

## 2011 DRAFTING REQUEST

### Bill

Received: **09/14/2011**

Received By: **jkreye**

Wanted: **As time permits**

Companion to LRB:

For: **Samantha Kerkman (608) 266-2530**

By/Representing: **tami**

May Contact:

Drafter: **jkreye**

Subject: **Tax, Property - other**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Kerkman@legis.wisconsin.gov**

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

---

### Pre Topic:

No specific pre topic given

---

### Topic:

Loan program for property taxes imposed as a result of an error in equalized value

---

### 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 09/14/2011	jdyer 09/15/2011	rschluet 09/15/2011	_____	sbasford 09/15/2011		S&L
/P2	jkreye 09/19/2011	jdyer 09/19/2011	jfrantze 09/19/2011	_____	sbasford 09/19/2011	<del>ggodwin 09/20/2011</del>	S&L
/1	jkreye 09/20/2011	kfollett 09/20/2011	phenry 09/20/2011	_____	lparisi 09/20/2011	lparisi 09/20/2011	S&L

FE Sent For:

*At intro  
9/23/2011*

**2011 DRAFTING REQUEST**

**Bill**

Received: 09/14/2011

Received By: jkreye

Wanted: As time permits

Companion to LRB:

For: Samantha Kerkman (608) 266-2530

By/Representing: tami

May Contact:

Drafter: jkreye

Subject: Tax, Property - other

Addl. Drafters:

Extra Copies:

Submit via email: YES

Requester's email: Rep.Kerkman@legis.wisconsin.gov

Carbon copy (CC:) to: joseph.kreye@legis.wisconsin.gov

*Please jacket  
last 1*

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Loan program for property taxes imposed as a result of an error in equalized value

---

**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 09/14/2011	jdye 09/15/2011	rschluet 09/15/2011	_____	sbasford 09/15/2011		S&L
/P2	jkreye 09/19/2011	jdye 09/19/2011	jfrantze 09/19/2011	_____	sbasford 09/19/2011		S&L

FE Sent For:

*Joseph Y*  
<END>

**2011 DRAFTING REQUEST**

**Bill**

Received: 09/14/2011

Received By: jkreye

Wanted: As time permits

Companion to LRB:

For: Samantha Kerkman (608) 266-2530

By/Representing: tami

May Contact:

Drafter: jkreye

Subject: Tax, Property - other

Addl. Drafters:

Extra Copies:

Submit via email: YES

Requester's email: Rep.Kerkman@legis.wisconsin.gov

Carbon copy (CC:) to: joseph.kreye@legis.wisconsin.gov

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Loan program for property taxes imposed as a result of an error in equalized value

---

**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 09/14/2011	jdyer 09/15/2011	rschluet 09/15/2011	_____	sbasford 09/15/2011		S&L

FE Sent For:

PZ 9/19 jld  
9/19  
<END>

**2011 DRAFTING REQUEST**

**Bill**

Received: 09/14/2011

Received By: jkreye

Wanted: As time permits

Companion to LRB:

For: Samantha Kerkman (608) 266-2530

By/Representing: tami

May Contact:

Drafter: jkreye

Subject: Tax, Property - other

Addl. Drafters:

Extra Copies:

Submit via email: YES

Requester's email: Rep.Kerkman@legis.wisconsin.gov

Carbon copy (CC:) to: joseph.kreye@legis.wisconsin.gov

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Loan program for property taxes imposed as a result of an error in equalized value

---

**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

PI 9/15 jld

9/15/11

FE Sent For:

<END>

**Kreye, Joseph**

**From:** Rep.Kerkman  
**Sent:** Wednesday, September 14, 2011 12:22 PM  
**To:** Kreye, Joseph  
**Cc:** Rep.Kerkman; Rongstad, Tami  
**Attachments:** Explanation and Language.doc; Twin Lakes Procedure.doc

Joe –

Attached are the documents from Revenue with the information for the loan program draft. Feel free to work with Rick Olin and Jon Dyck from LFB and Paul Ziegler from DOR on this draft.

For the other draft (just requires DOR to change the equalized value to the correct amount for this year and just for Twin Lakes) feel free to work with Rick Olin and Jon Dyck from LFB.

Thank you!

Tami Rongstad  
 Office of Rep. Samantha Kerkman  
 608-266-2531 / 888-534-0066

---

**From:** Western, Jennifer N - DOR [<mailto:Jennifer.Western@revenue.wi.gov>]  
**Sent:** Monday, September 12, 2011 1:34 PM  
**To:** Rep.Kerkman  
**Cc:** Jablonski, Jack - DOR; Wagner, Michael W - DOR; Ziegler, Paul D - DOR; Koskinen, John B - DOR; Landretti, Gregory J - DOR; Shields, Scott R - DOR  
**Subject:** Follow-up to conversation Re Twin Lakes Equalized Value

Dear Rep. Kerkman,

As we discussed, attached to this e-mail is more information on a mechanism that would allow DOR to make an interest free loan to a municipality in cases where an error to equalized value was made by the Department of Revenue; and where that error is in excess of 7.5%, compared to the prior year data. The loan detailed would allow the municipality to directly and precisely offset 2011 tax bills. The following year, as the overvaluation is corrected, and tax bills are congruently adjusted, the municipality would have the ability to repay the loan.

Included is suggested language that would implement such a program. Please feel free to contact me if you have any questions regarding this information.

On Thursday after we spoke, I also connected with Twin Lakes Village Administrator Dave Cox and mentioned I would be sharing more information with you today. He also wanted to make sure he understands the step-by-step process and I hope the attached explanation provides that.

