	**Decreased Costs**
State Operations - Salaries and Fringe	$	$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	$	$ -
B. State Costs by Source of Funds	**Increased Costs**	**Decreased Costs**
GPR	$	$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	**Increased Rev.**	**Decreased Rev.**
GPR Taxes	$	$ -
GPR Earned		-
FED		-
PRO/PRS		- 1,864,400
SEG/SEG-S		-
TOTAL State Revenues	$	$ - 1,864,400

NET ANNUALIZED FISCAL IMPACT

	STATE	**LOCAL**
NET CHANGE IN COSTS	$	$
NET CHANGE IN REVENUES	$ -1,864,400	$

Agency/Prepared by: (Name & Phone No.)	**Authorized Signature/Telephone No.**	**Date**
Wisconsin Department of Revenue	**Yeang-Eng Braun** Yeang Eng Braun	3/19/2001
Dennis Collier, (608) 266-5773	**(608) 266-2700**	