



Wisconsin Department of Transportation



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February 2, 1998

Honorable David Brandemuehl
Chairperson, Highways and Transportation
State Capitol, Room 317 North
Madison, WI 53708

RE: AB 752 Relating to Transferring Appeals of Certain Determinations of the Department of Transportation to the Tax Appeals Commission

Dear Chairperson Brandemuehl:

This bill provides that adverse decisions of the Department of Transportation (WisDOT) in reciprocal registration or fuel use tax matters may be appealed to the Tax Appeals Commission rather than Division of Hearings and Appeals. The bill also codifies the appeal procedures. The Tax Appeals Commission is an independent agency that hears and decides disputes involving all major, state imposed taxes. The Division of Licensing and Appeals hears and decides disputes involving motor vehicle licenses, highway signs, motor carrier regulation and disputes between motor vehicle dealers and manufacturers. This bill allows the state and the taxpayers to benefit from the Tax Appeals Commission's expertise and procedures to decide tax cases.

WisDOT administers reciprocal plans and certain motor fuel use tax laws. Section 341.405, Stats., allows WisDOT to effectuate the International Registration Plan. The International Registration Plan allows a trucking company to register for multistate registration and pay a registration fee to a base state. The base state apportions the fee among the states and issues a registration plate that allows the vehicle to travel in multiple states.

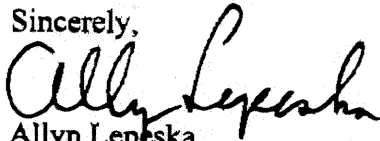
Section 341.45(1g)(a), Stats., imposes a tax and fee upon all fuel purchased outside of Wisconsin that is "consumed by the qualified motor vehicles while operated on the highways of this state." This tax and fee may be paid by purchasing an equivalent amount of fuel in this state, remitting the tax and fee directly to the Department or to another jurisdiction that is a party to the International Fuel Tax Agreement (IFTA). IFTA is an agreement for collection and distribution of fuel use taxes paid by motor carriers, developed under the auspices of the National Governors' Association. The purpose of the IFTA is procedural. The IFTA provides for base state reporting. The base state allocates the taxes paid on the fuel placed in the tank of qualified motor vehicles based upon mileage in each state.

Prior to July 1, 1987, the Department of Revenue (WisDOR) administered the fuel use tax program. However, 1987 Wisconsin Act 27 transferred fuel use tax collection responsibilities for certain motor vehicles from WisDOR to WisDOT. Under section 78.69, Stats., appeals of WisDOR fuel tax assessments are to the Tax Appeals Commission.

WisDOT may conduct audits to determine the adequacy of the fees paid under the proportional registration plans and the taxes and fees paid for motor fuel use. Section 341.43, Stats. If a person feels aggrieved by these WisDOT determinations, the person may appeal. Presently, these appeals would go to the Division of Hearings and Appeals under section 85.03, Stats. The Division and Hearings and Appeals has only had to decide one of these appeals on the merits so it has not had an opportunity to develop expertise in tax matters.

The Tax Appeals Commission has years of experience in hearing and deciding case involving state imposed taxes. This transfer will allow more efficient uses of present resources by the state and the taxpayer. WisDOT strongly supports this bill. Thank you for your assistance. If you have any questions, feel free to contact me.

Sincerely,



Allyn Lepeska

Attorney

pc: Chairperson Mark Musolf, Tax Appeals Commission
David Schwarz, Administrator, Division of Hearings and Appeals
Mark Weinberger, Department of Revenue
Carson Frasier, Department of Transportation
Paul Nilson, Legislative Reference Bureau