It may also be beneficial to have DOR Division of Research and Policy analyst Paul Ziegler communicate directly with the assigned LRB attorney on technical aspects of the proposal.

It would be helpful if DOR could review the language once again when drafted by the LRB. If you would be willing to share it, that would be much appreciated.

9/14/2011

I hope this information can be helpful.

Sincerely,

Jennifer Western, *Executive Assistant*  
Wisconsin Department of Revenue  
E: [jennifer.western@wisconsin.gov](mailto:jennifer.western@wisconsin.gov)  
P: (608) 266-7622  
On the Web: <http://www.revenue.wi.gov/>

# Loans to Offset Certain DOR Equalization Errors

## Immediate Intent

Provide the Village of Twin Lakes with a zero interest loan to be used to hold property taxpayers harmless from DOR's error in establishing the village's equalized value.

The amount of the loan is expected to be about \$800,000 to \$900,000 but the actual amount will be determined in November/December 2011 once all actual values and levies for the December 2011 tax bills are known.

The loan has no fiscal effect over the state's 2011-13 biennium. While the loan will be made in FY12, the repayment of the loan will occur in FY13.

The loan will avoid the up and down impact on property taxes that valuation errors generally create. The loan will avoid the increase in December 2011 tax bills that would otherwise occur. Repayment of the loan in the subsequent year will offset the otherwise abnormally low tax bills that typically occur during corrective measures for valuation errors.

DOR will assist the village in utilizing the loan to provide equitable treatment of taxpayers throughout the municipality.

## Generalized Intent:

Allow the Department of Revenue (DOR) to make a loan to a municipality in an amount to offset the actual impact of an error in equalized value made by the department if the error is in excess of 7.5% of the municipality's equalized value.

Allow the municipality, with DOR's guidance, to use the loan amount to reduce amounts that would otherwise appear on the property tax bills of property owners in the municipality so that the net amounts levied on parcels within the municipality are unaffected by the erroneous overstatement of the municipality's equalized value.

By using the loan in this manner, individual property owners in the municipality will see no impact on the net amount of property taxes due on their property in the year of the error.

In the following year, require the municipality, under DOR's guidance, to make offsetting increases in the amounts on the property tax bills and require the municipality to repay DOR in full. This increase will occur in the same year that DOR makes an offsetting decrease in the municipality's equalized value, so that, on balance, property owners will be held harmless from the DOR error in both the year the loan is made and the year the loan is repaid.

The loan is to be made with zero interest. Since the loan is used to avoid higher tax bills, no subsequent loans need to be made to individual property owners.

# Loans to Offset Certain DOR Equalization Errors

## Drafting Instructions:

1. Expand and modify the current provisions under s. 20.566(2)(b) and s.70.57(4)(a) which allow for loans to be made to taxation districts impacted by Department of Revenue (DOR) errors in equalized value which overstate the correct value.
2. Require the taxation district, with DOR's guidance, to use the amount of the loan to reduce the amounts that would otherwise appear on property tax bills due to the error.
3. The precise amount of the loan will be determined once all equalized values and all levies are set to allow DOR and the municipality to identify the appropriate reductions to the net amounts levied on individual parcels.
4. In the year following the error, require the taxation district to increase the amount to be paid by individual property owners, with DOR's guidance, to equitably collect an amount to repay the loan.
5. Change the appropriation under s.20.566(2)(b) *Valuation error loans* from an annual appropriation to a sum sufficient.
6. Change the threshold for permitting loans from 10% to 7.5% of the prior year's value.
7. Specify that the loan will have no impact on the amount determined to be levied by the municipality or the county for purposes of the county and municipal levy limits.
8. Specify that the loan will have no impact on the Expenditure Restraint Program.

## Possible Draft

**SECTION 1.** 20.566 (2) (b) of the statutes is amended to read:

20.566 (2) (b) *Valuation error loans*. ~~The amounts in the schedule~~ A sum sufficient to make the payments under s. 70.57 (4) (a).

(NOTE – this change will need to be reflected under 20.005(3) (schedule).)

**SECTION 2.** 70.57(4)(a) of the statutes is amended to read:

70.57(4)(a) From the appropriation under s. 20.566 (2) (b), the department shall provide payments to any taxation district that certifies to the department, in the manner prescribed by the department, that the most recent valuation of the taxation district's property under this section is greater than it should be because of a clerical, arithmetic, transpositional, or similar error made by the department, as confirmed by the department, and that the amount of the overvaluation represents ~~40~~ 7.5 percent or more of the taxation district's valuation under this section in the year prior to the year in which the error occurred. If the payments are to be used to make loans to persons who are paying more in property taxes than they should as a result of the error, the taxation district and the department shall proceed under paragraphs (b) and (c). If a payment from the appropriation under s.20.566 (2) (b) is to be used to avoid persons from having to pay more in property taxes than they should as a result of the error, the taxation district and the department shall proceed under paragraph (d).

