

1999 DRAFTING REQUEST

Bill

Received: 12/22/98

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Michael Lehman (608) 267-2367

By/Representing:

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - property

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Instalment payments of property tax refunds and appeals of manufacturing property taxes

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>
/?	jkreye 01/5/99	ptellez 01/25/99		_____			S&L
/1		jkreye 02/10/99 ptellez 02/11/99	hhagen 01/25/99	_____	lrb_docadmin 01/25/99		S&L
/2	jkreye 02/17/99	ptellez 02/17/99	hhagen 02/11/99	_____	lrb_docadmin 02/11/99	lrb_docadmin 02/15/99	S&L
/3			hhagen	_____	lrb_docadmin	lrb_docadmin	

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typist</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
			02/17/99	_____	02/17/99	02/17/99	

FE Sent For: 3/8/99

<END>

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1?	jkreye	11 pgt 1/7/99	1/25	1/25			

FE Sent For:

<END>



Michael (Mickey)
Lehman

State Representative
58th Assembly District

Committee Chair: Ways and Means

Memorandum

To: Joe Kreye, LRB Drafting

From: Rep. Mickey Lehman

Date: December 18th, 1998

Re: Manufacturing Assessment Legislation

I would like to request the drafting of legislation relating to installment payments of certain refunds of property taxes and to appeals of manufacturing property taxes. This will be a re-draft of 1997 Assembly Bill 460 with some modifications. For the purpose of these instructions, I would like to use 1997 LRB s0461/2 as our starting point. I would like to redraft the legislation as a new bill for the 1999 Session with the following changes:

- ✓ 1) On page 8, Lines 4-5 and 18-20 - Do not delete the language pertaining respectively to "reasonable cause" and "reasonable grounds."
- 2) Incorporate the suggestion from the Wisconsin Paper Council regarding "Supporting Evidence" found on pages 1 and 2 of their December 14th, 1998 letter. I have attached a copy of the letter to this memo. As a result of this change, we will want to ✓ remove from 1997 LRB s0461/2 proposal "IX A 21" as described in the October 7th letter from DOR. I believe this proposal was drafted as Section 10, specifically the language found on page 5, lines 12-15.
- ✓ 3) Do not make the change to 1997 LRB s0461/2 as recommended by DOR in proposal "IX A 23."

Please do not hesitate to contact me with any questions regarding the above instructions.

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Home: 1317 Honeysuckle Road, Hartford, WI 53027 • (414) 673-7979

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TOWNS: Addison, Cedarburg (Wards 1,2,3,6, and 7), Hartford, Jackson, Polk (Wards 1, 2, 3, 4, 5 and 8), Rubicon, Trenton and West Bend

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State of Wisconsin • DEPARTMENT OF REVENUE

DIVISION OF STATE AND LOCAL FINANCE

125 South Webster Street • P.O. Box 8933
Madison, Wisconsin 53708-8933
PHONE (608) 266-9758
FAX (608) 264-6887



October 7, 1998

The Honorable Michael Lehman
Wisconsin Assembly
State Capitol - Room 103 West
Madison, WI 53708

Dear Representative Lehman:

We greatly appreciated your efforts to improve the manufacturing assessment appeals process last year (AB460). We want to assist you again in getting legislation passed this session. The last version of the Bill I have was titled Assembly Substituted Amendment, to 1997 Assembly Bill 460, which I have enclosed. I have attached copies of our legislative proposals and will discuss them with reference to the Amendment.

First we suggest deleting Section 4 on page three that makes the state liable for all refund interest payments. Replace it with the following proposal:

do not make this change
IX A 23 — ~~Require each taxing jurisdiction to pay their share of interest on refunds.~~

The following attached proposals are already included in the Amendment.

- IX A 17 Reduce the appeal period from 60 to 30 days and provide a 30-day municipal cross appeal period.
- IX A 18 Make the manufacturing self-reporting form non-filing penalty fairer and more effective.
- remove* → IX A 21 Require all evidence to be presented at the Board of Assessor level. We have no problem with applying this to the municipality and the department along with the person assessed.
- IX A 22 Clarify that the cutoff date for manufacturing classification is March 1 each year.
- IX A 24 Allow municipalities to spread tax refunds over a five-year period.
- IX A 25 Change the interest rate for refunds from 0.8% per month to the Treasury bill rate.

The Honorable Michael Lehman
October 7, 1998
Page Two

This year we would like to add one item to the package.

IX A 19 Require the manufacturer's appearance and full disclosure at Tax Appeals Commission hearings.

Let me know if you would like to discuss this legislative package or if you need any additional information.

Sincerely,

John W. Rader
Administrator

JWR:CET:rmb
Enclosure

cc: Cate Zeuske
 Charles Turner



ASSEMBLY SUBSTITUTE AMENDMENT ,
TO 1997 ASSEMBLY BILL 460


1 **AN ACT to amend** 70.511 (2) (b), 70.995 (5), 70.995 (6), 70.995 (8) (a), 70.995 (8)
2 (b), 70.995 (8) (d), 70.995 (12) (a), 70.995 (12) (b), 70.995 (12) (c), 74.35 (3) (c),
3 74.37 (3) (c) and 74.41 (4) (b); and **to create** 20.835 (2) (bm), 70.511 (2) (bm),
4 70.511 (2) (br), 74.23 (1) (a) 5., 74.25 (1) (a) 4m., 74.30 (1) (dm), 74.35 (3) (cm)
5 and 74.37 (3) (cm) of the statutes; **relating to:** instalment payments of refunds
6 of taxes on manufacturing property, appeals of manufacturing property taxes
7 distribution of taxes on manufacturing property and the interest on refunded
8 and additional taxes on manufacturing property, the deadline for classification
9 of property as manufacturing, manufacturers' reports and making an
10 appropriation.

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

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

1 20.835 (2) (bm) *Payments of interest on overassessments of manufacturing*
2 *property.* A sum sufficient to make the payments under s. 70.511 (2) (br).

3 **SECTION 2.** 70.511 (2) (b) of the statutes is amended to read:

4 70.511 (2) (b) If the reviewing authority reduces the value of the property in
5 question, or determines that manufacturing property is exempt, the taxpayer may
6 file a claim for refund of taxes resulting from the reduction in value or determination
7 that the property is exempt. If Except as provided in par. (bm), if a claim for refund
8 is filed with the clerk of the municipality on or before the November 1 following the
9 decision of the reviewing authority, the claim shall be payable to the taxpayer from
10 the municipality no later than January 31 of the succeeding year. A Except as
11 provided in par. (bm), a claim filed after November 1 shall be paid to the taxpayer by
12 the municipality no later than the 2nd January 31 after the claim is filed. Interest
13 on the claim at the rate of 0.8% per month; or for property assessed under s. 70.995
14 at the average annual discount interest rate determined by the last auction ~~of~~ of 
15 6-month U.S. treasury bills before the appeal or objection is filed or 10% per year,
16 whichever is less; shall be paid to the taxpayer when the claim is paid. If the taxpayer
17 requests a postponement of proceedings before the reviewing authority, interest on
18 the claim shall permanently stop accruing at the date of the request. If the hearing
19 is postponed at the request of the taxpayer, the reviewing authority shall hold a
20 hearing on the appeal within 30 days after the postponement is requested unless the
21 taxpayer agrees to a longer delay. If the reviewing authority postpones the hearing
22 without a request by the taxpayer, interest on the claim shall continue to accrue. No
23 interest may be paid if the reviewing authority determines under s. 70.995 (8) (a) that
24 the value of the property was reduced because the taxpayer supplied false or

1 incomplete information. If taxes are refunded, the municipality may proceed under
2 s. 74.41.

3 SECTION 3. 70.511 (2) (bm) of the statutes is created to read:

4 70.511 (2) (bm) A municipality may pay a refund under par. (b) of the taxes on
5 property that is assessed under s. 70.995 in 5 annual instalments, each of which
6 except the last is equal to at least 20% of the sum of the refund and the interest on
7 the refund that is due, beginning on the date under par. (b), if all of the following
8 conditions exist:

9 1. The municipality's property tax levy for its general operations for the year
10 for which the taxes to be refunded are due is less than \$100,000,000.

11 2. The refund is at least 0.0025 of the municipality's levy for its general
12 operations for the year for which the taxes to be refunded are due.

13 3. The refund is more than \$10,000.

14 SECTION 4. 70.511 (2) (br) of the statutes is created to read:

15 70.511 (2) (br) From the appropriation under s. 20.835 (2) (bm), the department
16 of administration shall pay to each municipality that pays a refund under par. (b) an
17 amount equal to the interest that is paid by the municipality in the previous
18 biennium and that has accrued up to the date of the determination by the tax appeals
19 commission of the municipality's obligation.

20 SECTION 5. 70.995 (5) of the statutes is amended to read:

21 70.995 (5) ~~Commencing January 1, 1974, and annually thereafter, the~~ The
22 department of revenue shall assess all property of manufacturing establishments
23 included under subs. (1) and (2) as of the close of January 1 of each year, if on or before
24 March 1 of that year either the department has classified the property as
25 manufacturing or the owner of the property has requested, in writing, the

1 department to make such a classification and the department later does so. A change
2 in ownership, location or name does not necessitate a new request. In assessing
3 lands from which metalliferous minerals are being extracted and valued for purposes
4 of the tax under s. 70.375, the value of the metalliferous mineral content of such
5 lands shall be excluded.

6 **SECTION 6.** 70.995 (6) of the statutes is amended to read:

7 70.995 (6) Prior to February 15 of each year the department of revenue shall
8 notify each municipal assessor of the manufacturing property within the taxation
9 district that, as of that date, will be assessed by the department during the current
10 assessment year. *Feb. 15 07 date of note*

11 **SECTION 7.** 70.995 (8) (a) of the statutes is amended to read:

12 70.995 (8) (a) The secretary of revenue shall establish a state board of
13 assessors, which shall be comprised of the members of the department of revenue
14 whom the secretary designates. The state board of assessors shall investigate any
15 objection filed under par. (c) or (d) if the fee under that paragraph is paid. The state
16 board of assessors, after having made the investigation, shall notify the person
17 assessed or the person's agent and the appropriate municipality of its determination
18 by 1st class mail. Beginning with objections filed in 1989, the state board of assessors
19 shall make its determination on or before April 1 of the year after the filing. If the
20 determination results in a refund of property taxes paid, the state board of assessors
21 shall include in the determination a finding of whether the refund is due to false or
22 incomplete information supplied by the person assessed. The person assessed or the
23 municipality having been notified of the determination of the state board of assessors
24 shall be deemed to have accepted the determination unless the person or
25 municipality files a petition for review with the clerk of the tax appeals commission

1 as provided in s. 73.01 (5) and the rules of practice promulgated by the commission.
2 If an assessment is reduced by the state board of assessors, the municipality affected
3 may file an appeal seeking review of the reduction, or may, within 30 days after the
4 person assessed files a petition for review, file a cross–appeal, before the tax appeals
5 commission even though the municipality did not file an objection to the assessment
6 with the board. If the board does not overrule a change from assessment under this
7 section to assessment under s. 70.32 (1), the affected municipality may file an appeal
8 before the tax appeals commission. If an assessment is increased by the board, the
9 person assessed may file an appeal seeking review of the increase, or may, within 30
10 days after the municipality files a petition for review, file a cross–appeal, before the
11 commission even though the person did not file an objection to the assessment with
12 the board. If the person assessed has filed an objection to the assessment with the
13 board of assessors, the person may not raise issues or present evidence during the
14 appeal or cross–appeal to the tax appeals commission unless the person raised the
15 issue with, or presented the evidence to, the board of assessors.

16 SECTION 8. 70.995 (8) (b) of the statutes is amended to read:

17 70.995 (8) (b) The department of revenue shall annually notify each
18 manufacturer assessed under this section and the municipality in which the
19 manufacturing property is located of the full value of all real and personal property
20 owned by the manufacturer. The notice shall be in writing and shall be sent by 1st
21 class mail. In addition, the notice shall specify that objections to valuation, amount
22 or taxability must be filed with the state board of assessors within ~~60~~ 30 days of
23 issuance of the notice of assessment, that objections to a change from assessment
24 under this section to assessment under s. 70.32 (1) must be filed within ~~60~~ 30 day
25 after receipt of the notice, that the fee under par. (c) or (d) must be paid and that the

1 objection is not filed until the fee is paid. A statement shall be attached to the
2 assessment roll indicating that the notices required by this section have been mailed
3 and failure to receive the notice does not affect the validity of the assessments, the
4 resulting tax on real or personal property, the procedures of the tax appeals
5 commission or of the state board of assessors or the enforcement of delinquent taxes
6 by statutory means.

7 **SECTION 9.** 70.995 (8) (d) of the statutes is amended to read:

8 70.995 (8) (d) A municipality may file an objection with the state board of
9 assessors to the amount, valuation or taxability under this section or to the change
10 from assessment under this section to assessment under s. 70.32 (1) of a specific
11 property having a situs in the municipality, whether or not the owner of the specific
12 property in question has filed an objection. Objection shall be made on a form
13 prescribed by the department and filed with the board within ~~60~~ 30 days of the date
14 of the issuance of the assessment in question, except that, if the person assessed files
15 an objection and the municipality affected does not file an objection, the municipality
16 affected, within 30 days after the person's objection is filed, may file an appeal. A \$45
17 filing fee shall be paid when the objection is filed unless a fee has been paid in respect
18 to the same piece of property and that appeal has not been finally adjudicated. The
19 objection is not filed until the fee is paid. The board shall forthwith notify the person
20 assessed of the objection filed by the municipality.

