

2005 DRAFTING REQUEST

Bill

Received: 12/12/2005

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: **Ronald Brown (608) 266-8546**

By/Representing: **katie**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Property - other**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Brown@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Manufacturing property tax refunds

Instructions:

See Attached

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>
/P1	jkreye 12/29/2005	jdyer 01/06/2006	rschluet 01/06/2006	_____	sbasford 01/06/2006		S&L
/P2	jkreye 01/25/2006	jdyer 01/26/2006	jfrantze 01/26/2006	_____	lemery 01/26/2006		S&L
/1	jkreye 01/26/2006	jdyer 01/26/2006	jfrantze 01/26/2006	_____	sbasford 01/26/2006		S&L
/2	jkreye	jdyer	rschluet	_____	lnorthro	lnorthro	S&L

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	02/10/2006 jkreye 02/23/2006	02/10/2006 jdyer 02/23/2006	02/10/2006 _____ _____ _____		02/10/2006	02/10/2006	
/3			rschluet 02/23/2006 _____ _____		sbasford 02/23/2006	sbasford 02/23/2006	S&L

FE Sent For:

<END>

→ 02-28-2006
("1/3") ←

Rush

Requested
by Katie

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/2	jkreye	jdyer	rschluet	_____	lnorthro	lnorthro	S&L

13 2/23 jld

223 [Signature]

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1/2 2/10 jcd
2/10/06
[Handwritten signatures and initials]

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1/26 jld *Jb/1/26* *J/R2*
1/24
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Handwritten signatures and initials:
P2 k20 jld
126
jkreye
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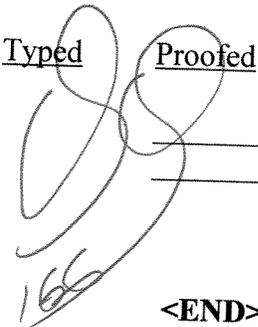
See Attached

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/P1 jkreye

AP 1/6 jcd



FE Sent For:

<END>

Kreye, Joseph

From: Mnuk, Katie
Sent: Friday, December 09, 2005 5:16 PM
To: Kreye, Joseph
Subject: RE: Drafting request

Good point; let me discuss further with my boss and get back to you on that wrinkle --

From: Kreye, Joseph
Sent: Friday, December 09, 2005 5:00 PM
To: Mnuk, Katie
Subject: RE: Drafting request

To refunds that have already been paid?

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

From: Mnuk, Katie
Sent: Friday, December 09, 2005 4:55 PM
To: Kreye, Joseph
Subject: RE: Drafting request

We do want this to apply to refunds paid in 2005 --

Thanks, Joe!

From: Kreye, Joseph
Sent: Friday, December 09, 2005 4:51 PM
To: Mnuk, Katie
Cc: Ford, William
Subject: RE: Drafting request

Katie,

This is indeed in my area. When I have more time, I'll let you know if I have questions. One thing, however: do you mean refunds in 2006 rather than 2005?

Joe

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

From: Mnuk, Katie
Sent: Friday, December 09, 2005 4:36 PM
To: Kreye, Joseph
Cc: Ford, William
Subject: Drafting request

Joe, I'm looking to draft a bill related to property tax refunds. If you're not the drafter who would handle this, could you let me know who this request should be directed to?

Here's the gist:

When a property tax assessment on manufacturing property is appealed by a taxpayer and the taxpayer wins, the municipality is responsible for refunding the overage amount of taxes, plus interest, to the taxpayer. We would like to make the following changes to that procedure:

- Require the state of Wisconsin to pay 20% of the total refund;
(do we need to specify the fund or appropriation from which to make the payment? If so, could you suggest appropriate options?);
- The local governments are responsible to pay the remaining 80% balance of the refund, and payment should be apportioned across all of the taxing jurisdictions (municipal/town/village; county; school district; technical college)
- This change applies only to refunds on manufacturing property, and should be effective with refunds beginning in 2005.

Please let me know if you have any questions, and thank you for your assistance!

Katie

Katie Mnuk
Chief of Staff
Ofc. of Sen. Ron Brown
office: (608) 266-8546
toll-free: (877) 763-6636



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4228/P1

JK: a:...

jld

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

12-29-05

SOON

D-N

Gen

1

AN ACT ...; relating to: the payment of refunds of property taxes on manufacturing property and making an appropriation

2

Analysis by the Legislative Reference Bureau

The Department of Revenue (DOR) currently assesses manufacturing property for property taxes. DOR determines what property is classified as manufacturing property for property tax purposes. If a reviewing authority for property tax assessments reduces a manufacturing property's assessed value or determines that manufacturing property is exempt from the property tax, an affected taxpayer may file a claim with the municipality for a property tax refund. The municipality pays the entire amount of the refund to the taxpayer. Under this bill, the state pays 20 percent of the amount of all such refunds.