# Loans to Offset Certain DOR Equalization Errors

## **SECTION 3. 70.57(4)(b) of the statutes is amended to read:**

70.57(4) (b) If property tax bills impacted by the error are or have been distributed to property owners, a A taxation district receiving payments under par. (a) shall use the payments to make loans to persons who own property located in the taxation district and who are paying more property taxes than they should be as a result of the error. A person may receive a loan by applying, in the manner prescribed by the department, to the taxation district in which the person's property is located no later than June 15 of the year following the error. The state shall collect the amount of any loan issued under this paragraph as a state special charge against the taxation district for the year after the year in which the error occurred and the special charge shall not be included in the taxation district's levy. The taxation district shall assess the loan amount as a special charge against the property for which the loan was made on the property tax bill succeeding the loan, as provided under ch. 74 and s. 66.0627 (1) (c). Except for interest and penalties, as provided under s. 74.47, that apply to any delinquent special charge based on the loan amount, neither the department nor the taxation district may charge interest on any loan issued under this paragraph. The maximum loan amount that a person may receive under this paragraph shall be calculated by multiplying the assessed value of the person's property by a decimal determined by the department as follows:

## **SECTION 4. 70.57(4)(c) of the statutes is amended to read:**

70.57 (4) (c) If the taxation district and the department are proceeding under (b), the The department shall make the payments under par. (a) monthly, based on the amounts requested in loan applications to the taxation district each month, except that the department shall make no payments to a taxation district after June 30 of the year following the year in which the error occurred.

## **SECTION 5. 70.57(4)(d) of the statutes is created to read:**

70.57 (4) (d) If property tax bills which would otherwise be impacted by the error have not yet been distributed to property owners, the payment from the appropriation under s.20.566 (2) (b) may be made in one payment to the taxation district to reduce the property taxes that would otherwise be imposed as a result of the error. The department shall confirm the amount of the payment and provide guidance to the taxation district in allocating the amount to specific parcels. In the year following the error, the taxation district, with the guidance of the department, shall collect from property owners in the taxation district an amount equal to the amount of the payment and shall remit the amount collected to the department. The department may not charge interest for any payment under this paragraph. Payments under this paragraph in both the year the payment is made to the taxation district and the year the taxation district returns the payment to the department shall not impact the determination of the taxation district's or the county's levy or allowable levy under the levy limits under s.66.0602 or impact eligibility for or calculation of payments under the expenditure restraint program under s.79.05.

Prepared by:

Paul Ziegler  
Division of Research and Policy  
Department of Revenue  
September 9, 2011

## Procedure for Adjusting Village of Twin Lakes Levies

As actual values and levies are determined, DOR will populate a table such as the one below (which currently has hypothetical figures).

**A table with actual figures will be provided to the village in or by early December, once all levies are set.**

<b>HYPOTHETICAL --- ACTUAL AMOUNTS WILL BE DETERMINED BY EARLY DECEMBER 2011</b>			
<b>Shift in taxes to the Village of Twin Lakes</b>			
	2011/12 Current Allocated <u>Tax Levy</u>	2011/12 Corrected Allocated <u>Tax Levy</u>	Effect of Value Error
State tax levy	146,730	134,708	12,022
Walworth County	3,924,105	3,622,017	302,088
Twin Lakes Prot & Rehab Dist	134,930	134,930	0
Village of Twin Lakes	3,366,770	3,366,770	0
Randall J#1	4,132,932	3,906,352	226,581
Trevor-Wilmot	47,036	43,191	3,845
Twin Lakes	3,525,131	3,525,131	0
Wilmot UHS	4,524,578	4,288,579	236,000
<u>Gateway Area Technical College</u>	<u>1,291,181</u>	<u>1,187,337</u>	<u>103,844</u>
<b>Total</b>	<b>21,093,394</b>	<b>20,209,015</b>	<b>884,379</b>

The table will show:

1. The amounts apportioned to the village by overlying jurisdictions.
2. The amounts that would have been apportioned to the village if the error had not occurred.
3. The difference, by jurisdiction and in total, of the amount by which the error increased the taxes apportioned to the village.

The loan amount will be total amount by which the error increased taxes apportioned to the village.

The village will use the loan amount to reduce the amount of property taxes collected for each overlying jurisdiction by the amount specified in the table for the jurisdiction.

- Example 1 using the hypothetical amounts – County levy – Instead of levying the \$3,924,105 apportioned to the village, the village will levy the corrected amount, \$3,622,017. The tax rate for individual parcels in the village for the county levy will be the corrected amount divided by the total assessed value of the village. The county will then receive the amount levied in the village, \$3,622,017, plus the amount of the loan related to the county "excess levy". The county will thus receive the entire amount apportioned to the village and taxpayers in the village will pay only the corrected amount toward the county levy.

- Example 2 using the hypothetical amounts – Randall J#1 – Same concept as used for the county levy above, except the corrected levy amount will only be collected from the parcels in the village that are within this school district. Randall J#1 will get the full amount of \$4,132,923 but it will be composed of \$3,906,352 levied within the village plus \$226,581 of the loan amount.

DOR will assist the village in these calculations as necessary.

In the subsequent year, for the December 2012 tax bills, the amounts apportioned to the village will be lower than normal because the equalized value correction process will be offsetting the effect of the prior year's overstatement of the village's value.

During this subsequent year, the village will levy more than the amounts apportioned to it by exactly the same amounts it reduced the levy for each overlying jurisdiction for the December 2011 tax bills. The village, as a result, will collect the entire loan amount in excess of the amounts apportioned to the village and will, consequently, be able to repay the state's zero interest loan.

There would be no need to show the impacts of the loan in either year on the tax bills in any direct manner. The impact is embedded within the tax rates applied to each parcel's assessed value.