21 **SECTION 10.** 70.995 (12) (a) of the statutes, as affected by 1997 Wisconsin Act
22 35, is amended to read:

23 70.995 (12) (a) The department of revenue shall prescribe a standard
24 manufacturing property report form that shall be submitted annually for each real
25 estate parcel and each personal property account on or before March 1 by all

1 manufacturers whose property is assessed under this section. The report form shall
2 contain all information deemed necessary by the department and shall include,
3 without limitation, income and operating statements, fixed asset schedules and a
4 report of new construction or demolition. Failure to submit the report shall result
5 in denial of any right of redetermination by the state board of assessors or the tax
6 appeals commission. If any property is omitted or understated in the assessment roll
7 in any of the next 5 previous years, the assessor shall enter the value of the omitted
8 or understated property once for each previous year of the omission or
9 understatement. The assessor shall designate each additional entry as omitted or
10 understated for the year of omission or understatement. The assessor shall affix a
11 just valuation to each entry for a former year as it should have been assessed
12 according to the assessor's best judgment. Taxes shall be apportioned and collected
13 on the tax roll for each entry, on the basis of the net tax rate for the year of the
14 omission, taking into account credits under s. 79.10, and, in the case of omitted
15 property, interest shall be added at the rate of 0.0267% per day for the period of time
16 between the date when the form is required to be submitted and the date when the
17 assessor affixes the just valuation, and, in the case of underpayments determined
18 after an objection under s. 70.995 (8) (d), interest shall be added at the average
19 annual discount interest rate determined by the last auction of 6-month U.S.
20 treasury bills before the objection, between the date when the tax was due and the
21 date when it is paid.

22 SECTION 11. 70.995 (12) (b) of the statutes is amended to read:

23 70.995 (12) (b) The department of revenue shall allow an extension to April 1
24 of the due date of 30 days for filing the report forms required under par. (a) if a written

1 application for an extension, stating the reason for the request, is filed with the
2 department on or before March 1.

3 **SECTION 12.** 70.995 (12) (c) of the statutes is amended to read:

4 ~~70.995 (12) (c) Unless the taxpayer shows that the failure is due to reasonable~~
5 ~~cause, if a taxpayer fails to file any form required under par. (a) for property, that~~
6 ~~the department of revenue assessed during the previous year by the due date or by~~
7 ~~any extension of the due date that has been granted, the taxpayer shall pay to the~~
8 ~~department of revenue a penalty of the greater of \$10 or 0.05% of the previous year's~~
9 ~~full value assessment not to exceed \$1,000. If the form required under par. (a) for~~
10 ~~property that the department of revenue assessed during the previous year is not~~
11 ~~filed within 30 days after the due date or within 30 days after any extension, the~~
12 ~~taxpayer shall pay to the department of revenue a 2nd penalty of the greater of \$10~~
13 ~~or 0.05% of the previous year's full value assessment not to exceed \$1,000 \$50 if the~~
14 ~~form is filed 1 to 10 days late; \$50 or 0.05% of the previous year's assessment,~~
15 ~~whichever is greater, but not more than \$250, if the form is filed 11 to 30 days late;~~
16 ~~and \$100 or 0.1% of the previous year's assessment, whichever is greater, but not~~
17 ~~more than \$500, if the form is filed more than 30 days late. Penalties are due 30 days~~
18 ~~after they are assessed and are delinquent if not paid on or before that date. The~~
19 ~~department may refund all or part of any penalty it assesses under this paragraph~~
20 ~~if it finds reasonable grounds for late filing.~~

21 **SECTION 13.** 74.23 (1) (a) 5. of the statutes is created to read:

22 74.23 (1) (a) 5. Pay to each taxing jurisdiction within the district its
23 proportionate share of the taxes and interest under s. 70.995 (12) (a).

24 **SECTION 14.** 74.25 (1) (a) 4m. of the statutes is created to read:

1 74.25 (1) (a) 4m. Pay to each taxing jurisdiction within the district its
2 proportionate share of the taxes and interest under s. 70.995 (12) (a).

3 **SECTION 15.** 74.30 (1) (dm) of the statutes is created to read:

4 74.30 (1) (dm) Pay to each taxing jurisdiction within the district its
5 proportionate share of the taxes and interest under s. 70.995 (12) (a).

6 **SECTION 16.** 74.35 (3) (c) of the statutes is amended to read:

7 74.35 (3) (c) If the governing body of the taxation district determines that an
8 unlawful tax has been paid and that the claim for recovery of the unlawful tax has
9 complied with all legal requirements, the governing body shall allow the claim. The
10 Except as provided in par. (cm), the taxation district treasurer shall pay the claim
11 not later than 90 days after the claim is allowed.

12 **SECTION 17.** 74.35 (3) (cm) of the statutes is created to read:

13 74.35 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
14 property that is assessed under s. 70.995 in 5 annual instalments, each of which
15 except the last is equal to at least 20% of the sum of the refund and the interest on
16 the refund, beginning in the year of the determination, if all of the following
17 conditions exist:

18 1. The municipality's property tax levy for its general operations for the year
19 for which the taxes to be refunded are due is less than \$100,000,000.

20 2. The refund is at least 0.0025 of the municipality's levy for its general
21 operations for the year for which the taxes to be refunded are due.

22 3. The refund is more than \$10,000.

23 **SECTION 18.** 74.37 (3) (c) of the statutes is amended to read:

24 74.37 (3) (c) If the governing body of the taxation district or county that has a
25 county assessor system determines that a tax has been paid which was based on an

1 excessive assessment, and that the claim for an excessive assessment has complied
2 with all legal requirements, the governing body shall allow the claim. The Except
3 as provided in par. (cm), the taxation district or county treasurer shall pay the claim
4 not later than 90 days after the claim is allowed.

5 SECTION 19. 74.37 (3) (cm) of the statutes is created to read:

6 74.37 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
7 property that is assessed under s. 70.995 in 5 annual instalments, each of which
8 except the last is equal to at least 20% of the sum of the refund and interest on the
9 refund, beginning in the year of the determination, if all of the following conditions
10 exist:

11 1. The municipality's property tax levy for its general operations for the year
12 for which the taxes to be refunded are due is less than \$100,000,000.

13 2. The refund is at least 0.0025 of the municipality's levy for its general
14 operations for the year for which the taxes to be refunded are due.

15 3. The refund is more than \$10,000.

16 SECTION 20. 74.41 (4) (b) of the statutes is amended to read:

17 74.41 (4) (b) Determine the amount of rescinded or refunded taxes and the
18 interest paid on those taxes to taxpayers that are to be charged back to, and collected
19 from, each taxing jurisdiction for which taxes were collected by the taxation district,
20 and determine the amount of taxes collected under s. 74.33 to be shared with each
21 taxing jurisdiction for which taxes were collected by the taxation district. The
22 amount determined may not include any interest, except the interest that has been
23 paid to taxpayers.

24 SECTION 21. Initial applicability.

1 (1) REFUNDS. The treatment of sections 70.511 (2) (b) and (bm), 74.35 (3) (c) and
2 (cm), 74.37 (3) (c) and (cm) and 74.41 (4) (b) of the statutes first applies to refunds
3 of taxes that were collected based on the assessment as of January 1, 1999.

4 (2) APPEALS. The treatment of section 70.995 (8) (a) of the statutes first applies
5 to appeals to the tax appeals commission that are filed on the first day of the 3rd
6 month beginning after the effective date of this subsection.

7 (3) SETTLEMENT OF TAXES. The treatment of sections 74.23 (1) (a) 5., 74.25 (1)
8 (a) 4m. and 74.30 (1) (dm) of the statutes first applies to taxes based on the
9 assessment as of January 1, 1999.

10 (4) INTEREST. The treatment of sections 70.995 (12) (a) of the statutes first
11 applies to entries made on the property tax roll on the effective date of this
12 subsection.

13 (5) DEADLINE FOR CLASSIFYING PROPERTY. The treatment of section 70.995 (5) and
14 (6) of the statutes first applies to assessments as of the January 1 after publication.

15 (6) MANUFACTURERS' REPORTS. The treatment of section 70.995 (12) (b) and (c)
16 of the statutes first applies to reports required to be filed on the March 1 after
17 publication.

18

(END)

Require municipalities to pay
proportional shares of interest on
manufacturing refunds

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF STATE AND LOCAL FINANCE
MANUFACTURING & TELCO ASSESSMENT BUREAU
JUNE 11, 1998**

TITLE: Require each taxing jurisdiction to pay their share of interest on a manufacturing refund, instead of the municipality paying it all. This was part of AB460 passed by the Assembly but not yet considered by the Senate.

DESCRIPTION OF CURRENT LAW:

Section 74.41(4)(b) allows municipalities to charge back to other taxing jurisdictions, their share of the refund, but not the interest on the refund.

PROBLEM/OPPORTUNITY DEFINITION:

Municipalities complain about having to pay refund interest for the other taxing jurisdictions share of the refund. The interest payment can be substantial for assessment reductions on large valuable properties.

RECOMMENDATION:	Revise the law.
FISCAL/ADMINISTRATIVE IMPACT:	There would be an insignificant interest cost for refunds of the state reforestation tax.
DRAFTING INSTRUCTIONS:	See LRBs 03071/1 attached.
EFFECTIVE DATE:	Upon publication.
PERSON TO CONTACT:	Charles E. Turner, Telephone 266-3845

Reduce manufacturer's appeal
period from 60 days to 30 days

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF STATE AND LOCAL FINANCE
MANUFACTURING & TELCO ASSESSMENT BUREAU
JUNE 8, 1998**

TITLE: Shorten the manufacturer's appeal period from 60 days to 30 days; provide the municipality a 30 day cross-appeal period. This was part of AB460 passed by the Assembly but not yet considered by the Senate.

DESCRIPTION OF CURRENT LAW:

Section 70.995(8)(b) says, "... objections ... must be filed with the state board of assessors within 60 days of issuance of the notice of assessment ..."

PROBLEM/OPPORTUNITY DEFINITION:

Municipalities complain about the appeal process leaving them out of the system. Manufacturers often wait until the last day of their 60-day appeal period to file their objection. This means the municipality finds out about the manufacturer's appeal after the municipality's 60-day period has expired. Shortening the manufacturer's appeal to 30 days and providing the municipality 30 days from the manufacturer's appeal to cross-appeal cures the problem without extending the total appeal period.

RECOMMENDATION:	Revise the law.
FISCAL/ADMINISTRATIVE IMPACT:	No significant additional cost.
DRAFTING INSTRUCTIONS:	See LRBs 0307/1 attached.
EFFECTIVE DATE:	Upon publication.
PERSON TO CONTACT:	Charles E. Turner, Telephone 266-3845

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF STATE AND LOCAL FINANCE
MANUFACTURING & TELCO ASSESSMENT BUREAU
JUNE 4, 1998**

TITLE: Amend sec. 70.995(12)(b) to MAKE THE M-FORM NONFILING PENALTY FAIRER AND MORE EFFECTIVE. Reduce the maximum penalty and its harshness, graduate the penalty more to lateness (more reasonable) and increase the minimum penalty to improve compliance. Prior number was IX A 6 (minor policy, remedial).

DESCRIPTION OF CURRENT LAW: The Legislative Audit Bureau recommended the penalty and it is extremely important to our work. Before the penalty law, manufacturers filed over 40% of their M-forms late, or not at all. Upon implementation in 1981, The Bureau issued penalties on 20% of the parcels. The percentage dropped to 10% by 1983 and has varied between 8% and 10% each year or about 2,300.

If a manufacturer does not file the form by the due date, he receives a penalty of \$10 or 0.05% of the previous year's assessment, whichever is greater, not to exceed \$1,000. If he does not file within 30 days of the due-date, he gets a 2nd penalty. That one is also \$10 or 0.05% of the previous year's assessment, whichever is greater, not to exceed \$1,000. Receiving two penalties results in a maximum of \$2,000. Penalties amounted to \$350,000 in 1997 and have been \$300,000 or more the last three years.

This proposal ties to the Department's Goal to *increase voluntary compliance and to increase customer satisfaction*. It also ties to the Strategy to *research and meet customer needs*.

PROBLEM/OPPORTUNITY DEFINITION: Manufacturers frequently complain about the severity of the maximum penalty and the severity for just being a few days late. The Tax Appeals Commission has also commented that while the penalty was necessary, it seemed unduly harsh. On the other hand, the \$10 minimum penalty is not significant enough to motivate compliance for many manufacturers. Small penalties comprise the greatest number. A study done in 1991 showed that 63% (1,449) were less than \$50 and 47% were less than \$20. Therefore, raising the minimum to \$50 could greatly improve compliance and reduce the number of penalties. We hope to reduce the 1,449 penalties under \$50 by 10% the first year, 10% the second year and 5% the third year after a law revision. That would improve compliance by about 350 forms, making the work of the Bureau easier and reducing the number of penalties issued. On the other hand, since these are the smaller penalties, it only reduces revenues about \$6,000.