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:

3

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

4

20.835 (2) (bm) Payments on overassessments of manufacturing property. A

5

sum sufficient to make the payments under s. 70.511 (2) (bm).

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

70.511 (2) (bm) No later than [✓] July 1 of each year, each municipality that pays a refund under par. [✓](b) for property that is assessed under s. 70.995 [✓] shall notify the department of administration of the amount of all such refunds paid by the municipality in the previous fiscal year. [✓] Annually, no later than the [✓] 3rd Monday in November, from the appropriation account under s. 20.835 (2) (bm), [✓] the department of administration shall pay to each municipality that pays a [✓] refund under par. (b) for property that is assessed under s. 70.995 an amount that is equal to 20 [✓] percent of the amount of such refunds paid by the municipality in the previous fiscal [✓] year.

SECTION 3. Initial applicability.

(1) This act first applies to refunds of taxes that were collected based on the assessments as of January 1, 2005. [✓]

(END)

d-note
↓

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4228/P1dn

JK:~:...

Jld

Senator Brown:

Please review this draft carefully to ensure that it is consistent with your intent.
Please contact me if you have any questions or concerns. ✓

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4228/P1dn
JK:jld:rs

January 6, 2006

Senator Brown:

Please review this draft carefully to ensure that it is consistent with your intent.
Please contact me if you have any questions or concerns.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

4228/P2dy
JK

Senator Brown:

<intent component>

JK



Kreye, Joseph

From: Mnuk, Katie
Sent: Wednesday, January 25, 2006 12:34 PM
To: Kreye, Joseph
Cc: Ford, William
Subject: RE: Modifications to LRB 4228/P1

Joe, I checked with Bill and he clarified that refunded taxes get charged back under current law, but refunded *interest* does not -- and interest is actually the basis for our constituent's complaint. Sorry, I didn't do a better job differentiating between 'refund' and 'interest' in my request below, causing confusion!

Regarding the effective date, I think your suggestion that the bill apply to refunds paid after June 30, 2005 will work for us; that will cover recent refunds, regardless of the assessment/tax year the refund and interest apply to.

I'm also copying Bill on this response because he's familiar with the background on the situation we're addressing.

Thanks for your help!
Katie

From: Kreye, Joseph
Sent: Wednesday, January 25, 2006 10:31 AM
To: Mnuk, Katie
Subject: RE: Modifications to LRB 4228/P1

Katie,

1. With regard to apportioning the amount of any refund to the taxing jurisdiction, I believe the settlement provisions under current law (ch. 74) already take care of this. You may want to verify this with Bill Ford at Leg. Council.
2. I'm still confused about the effective date. As drafted, the bill first applies to refunds of taxes paid on the 2005 assessments. The message below refers to "refund judgments rendered in 2005". It may be easier to refer to dates on which refunds are paid. The bill requires that the municipality notify DOA no later than July 1 of each year of all refunds related to manufacturing property that the municipality paid in the previous fiscal year. Therefore, assuming the bill can become law before July 1, 2006, do you want the bill to first apply to refunds paid after June 30, 2005 (the immediately preceding fiscal year)? Please advise.

Joe

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

From: Mnuk, Katie
Sent: Tuesday, January 24, 2006 6:36 PM
To: Kreye, Joseph
Subject: Modifications to LRB 4228/P1

Joe, we've reviewed the draft and are requesting two changes:

-Could you add a provision that will apportion the 80% of the refund the locals are responsible for paying, across all of the taxing jurisdictions (muni/town or village; county; school district; tech college) proportionate to their share of the tax bill?

-Also, we'd discussed the effective date for the bill, and I think the easiest way to meet our intent would to make the bill effective with refund judgments rendered beginning in 2005.

Please let me know if you have any questions regarding these two changes. Thanks for your help on the bill.

Katie



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4228/P1
JK:jld:rs

RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 1-26-06

due 2-3-06

D-N

Regen

1 AN ACT *to create* 20.835 (2) (bm) and 70.511 (2) (bm) of the statutes; **relating**
2 **to:** the payment of ^{interest on} refunds of property taxes ^{on} ~~on~~ manufacturing property and
3 making an appropriation.