Prepared by:  
Paul Ziegler  
Division of Research and Policy  
Department of Revenue  
September 9, 2011



jld

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

included 9-14  
due Friday 9-16

D-N

✓  
1  
2

**AN ACT** Gen ✓  
relating to: the loan program for property taxes imposed as a result  
of an error in equalized value and making an appropriation

**Analysis by the Legislative Reference Bureau**

Under current law, the Department of Revenue (DOR) makes payments to any taxation district that certifies to DOR that the most recent equalized value of the taxation district's property is greater than it should be because of a clerical, arithmetic, transpositional, or similar error, and that the amount of the overvaluation represents 10 percent or more of the taxation district's equalized value in the year prior to the year in which the error occurred. The taxation district uses the payments to make loans to persons who own property in the taxation district and who paid more property taxes than they should have as a result of DOR's error. The maximum loan amount would be equal to the erroneous increase in the person's taxes. The loan amount would be collected by the state as a special charge against the taxation district for the year following the year in which DOR's error occurred.

Under this bill, DOR must make the payments if the overvaluation represents 7.5 percent or more of the taxation district's equalized value in the year prior to the year in which the error occurred. In addition, if property tax bills have already been distributed to property owners, DOR will make one payment to the taxation district and, instead of making loans to individual taxpayers, the taxation district will use the payment to reduce the property taxes that would otherwise be imposed as a result of the error.

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

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

1           **SECTION 1.** 20.566 (2) (b) of the statutes is amended to read:

2           20.566 (2) (b) *Valuation error loans.* The amounts in the schedule A sum  
3           sufficient to make the payments under s. 70.57 (4) (a).

**History:** 1971 c. 108 ss. 2, 3, 6; 1971 c. 125 ss. 164, 173, 174, 175, 176; 1971 c. 211, 215; 1973 c. 90; 1975 c. 39 ss. 201, 732 (1); 1977 c. 29, 31, 418; 1979 c. 34 ss. 610m to 617, 2102 (46) (c); 1979 c. 63 ss. 3, 6; 1979 c. 177, 221; 1981 c. 20; 1981 c. 86 ss. 7, 71; 1981 c. 328 s. 4; 1983 a. 27 ss. 469 to 477; 1983 a. 368; 1983 a. 410 s. 2202 (38); 1985 a. 29 ss. 536 to 537r, 3202 (39) (a), (46) (c), (i); 1985 a. 41, 120; 1987 a. 27 ss. 444 to 458, 3200 (47); 1987 a. 92; 1987 a. 312 s. 17; 1987 a. 399; 1989 a. 31, 335; 1991 a. 39, 259, 269; 1993 a. 16, 205, 263, 490; 1995 a. 27 ss. 546h to 546t, 1111mm to 1119r; 1995 a. 56, 227, 351; 1997 a. 27, 35, 41, 63, 148, 237, 252; 1999 a. 5, 9; 1999 a. 150 s. 672; 1999 a. 167; 2001 a. 16; 2001 a. 30 s. 108; 2001 a. 109; 2003 a. 33, 127, 139, 176, 231; 2005 a. 25, 71, 323, 460; 2007 a. 4, 20, 85, 96; 2009 a. 2, 28, 180, 310; 2011 a. 32; s. 35.17 correction in (1) (hp).

4           **SECTION 2.** 70.57 (4) (a) of the statutes is amended to read:

5           70.57 (4) (a) From the appropriation under s. 20.566 (2) (b), the department  
6           shall provide payments to any taxation district that certifies to the department, in  
7           the manner prescribed by the department, that the most recent valuation of the  
8           taxation district's property under this section is greater than it should be because of  
9           a clerical, arithmetic, transpositional, or similar error made by the department, as  
10          confirmed by the department, and that the amount of the overvaluation represents  
11          ~~10~~ 7.5 percent or more of the taxation district's valuation under this section in the  
12          year prior to the year in which the error occurred.

**History:** 1973 c. 90, 336; 1977 c. 29 ss. 761, 762, 1647 (12); 1977 c. 300 ss. 5, 8; 1981 c. 20; 1983 a. 372; 1985 a. 29, 54, 153, 246, 332, 399; 1991 a. 39; 1995 a. 27, 225; 2003 a. 33; 2007 a. 4; 2009 a. 11.

13          **SECTION 3.** 70.57 (4) (b) (intro.) of the statutes is amended to read:

14          70.57 (4) (b) (intro.) ~~A~~ If property tax bills for the assessment year in which the  
15          error relates have been distributed to property owners, the taxation district  
16          receiving payments under par. (a) shall use the payments to make loans to persons  
17          who own property located in the taxation district and who are paying more property  
18          taxes than they should be as a result of the error. A person may receive a loan by  
19          applying, in the manner prescribed by the department, to the taxation district in

1 which the person's property is located no later than June 15 of the year following the  
 2 error. The state shall collect the amount of any loan issued under this paragraph as  
 3 a state special charge against the taxation district for the year after the year in which  
 4 the error occurred and the special charge shall not be included in the taxation  
 5 district's levy. The taxation district shall assess the loan amount as a special charge  
 6 against the property for which the loan was made on the property tax bill succeeding  
 7 the loan, as provided under ch. 74 and s. 66.0627 (1) (c). Except for interest and  
 8 penalties, as provided under s. 74.47, that apply to any delinquent special charge  
 9 based on the loan amount, neither the department nor the taxation district may  
 10 charge interest on any loan issued under this paragraph. The maximum loan  
 11 amount that a person may receive under this paragraph shall be calculated by  
 12 multiplying the assessed value of the person's property by a decimal determined by  
 13 the department as follows:

**History:** 1973 c. 90, 336; 1977 c. 29 ss. 761, 762, 1647 (12); 1977 c. 300 ss. 5, 8; 1981 c. 20; 1983 a. 372; 1985 a. 29, 54, 153, 246, 332, 399; 1991 a. 39; 1995 a. 27, 225; 2003 a. 33; 2007 a. 4; 2009 a. 11.

