



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

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| 2013 Assembly Bill 598 | Senate Amendment 2 |
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In general, Assembly Bill 598 relates to the following: (1) changing the method for charging interest that may be charged on special assessments; (2) creating an exception for local levy limits for the amount levied to make up any revenue shortfall for debt service on a special assessment B bond issued to fund a public improvement; and (3) changing the interest rate paid on certain claims for unlawfully assessed property taxes and claims on excessive assessment.

Assembly Bill 598, as Amended by the Assembly

Payment of Special Assessments

Under **current law**, certain local governmental units may impose a special assessment that to pay for public improvements. If payment through installments is allowed, each installment must include a proportionate part of the principal of the special assessment. In addition, the local governmental unit may impose interest on the unpaid balance of the special assessment.

Under **Assembly Bill 598**, installment payments are structured by the local governmental unit's governing body. Also under the bill, the interest rate is set by the governing body, and may include an administrative fee of up to two percent. Once the interest rate is set, the bill prohibits the rate from being changed during the course of the installment payments.

Local Levy Limits

With certain exceptions, under **current law**, a city, village, town, or county (political subdivision) may not increase its levy by a percentage that exceeds its "valuation factor," which is defined as the greater of either zero percent or the percentage change in the political subdivision's equalized value due to new construction, less improvements removed. Under

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

Assembly Bill 598 creates an exception to the levy limit, similar to the one that exists in current law regarding revenue bonds, for the amount that a political subdivision levies to make up any revenue shortfall for the debt service on a special assessment B bond issued to fund a public improvement.

Recovery on Unlawful Taxes and Claim on Excessive Assessment

Under **current law**, a person may make a claim against a taxation district for the levy and collection of an unlawful tax assessed against his or her property. If the person filing the claim prevails, his or her recovery may include interest at the rate of 0.8% per month.

Also under **current law**, a person may make a claim against a taxation district for an excessive assessment. If the person filing the claim prevails, his or her recovery may include interest at the average annual discount rate determined by the last auction of six-month U.S. treasury bills that is held before the objection was filed.

Under **Assembly Bill 598**, the interest rate that a person may receive on the recovery of an unlawfully assessed tax or on an excessive assessment imposed by a taxation district is the higher of the following rates:

- An interest rate that is equal to the average annual discount rate determined by the last auction of six-month U.S. treasury bills that is held before an objection is filed or a claim for recovery is filed or commenced.
- The rate of interest the taxation district receives on its time deposits, as that term is used in s. 66.0603 (1m) (a) 1., Stats.

Senate Amendment 2

Senate Amendment 2 eliminates the changes made by the bill to calculating the interest rate paid on claims for recovery on unlawfully assessed property taxes and claims on excessive assessment of property taxes.

Assembly Action

Assembly Amendment 1

Assembly Amendment 1 provided that the interest rate that a person may receive on the recovery of an unlawfully assessed tax or on an excessive assessment imposed by a taxation district is the higher of the following rates:

- An interest rate that is equal to the average annual discount rate determined by the last auction of 6-month U.S. treasury bills that is held before an objection is filed or a claim for recovery is filed or commenced.

- The rate of interest the taxation district receives on its time deposits, as that term is used in s. 66.0603 (1m) (a) 1., Stats.

Bill History

On February 13, 2014, the Assembly adopted Assembly Amendment 1, on a voice vote, and passed the bill, as amended, on a vote of Ayes, 97; Noes, 0.

Senator Gudex offered Senate Amendment 2. On March 5, 2014, the Senate Committee on Economic Development and Local Government recommended adoption of Senate Amendment 2 and concurrence in the bill, as amended, on a vote of Ayes, 5; Noes, 0.

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