Analysis by the Legislative Reference Bureau

The Department of Revenue (DOR) currently assesses manufacturing property for property taxes. DOR determines what property is classified as manufacturing property for property tax purposes. If a reviewing authority for property tax assessments reduces a manufacturing property's assessed value or determines that manufacturing property is exempt from the property tax, an affected taxpayer may file a claim with the municipality for a property tax refund. The municipality pays the entire amount of the refund to the taxpayer. Under this bill, the state pays 20 percent of the amount of all such refunds.

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:

4 **SECTION 1.** 20.835 (2) (bm) of the statutes is created to read:
5 20.835 (2) (bm) ~~Payments~~ ^{Payments} on overassessments of manufacturing property. A
6 sum sufficient to make the payments under s. 70.511 (2) (bm).

with interest,

1
interest

the interest paid on

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

2 70.511 (2) (bm) No later than July 1 of each year, each municipality that pays
3 a refund under par. (b) for property that is assessed under s. 70.995 shall notify the
4 department of administration of the amount of all such refunds paid by the
5 municipality in the previous fiscal year. Annually, no later than the 3rd Monday in
6 November, from the appropriation account under s. 20.835 (2) (bm), the department
7 of administration shall pay to each municipality that pays a refund under par. (b) for
8 property that is assessed under s. 70.995 an amount that is equal to 20 percent of the
9 amount of such refunds paid by the municipality in the previous fiscal year.

interest on

10 SECTION 3. Initial applicability.

11 (1) This act first applies to refunds of taxes that were collected based on the
12 assessments as of January 1, 2005.

13 (END)

paid after June 30

and that has accrued up to the date of the determination by the tax appeals commission of the municipality's obligation of

INSERT 2-9

Insert 2-9

X
Section #. 74.41 (4) (b) of the statutes is amended to read:

74.41 (4) (b) Determine the amount of rescinded or refunded taxes to be charged back to, and collected from, each taxing jurisdiction for which taxes were collected by the taxation district, and determine the amount of taxes collected under s. 74.33 to be shared with each taxing jurisdiction for which taxes were collected by the taxation district. ~~The~~ amount determined may not include any interest.

History: 1987 a. 378; 1991 a. 39; 1995 a. 408; 2001 a. 16.

strike

Except for ^{the} taxes refunded to taxpayers under s. 70.511, ^{the}

end of 2-9

Kreye, Joseph

From: Mnuk, Katie
Sent: Thursday, January 26, 2006 12:34 PM
To: Kreye, Joseph
Subject: LRB 4228/P2

Joe, I received LRB 4228/P2 today, and was not sure it accomplished our intent, so I sent it over to Bill Ford to take a look. He suggested the approach below, which I think will take care of it. Please let me know if you have any questions.

Thanks,
Katie

From: Ford, William
Sent: Thursday, January 26, 2006 12:09 PM
To: Mnuk, Katie
Subject:

Hi Katie.

My understanding of your intent in Section 3 of the draft is to allow a city, village or town that refunds property taxes assessed on manufacturing property to "charge back" to other taxing jurisdictions, based on their proportionate share of the tax levy, interest paid on the refund, except for the 20 percent of interest that will be paid by the department administration under Section 2 of the draft.

In order to do this, I would delete the underscored language in Section 3 and substitute the following underscored language: "Except for interest on refunds under s. 70.511 (2) (b) that is paid with respect to property that was assessed under s. 70.995 and that is not paid by the department administration under s. 70.511 (2) (bm), the".

I hope this is helpful to you and Joe.



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4228/P2
JK:jld:jf

RMR

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

an 1-26-06

due 2-3-06

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1 AN ACT *to amend* 74.41 (4) (b); and *to create* 20.835 (2) (bm) and 70.511 (2) (bm)
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4 SECTION 1. 20.835 (2) (bm) of the statutes is created to read:
5 20.835 (2) (bm) *Interest payments on overassessments of manufacturing*
6 *property.* A sum sufficient to make the payments under s. 70.511 (2) (bm).



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4228/1

JK:jld:jf

RMR

2

2005 BILL

in Fr. 2-10

due Mon
2-13

However, each taxing jurisdiction for which taxes were collected by the municipality must reimburse the municipality for its proportionate share of the refunded taxes, not including any interest.