14 **SECTION 4.** 70.57 (4) (c) <sup>X</sup> of the statutes is amended to read:

15 70.57 (4) (c) The With regard to loans made under par. (b), <sup>✓</sup> the department shall  
 16 make the payments under par. (a) monthly, based on the amounts requested in loan  
 17 applications to the taxation district each month, except that the department shall  
 18 make no payments to a taxation district after June 30 of the year following the year  
 19 in which the error occurred.

**History:** 1973 c. 90, 336; 1977 c. 29 ss. 761, 762, 1647 (12); 1977 c. 300 ss. 5, 8; 1981 c. 20; 1983 a. 372; 1985 a. 29, 54, 153, 246, 332, 399; 1991 a. 39; 1995 a. 27, 225; 2003 a. 33; 2007 a. 4; 2009 a. 11.

20 **SECTION 5.** 70.57 (4) (d) <sup>X</sup> of the statutes is created to read:

21 70.57 (4) (d) If property tax bills for the assessment year in which the error  
 22 relates have not been distributed to property owners, the department may make <sup>✓</sup> one  
 23 payment from the appropriation under s. <sup>△</sup>20.566 (2) (b) <sup>✓</sup> to the taxation district to

**SECTION 5**

1 reduce the property taxes that would otherwise be imposed as a result of the error.  
2 The department shall confirm the amount of the payment<sup>✓</sup> and provide guidance to  
3 the taxation district in allocating the amount to specific parcels. In the year following  
4 the error, the taxation district, with the guidance of the department,<sup>✓</sup> shall collect  
5 from property owners in the taxation district an amount equal to the amount of the  
6 payment and shall remit the amount collected to the department.<sup>✓</sup> The department  
7 may not charge interest for any payment under this paragraph.<sup>✓</sup> Notwithstanding  
8 s. 66.0602<sup>✓</sup> or 79.05,<sup>✓</sup> payments under this paragraph<sup>✓</sup> in both the year the payment is  
9 made to the taxation district and the year the taxation district returns the payment  
10 to the department shall not be included in determining the taxation district's or the  
11 county's levy, or allowable levy under s. 66.0602,<sup>✓</sup> or in determining the taxation  
12 district's eligibility for, and calculation of payments, under s.79.05.<sup>✓</sup>

**SECTION 6. Initial applicability.**

13  
14 (1) This act first applies to valuations made in 2011.<sup>✓</sup>

15 (END)

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

LRB-2896/P1dn

JK:.....

date

jld

Representative Kerkman: ✓

Please review this draft carefully to ensure that it is consistent with your intent. This draft is based on the proposal DOR sent to you via email on Monday, September 12, 2011. ✓

Joseph T. Kreye  
Senior Legislative Attorney  
Phone: (608) 266-2263  
E-mail: joseph.kreye@legis.wisconsin.gov

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

LRB-2896/P1dn

JK:jld:rs

September 15, 2011

Representative Kerkman:

Please review this draft carefully to ensure that it is consistent with your intent. This draft is based on the proposal DOR sent to you via e-mail on Monday, September 12, 2011.

Joseph T. Kreye  
Senior Legislative Attorney  
Phone: (608) 266-2263  
E-mail: [joseph.kreye@legis.wisconsin.gov](mailto:joseph.kreye@legis.wisconsin.gov)

**Kreye, Joseph**

---

**From:** Western, Jennifer N - DOR [Jennifer.Western@revenue.wi.gov]  
**Sent:** Monday, September 19, 2011 11:31 AM  
**To:** Kreye, Joseph; Rongstad, Tami; Rep.Kerkman  
**Cc:** Jablonski, Jack - DOR; Wagner, Michael W - DOR; Ziegler, Paul D - DOR; Koskinen, John B - DOR; Landretti, Gregory J - DOR; Shields, Scott R - DOR; Huegel, Daniel P - DOR; Davis, Daniel A - DOR  
**Subject:** LRB 2896 -- Correction to Offset Error in Equalized Value

Hi Joe,

Per our conversation, the sentence that should be added to LRB 2896 is bolded below. Please let me know if you have any questions.

Thanks,

Jennifer Western, *Executive Assistant*  
Wisconsin Department of Revenue

**SECTION 5.** 70.57 (4) (d) of the statutes is created to read:

70.57 (4) (d) If property tax bills for the assessment year in which the error relates have not been distributed to property owners, the department may make one payment from the appropriation under s. 20.566 (2) (b) to the taxation district to reduce the property taxes that would otherwise be imposed as a result of the error. The department shall confirm the amount of the payment and provide guidance to the taxation district in allocating the amount to specific parcels. In the year following the error, the taxation district, with the guidance of the department, shall collect from property owners in the taxation district an amount equal to the amount of the payment and shall remit the amount collected to the department. The department may not charge interest for any payment under this paragraph. Notwithstanding s. 66.0602 or 79.05, payments under this paragraph in both the year the payment is made to the taxation district and the year the taxation district returns the payment to the department shall not be included in determining the taxation district's or the county's levy, or allowable levy under s. 66.0602, or in determining the taxation district's eligibility for, and calculation of payments, under s.79.05. **Solely for purposes of relating annual revenue to estimated expenses, the amounts collected and remitted to the state under this paragraph shall be deemed accrued receipts as of the close of the fiscal year, but no revenue shall be deemed accrued receipts unless it is deposited by this state on or before August 31.**



P2

RMR

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

Monday  
in / 9-19-11

Today

Reger

4

1 AN ACT *to amend* 20.566 (2) (b), 70.57 (4) (a), 70.57 (4) (b) (intro.) and 70.57 (4)  
 2 (c); and *to create* 70.57 (4) (d) of the statutes; **relating to:** the loan program  
 3 for property taxes imposed as a result of an error in equalized value and making  
 4 an appropriation.

