State of Wisconsin
2005 - 2006 LEGISLATURE

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2005 ASSEMBLY BILL 863

December 8, 2005 – Introduced by Representatives BERCEAU, BOYLE, FIELDS, YOUNG, POCAN, STASKUNAS, BALLWEG and MOLEPSKE, cosponsored by Senators HANSEN, DECKER and ERPENBACH. Referred to Committee on Housing.

AN ACT ***to amend*** 234.622 (5), 234.623 (5) and 234.625 (1) of the statutes; **relating to:** the Property Tax Deferral Loan Program of the Wisconsin Housing and Economic Development Authority.

Analysis by the Legislative Reference Bureau

Under current law, the Wisconsin Housing and Economic Development Authority (WHEDA) operates a Property Tax Deferral Loan Program, under which WHEDA makes loans to homeowners who are 65 years of age or older for the purpose of helping homeowners pay property taxes and special assessments. A homeowner is eligible for a loan under the program if the home owner earned $20,000 or less in income in the year prior to the year in which the property taxes or special assessments for which the loan is made are due. Outstanding liens and judgments affecting the property, not including the loan under the program or housing and rehabilitation loans, also administered by WHEDA, may not exceed 33 percent of the value of the property. Currently, a loan may not exceed the lesser of $2,500 or the sum of the following: 1) property taxes for which the loan is sought; 2) special assessments on the property; and 3) interest and penalties on any delinquent property taxes or special assessments.

This bill changes the eligibility requirements for the program. Under the bill, a homeowner who is 65 years of age or older is eligible for a loan if the homeowner earned 80 percent or less of the median income of the county in which the property is located in the year prior to the year in which the property taxes or special assessments for which the loan is made are due. The bill changes the permissible amount of outstanding liens and judgments that may affect the property to 65 percent of the value of the property, including the loan under the program and housing and rehabilitation loans, if any. Finally, the bill provides that the maximum amount that WHEDA may loan to a homeowner in a year is the sum of the following: 1) property taxes for which the loan is sought; 2) special assessments on the property; and 3) interest and penalties on any delinquent property taxes or special assessments.

Because this bill directly or substantially affects the development, construction, cost, or availability of housing in this state, the Department of Commerce, as required by law, will prepare a report to be printed as an appendix to this bill.

For further information see the ***state*** 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:

SECTION 1. 234.622 (5) of the statutes is amended to read:

234.622 **(5)** "Permitted obligations" means the total amount of outstanding liens and judgments on the qualifying dwelling unit if that amount does not exceed ~~33%~~ 65 percent of the value of the unit as determined by the most recent assessment for property tax purposes. For purposes of ss. 234.621 to 234.626, housing and rehabilitation loans under s. 234.49 and liens arising under ss. 234.621 to 234.626 shall ~~not~~ be considered outstanding liens or judgments in computing the amount of permitted obligations.

SECTION 2. 234.623 (5) of the statutes is amended to read:

234.623 **(5)** The participant earned no more than ~~$20,000 in income, as defined under s. 71.52 (5),~~ 80 percent of the median income, as defined in s. 234.49 (1) (g), of the county in which the property is located in the year prior to the year in which the property taxes or special assessments for which the loan is made are due.

SECTION 3. 234.625 (1) of the statutes is amended to read:

234.625 **(1)** The authority shall enter into agreements with participants and their co–owners to loan funds to pay property taxes and special assessments on their qualifying dwelling units. The maximum loan under ss. 234.621 to 234.626 in any one year is limited to ~~the lesser of $2,500 or~~ the amount obtained by adding the property taxes levied on the qualifying dwelling unit for the year for which the loan is sought, the special assessments levied on the dwelling unit, and the interest and penalties for delinquency attributable to the property taxes or special assessments. Loans shall bear interest at a rate equal to the prime lending rate at the time the rate is set, as reported by the federal reserve board in federal reserve statistical release H. 15, plus ~~1%~~ 1 percent. The executive director shall set the rate no later than October 15 of each year, and that rate shall apply to loans made in the following year.

SECTION 4. Initial applicability.

(1) This act first applies to property tax deferral loans under sections 234.621 to 234.626 of the statutes for which applications are filed on the effective date of this subsection.

(END)