The following three levels of penalties will reduce the maximum, graduate more according to lateness and raise the minimum.

1. One to 10 days late, gets a flat penalty of \$50.
2. Eleven to 30 days late, gets 0.05% of the previous assessment, a \$50 minimum and a \$250 maximum.
3. Over 30 days late, get 0.1% of the previous assessment, a \$100 minimum and a \$500 maximum.

Require all evidence to be presented
at appeals to State Board of
Assessors

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF STATE AND LOCAL FINANCE
MANUFACTURING & TELCO ASSESSMENT BUREAU
JUNE 8, 1998**

TITLE: *Require appellants to present all evidence at the State Board of Assessors (BOA) level of appeal. Was part of AB460 that the Assembly passed but not yet considered by the Senate.*

DESCRIPTION OF CURRENT LAW:

Section 70.995(8)(c) says, "All objections to the amount, valuation, taxability ... shall be first made in writing on a form prescribed by the department of revenue and shall be filed with the state board of assessors within the time prescribed in par. (b). "Neither the state board of assessors nor the tax appeals commission may waive the requirement that objections be in writing."

PROBLEM/OPPORTUNITY DEFINITION:

Municipalities complain about the burden of making large refunds resulting from adverse Tax Appeals Commission decisions. Large refunds wreak havoc with budgets of taxing jurisdictions. They unsuccessfully lobbied for a bill to make the state pay such refunds.

Frequently appellants hold their evidence until they appeal to the TAC, which is after the tax payment. Once they present evidence, it frequently warrants a reduction in assessment, causing a tax refund. We can reduce the number and size of refunds by requiring BOA appellants to provide all their evidence and appraisal data at that stage. The new evidence often causes the Bureau to do a new appraisal that considers the new evidence. Being on a 5-year appraisal cycle, these new appraisals often result in a value reduction. If they provided the evidence to the BOA, we would make the reduction before the tax bill.

While Department attorneys have argued this issue before the TAC, the TAC (more accustomed to IS&E cases) has not been sensitive to the time requirements of the state's property tax system (Board of Review timing).

RECOMMENDATION: Revise the law.

FISCAL/ADMINISTRATIVE IMPACT: No significant additional cost.

DRAFTING INSTRUCTIONS: See Assembly Amendment attached.

EFFECTIVE DATE: Upon publication.

PERSON TO CONTACT: Charles E. Turner, Telephone 266-3845

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF STATE AND LOCAL FINANCE
MANUFACTURING ASSESSMENT BUREAU
JUNE 8, 1998**

TITLE: Amend sec. 70.995(5) to CLARIFY THE ANNUAL CUTOFF DATE FOR
MANUFACTURING CLASSIFICATION is March 1 each year.

DESCRIPTION OF CURRENT LAW AND PROBLEM: Chapter 10 of the Wisconsin Property Assessment Manual says, "In order for a business to be classified manufacturing for the first time for a specific year, one of the following requirements must have been met:

- either the department must have classified the business manufacturing by March 1 for that year; or
- the business must have contacted the department in writing requesting classification on or before March 1 and subsequently have been granted manufacturing classification for that year."

The March 1 cutoff date is based on the statutory due date for filing manufacturing property self-reporting forms (M-Forms). The problem is that businesses request classification after March 1 and become upset when told they are too late for this year, we will pick them for next year. They question the March 1 cutoff date since there is no clear statutory basis other the M-Form filing date and they want retroactive M&E exemption.

RECOMMENDATION: Amend the law to reflect longstanding policy.

FISCAL/ADMINISTRATIVE IMPACT: No fiscal impact. It will prevent appeals and the perception that the Department is being arbitrary, and provide a better start for business relationships with new customers.

DRAFTING INSTRUCTIONS: Use remedial LRB-0836/P1 by JS (attached).

EFFECTIVE DATE: The next January following passage.

PERSON TO CONTACT: Charles E. Turner, Telephone 266-3845

Allow municipalities to spread
payment manufacturing refunds over
five years

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF STATE AND LOCAL FINANCE
MANUFACTURING & TELCO ASSESSMENT BUREAU
JUNE 11, 1998**

TITLE: Allow municipalities to spread tax refunds over a 5-year period. This was part of AB460 passed by the Assembly, but not yet considered by the Senate.

DESCRIPTION OF CURRENT LAW:

Section 70.43 says a taxpayer must file a claim for the refund by November 1, and the municipality must pay it by the following January 31. This allows the municipality one budget to fund the refund.

PROBLEM/OPPORTUNITY DEFINITION:

Municipalities complain about having to pay large refunds and interest when reviewing authorities reduce assessments for large, valuable priorities. Funding large refunds in one budget can be a great financial burden. Allowing them to spread budgeting for the refund over five years would lessen and spread out the financial burden.

RECOMMENDATION:	Revise the law.
FISCAL/ADMINISTRATIVE IMPACT:	No effect on the Department.
DRAFTING INSTRUCTIONS:	See LRB 3347/1, attached.
EFFECTIVE DATE:	Upon publication.
PERSON TO CONTACT:	Charles E. Turner, Telephone 266-3845

Change interest rate paid on
manufacturing refunds

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF STATE AND LOCAL FINANCE
MANUFACTURING & TELCO ASSESSMENT BUREAU
JUNE 11, 1998**

TITLE: Change the interest rate on property tax refunds from 0.8 percent per month to the six-month Treasury Bill rate at the time of appeal. This was part of AB460 passed by the Assembly but not yet considered by the Senate.

DESCRIPTION OF CURRENT LAW:

Sections 70.511(2)(b) and 70.995(12)(a) says interest on refunds shall be 0.8 percent per month.

PROBLEM/OPPORTUNITY DEFINITION:

Municipalities complain about having to pay large refunds and interest when reviewing authorities reduce assessments for large, valuable properties. The rate now in the statute is not current with the times. The rate from 6-month U.S. Treasury Bills is more reasonable.

RECOMMENDATION: Revise the law.

FISCAL/ADMINISTRATIVE IMPACT: None.

DRAFTING INSTRUCTIONS: See pages two and six of LRBs 0307/1, attached.

EFFECTIVE DATE: Upon publication.

PERSON TO CONTACT: Charles E. Turner, Telephone 266-3845

Require appearance and full disclosure
by manufacturers at appeals hearings

**WISCONSIN DEPARTMENT OF REVENUE
DIVISION OF STATE AND LOCAL FINANCE
MANUFACTURING & TELCO ASSESSMENT BUREAU
JUNE 8, 1998**

TITLE: Amend sec. 70.995(8) to REQUIRE THE MANUFACTURER'S APPEARANCE AND FULL DISCLOSURE AT TAX APPEALS COMMISSION HEARINGS.

DESCRIPTION OF CURRENT LAW: Under current law individuals or agents for the property owner may file manufacturing appeals for the property owner on a contingency fee basis. Agents tell the client there is no cost, since they will only take part of any tax savings.

PROBLEM/OPPORTUNITY DEFINITION: The Department's Legal Division recommended this proposal. The IS&E Division has a full disclosure clause in sec. 71.89(2), Wis. Stats. that says no person shall be allowed in any action unless such person shall have made full disclosure under oath at the hearing before the Tax Appeals Commission (TAC) of any and all income that the person received. Personal appearance and full disclosure requirements are equally important in manufacturing appeals. These hearings are lengthy and costly to the Department. It is appropriate to require the appealing manufacturer to attend the hearing and provide testimony on information about the property. Sec. 70.995 has no full disclosure clause and the TAC has rejected motions from our attorneys on that point. Agents taking manufacturing appeals on a contingency fee basis have used the absence of a personal appearance requirement to the department's (and probably the manufacturer's) disadvantage. This assures that the TAC and the Department have access to complete and accurate information in making their determinations, improves the Department's defense of assessments and protects the municipality's tax base.

RECOMMENDATION: Change sec. 70.995(8) using language similar to sec. 71.89(2) that requires full disclosure and appearance by the manufacturer.

FISCAL/ADMINISTRATIVE IMPACT: No fiscal impact, it will help in defense of appeals and prevent loss of municipal tax base.

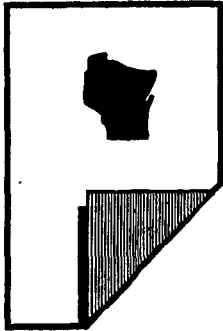
DRAFTING INSTRUCTIONS: Amend sec. 70.995(8) by adding language similar to sec. 71.89(2).

EFFECTIVE DATE: Upon publication.

PERSON TO CONTACT: Charles E. Turner, Telephone 266-3845

WISCONSIN PAPER COUNCIL

111 EAST WISCONSIN AVENUE
P.O. BOX 718
NEENAH, WI 54957-0718
PHONE: 920-722-1500
FAX: 920-722-7541



December 14, 1998

Representative Michael Lehman
State Capitol
Room 103 West
Madison, WI 53702

Dear Representative Lehman:

We are responding to your request for a proposal to address your concerns and the concerns of the Department of Revenue relating to manufacturing property assessment and appeals procedures.

The following addresses concerns relating to supporting evidence, the use of contested assessments in setting local tax rates, Board of Assessors procedures, and other provisions from 1997 Assembly Bill 460. We believe that our proposal addresses the concerns that have been raised and establishes an assessment and appeals procedure that is fair to everyone.

Supporting Evidence

A major concern of the Department of Revenue (DOR) is that some manufacturing property owners fail to provide the Board of Assessors (BOA) with any supporting evidence when filing an objection to an assessment. DOR contends that this causes unnecessary appeals to the Tax Appeals Commission (TAC) because the BOA does not have all of the information necessary to make an informed decision. This objection strategy appears to be followed by property owners, or their agents, which view the BOA as biased. These owners or agents are seeking to move to what they believe to be a more neutral forum, the TAC, without expending much effort on the BOA.

Section 70.995(8)(c) requires that objections be filed in writing, along with a \$45 fee. The objection is not considered to be filed until the fee is paid. DOR has a standard objection form that requests information about what the assessment should be, the reasons for objection, and the basis for correcting the assessment. Apparently, some owners or agents are not completing the DOR form, and are simply submitting identifying information and the fee, with no supporting evidence. The statute requires that an objection be filed "on a

form prescribed by" DOR. However, there does not appear to be any sanction for filing an incomplete form.

In comments earlier this year, the WPC indicated that we did not have a problem with a requirement that objections to the BOA include supporting evidence. We suggest that the statute specify the basic information contained in the DOR objection form and require the submittal of this information as part of a valid objection, as follows:

"The objection shall include the reasons for the objection, the owner's estimate of the correct assessment, and the basis for the owner's estimated assessment. The basis for the owner's assessment must include sufficient information to justify the owner's claim utilizing at least one of the following indicators of value:

1. Recent sale of the property,
2. Sales of reasonably comparable properties,
3. Original cost, adjusted for inflation and depreciation,
4. Potential income of the property, or
5. Other indicators of value, such as an independent appraisal.

Failure to submit the required information shall result in denial of any right of redetermination by the state board of assessors or the tax appeals commission."

The list of value indicators is taken from the DOR form. The "failure to submit" language is taken from existing s.70.995(12)(a) which relates to submittal of a manufacturing property report. This would need to be a two-way street – applicable both to municipalities and to manufacturers.

Under this proposal everyone would be required to submit supporting evidence. If no supporting evidence was submitted, both BOA and TAC review options would be eliminated. This should address DOR's concern about some companies failing to submit supporting information to the BOA, as well as your concern about large changes between the original assessment, the requested correction at the BOA level, and the TAC decision, resulting in large refunds by municipalities. (As we discussed on November 12, if a properly supported estimate is made as part of the initial objection, it is unlikely that there would be large changes in a final TAC decision.)

This proposal is similar in concept to AB 460, but provides a process that we feel is fairer to the majority of taxpayers that are working within the tax system in good faith. We do not support limiting awards made by the TAC. TAC decisions should be allowed to stand based on the facts that are presented to the TAC. If the assessment and appeals procedures are amended as we suggest, it will minimize large adjustments by the TAC.

~~XXXXXXXXXX~~ * WED

~~LRBs046175
JS:jl:km~~

1999 BILL

LRB-1430/1 aksh

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1997 ASSEMBLY BILL 460**

JK:pgt:

WPO =
MAKE changes
on request sheet.

February 25, 1998 - Offered by COMMITTEE ON WAYS AND MEANS.

re-generate

1 AN ACT *to amend* 70.511 (2) (b), 70.995 (5), 70.995 (6), 70.995 (8) (a), 70.995 (8)
2 (b), 70.995 (8) (d), 70.995 (12) (a), 70.995 (12) (b), 70.995 (12) (c), 74.35 (3) (c),
3 74.37 (3) (c) and 74.41 (4) (b); and *to create* 20.835 (2) (bm), 70.511 (2) (bm),
4 70.511 (2) (br), 74.23 (1) (a) 5., 74.25 (1) (a) 4m., 74.30 (1) (dm), 74.35 (3) (cm)
5 and 74.37 (3) (cm) of the statutes; **relating to:** instalment payments of refunds
6 of taxes on manufacturing property, appeals of manufacturing property taxes,
7 distribution of taxes on manufacturing property and the interest on refunded
8 and additional taxes on manufacturing property, the deadline for classification
9 of property as manufacturing, manufacturers' reports and making an
10 appropriation.