***Analysis by the Legislative Reference Bureau***

Under current law, the Department of Revenue (DOR) makes payments to any taxation district that certifies to DOR that the most recent equalized value of the taxation district's property is greater than it should be because of a clerical, arithmetic, transpositional, or similar error, and that the amount of the overvaluation represents 10 percent or more of the taxation district's equalized value in the year prior to the year in which the error occurred. The taxation district uses the payments to make loans to persons who own property in the taxation district and who paid more property taxes than they should have as a result of DOR's error. The maximum loan amount would be equal to the erroneous increase in the person's taxes. The loan amount would be collected by the state as a special charge against the taxation district for the year following the year in which DOR's error occurred.

Under this bill, DOR must make the payments if the overvaluation represents 7.5 percent or more of the taxation district's equalized value in the year prior to the year in which the error occurred. In addition, if property tax bills have already been distributed to property owners, DOR will make one payment to the taxation district and, instead of making loans to individual taxpayers, the taxation district will use the payment to reduce the property taxes that would otherwise be imposed as a result of the error.

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

---

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

1           **SECTION 1.** 20.566 (2) (b) of the statutes is amended to read:

2           20.566 (2) (b) *Valuation error loans.* ~~The amounts in the schedule~~ A sum  
3 sufficient to make the payments under s. 70.57 (4) (a).

4           **SECTION 2.** 70.57 (4) (a) of the statutes is amended to read:

5           70.57 (4) (a) From the appropriation under s. 20.566 (2) (b), the department  
6 shall provide payments to any taxation district that certifies to the department, in  
7 the manner prescribed by the department, that the most recent valuation of the  
8 taxation district's property under this section is greater than it should be because of  
9 a clerical, arithmetic, transpositional, or similar error made by the department, as  
10 confirmed by the department, and that the amount of the overvaluation represents  
11 ~~10~~ 7.5 percent or more of the taxation district's valuation under this section in the  
12 year prior to the year in which the error occurred.

13           **SECTION 3.** 70.57 (4) (b) (intro.) of the statutes is amended to read:

14           70.57 (4) (b) (intro.) ~~A~~ If property tax bills for the assessment year in which  
15 the error relates have been distributed to property owners, the taxation district  
16 receiving payments under par. (a) shall use the payments to make loans to persons  
17 who own property located in the taxation district and who are paying more property  
18 taxes than they should be as a result of the error. A person may receive a loan by  
19 applying, in the manner prescribed by the department, to the taxation district in  
20 which the person's property is located no later than June 15 of the year following the  
21 error. The state shall collect the amount of any loan issued under this paragraph as

1 a state special charge against the taxation district for the year after the year in which  
2 the error occurred and the special charge shall not be included in the taxation  
3 district's levy. The taxation district shall assess the loan amount as a special charge  
4 against the property for which the loan was made on the property tax bill succeeding  
5 the loan, as provided under ch. 74 and s. 66.0627 (1) (c). Except for interest and  
6 penalties, as provided under s. 74.47, that apply to any delinquent special charge  
7 based on the loan amount, neither the department nor the taxation district may  
8 charge interest on any loan issued under this paragraph. The maximum loan  
9 amount that a person may receive under this paragraph shall be calculated by  
10 multiplying the assessed value of the person's property by a decimal determined by  
11 the department as follows:

12 **SECTION 4.** 70.57 (4) (c) of the statutes is amended to read:

13 70.57 (4) (c) The With regard to loans made under par. (b), the department shall  
14 make the payments under par. (a) monthly, based on the amounts requested in loan  
15 applications to the taxation district each month, except that the department shall  
16 make no payments to a taxation district after June 30 of the year following the year  
17 in which the error occurred.

18 **SECTION 5.** 70.57 (4) (d) of the statutes is created to read:

19 70.57 (4) (d) If property tax bills for the assessment year in which the error  
20 relates have not been distributed to property owners, the department may make one  
21 payment from the appropriation under s. 20.566 (2) (b) to the taxation district to  
22 reduce the property taxes that would otherwise be imposed as a result of the error.  
23 The department shall confirm the amount of the payment and provide guidance to  
24 the taxation district in allocating the amount to specific parcels. In the year following  
25 the error, the taxation district, with the guidance of the department, shall collect

1 from property owners in the taxation district an amount equal to the amount of the  
2 payment and shall remit the amount collected to the department. The department  
3 may not charge interest for any payment under this paragraph. Notwithstanding  
4 s. 66.0602 or 79.05, payments under this paragraph in both the year the payment is  
5 made to the taxation district and the year the taxation district returns the payment  
6 to the department shall not be included in determining the taxation district's or the  
7 county's levy, or allowable levy under s. 66.0602, or in determining the taxation  
8 district's eligibility for, and calculation of payments, under s.79.05.

insert 4-8 ✓

9 **SECTION 6. Initial applicability.**

10 (1) This act first applies to valuations made in 2011.