Regen

1 AN ACT to amend 74.41 (4) (b); and to create 20.835 (2) (bm) and 70.511 (2) (bm)
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6 property. A sum sufficient to make the payments under s. 70.511 (2) (bm).

In addition, each taxing jurisdiction for which taxes were collected by the municipality must reimburse the municipality for its proportionate share of both the refunded taxes and the interest on the refunded taxes.

Basford, Sarah

From: Mnuk, Katie

Sent: Friday, February 10, 2006 1:56 PM

To: LRB.Legal

Subject: Draft Review: LRB 05-4228/2 Topic: Manufacturing property tax refunds

Please Jacket LRB 05-4228/2 for the SENATE.

02/10/2006

Kreye, Joseph

From: Ford, William
Sent: Thursday, February 23, 2006 9:03 AM
To: Mnuk, Katie; Kreye, Joseph

Good morning.

I looked at the statutes this morning and do not believe anything needs to be added to the bill draft in order for property taxes levied on omitted manufacturing property and underpayments of manufacturing property taxes, including interest, to be shared with all of the taxing jurisdictions which levied a property tax. My reasoning is as follows:

1. Under s. 70.995 (12) (a), Stats. if any property is omitted or understated in the manufacturing property assessment roll in any of the five previous years, the assessor is required to enter on the assessment roll the value of the omitted or understated property for each year of the omission or understatement. In addition, interest payments are charged to the property owner under the statute.
2. The property tax settlement statutes require each taxation district to pay to each taxing jurisdiction within the district is proportionate share of the taxes **and interest** under s. 70.995 (12) (a), Stats. [See ss. 74.23 (1) (a) 5.; 74.25 (1) (a) 4m.; 74.30 (1) (dm)].

This is my reading of the statutes and I think I am right. However, I would suggest checking with someone like Ken Schuck at the Department of Revenue to confirm this.

Kelie - Ken Brown

6-8546

AB 250 2
1

4228/24

① 2 more changes

change interest rate
increased to 80% payments

▷ matching the interest that
the government pays for
overhaulment

the rate under 70.995(12)

calculated by rule of
+ bills

② reports for under covered - opportunities

to all taxing jurisdictions
100%

6-8546

2-20-06

Waiting for return of jacket - → returned on 2/21/06





WISCONSIN LEGISLATIVE COUNCIL

*Terry C. Anderson, Director
Laura D. Rose, Deputy Director*

TO: SENATOR RONALD W. BROWN
FROM: William Ford, Senior Staff Attorney
RE: Interest Payments on Refunds of Property Taxes on Manufacturing Property
DATE: November 9, 2005

INTRODUCTION

This memorandum provides information relating to the interest paid by a municipality with respect to property taxes refunded to an owner of manufacturing property assessed for property tax purposes by the state Department of Revenue (DOR).

As you know, the situation giving rise to your request for this information involves a required refund by the City of Eau Claire of property taxes assessed against a manufacturer. Following an appeal of the property tax assessed by a manufacturer, the City of Eau Claire was required to refund property taxes for the years 2001, 2002, and 2003. The amount of the refund was approximately \$202,000, of which a little over \$39,000 consisted of interest on the refunded amount.

Basically, Eau Claire is objecting to the fact that it must refund property taxes based, not upon its own assessment, but upon an assessment by the Department of Revenue (DOR); that the city is required to pay interest on the refunded amount at an annual rate of 9.6%; and that the city may not require the other taxing jurisdictions which levied property taxes to contribute to the interest that is required to be paid on the refunded tax.

Following a description of current law, this memorandum describes three alternatives that might be considered to address the concerns raised by the City of Eau Claire. Two of these alternatives were suggested by the City of Eau Claire and one was contained in recent legislation that was not enacted into law.

CURRENT LAW

Manufacturing Property Assessment Appeals

Under current law, manufacturing property that is subject to property taxation is assessed by DOR. [s. 70.995, Stats.] However, the property taxes levied upon the manufacturing property are collected by the local governments and are shared between the municipality, the school district, the county, and the technical college on the same basis as are property taxes levied upon other property.

A manufacturer who objects to the assessment made by DOR may appeal the assessment to the state Board of Assessors under s. 70.995 (a), Stats. Similarly, a municipality within which the property lies may object to the assessment made by DOR by appealing the assessment to the state Board of Assessors. Appeals from the decision of the state Board of Assessors are made to the Tax Appeals Commission and then to the Circuit Court for Dane County.