Insert Analysis

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

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

1 20.835 (2) (bm) *Payments of interest on overassessments of manufacturing*
2 *property.* A sum sufficient to make the payments under s. 70.511 (2) (br).

3 **SECTION 2.** 70.511 (2) (b) of the statutes is amended to read:

4 70.511 (2) (b) If the reviewing authority reduces the value of the property in
5 question, or determines that manufacturing property is exempt, the taxpayer may
6 file a claim for refund of taxes resulting from the reduction in value or determination
7 that the property is exempt. If Except as provided in par. (bm), if a claim for refund
8 is filed with the clerk of the municipality on or before the November 1 following the
9 decision of the reviewing authority, the claim shall be payable to the taxpayer from
10 the municipality no later than January 31 of the succeeding year. A Except as
11 provided in par. (bm), a claim filed after November 1 shall be paid to the taxpayer by
12 the municipality no later than the 2nd January 31 after the claim is filed. Interest
13 on the claim at the rate of 0.8% per month; or for property assessed under s. 70.995
14 at the average annual discount interest rate determined by the last auction of
15 6-month U.S. treasury bills before the appeal or objection is filed or 10% per year,
16 whichever is less; shall be paid to the taxpayer when the claim is paid. If the taxpayer
17 requests a postponement of proceedings before the reviewing authority, interest on
18 the claim shall permanently stop accruing at the date of the request. If the hearing
19 is postponed at the request of the taxpayer, the reviewing authority shall hold a
20 hearing on the appeal within 30 days after the postponement is requested unless the
21 taxpayer agrees to a longer delay. If the reviewing authority postpones the hearing
22 without a request by the taxpayer, interest on the claim shall continue to accrue. No
23 interest may be paid if the reviewing authority determines under s. 70.995 (8) (a) that
24 the value of the property was reduced because the taxpayer supplied false or

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Proof w/ stats.

1 incomplete information. If taxes are refunded, the municipality may proceed under
2 s. 74.41.

3 SECTION 3. 70.511 (2) (bm) of the statutes is created to read:

4 70.511 (2) (bm) A municipality may pay a refund under par. (b) of the taxes on
5 property that is assessed under s. 70.995 in 5 annual instalments, each of which
6 except the last is equal to at least 20% of the sum of the refund and the interest on
7 the refund that is due, beginning on the date under par. (b), if all of the following
8 conditions exist:

9 1. The municipality's property tax levy for its general operations for the year
10 for which the taxes to be refunded are due is less than \$100,000,000.

11 2. The refund is at least 0.0025 of the municipality's levy for its general
12 operations for the year for which the taxes to be refunded are due.

13 3. The refund is more than \$10,000.

14 SECTION 4. 70.511 (2) (br) of the statutes is created to read:

15 70.511 (2) (br) From the appropriation under s. 20.835 (2) (bm), the department
16 of administration shall pay to each municipality that pays a refund under par. (b) for
17 property that is assessed under s. 70.995 or that pays a refund under par. (bm) an
18 amount equal to the interest that is paid by the municipality in the previous
19 biennium and that has accrued up to the date of the determination by the tax appeals
20 commission of the municipality's obligation.

21 SECTION 5. 70.995 (5) of the statutes is amended to read:

22 70.995 (5) ~~Commencing January 1, 1974, and annually thereafter, the~~ The
23 department of revenue shall assess all property of manufacturing establishments
24 included under subs. (1) and (2) as of the close of January 1 of each year, if on or before
25 March 1 of that year either the department has classified the property as

Proof w/ stats.

1 manufacturing or the owner of the property has requested, in writing, the
 2 department to make such a classification and the department later does so. A change
 3 in ownership, location or name does not necessitate a new request. In assessing
 4 lands from which metalliferous minerals are being extracted and valued for purposes
 5 of the tax under s. 70.375, the value of the metalliferous mineral content of such
 6 lands shall be excluded.

7 **SECTION 6.** 70.995 (6) of the statutes is amended to read:

8 70.995 (6) Prior to February 15 of each year the department of revenue shall
 9 notify each municipal assessor of the manufacturing property within the taxation
 10 district that, ^[underline comma] as of that date, will be assessed by the department during the current
 11 assessment year.

12 **SECTION 7.** 70.995 (8) (a) of the statutes is amended to read:

13 70.995 (8) (a) The secretary of revenue shall establish a state board of
 14 assessors, which shall be comprised of the members of the department of revenue
 15 whom the secretary designates. The state board of assessors shall investigate any
 16 objection filed under par. (c) or (d) if the fee under that paragraph is paid. The state
 17 board of assessors, after having made the investigation, shall notify the person
 18 assessed or the person's agent and the appropriate municipality of its determination
 19 by 1st class mail. Beginning with objections filed in 1989, the state board of assessors
 20 shall make its determination on or before April 1 of the year after the filing. If the
 21 determination results in a refund of property taxes paid, the state board of assessors
 22 shall include in the determination a finding of whether the refund is due to false or
 23 incomplete information supplied by the person assessed. The person assessed or the
 24 municipality having been notified of the determination of the state board of assessors
 25 shall be deemed to have accepted the determination unless the person or

proof w/ STATS.

1 municipality files a petition for review with the clerk of the tax appeals commission
2 as provided in s. 73.01 (5) and the rules of practice promulgated by the commission.

3 If an assessment is reduced by the state board of assessors, the municipality affected
4 may file an appeal seeking review of the reduction, or may, within 30 days after the
5 person assessed files a petition for review, file a cross-appeal, before the tax appeals
6 commission even though the municipality did not file an objection to the assessment
7 with the board. If the board does not overrule a change from assessment under this
8 section to assessment under s. 70.32 (1), the affected municipality may file an appeal
9 before the tax appeals commission. If an assessment is increased by the board, the
10 person assessed may file an appeal seeking review of the increase, or may, within 30
11 days after the municipality files a petition for review, file a cross-appeal, before the
12 commission even though the person did not file an objection to the assessment with
13 the board. If the person assessed has filed an objection to the assessment with the
14 board of assessors, the person may not raise issues or present evidence during the
15 appeal or cross-appeal to the tax appeals commission unless the person raised the
16 issue with, or presented the evidence to, the board of assessors.

17 **SECTION 8.** 70.995 (8) (b) of the statutes is amended to read:

18 70.995 (8) (b) The department of revenue shall annually notify each
19 manufacturer assessed under this section and the municipality in which the
20 manufacturing property is located of the full value of all real and personal property
21 owned by the manufacturer. The notice shall be in writing and shall be sent by 1st
22 class mail. In addition, the notice shall specify that objections to valuation, amount
23 or taxability must be filed with the state board of assessors within ~~60~~ 30 days of
24 issuance of the notice of assessment, that objections to a change from assessment
25 under this section to assessment under s. 70.32 (1) must be filed within ~~60~~ 30 days

(Proof w/ STATS.

1 after receipt of the notice, that the fee under par. (c) or (d) must be paid and that the
 2 objection is not filed until the fee is paid. A statement shall be attached to the
 3 assessment roll indicating that the notices required by this section have been mailed
 4 and failure to receive the notice does not affect the validity of the assessments, the
 5 resulting tax on real or personal property, the procedures of the tax appeals
 6 commission or of the state board of assessors or the enforcement of delinquent taxes
 7 by statutory means.

Insert 6-8

8 SECTION 9. 70.995 (8) (d) of the statutes is amended to read:

9 70.995 (8) (d) A municipality may file an objection with the state board of
 10 assessors to the amount, valuation or taxability under this section or to the change
 11 from assessment under this section to assessment under s. 70.32 (1) of a specific
 12 property having a situs in the municipality, whether or not the owner of the specific
 13 property in question has filed an objection. Objection shall be made on a form
 14 prescribed by the department and filed with the board within ~~60~~ 30 days of the date
 15 of the issuance of the assessment in question, except that, if the person assessed files
 16 an objection and the municipality affected does not file an objection, the municipality
 17 affected, within 30 days after the person's objection is filed, may file an appeal. A \$45
 18 filing fee shall be paid when the objection is filed unless a fee has been paid in respect
 19 to the same piece of property and that appeal has not been finally adjudicated. The
 20 objection is not filed until the fee is paid. The board shall forthwith notify the person
 21 assessed of the objection filed by the municipality.

Insert 6-22

22 SECTION 10. 70.995 (12) (a) of the statutes, as affected by 1997 Wisconsin Act
 23 35, is amended to read:

24 70.995 (12) (a) The department of revenue shall prescribe a standard
 25 manufacturing property report form that shall be submitted annually for each real

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Proof w/ STATS.

1 estate parcel and each personal property account on or before March 1 by all
2 manufacturers whose property is assessed under this section. The report form shall
3 contain all information deemed necessary by the department and shall include,
4 without limitation, income and operating statements, fixed asset schedules and a
5 report of new construction or demolition. Failure to submit the report shall result
6 in denial of any right of redetermination by the state board of assessors or the tax
7 appeals commission. If any property is omitted or understated in the assessment roll
8 in any of the next 5 previous years, the assessor shall enter the value of the omitted
9 or understated property once for each previous year of the omission or
10 understatement. The assessor shall designate each additional entry as omitted or
11 understated for the year of omission or understatement. The assessor shall affix a
12 just valuation to each entry for a former year as it should have been assessed
13 according to the assessor's best judgment. Taxes shall be apportioned and collected
14 on the tax roll for each entry, on the basis of the net tax rate for the year of the
15 omission, taking into account credits under s. 79.10, and, in the case of omitted
16 property, interest shall be added at the rate of 0.0267% per day for the period of time
17 between the date when the form is required to be submitted and the date when the
18 assessor affixes the just valuation, and, in the case of underpayments determined
19 after an objection under s. 70.995 (8) (d), interest shall be added at the average
20 annual discount interest rate determined by the last auction of 6-month U.S.
21 treasury bills before the objection, between the date when the tax was due and the
22 date when it is paid.

23 SECTION 11. 70.995 (12) (b) of the statutes is amended to read:

24 70.995 (12) (b) The department of revenue shall allow an extension to April 1
25 of the due date of 30 days for filing the report forms required under par. (a) if a written

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8-37

*PROOF w/
STATS.*

application for an extension, stating the reason for the request, is filed with the department on or before March 1.

SECTION 12. 70.995 (12) (c) of the statutes is amended to read:

~~70.995 (12) (c) Unless the taxpayer shows that the failure is due to reasonable cause, if If a taxpayer fails to file any form required under par. (a) for property that the department of revenue assessed during the previous year by the due date or by any extension of the due date that has been granted, the taxpayer shall pay to the department of revenue a penalty of the greater of \$10 or 0.05% of the previous year's full value assessment not to exceed \$1,000. If the form required under par. (a) for property that the department of revenue assessed during the previous year is not filed within 30 days after the due date or within 30 days after any extension, the taxpayer shall pay to the department of revenue a 2nd penalty of the greater of \$10 or 0.05% of the previous year's full value assessment not to exceed \$1,000 \$50 if the form is filed 1 to 10 days late; \$50 or 0.05% of the previous year's assessment, whichever is greater, but not more than \$250, if the form is filed 11 to 30 days late; and \$100 or 0.1% of the previous year's assessment, whichever is greater, but not more than \$500, if the form is filed more than 30 days late. Penalties are due 30 days after they are assessed and are delinquent if not paid on or before that date. The department may refund all or part of any penalty it assesses under this paragraph if it finds reasonable grounds for late filing.~~

SECTION 13. 74.23 (1) (a) 5. of the statutes is created to read:

74.23 (1) (a) 5. Pay to each taxing jurisdiction within the district its proportionate share of the taxes and interest under s. 70.995 (12) (a).

SECTION 14. 74.25 (1) (a) 4m. of the statutes is created to read:

1 74.25 (1) (a) 4m. Pay to each taxing jurisdiction within the district its
2 proportionate share of the taxes and interest under s. 70.995 (12) (a).

3 **SECTION 15.** 74.30 (1) (dm) of the statutes is created to read:

4 74.30 (1) (dm) Pay to each taxing jurisdiction within the district its
5 proportionate share of the taxes and interest under s. 70.995 (12) (a).

6 **SECTION 16.** 74.35 (3) (c) of the statutes is amended to read:

7 74.35 (3) (c) If the governing body of the taxation district determines that an
8 unlawful tax has been paid and that the claim for recovery of the unlawful tax has
9 complied with all legal requirements, the governing body shall allow the claim. The
10 Except as provided in par. (cm), the taxation district treasurer shall pay the claim
11 not later than 90 days after the claim is allowed.

12 **SECTION 17.** 74.35 (3) (cm) of the statutes is created to read:

13 74.35 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
14 property that is assessed under s. 70.995 in 5 annual instalments, each of which
15 except the last is equal to at least 20% of the sum of the refund and the interest on
16 the refund, beginning in the year of the determination, if all of the following
17 conditions exist:

- 18 1. The municipality's property tax levy for its general operations for the year
- 19 for which the taxes to be refunded are due is less than \$100,000,000.
- 20 2. The refund is at least 0.0025 of the municipality's levy for its general
- 21 operations for the year for which the taxes to be refunded are due.
- 22 3. The refund is more than \$10,000.