11 (END)

**2011-2012 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-2896/P2ins  
JK:jld:rs

**Insert 4 - 8**

1 *WTT* Solely for purposes of relating annual revenue to estimated expenses, the  
2 amounts collected and remitted to the state under this paragraph<sup>✓</sup> shall be deemed  
3 accrued receipts as of the close of the fiscal year, but no revenue shall be deemed  
4 accrued receipts unless it is deposited by this state on or before August 31.<sup>✓</sup>



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-2896/P2  
JK:jld:jf

Stays RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Today 9/20

Regen

1 AN ACT to amend 20.566 (2) (b), 70.57 (4) (a), 70.57 (4) (b) (intro.) and 70.57 (4)  
2 (c); and to create 70.57 (4) (d) of the statutes; relating to: the loan program  
3 for property taxes imposed as a result of an error in equalized value and making  
4 an appropriation.

*Analysis by the Legislative Reference Bureau*

Under current law, the Department of Revenue (DOR) makes payments to any taxation district that certifies to DOR that the most recent equalized value of the taxation district's property is greater than it should be because of a clerical, arithmetic, transpositional, or similar error, and that the amount of the overvaluation represents 10 percent or more of the taxation district's equalized value in the year prior to the year in which the error occurred. The taxation district uses the payments to make loans to persons who own property in the taxation district and who paid more property taxes than they should have as a result of DOR's error. The maximum loan amount would be equal to the erroneous increase in the person's taxes. The loan amount would be collected by the state as a special charge against the taxation district for the year following the year in which DOR's error occurred.

Under this bill, DOR must make the payments if the overvaluation represents 7.5 percent or more of the taxation district's equalized value in the year prior to the year in which the error occurred. In addition, if property tax bills have already been distributed to property owners, DOR will make one payment to the taxation district and, instead of making loans to individual taxpayers, the taxation district will use the payment to reduce the property taxes that would otherwise be imposed as a result of the error.

not not

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

---

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

1           **SECTION 1.** 20.566 (2) (b) of the statutes is amended to read:

2           20.566 (2) (b) *Valuation error loans.* ~~The amounts in the schedule A sum~~  
3 sufficient to make the payments under s. 70.57 (4) (a).

4           **SECTION 2.** 70.57 (4) (a) of the statutes is amended to read:

5           70.57 (4) (a) From the appropriation under s. 20.566 (2) (b), the department  
6 shall provide payments to any taxation district that certifies to the department, in  
7 the manner prescribed by the department, that the most recent valuation of the  
8 taxation district's property under this section is greater than it should be because of  
9 a clerical, arithmetic, transpositional, or similar error made by the department, as  
10 confirmed by the department, and that the amount of the overvaluation represents  
11 ~~10~~ 7.5 percent or more of the taxation district's valuation under this section in the  
12 year prior to the year in which the error occurred.

13           **SECTION 3.** 70.57 (4) (b) (intro.) of the statutes is amended to read:

14           70.57 (4) (b) (intro.) ~~A~~ If property tax bills for the assessment year in which  
15 the error relates have been distributed to property owners, the taxation district  
16 receiving payments under par. (a) shall use the payments to make loans to persons  
17 who own property located in the taxation district and who are paying more property  
18 taxes than they should be as a result of the error. A person may receive a loan by  
19 applying, in the manner prescribed by the department, to the taxation district in  
20 which the person's property is located no later than June 15 of the year following the  
21 error. The state shall collect the amount of any loan issued under this paragraph as

1 a state special charge against the taxation district for the year after the year in which  
2 the error occurred and the special charge shall not be included in the taxation  
3 district's levy. The taxation district shall assess the loan amount as a special charge  
4 against the property for which the loan was made on the property tax bill succeeding  
5 the loan, as provided under ch. 74 and s. 66.0627 (1) (c). Except for interest and  
6 penalties, as provided under s. 74.47, that apply to any delinquent special charge  
7 based on the loan amount, neither the department nor the taxation district may  
8 charge interest on any loan issued under this paragraph. The maximum loan  
9 amount that a person may receive under this paragraph shall be calculated by  
10 multiplying the assessed value of the person's property by a decimal determined by  
11 the department as follows:

12 **SECTION 4.** 70.57 (4) (c) of the statutes is amended to read:

13 70.57 (4) (c) The With regard to loans made under par. (b), the department shall  
14 make the payments under par. (a) monthly, based on the amounts requested in loan  
15 applications to the taxation district each month, except that the department shall  
16 make no payments to a taxation district after June 30 of the year following the year  
17 in which the error occurred.

18 **SECTION 5.** 70.57 (4) (d) of the statutes is created to read:

19 70.57 (4) (d) If property tax bills for the assessment year in which the error  
20 relates have not been distributed to property owners, the department may make one  
21 payment from the appropriation under s. 20.566 (2) (b) to the taxation district to  
22 reduce the property taxes that would otherwise be imposed as a result of the error.  
23 The department shall confirm the amount of the payment and provide guidance to  
24 the taxation district in allocating the amount to specific parcels. In the year following  
25 the error, the taxation district, with the guidance of the department, shall collect

1 from property owners in the taxation district an amount equal to the amount of the  
2 payment and shall remit the amount collected to the department. The department  
3 may not charge interest for any payment under this paragraph. Notwithstanding  
4 s. 66.0602 or 79.05, payments under this paragraph in both the year the payment is  
5 made to the taxation district and the year the taxation district returns the payment  
6 to the department shall not be included in determining the taxation district's or the  
7 county's levy, or allowable levy under s. 66.0602, or in determining the taxation  
8 district's eligibility for, and calculation of payments, under s.79.05. Solely for  
9 purposes of relating annual revenue to estimated expenses, the amounts collected  
10 and remitted to the state under this paragraph shall be deemed accrued receipts as  
11 of the close of the fiscal year, but no revenue shall be deemed accrued receipts unless  
12 it is deposited by this state on or before August 31.