In many situations, the review of an objection to an assessment of manufacturing property will not be completed by the time that the municipality needs to establish its property tax rate. When this occurs, s. 70.511, Stats., requires the municipality to use the contested valuation in setting its tax rate. If the reviewing authority has not made a determination by the time of the tax levy, the tax levy is based upon the contested assessment of the property. The tax bill is sent to and is required to be paid by the property owner as though there had been no objection filed, except that the payment is considered to be paid under protest. [s. 70.511 (2), Stats.]

Refunds and Additional Tax Assessments

If the reviewing authority reduces the property assessment, the taxpayer can file a claim for reimbursement with the municipality. If the claim for refund is filed with the clerk of the municipality on or before November 1 following the decision of the reviewing authority, the claim is payable by January 31st of the succeeding year. If the claim is filed after November 1, it is payable no later than the second January 31 after the claim is filed. Interest on the claim at the rate of 0.8% per month is required to be paid to the taxpayer when the claim is paid.

If the reviewing authority increases the property assessment the increase is assessed to the owner as omitted property under s. 70.995 (12), Stats. If the underpayment of taxes is determined after an objection to the assessment was filed by the municipality, interest is added at the average annual discount interest rate determined by the last auction of six-month U.S. Treasury bills before the objection, for the period of time between the date the tax was due until it is paid. As of the date of this memorandum, this interest rate for the last four auctions was either 4.11% or 4.12%.

Chargeback of Tax Refunds

In certain instances, a municipality that refunds property taxes is allowed to collect from each taxing jurisdiction (the county, the school district, the technical college district and the state, and any special purpose district) its proportionate amount of the taxes refunded. The procedure under which this is accomplished is called "chargeback" and it is authorized under s. 74.41, Stats. The rationale for the chargeback procedure is that each of the taxing jurisdictions received its proportionate share of the taxes

levied on the contested assessment and therefore should contribute to any refund that is required to be made if the assessment is later reduced.

The refunded tax may be considered for chargeback only if it is \$500 or more for any single description of property or if the tax and all other taxes refunded total at least \$5,000. Taxes are charged back to the other taxing jurisdictions only if the DOR determines that the equalized value of the taxation district is changed as a result of consideration of the valuation represented by the taxes refunded.

However, the interest that is required to be paid to a taxpayer on the amount of the refund is required to be paid by the municipality and may not be charged back to the other taxing jurisdictions. Interest paid by a taxpayer to a municipality if the reviewing authority has increased the property assessment is also not shared proportionately with the other taxing jurisdictions.

ALTERNATIVES THAT MIGHT BE CONSIDERED

1. Allow municipalities to chargeback to other taxing jurisdictions their proportionate amount of the interest paid to the taxpayer when property tax revenues are required to be refunded. This alternative was suggested by the City of Eau Claire, which suggested that it apply to all property taxes, not just manufacturing property taxes. One issue that might be considered is whether, if municipalities are authorized to chargeback interest to other taxing jurisdictions, they should be required to share with other taxing jurisdictions their proportionate share of interest collected when property taxes are increased as a result of an objection to valuation.

2. Reduce the rate of interest paid to property owners on refunds of property taxes. This alternative was also suggested by the City of Eau Claire, which suggested that it apply to all property taxes, not just manufacturing property taxes. The City of Eau Claire suggested that the interest rate be changed from the 9.6% rate annually to the monthly earnings rate of the Wisconsin local government investment pool for the prior January. According to information submitted by the City of Eau Claire, this interest rate was 2.11% for 2005 and 1.01% for 2004. The rationale for paying interest at an annual rate of between 1% and 2% on refunded property taxes while charging taxpayers rates in excess of 4% annually on underpayments might be questioned. However, it would be possible to adjust interest rates payable on both refunded taxes and underpayment of taxes in a manner that would be fair both to taxpayers and to local governments.

3. Require the state to reimburse municipalities for interest paid on refunds of manufacturing property taxes. This provision was contained in previous legislation that was not enacted into law. The rationale for this provision is that the state, not municipal government, is responsible for conducting assessments of manufacturing property. However, it must be noted that the local taxing jurisdictions, and not the state, enjoyed the use of this money during the period in which the assessment was contested.

Please contact me at the Legislative Council staff offices if I can provide further information.