23 **SECTION 18.** 74.37 (3) (c) of the statutes is amended to read:

24 74.37 (3) (c) If the governing body of the taxation district or county that has a
25 county assessor system determines that a tax has been paid which was based on an

proof w/ STATS.

proof w/ STATS

Proof w/ STATS. (1) excessive assessment, and that the claim for an excessive assessment has complied
 (2) with all legal requirements, the governing body shall allow the claim. The Except
 (3) as provided in par. (cm), the taxation district or county treasurer shall pay the claim
 (4) not later than 90 days after the claim is allowed.

(5) SECTION 19. 74.37 (3) (cm) of the statutes is created to read:

(6) 74.37 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
 (7) property that is assessed under s. 70.995 in 5 annual instalments, each of which
 (8) except the last is equal to at least 20% of the sum of the refund and interest on the
 (9) refund, beginning in the year of the determination, if all of the following conditions
 (10) exist:

- (11) 1. The municipality's property tax levy for its general operations for the year
- (12) for which the taxes to be refunded are due is less than \$100,000,000.
- (13) 2. The refund is at least 0.0025 of the municipality's levy for its general
- (14) operations for the year for which the taxes to be refunded are due.
- (15) 3. The refund is more than \$10,000.

(16) SECTION 20. 74.41 (4) (b) of the statutes is amended to read:

(17) 74.41 (4) (b) Determine the amount of rescinded or refunded taxes and the
 (18) interest paid on those taxes to taxpayers that are to be charged back to, and collected
 (19) from, each taxing jurisdiction for which taxes were collected by the taxation district,
 (20) and determine the amount of taxes collected under s. 74.33 to be shared with each
 (21) taxing jurisdiction for which taxes were collected by the taxation district. The
 (22) amount determined may not include any interest, except the interest that has been
 (23) paid to taxpayers.

(24) SECTION 21. Initial applicability.

1 (1) REFUNDS. The treatment of sections 70.511 (2) (b) and (bm), 74.35 (3) (c) and
 2 (cm), 74.37 (3) (c) and (cm) and 74.41 (4) (b) of the statutes first applies to refunds
 3 of taxes that were collected based on the assessment as of January 1, ²⁰⁰⁰~~1999~~.

4 ^{cs → OBJECTIONS.} (2) ~~APPEALS~~ ^{OBJECTIONS} The treatment of section 70.995 (8) ^(c)~~(a)~~ of the statutes first applies
 5 to ~~appeals~~ ^{objections} to the ~~tax appeals commission~~ ^{state board of assessors} that are filed on the first day of the 3rd
 6 month beginning after the effective date of this subsection.

7 (3) SETTLEMENT OF TAXES. The treatment of sections 74.23 (1) (a) 5., 74.25 (1)
 8 (a) 4m. and 74.30 (1) (dm) of the statutes first applies to taxes based on the
 9 assessment as of January 1, ²⁰⁰⁰~~1999~~.

10 (4) INTEREST. The treatment of sections 70.995 (12) (a) of the statutes first
 11 applies to entries made on the property tax roll on the effective date of this
 12 subsection.

13 (5) DEADLINE FOR CLASSIFYING PROPERTY. The treatment of section 70.995 (5) and
 14 (6) of the statutes first applies to assessments as of the January 1 after publication.

15 (6) MANUFACTURERS' REPORTS. The treatment of section 70.995 (12) (b) and (c)
 16 of the statutes first applies to reports required to be filed on the March 1 after
 17 publication.

18 (END)

[ANALYSIS INSERT]

Analysis by the Legislative Reference Bureau

The department of revenue (DOR) assesses manufacturing property for property taxes. ~~The~~ DOR has sole discretion to determine what property is classified as manufacturing property for property tax purposes. If a municipality's reviewing authority for property assessments reduces a manufacturing property's assessed value or determines that manufacturing property is exempt from property tax, an affected taxpayer may file a claim with the municipality for a property tax refund. The municipality pays a refund to a taxpayer in one sum that includes interest on the refund amount, paid at the rate of 8% a month.

A manufacturer may file an objection to a property tax assessment of its manufacturing property with the state board of assessors within 60 days of receiving notice from ~~the~~ DOR of the assessment of the manufacturer's property.

Under this bill, property may be classified as manufacturing only if on or before March 1, ~~the~~ DOR has classified it as manufacturing or the owner has requested that classification and ~~the~~ DOR complies with the request. Under this bill, a municipality may pay a property tax refund to an owner of manufacturing property in ~~2~~ annual instalments rather than all at once, and the interest on the refund amount is paid either at a rate of 10% a year or a rate determined by the last auction of ~~5~~ ^{six} month U.S. treasury bills, whichever is less.

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

Handwritten annotations include:
- "the" circled in the first paragraph.
- "currently" written above the first paragraph.
- "Currently, a" written to the left of the second paragraph.
- "of that year" written to the left of the third paragraph.
- "at" written to the left of the third paragraph.
- "has complied" written below the third paragraph.
- "the" written below the third paragraph.
- "five" written to the right of the third paragraph.
- "property in any year" circled at the bottom right.

Section #. 70.995 (8) (c) of the statutes is amended to read:

70.995 (8) (c) All objections to the amount, valuation, taxability or change from assessment under this section to assessment under s. 70.32 (1) of property shall be first made in writing on a form prescribed by the department of revenue and shall be filed with the state board of assessors within the time prescribed in par. (b). A \$45 fee shall be paid when the objection is filed unless a fee has been paid in respect to the same piece of property and that appeal has not been finally adjudicated. The objection is not filed until the fee is paid. Neither the state board of assessors nor the tax appeals commission may waive the requirement that objections be in writing. Persons who own land and improvements to that land may object to the aggregate value of that land and improvements to that land, but no person who owns land and improvements to that land may object only to the valuation of that land or only to the valuation of improvements to that land.

History: 1973 c. 90, 283, 333; 1975 c. 39, 144, 199, 200, 213, 224; 1977 c. 29 ss. 776 to 782, 1646 (3), 1647 (5m), 1656 (38); 1977 c. 31, 142, 272; 1977 c. 300 ss. 7, 8; 1977 c. 328, 377, 418, 447; 1979 c. 34 ss. 883m, 2102 (39) (g); 1979 c. 221; 1981 c. 20; 1983 a. 27; 1983 a. 275 s. 15 (8); 1985 a. 29; 1985 a. 120 s. 3202 (46); 1987 a. 27, 196, 399; 1989 a. 31; 1991 a. 39, 269; 1993 a. 307, 391; 1995 a. 227, 408; 1997 a. 35, 237, 250; s. 13.93 (2) (c).

The objection shall specify the reasons for the objection,
the property owner's estimate of the correct assessment,
and the ~~that~~ basis for the property owner's estimated
assessment. The state board of assessors or the
tax appeals commission ^{or} may deny an
assessment redetermination if a property owner's
objection does not comply with
the requirements of this
paragraph.

insert 6-22 ✓

Section #. 70.995 (12) (a) of the statutes is amended to read:

70.995 (12) (a) The department of revenue shall prescribe a standard manufacturing property report form that shall be submitted annually for each real estate parcel and each personal property account on or before March 1 by all manufacturers whose property is assessed under this section. The report form shall contain all information deemed necessary by the department and shall include, without limitation, income and operating statements, fixed asset schedules and a report of new construction or demolition. Failure to submit the report shall result in denial of any right of redetermination by the state board of assessors or the tax appeals commission. If any property is omitted or understated in the assessment roll in any of the next 5 previous years, the assessor shall enter the value of the omitted or understated property once for each previous year of the omission or understatement. ~~The assessor shall designate each additional entry as omitted or understated for the year [] of omission or understatement.~~ The assessor shall affix a just valuation to each entry for a former year as it should have been assessed according to the assessor's best judgment. Taxes shall be apportioned and collected on the tax roll for each entry, on the basis of the net tax rate for the year of the omission, taking into account credits under s. 79.10, and interest shall be added at the rate of 0.0267% per day for the period of time between the date when the form is required to be submitted and the date when the assessor affixes the just valuation.

In the case of omitted property,

NOTE: Sub. (1) is shown as affected by two acts of the 1997 legislature and as merged by the revisor under s. 13.93 (2) (c). The bracketed blank was inserted by 1997 Wis. Act 250, but rendered surplusage by 1997 Wis. Act 35. Corrective legislation is pending.

History: 1973 c. 90, 283, 333; 1975 c. 39, 144, 199, 200, 213, 224; 1977 c. 29 ss. 776 to 782, 1646 (3), 1647 (5m), 1656 (38); 1977 c. 31, 142, 272; 1977 c. 300 ss. 7, 8; 1977 c. 328, 377, 418, 447; 1979 c. 34 ss. 883m, 2102 (39) (g); 1979 c. 221; 1981 c. 20; 1983 a. 27; 1983 a. 275 s. 15 (8); 1985 a. 29; 1985 a. 120 s. 3202 (46); 1987 a. 27, 196, 399; 1989 a. 31; 1991 a. 39, 269; 1993 a. 307, 391; 1995 a. 227, 408; 1997 a. 35, 237, 250; s. 13.93 (2) (c).

→ (see next page) →

Insert 6-22 ✓

→ In the case of underpayments determined after an objection under s. 70.995(8)(d) ✓, interest shall be added at the average annual discount interest rate determined by the last auction of 6-month U.S. treasury bills before the objection, between the date when the tax was due and the date when it is paid

Section #. 70.995 (12) (c) ✓ of the statutes is amended to read:

70.995 (12) (c) Unless the taxpayer shows that the failure is due to reasonable cause, if a taxpayer fails to file any form required under par. (a) for property that the department of revenue assessed during the previous year by the due date or by any extension of the due date that has been granted, the taxpayer shall pay to the department of revenue a penalty of ~~the greater of \$10 or 0.05% of the previous year's full value assessment not to exceed \$1,000. If the form required under par. (a) for property that the department of revenue assessed during the previous year is not filed within 30 days after the due date or within 30 days after any extension, the taxpayer shall pay to the department of revenue a 2nd penalty of the greater of \$10 or 0.05% of the previous year's full value assessment not to exceed \$1,000.~~ Penalties are due 30 days after they are assessed and are delinquent if not paid on or before that date. The department may refund all or part of any penalty it assesses under this paragraph if it finds reasonable grounds for late filing.

History: 1973 c. 90, 283, 333; 1975 c. 39, 144, 199, 200, 213, 224; 1977 c. 29 ss. 776 to 782, 1646 (3), 1647 (5m), 1656 (38); 1977 c. 31, 142, 272; 1977 c. 300 ss. 7, 8; 1977 c. 328, 377, 418, 447; 1979 c. 34 ss. 883m, 2102 (39) (g); 1979 c. 221; 1981 c. 20; 1983 a. 27; 1983 a. 275 s. 15 (8); 1985 a. 29; 1985 a. 120 s. 3202 (46); 1987 a. 27, 196, 399; 1989 a. 31; 1991 a. 39, 269; 1993 a. 307, 391; 1995 a. 227, 408; 1997 a. 35, 237, 250; s. 13.93 (2) (c).

\$50 if the form is filed 1 to 10 days late; \$50 or 0.05%
of the previous year's assessment, whichever is greater,
but not more than \$250, if the form is filed 11 to 30
days late; and \$100 or 0.1% of the previous year's
assessment, whichever is greater, but not more than \$500,
if the form is filed more than 30 days late

Lehman Andrew

monf enments draft

1) filing of appeal 30 day limit to file
cor appeal

change from 60 to 50

will change cor appeal to 15 days

2) data submitted - reporting evidence

? cite 70.32 (1) - use or example of
evidence of value

3) p. 2 analysis: "8%"

may be wording problem in section 20.
(getting state to assume?)
interest?

**SUBMITTAL
FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

Date: 1/25/99

To: Representative M. Lehman

Relating to LRB drafting number: LRB-1430 / 1

Topic

Instalment payments of property tax refunds and appeals of manufacturing property taxes

Subject(s)

Tax - property

1. **JACKET** the draft for introduction _____

in the **Senate** ____ or the **Assembly** ____ (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached Michael A Lehman.

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____.

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Joseph T. Kreye, Legislative Attorney
Telephone: (608) 266-2263



1999 BILL

1 **AN ACT to amend** 70.511 (2) (b), 70.995 (5), 70.995 (6), 70.995 (8) (b), 70.995 (8)
2 (c), 70.995 (8) (d), 70.995 (12) (a), 70.995 (12) (b), 70.995 (12) (c), 74.35 (3) (c),
3 74.37 (3) (c) and 74.41 (4) (b); and **to create** 20.835 (2) (bm), 70.511 (2) (bm),
4 70.511 (2) (br), 74.23 (1) (a) 5., 74.25 (1) (a) 4m., 74.30 (1) (dm), 74.35 (3) (cm)
5 and 74.37 (3) (cm) of the statutes; **relating to:** instalment payments of refunds
6 of taxes on manufacturing property, appeals of manufacturing property taxes,
7 distribution of taxes on manufacturing property and the interest on refunded
8 and additional taxes on manufacturing property, the deadline for classification
9 of property as manufacturing, manufacturers' reports and making an
10 appropriation.