13 **SECTION 6. Initial applicability.**

14 (1) This act first applies to valuations made in 2011.

15 (END)

**Kreye, Joseph**

---

**From:** Ziegler, Paul D - DOR [PaulD.Ziegler@revenue.wi.gov]  
**Sent:** Monday, September 19, 2011 5:14 PM  
**To:** Kreye, Joseph  
**Cc:** Huegel, Daniel P - DOR; Wagner, Michael W - DOR  
**Subject:** RE: LRB 2896 -- Correction to Offset Error in Equalized Value

Joe -- Please check the last sentence of the 2nd paragraph of the LRB analysis. The statement "if the property tax bills have already been distributed..." should be "if the property tax bills have not yet been distributed..."

Thank you!

Paul

Paul Ziegler, Team Leader  
Sales and Property Tax Policy Team  
Division of Research and Policy  
Wisconsin Department of Revenue  
2135 Rimrock Road - 6-73  
Madison, WI 53708-8933  
608-266-5773  
fax 608-261-6240

---

**From:** Kreye, Joseph [mailto:Joseph.Kreye@legis.wisconsin.gov]  
**Sent:** Monday, September 19, 2011 11:35 AM  
**To:** Western, Jennifer N - DOR; Rongstad, Tami - LEGIS; Rep.Kerkman - LEGIS  
**Cc:** Jablonski, Jack - DOR; Wagner, Michael W - DOR; Ziegler, Paul D - DOR; Koskinen, John B - DOR; Landretti, Gregory J - DOR; Shields, Scott R - DOR; Huegel, Daniel P - DOR; Davis, Daniel A - DOR  
**Subject:** RE: LRB 2896 -- Correction to Offset Error in Equalized Value

Thanks Jenny (and everyone else).

Joe

**Joseph Kreye**  
**Senior Legislative Attorney**  
Legislative Reference Bureau  
608 266-2263

---

**From:** Western, Jennifer N - DOR [mailto:Jennifer.Western@revenue.wi.gov]  
**Sent:** Monday, September 19, 2011 11:31 AM  
**To:** Kreye, Joseph; Rongstad, Tami; Rep.Kerkman  
**Cc:** Jablonski, Jack - DOR; Wagner, Michael W - DOR; Ziegler, Paul D - DOR; Koskinen, John B - DOR; Landretti, Gregory J - DOR; Shields, Scott R - DOR; Huegel, Daniel P - DOR; Davis, Daniel A - DOR  
**Subject:** LRB 2896 -- Correction to Offset Error in Equalized Value

Hi Joe,

Per our conversation, the sentence that should be added to LRB 2896 is bolded below. Please let me know if you have any questions.

Thanks,

Jennifer Western, *Executive Assistant*  
Wisconsin Department of Revenue

**SECTION 5.** 70.57 (4) (d) of the statutes is created to read:

70.57 (4) (d) If property tax bills for the assessment year in which the error relates have not been distributed to property owners, the department may make one payment from the appropriation under s. 20.566 (2) (b) to the taxation district to reduce the property taxes that would otherwise be imposed as a result of the error. The department shall confirm the amount of the payment and provide guidance to the taxation district in allocating the amount to specific parcels. In the year following the error, the taxation district, with the guidance of the department, shall collect from property owners in the taxation district an amount equal to the amount of the payment and shall remit the amount collected to the department. The department may not charge interest for any payment under this paragraph. Notwithstanding s. 66.0602 or 79.05, payments under this paragraph in both the year the payment is made to the taxation district and the year the taxation district returns the payment to the department shall not be included in determining the taxation district's or the county's levy, or allowable levy under s. 66.0602, or in determining the taxation district's eligibility for, and calculation of payments, under s.79.05.

**Solely for purposes of relating annual revenue to estimated expenses, the amounts collected and remitted to the state under this paragraph shall be deemed accrued receipts as of the close of the fiscal year, but no revenue shall be deemed accrued receipts unless it is deposited by this state on or before August 31.**

---

CONFIDENTIALITY NOTICE: This electronic mail transmission and any accompanying documents contain information belonging to the sender which may be confidential and legally privileged. This information is only for the use of the individual or entity to whom this electronic mail transmission was intended. If you are not the intended recipient, any disclosure, copying, distribution, or action taken in reliance on the contents of the information contained in this transmission is strictly prohibited. If you have received this transmission in error, please immediately contact the sender and delete the message. Thank you.

**Godwin, Gigi**

---

**From:** Rep.Kerkman  
**Sent:** Tuesday, September 20, 2011 2:25 PM  
**To:** LRB.Legal  
**Subject:** FW: Draft review: LRB 11-2896/P2 Topic: Loan program for property taxes imposed as a result of an error in equalized value  
**Importance:** High  
**Attachments:** LRB-2896\_P2

Please jacket for introduction.  
We'd like to get it introduced yet today.

Thank you,

Tami Rongstad  
Office of Rep. Samantha Kerkman  
608-266-2531 / 888-534-0066

---

**From:** Basford, Sarah  
**Sent:** Monday, September 19, 2011 1:05 PM  
**To:** Rep.Kerkman  
**Subject:** Draft review: LRB 11-2896/P2 Topic: Loan program for property taxes imposed as a result of an error in equalized value

**Following is the PDF version of draft LRB 11-2896/P2.**