WF:rv:tl



3

2005 BILL

RM with R

m 2-23-06

Today

re you

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

Analysis by the Legislative Reference Bureau

The Department of Revenue (DOR) currently assesses manufacturing property for property taxes. DOR determines what property is classified as manufacturing property for property tax purposes. If a reviewing authority for property tax assessments reduces a manufacturing property's assessed value or determines that manufacturing property is exempt from the property tax, an affected taxpayer may file a claim with the municipality for a property tax refund. The municipality pays the entire amount of the refund, with interest, to the taxpayer. However, each taxing jurisdiction for which taxes were collected by the municipality must reimburse the municipality for its proportionate share of the refunded taxes, not including any interest. Under this bill, the state pays 20 percent of the amount of the interest paid on such refunds. In addition, each taxing jurisdiction for which taxes were collected by the municipality must reimburse the municipality for its proportionate share of both the refunded taxes and the interest on the refunded taxes.

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:

✓
INSERT A

✓
INSERT B

BILL

INSERT 2-3 ✓

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

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

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

5 70.511 (2) (bm) No later than July 1 of each year, each municipality that pays
6 a refund under par. (b) for property that is assessed under s. 70.995 shall notify the
7 department of administration of the amount of all such refunds paid by the
8 municipality in the previous fiscal year. Annually, no later than the 3rd Monday in
9 November, from the appropriation account under s. 20.835 (2) (bm), the department
10 of administration shall pay to each municipality that pays a refund under par. (b) for
11 property that is assessed under s. 70.995 an amount that is equal to 20 percent of the
12 interest on such refunds paid by the municipality in the previous fiscal year and that
13 has accrued up to the date of the determination by the tax appeals commission of the
14 municipality's obligation.

15 **SECTION 3.** 74.41 (4) (b) of the statutes is amended to read:

16 74.41 (4) (b) Determine the amount of rescinded or refunded taxes to be
17 charged back to, and collected from, each taxing jurisdiction for which taxes were
18 collected by the taxation district, and determine the amount of taxes collected under
19 s. 74.33 to be shared with each taxing jurisdiction for which taxes were collected by
20 the taxation district. The Except for interest on refunds under s. 70.511 (2) (b) that
21 is paid with respect to property that was assessed under s. 70.995 and that is not paid
22 by the department of administration under s. 70.511 (2) (bm), the amount
23 determined may not include any interest.

24 **SECTION 4. Initial applicability.**

BILL

1

(1) This act first applies to refunds paid after June 30, 2005.

2

(END)

Insert A

rate of the
 The interest paid on such refunds is 0.8 percent per
 month (9.6 percent per year).

Insert B

48

Under the bill, the rate of the interest paid on the
 refunds is the same interest rate that taxpayers pay
 with regard to taxes that are owed as a result
 of an underassessment of manufacturing property. That interest
 rate is the average annual discount interest rate determined,
 generally, by the last auction of ^{SIX} month U.S. treasury
 bills.



Insert 2-3

Section #. 70.511 (2) (b) ^X of the statutes is amended to read:

70.511 (2) (b) If the reviewing authority reduces the value of the property in question, or determines that manufacturing property is exempt, the taxpayer may file a claim for refund of taxes resulting from the reduction in value or determination that the property is exempt. If claim for refund is filed with the clerk of the municipality on or before the November 1 following the decision of the reviewing authority, the claim shall be payable to the taxpayer from the municipality no later than January 31 of the succeeding year. A claim filed after November 1 shall be paid to the taxpayer by the municipality no later than the 2nd January 31 after the claim is filed. Interest on the claim at the rate of 0.8% per month shall be paid to the taxpayer when the claim is paid. If the taxpayer requests

a postponement of proceedings before the reviewing authority, interest on the claim shall permanently stop accruing at the date of the request. If the hearing is postponed at the request of the taxpayer, the reviewing authority shall hold a hearing on the appeal within 30 days after the postponement is requested unless the taxpayer agrees to a longer delay. If the reviewing authority postpones the hearing without a request by the taxpayer, interest on the claim shall continue to accrue. No interest may be paid if the reviewing authority determines under s. 70.995 (8) (a) that the value of the property was reduced because the taxpayer supplied false or incomplete information. If taxes are refunded, the municipality may proceed under s. 74.41.

History: 1975 c. 39; 1977 c. 29; 1979 c. 34, 221; 1981 c. 20, 132, 391; 1983 a. 27, 300; 1987 a. 378, 399, 403; 1989 a. 104; 1991 a. 39.

at the average annual discount rate determined by the last auction of 6-month U.S. treasury bills before the objection per day for the period of time between the time when the tax was due and the date that the claim was paid

end of 2-3