Analysis by the Legislative Reference Bureau

The department of revenue (DOR) currently assesses manufacturing property for property taxes. DOR has sole discretion to determine what property is classified as manufacturing property for property tax purposes. If a municipality's reviewing authority for property assessments reduces a manufacturing property's assessed value or determines that manufacturing property is exempt from property tax, an

BILL

affected taxpayer may file a claim with the municipality for a property tax refund. The municipality pays the refund to the taxpayer in one sum that includes interest on the refund amount, paid at the rate of 8% a month.

Currently, a manufacturer may file an objection to a property tax assessment of its manufacturing property with the state board of assessors within 60 days of receiving notice from DOR of the assessment of the manufacturer's property.

Under this bill, property may be classified as manufacturing property in any year only if on or before March 1 of that year DOR has classified it as manufacturing or the owner has requested that classification and DOR has complied with the request. Under the bill, a municipality may pay a property tax refund to an owner of manufacturing property in five annual instalments rather than all at once, and the interest on the refund amount is paid either at a rate of 10% a year or at a rate determined by the last auction of six-month U.S. treasury bills, whichever is less.

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

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

4 **SECTION 2.** 70.511 (2) (b) of the statutes is amended to read:

5 70.511 (2) (b) If the reviewing authority reduces the value of the property in
6 question, or determines that manufacturing property is exempt, the taxpayer may
7 file a claim for refund of taxes resulting from the reduction in value or determination
8 that the property is exempt. If Except as provided in par. (bm), if a claim for refund
9 is filed with the clerk of the municipality on or before the November 1 following the
10 decision of the reviewing authority, the claim shall be payable to the taxpayer from
11 the municipality no later than January 31 of the succeeding year. A Except as
12 provided in par. (bm), a claim filed after November 1 shall be paid to the taxpayer by
13 the municipality no later than the 2nd January 31 after the claim is filed. Interest
14 on the claim at the rate of 0.8% per month; or for property assessed under s. 70.995

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1 at the average annual discount interest rate determined by the last auction of
2 6-month U.S. treasury bills before the appeal or objection is filed or 10% per year,
3 whichever is less; shall be paid to the taxpayer when the claim is paid. If the taxpayer
4 requests a postponement of proceedings before the reviewing authority, interest on
5 the claim shall permanently stop accruing at the date of the request. If the hearing
6 is postponed at the request of the taxpayer, the reviewing authority shall hold a
7 hearing on the appeal within 30 days after the postponement is requested unless the
8 taxpayer agrees to a longer delay. If the reviewing authority postpones the hearing
9 without a request by the taxpayer, interest on the claim shall continue to accrue. No
10 interest may be paid if the reviewing authority determines under s. 70.995 (8) (a) that
11 the value of the property was reduced because the taxpayer supplied false or
12 incomplete information. If taxes are refunded, the municipality may proceed under
13 s. 74.41.

14 **SECTION 3.** 70.511 (2) (bm) of the statutes is created to read:

15 70.511 (2) (bm) A municipality may pay a refund under par. (b) of the taxes on
16 property that is assessed under s. 70.995 in 5 annual instalments, each of which
17 except the last is equal to at least 20% of the sum of the refund and the interest on
18 the refund that is due, beginning on the date under par. (b), if all of the following
19 conditions exist:

20 1. The municipality's property tax levy for its general operations for the year
21 for which the taxes to be refunded are due is less than \$100,000,000.

22 2. The refund is at least 0.0025 of the municipality's levy for its general
23 operations for the year for which the taxes to be refunded are due.

24 3. The refund is more than \$10,000.

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

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1 70.511 (2) (br) From the appropriation under s. 20.835 (2) (bm), the department
2 of administration shall pay to each municipality that pays a refund under par. (b) for
3 property that is assessed under s. 70.995 or that pays a refund under par. (bm) an
4 amount equal to the interest that is paid by the municipality in the previous
5 biennium and that has accrued up to the date of the determination by the tax appeals
6 commission of the municipality's obligation.

7 **SECTION 5.** 70.995 (5) of the statutes is amended to read:

8 70.995 (5) ~~Commencing January 1, 1974, and annually thereafter, the~~ The
9 department of revenue shall assess all property of manufacturing establishments
10 included under subs. (1) and (2) as of the close of January 1 of each year, if on or before
11 March 1 of that year either the department has classified the property as
12 manufacturing or the owner of the property has requested, in writing, the
13 department to make such a classification and the department later does so. A change
14 in ownership, location or name does not necessitate a new request. In assessing
15 lands from which metalliferous minerals are being extracted and valued for purposes
16 of the tax under s. 70.375, the value of the metalliferous mineral content of such
17 lands shall be excluded.

18 **SECTION 6.** 70.995 (6) of the statutes is amended to read:

19 70.995 (6) Prior to February 15 of each year the department of revenue shall
20 notify each municipal assessor of the manufacturing property within the taxation
21 district that, as of that date, will be assessed by the department during the current
22 assessment year.

23 **SECTION 7.** 70.995 (8) (b) of the statutes is amended to read:

24 70.995 (8) (b) The department of revenue shall annually notify each
25 manufacturer assessed under this section and the municipality in which the

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1 manufacturing property is located of the full value of all real and personal property
 2 owned by the manufacturer. The notice shall be in writing and shall be sent by 1st
 3 class mail. In addition, the notice shall specify that objections to valuation, amount
 4 or taxability must be filed with the state board of assessors within ~~60~~⁵⁰ ~~30~~ days of
 5 issuance of the notice of assessment, that objections to a change from assessment
 6 under this section to assessment under s. 70.32 (1) must be filed within ~~60~~⁵⁰ ~~30~~ days
 7 after receipt of the notice, that the fee under par. (c) or (d) must be paid and that the
 8 objection is not filed until the fee is paid. A statement shall be attached to the
 9 assessment roll indicating that the notices required by this section have been mailed
 10 and failure to receive the notice does not affect the validity of the assessments, the
 11 resulting tax on real or personal property, the procedures of the tax appeals
 12 commission or of the state board of assessors or the enforcement of delinquent taxes
 13 by statutory means.

14 **SECTION 8.** 70.995 (8) (c) of the statutes is amended to read:

15 70.995 (8) (c) All objections to the amount, valuation, taxability or change from
 16 assessment under this section to assessment under s. 70.32 (1) of property shall be
 17 first made in writing on a form prescribed by the department of revenue and shall
 18 be filed with the state board of assessors within the time prescribed in par. (b). A \$45
 19 fee shall be paid when the objection is filed unless a fee has been paid in respect to
 20 the same piece of property and that appeal has not been finally adjudicated. The
 21 objection is not filed until the fee is paid. Neither the state board of assessors nor the
 22 tax appeals commission may waive the requirement that objections be in writing.
 23 The objection shall specify the reasons for the objection, the property owner's
 24 estimate of the correct assessment and the basis for the property owner's estimated
 25 assessment. The state board of assessors or the tax appeals commission may deny

, under 70.32(1),
 (supporting evidence)

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1 an assessment redetermination if a property owner's objection does not comply with
2 the requirements of this paragraph. Persons who own land and improvements to
3 that land may object to the aggregate value of that land and improvements to that
4 land, but no person who owns land and improvements to that land may object only
5 to the valuation of that land or only to the valuation of improvements to that land.

6 **SECTION 9.** 70.995 (8) (d) of the statutes is amended to read:

7 70.995 (8) (d) A municipality may file an objection with the state board of
8 assessors to the amount, valuation or taxability under this section or to the change
9 from assessment under this section to assessment under s. 70.32 (1) of a specific
10 property having a situs in the municipality, whether or not the owner of the specific
11 property in question has filed an objection. Objection shall be made on a form
12 prescribed by the department and filed with the board within ~~60~~¹⁵ days of the date
13 of the issuance of the assessment in question, except that, if the person assessed files
14 an objection and the municipality affected does not file an objection, the municipality
15 affected, within ~~30~~¹⁵ days after the person's objection is filed, may file an appeal. A \$45
16 filing fee shall be paid when the objection is filed unless a fee has been paid in respect
17 to the same piece of property and that appeal has not been finally adjudicated. The
18 objection is not filed until the fee is paid. The board shall forthwith notify the person
19 assessed of the objection filed by the municipality.

20 **SECTION 10.** 70.995 (12) (a) of the statutes is amended to read:

21 70.995 (12) (a) The department of revenue shall prescribe a standard
22 manufacturing property report form that shall be submitted annually for each real
23 estate parcel and each personal property account on or before March 1 by all
24 manufacturers whose property is assessed under this section. The report form shall
25 contain all information deemed necessary by the department and shall include,

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1 without limitation, income and operating statements, fixed asset schedules and a
2 report of new construction or demolition. Failure to submit the report shall result
3 in denial of any right of redetermination by the state board of assessors or the tax
4 appeals commission. If any property is omitted or understated in the assessment roll
5 in any of the next 5 previous years, the assessor shall enter the value of the omitted
6 or understated property once for each previous year of the omission or
7 understatement. ~~The assessor shall designate each additional entry as omitted or~~
8 ~~understated for the year [....] of omission or understatement.~~ The assessor shall affix
9 a just valuation to each entry for a former year as it should have been assessed
10 according to the assessor's best judgment. Taxes shall be apportioned and collected
11 on the tax roll for each entry, on the basis of the net tax rate for the year of the
12 omission, taking into account credits under s. 79.10, ~~and.~~ In the case of omitted
13 property, interest shall be added at the rate of 0.0267% per day for the period of time
14 between the date when the form is required to be submitted and the date when the
15 assessor affixes the just valuation. In the case of underpayments determined after
16 an objection under s. 70.995 (8) (d), interest shall be added at the average annual
17 discount interest rate determined by the last auction of 6-month U.S. treasury bills
18 before the objection, between the date when the tax was due and the date when it is
19 is paid.

20 **SECTION 11.** 70.995 (12) (b) of the statutes is amended to read:

21 70.995 (12) (b) The department of revenue shall allow an extension ~~to April 1~~
22 ~~of the due date of 30 days~~ for filing the report forms required under par. (a) if a written
23 application for an extension, stating the reason for the request, is filed with the
24 department on or before March 1.

25 **SECTION 12.** 70.995 (12) (c) of the statutes is amended to read:

BILL

1 70.995 (12) (c) Unless the taxpayer shows that the failure is due to reasonable
2 cause, if a taxpayer fails to file any form required under par. (a) for property that the
3 department of revenue assessed during the previous year by the due date or by any
4 extension of the due date that has been granted, the taxpayer shall pay to the
5 department of revenue a penalty of ~~the greater of \$10 or 0.05% of the previous year's~~
6 ~~full value assessment not to exceed \$1,000. If the form required under par. (a) for~~
7 ~~property that the department of revenue assessed during the previous year is not~~
8 ~~filed within 30 days after the due date or within 30 days after any extension, the~~
9 ~~taxpayer shall pay to the department of revenue a 2nd penalty of the greater of \$10~~
10 ~~or 0.05% of the previous year's full value assessment not to exceed \$1,000~~ \$50 if the
11 form is filed 1 to 10 days late; \$50 or 0.05% of the previous year's assessment,
12 whichever is greater, but not more than \$250, if the form is filed 11 to 30 days late;
13 and \$100 or 0.1% of the previous year's assessment, whichever is greater, but not
14 more than \$500, if the form is filed more than 30 days late. Penalties are due 30 days
15 after they are assessed and are delinquent if not paid on or before that date. The
16 department may refund all or part of any penalty it assesses under this paragraph
17 if it finds reasonable grounds for late filing.

18 **SECTION 13.** 74.23 (1) (a) 5. of the statutes is created to read:

19 74.23 (1) (a) 5. Pay to each taxing jurisdiction within the district its
20 proportionate share of the taxes and interest under s. 70.995 (12) (a).

21 **SECTION 14.** 74.25 (1) (a) 4m. of the statutes is created to read:

22 74.25 (1) (a) 4m. Pay to each taxing jurisdiction within the district its
23 proportionate share of the taxes and interest under s. 70.995 (12) (a).

24 **SECTION 15.** 74.30 (1) (dm) of the statutes is created to read:

BILL

1 74.30 (1) (dm) Pay to each taxing jurisdiction within the district its
2 proportionate share of the taxes and interest under s. 70.995 (12) (a).

3 **SECTION 16.** 74.35 (3) (c) of the statutes is amended to read:

4 74.35 (3) (c) If the governing body of the taxation district determines that an
5 unlawful tax has been paid and that the claim for recovery of the unlawful tax has
6 complied with all legal requirements, the governing body shall allow the claim. ~~The~~
7 Except as provided in par. (cm), the taxation district treasurer shall pay the claim
8 not later than 90 days after the claim is allowed.

9 **SECTION 17.** 74.35 (3) (cm) of the statutes is created to read:

10 74.35 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
11 property that is assessed under s. 70.995 in 5 annual instalments, each of which
12 except the last is equal to at least 20% of the sum of the refund and the interest on
13 the refund, beginning in the year of the determination, if all of the following
14 conditions exist:

15 1. The municipality's property tax levy for its general operations for the year
16 for which the taxes to be refunded are due is less than \$100,000,000.

17 2. The refund is at least 0.0025 of the municipality's levy for its general
18 operations for the year for which the taxes to be refunded are due.

19 3. The refund is more than \$10,000.

20 **SECTION 18.** 74.37 (3) (c) of the statutes is amended to read:

21 74.37 (3) (c) If the governing body of the taxation district or county that has a
22 county assessor system determines that a tax has been paid which was based on an
23 excessive assessment, and that the claim for an excessive assessment has complied
24 with all legal requirements, the governing body shall allow the claim. ~~The~~ Except

BILL

1 as provided in par. (cm), the taxation district or county treasurer shall pay the claim
2 not later than 90 days after the claim is allowed.

3 **SECTION 19.** 74.37 (3) (cm) of the statutes is created to read:

4 74.37 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
5 property that is assessed under s. 70.995 in 5 annual instalments, each of which
6 except the last is equal to at least 20% of the sum of the refund and interest on the
7 refund, beginning in the year of the determination, if all of the following conditions
8 exist:

9 1. The municipality's property tax levy for its general operations for the year
10 for which the taxes to be refunded are due is less than \$100,000,000.

11 2. The refund is at least 0.0025 of the municipality's levy for its general
12 operations for the year for which the taxes to be refunded are due.

13 3. The refund is more than \$10,000.

14 **SECTION 20.** 74.41 (4) (b) of the statutes is amended to read:

15 74.41 (4) (b) Determine the amount of rescinded or refunded taxes ~~and the~~
16 ~~interest paid on those taxes to taxpayers that are~~ to be charged back to, and collected
17 from, each taxing jurisdiction for which taxes were collected by the taxation district,
18 and determine the amount of taxes collected under s. 74.33 to be shared with each
19 taxing jurisdiction for which taxes were collected by the taxation district. The
20 amount determined may not include any interest, ~~except the interest that has been~~
21 ~~paid to taxpayers.~~

22 **SECTION 21. Initial applicability.**

23 (1) REFUNDS. The treatment of sections 70.511 (2) (b) and (bm), 74.35 (3) (c) and
24 (cm), 74.37 (3) (c) and (cm) and 74.41 (4) (b) of the statutes first applies to refunds
25 of taxes that were collected based on the assessment as of January 1, 2000.

BILL

1 (2) OBJECTIONS. The treatment of section 70.995 (8) (c) of the statutes first
2 applies to objections to the state board of assessors that are filed on the first day of
3 the 3rd month beginning after the effective date of this subsection.

4 (3) SETTLEMENT OF TAXES. The treatment of sections 74.23 (1) (a) 5., 74.25 (1)
5 (a) 4m. and 74.30 (1) (dm) of the statutes first applies to taxes based on the
6 assessment as of January 1, 2000.

7 (4) INTEREST. The treatment of sections 70.995 (12) (a) of the statutes first
8 applies to entries made on the property tax roll on the effective date of this
9 subsection.

10 (5) DEADLINE FOR CLASSIFYING PROPERTY. The treatment of section 70.995 (5) and
11 (6) of the statutes first applies to assessments as of the January 1 after publication.

12 (6) MANUFACTURERS' REPORTS. The treatment of section 70.995 (12) (b) and (c)
13 of the statutes first applies to reports required to be filed on the March 1 after
14 publication.

15

(END)





State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-1430/1
JK:pgt&ks:hmmh
pgt:

2

1999 BILL

1 *Reven. cat.*
2 AN ACT *to amend* 70.511 (2) (b), 70.995 (5), 70.995 (6), 70.995 (8) (b), 70.995 (8)
3 (c), 70.995 (8) (d), 70.995 (12) (a), 70.995 (12) (b), 70.995 (12) (c), 74.35 (3) (c),
4 74.37 (3) (c) and 74.41 (4) (b); and *to create* 20.835 (2) (bm), 70.511 (2) (bm),
5 70.511 (2) (br), 74.23 (1) (a) 5., 74.25 (1) (a) 4m., 74.30 (1) (dm), 74.35 (3) (cm)
6 and 74.37 (3) (cm) of the statutes; **relating to:** instalment payments of refunds
7 of taxes on manufacturing property, appeals of manufacturing property taxes,
8 distribution of taxes on manufacturing property and the interest on refunded
9 and additional taxes on manufacturing property, the deadline for classification
10 of property as manufacturing, manufacturers' reports and making an
 appropriation.

Analysis by the Legislative Reference Bureau

The department of revenue (DOR) currently assesses manufacturing property for property taxes. DOR has sole discretion to determine what property is classified as manufacturing property for property tax purposes. If a municipality's reviewing authority for property assessments reduces a manufacturing property's assessed value or determines that manufacturing property is exempt from property tax, an

BILL

0.87%

affected taxpayer may file a claim with the municipality for a property tax refund. The municipality pays the refund to the taxpayer in one sum that includes interest on the refund amount, paid at the rate of ~~8%~~ a month.

Currently, a manufacturer may file an objection to a property tax assessment of its manufacturing property with the state board of assessors within 60 days of receiving notice from DOR of the assessment of the manufacturer's property.

Under this bill, property may be classified as manufacturing property in any year only if on or before March 1 of that year DOR has classified it as manufacturing or the owner has requested that classification and DOR has complied with the request. Under the bill, a municipality may pay a property tax refund to an owner of manufacturing property in five annual instalments rather than all at once, and the interest on the refund amount is paid either at a rate of 10% a year or at a rate determined by the last auction of six-month U.S. treasury bills, whichever is less.

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

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

4 **SECTION 2.** 70.511 (2) (b) of the statutes is amended to read:

5 70.511 (2) (b) If the reviewing authority reduces the value of the property in
6 question, or determines that manufacturing property is exempt, the taxpayer may
7 file a claim for refund of taxes resulting from the reduction in value or determination
8 that the property is exempt. If Except as provided in par. (bm), if a claim for refund
9 is filed with the clerk of the municipality on or before the November 1 following the
10 decision of the reviewing authority, the claim shall be payable to the taxpayer from
11 the municipality no later than January 31 of the succeeding year. A Except as
12 provided in par. (bm), a claim filed after November 1 shall be paid to the taxpayer by
13 the municipality no later than the 2nd January 31 after the claim is filed. Interest
14 on the claim at the rate of 0.8% per month; or for property assessed under s. 70.995

BILL

1 at the average annual discount interest rate determined by the last auction of
2 6-month U.S. treasury bills before the appeal or objection is filed or 10% per year,
3 whichever is less; shall be paid to the taxpayer when the claim is paid. If the taxpayer
4 requests a postponement of proceedings before the reviewing authority, interest on
5 the claim shall permanently stop accruing at the date of the request. If the hearing
6 is postponed at the request of the taxpayer, the reviewing authority shall hold a
7 hearing on the appeal within 30 days after the postponement is requested unless the
8 taxpayer agrees to a longer delay. If the reviewing authority postpones the hearing
9 without a request by the taxpayer, interest on the claim shall continue to accrue. No
10 interest may be paid if the reviewing authority determines under s. 70.995 (8) (a) that
11 the value of the property was reduced because the taxpayer supplied false or
12 incomplete information. If taxes are refunded, the municipality may proceed under
13 s. 74.41.

14 **SECTION 3.** 70.511 (2) (bm) of the statutes is created to read:

15 70.511 (2) (bm) A municipality may pay a refund under par. (b) of the taxes on
16 property that is assessed under s. 70.995 in 5 annual instalments, each of which
17 except the last is equal to at least 20% of the sum of the refund and the interest on
18 the refund that is due, beginning on the date under par. (b), if all of the following
19 conditions exist:

20 1. The municipality's property tax levy for its general operations for the year
21 for which the taxes to be refunded are due is less than \$100,000,000.

22 2. The refund is at least 0.0025 of the municipality's levy for its general
23 operations for the year for which the taxes to be refunded are due.

24 3. The refund is more than \$10,000.

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

BILL

1 70.511 (2) (br) From the appropriation under s. 20.835 (2) (bm), the department
2 of administration shall pay to each municipality that pays a refund under par. (b) for
3 property that is assessed under s. 70.995 or that pays a refund under par. (bm) an
4 amount equal to the interest that is paid by the municipality in the previous
5 biennium and that has accrued up to the date of the determination by the tax appeals
6 commission of the municipality's obligation.

7 **SECTION 5.** 70.995 (5) of the statutes is amended to read:

8 70.995 (5) ~~Commencing January 1, 1974, and annually thereafter, the~~ The
9 department of revenue shall assess all property of manufacturing establishments
10 included under subs. (1) and (2) as of the close of January 1 of each year, if on or before
11 March 1 of that year either the department has classified the property as
12 manufacturing or the owner of the property has requested, in writing, the
13 department to make such a classification and the department later does so. A change
14 in ownership, location or name does not necessitate a new request. In assessing
15 lands from which metalliferous minerals are being extracted and valued for purposes
16 of the tax under s. 70.375, the value of the metalliferous mineral content of such
17 lands shall be excluded.

18 **SECTION 6.** 70.995 (6) of the statutes is amended to read:

19 70.995 (6) Prior to February 15 of each year the department of revenue shall
20 notify each municipal assessor of the manufacturing property within the taxation
21 district that, as of that date, will be assessed by the department during the current
22 assessment year.

23 **SECTION 7.** 70.995 (8) (b) of the statutes is amended to read:

24 70.995 (8) (b) The department of revenue shall annually notify each
25 manufacturer assessed under this section and the municipality in which the

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1 manufacturing property is located of the full value of all real and personal property
 2 owned by the manufacturer. The notice shall be in writing and shall be sent by 1st
 3 class mail. In addition, the notice shall specify that objections to valuation, amount
 4 or taxability must be filed with the state board of assessors within ~~60~~⁵⁰ days of
 5 issuance of the notice of assessment, that objections to a change from assessment
 6 under this section to assessment under s. 70.32 (1) must be filed within ~~60~~⁵⁰ days
 7 after receipt of the notice, that the fee under par. (c) or (d) must be paid and that the
 8 objection is not filed until the fee is paid. A statement shall be attached to the
 9 assessment roll indicating that the notices required by this section have been mailed
 10 and failure to receive the notice does not affect the validity of the assessments, the
 11 resulting tax on real or personal property, the procedures of the tax appeals
 12 commission or of the state board of assessors or the enforcement of delinquent taxes
 13 by statutory means.

14 **SECTION 8.** 70.995 (8) (c) of the statutes is amended to read:

15 70.995 (8) (c) All objections to the amount, valuation, taxability or change from
 16 assessment under this section to assessment under s. 70.32 (1) of property shall be
 17 first made in writing on a form prescribed by the department of revenue and shall
 18 be filed with the state board of assessors within the time prescribed in par. (b). A \$45
 19 fee shall be paid when the objection is filed unless a fee has been paid in respect to
 20 the same piece of property and that appeal has not been finally adjudicated. The
 21 objection is not filed until the fee is paid. Neither the state board of assessors nor the
 22 tax appeals commission may waive the requirement that objections be in writing.
 23 The objection shall specify the reasons for the objection, the property owner's
 24 estimate of the correct assessment and the basis for the property owner's estimated
 25 assessment. The state board of assessors or the tax appeals commission may deny

under s. 70.32(1),

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1 an assessment redetermination if a property owner's objection does not comply with
2 the requirements of this paragraph. Persons who own land and improvements to
3 that land may object to the aggregate value of that land and improvements to that
4 land, but no person who owns land and improvements to that land may object only
5 to the valuation of that land or only to the valuation of improvements to that land.

6 **SECTION 9.** 70.995 (8) (d) of the statutes is amended to read:

7 70.995 (8) (d) A municipality may file an objection with the state board of
8 assessors to the amount, valuation or taxability under this section or to the change
9 from assessment under this section to assessment under s. 70.32 (1) of a specific
10 property having a situs in the municipality, whether or not the owner of the specific
11 property in question has filed an objection. Objection shall be made on a form
12 prescribed by the department and filed with the board within ~~60~~¹⁵ days of the date
13 of the issuance of the assessment in question, except that, if the person assessed files
14 an objection and the municipality affected does not file an objection, the municipality
15 affected, within ~~30~~¹⁵ days after the person's objection is filed, may file an appeal. A \$45
16 filing fee shall be paid when the objection is filed unless a fee has been paid in respect
17 to the same piece of property and that appeal has not been finally adjudicated. The
18 objection is not filed until the fee is paid. The board shall forthwith notify the person
19 assessed of the objection filed by the municipality.

20 **SECTION 10.** 70.995 (12) (a) of the statutes is amended to read:

21 70.995 (12) (a) The department of revenue shall prescribe a standard
22 manufacturing property report form that shall be submitted annually for each real
23 estate parcel and each personal property account on or before March 1 by all
24 manufacturers whose property is assessed under this section. The report form shall
25 contain all information deemed necessary by the department and shall include,

BILL

1 without limitation, income and operating statements, fixed asset schedules and a
2 report of new construction or demolition. Failure to submit the report shall result
3 in denial of any right of redetermination by the state board of assessors or the tax
4 appeals commission. If any property is omitted or understated in the assessment roll
5 in any of the next 5 previous years, the assessor shall enter the value of the omitted
6 or understated property once for each previous year of the omission or
7 understatement. ~~The assessor shall designate each additional entry as omitted or~~
8 ~~understated for the year [....] of omission or understatement.~~ The assessor shall affix
9 a just valuation to each entry for a former year as it should have been assessed
10 according to the assessor's best judgment. Taxes shall be apportioned and collected
11 on the tax roll for each entry, on the basis of the net tax rate for the year of the
12 omission, taking into account credits under s. 79.10, ~~and.~~ In the case of omitted
13 property, interest shall be added at the rate of 0.0267% per day for the period of time
14 between the date when the form is required to be submitted and the date when the
15 assessor affixes the just valuation. In the case of underpayments determined after
16 an objection under s. 70.995 (8) (d), interest shall be added at the average annual
17 discount interest rate determined by the last auction of 6-month U.S. treasury bills
18 before the objection, between the date when the tax was due and the date when it is
19 is paid.

20 **SECTION 11.** 70.995 (12) (b) of the statutes is amended to read:

21 70.995 (12) (b) The department of revenue shall allow an extension to ~~April 1~~
22 ~~of the due date of 30 days~~ for filing the report forms required under par. (a) if a written
23 application for an extension, stating the reason for the request, is filed with the
24 department on or before March 1.

25 **SECTION 12.** 70.995 (12) (c) of the statutes is amended to read:

BILL**SECTION 12**

1 70.995 (12) (c) Unless the taxpayer shows that the failure is due to reasonable
2 cause, if a taxpayer fails to file any form required under par. (a) for property that the
3 department of revenue assessed during the previous year by the due date or by any
4 extension of the due date that has been granted, the taxpayer shall pay to the
5 department of revenue a penalty of the greater of \$10 or 0.05% of the previous year's
6 full value assessment not to exceed \$1,000. ~~If the form required under par. (a) for~~
7 ~~property that the department of revenue assessed during the previous year is not~~
8 ~~filed within 30 days after the due date or within 30 days after any extension, the~~
9 ~~taxpayer shall pay to the department of revenue a 2nd penalty of the greater of \$10~~
10 ~~or 0.05% of the previous year's full value assessment not to exceed \$1,000~~ \$50 if the
11 form is filed 1 to 10 days late; \$50 or 0.05% of the previous year's assessment,
12 whichever is greater, but not more than \$250, if the form is filed 11 to 30 days late;
13 and \$100 or 0.1% of the previous year's assessment, whichever is greater, but not
14 more than \$500, if the form is filed more than 30 days late. Penalties are due 30 days
15 after they are assessed and are delinquent if not paid on or before that date. The
16 department may refund all or part of any penalty it assesses under this paragraph
17 if it finds reasonable grounds for late filing.

18 **SECTION 13.** 74.23 (1) (a) 5. of the statutes is created to read:

19 74.23 (1) (a) 5. Pay to each taxing jurisdiction within the district its
20 proportionate share of the taxes and interest under s. 70.995 (12) (a).

21 **SECTION 14.** 74.25 (1) (a) 4m. of the statutes is created to read:

22 74.25 (1) (a) 4m. Pay to each taxing jurisdiction within the district its
23 proportionate share of the taxes and interest under s. 70.995 (12) (a).

24 **SECTION 15.** 74.30 (1) (dm) of the statutes is created to read:

BILL

1 74.30 (1) (dm) Pay to each taxing jurisdiction within the district its
2 proportionate share of the taxes and interest under s. 70.995 (12) (a).

3 **SECTION 16.** 74.35 (3) (c) of the statutes is amended to read:

4 74.35 (3) (c) If the governing body of the taxation district determines that an
5 unlawful tax has been paid and that the claim for recovery of the unlawful tax has
6 complied with all legal requirements, the governing body shall allow the claim. ~~The~~
7 Except as provided in par. (cm), the taxation district treasurer shall pay the claim
8 not later than 90 days after the claim is allowed.

9 **SECTION 17.** 74.35 (3) (cm) of the statutes is created to read:

10 74.35 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
11 property that is assessed under s. 70.995 in 5 annual instalments, each of which
12 except the last is equal to at least 20% of the sum of the refund and the interest on
13 the refund, beginning in the year of the determination, if all of the following
14 conditions exist:

15 1. The municipality's property tax levy for its general operations for the year
16 for which the taxes to be refunded are due is less than \$100,000,000.

17 2. The refund is at least 0.0025 of the municipality's levy for its general
18 operations for the year for which the taxes to be refunded are due.

19 3. The refund is more than \$10,000.

20 **SECTION 18.** 74.37 (3) (c) of the statutes is amended to read:

21 74.37 (3) (c) If the governing body of the taxation district or county that has a
22 county assessor system determines that a tax has been paid which was based on an
23 excessive assessment, and that the claim for an excessive assessment has complied
24 with all legal requirements, the governing body shall allow the claim. ~~The~~ Except

BILL

SECTION 18

1 as provided in par. (cm), the taxation district or county treasurer shall pay the claim
2 not later than 90 days after the claim is allowed.

3 **SECTION 19.** 74.37 (3) (cm) of the statutes is created to read:

4 74.37 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
5 property that is assessed under s. 70.995 in 5 annual instalments, each of which
6 except the last is equal to at least 20% of the sum of the refund and interest on the
7 refund, beginning in the year of the determination, if all of the following conditions
8 exist:

9 1. The municipality's property tax levy for its general operations for the year
10 for which the taxes to be refunded are due is less than \$100,000,000.

11 2. The refund is at least 0.0025 of the municipality's levy for its general
12 operations for the year for which the taxes to be refunded are due.

13 3. The refund is more than \$10,000.

14 **SECTION 20.** 74.41 (4) (b) of the statutes is amended to read:

15 ~~74.41 (4) (b) Determine the amount of rescinded or refunded taxes and the~~
16 ~~interest paid on those taxes to taxpayers that are to be charged back to, and collected~~
17 ~~from, each taxing jurisdiction for which taxes were collected by the taxation district,~~
18 ~~and determine the amount of taxes collected under s. 74.33 to be shared with each~~
19 ~~taxing jurisdiction for which taxes were collected by the taxation district. The~~
20 ~~amount determined may not include any interest, except the interest that has been~~
21 ~~paid to taxpayers.~~

22 **SECTION 21. Initial applicability.**

23 *and* (1) REFUNDS. The treatment of sections 70.511 (2) (b) and (bm), 74.35 (3) (c) and
24 (cm), 74.37 (3) (c) and (cm) ~~and 74.41 (4) (b)~~ of the statutes first applies to refunds
25 of taxes that were collected based on the assessment as of January 1, 2000.

BILL

1 (2) OBJECTIONS. The treatment of section 70.995 (8) (c) of the statutes first
2 applies to objections to the state board of assessors that are filed on the first day of
3 the 3rd month beginning after the effective date of this subsection.

4 (3) SETTLEMENT OF TAXES. The treatment of sections 74.23 (1) (a) 5., 74.25 (1)
5 (a) 4m. and 74.30 (1) (dm) of the statutes first applies to taxes based on the
6 assessment as of January 1, 2000.

7 (4) INTEREST. The treatment of sections 70.995 (12) (a) of the statutes first
8 applies to entries made on the property tax roll on the effective date of this
9 subsection.

10 (5) DEADLINE FOR CLASSIFYING PROPERTY. The treatment of section 70.995 (5) and
11 (6) of the statutes first applies to assessments as of the January 1 after publication.

12 (6) MANUFACTURERS' REPORTS. The treatment of section 70.995 (12) (b) and (c)
13 of the statutes first applies to reports required to be filed on the March 1 after
14 publication.

15

(END)

**SUBMITTAL
FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

Date: 2/11/99

To: Representative M. Lehman

Relating to LRB drafting number: LRB-1430

Topic

Instalment payments of property tax refunds and appeals of manufacturing property taxes

Subject(s)

Tax - property

1. **JACKET** the draft for introduction Michael A. Lehman
in the **Senate** _____ or the **Assembly** (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____.
A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____.
If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Joseph T. Kreye, Legislative Attorney
Telephone: (608) 266-2263

Andrew - Lehman

LRB 1430/2.

Manufacturer's →
assessment →

of 6 ^{L 13} → 50 not 15

analysis — 3 line, 2d sentence

change to a "reversing out" =

~~Footnote or comment~~



1999 BILL

gen. cat.

1 **AN ACT** *to amend* 70.511 (2) (b), 70.995 (5), 70.995 (6), 70.995 (8) (b), 70.995 (8)
2 (c), 70.995 (8) (d), 70.995 (12) (a), 70.995 (12) (b), 70.995 (12) (c), 74.35 (3) (c) and
3 74.37 (3) (c); and *to create* 20.835 (2) (bm), 70.511 (2) (bm), 70.511 (2) (br), 74.23
4 (1) (a) 5., 74.25 (1) (a) 4m., 74.30 (1) (dm), 74.35 (3) (cm) and 74.37 (3) (cm) of
5 the statutes; **relating to:** instalment payments of refunds of taxes on
6 manufacturing property, appeals of manufacturing property taxes, distribution
7 of taxes on manufacturing property and the interest on refunded and additional
8 taxes on manufacturing property, the deadline for classification of property as
9 manufacturing, manufacturers' reports and making an appropriation.

Analysis by the Legislative Reference Bureau

The department of revenue (DOR) currently assesses manufacturing property for property taxes. DOR has sole discretion to determine what property is classified as manufacturing property for property tax purposes. If a ~~taxpayer~~ reviewing authority for property assessments reduces a manufacturing property's assessed value or determines that manufacturing property is exempt from property tax, an affected taxpayer may file a claim with the municipality for a property tax refund. The municipality pays the refund to the taxpayer in one sum that includes interest on the refund amount, paid at the rate of 0.8% a month.

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Currently, a manufacturer may file an objection to a property tax assessment of its manufacturing property with the state board of assessors within 60 days of receiving notice from DOR of the assessment of the manufacturer's property.

Under this bill, property may be classified as manufacturing property in any year only if on or before March 1 of that year DOR has classified it as manufacturing or the owner has requested that classification and DOR has complied with the request. Under the bill, a municipality may pay a property tax refund to an owner of manufacturing property in five annual instalments rather than all at once, and the interest on the refund amount is paid either at a rate of 10% a year or at a rate determined by the last auction of six-month U.S. treasury bills, whichever is less.

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

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

4 **SECTION 2.** 70.511 (2) (b) of the statutes is amended to read:

5 70.511 (2) (b) If the reviewing authority reduces the value of the property in
6 question, or determines that manufacturing property is exempt, the taxpayer may
7 file a claim for refund of taxes resulting from the reduction in value or determination
8 that the property is exempt. ~~If Except as provided in par. (bm), if a claim for refund~~
9 is filed with the clerk of the municipality on or before the November 1 following the
10 decision of the reviewing authority, the claim shall be payable to the taxpayer from
11 the municipality no later than January 31 of the succeeding year. ~~A Except as~~
12 ~~provided in par. (bm), a claim filed after November 1 shall be paid to the taxpayer by~~
13 the municipality no later than the 2nd January 31 after the claim is filed. Interest
14 on the claim at the rate of 0.8% per month; ~~or for property assessed under s. 70.995~~
15 ~~at the average annual discount interest rate determined by the last auction of~~

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1 6-month U.S. treasury bills before the appeal or objection is filed or 10% per year,
2 whichever is less; shall be paid to the taxpayer when the claim is paid. If the taxpayer
3 requests a postponement of proceedings before the reviewing authority, interest on
4 the claim shall permanently stop accruing at the date of the request. If the hearing
5 is postponed at the request of the taxpayer, the reviewing authority shall hold a
6 hearing on the appeal within 30 days after the postponement is requested unless the
7 taxpayer agrees to a longer delay. If the reviewing authority postpones the hearing
8 without a request by the taxpayer, interest on the claim shall continue to accrue. No
9 interest may be paid if the reviewing authority determines under s. 70.995 (8) (a) that
10 the value of the property was reduced because the taxpayer supplied false or
11 incomplete information. If taxes are refunded, the municipality may proceed under
12 s. 74.41.

13 **SECTION 3.** 70.511 (2) (bm) of the statutes is created to read:

14 70.511 (2) (bm) A municipality may pay a refund under par. (b) of the taxes on
15 property that is assessed under s. 70.995 in 5 annual instalments, each of which
16 except the last is equal to at least 20% of the sum of the refund and the interest on
17 the refund that is due, beginning on the date under par. (b), if all of the following
18 conditions exist:

19 1. The municipality's property tax levy for its general operations for the year
20 for which the taxes to be refunded are due is less than \$100,000,000.

21 2. The refund is at least 0.0025 of the municipality's levy for its general
22 operations for the year for which the taxes to be refunded are due.

23 3. The refund is more than \$10,000.

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

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1 70.511 (2) (br) From the appropriation under s. 20.835 (2) (bm), the department
2 of administration shall pay to each municipality that pays a refund under par. (b) for
3 property that is assessed under s. 70.995 or that pays a refund under par. (bm) an
4 amount equal to the interest that is paid by the municipality in the previous
5 biennium and that has accrued up to the date of the determination by the tax appeals
6 commission of the municipality's obligation.

7 **SECTION 5.** 70.995 (5) of the statutes is amended to read:

8 70.995 (5) ~~Commencing January 1, 1974, and annually thereafter, the~~ The
9 department of revenue shall assess all property of manufacturing establishments
10 included under subs. (1) and (2) as of the close of January 1 of each year, if on or before
11 March 1 of that year either the department has classified the property as
12 manufacturing or the owner of the property has requested, in writing, the
13 department to make such a classification and the department later does so. A change
14 in ownership, location or name does not necessitate a new request. In assessing
15 lands from which metalliferous minerals are being extracted and valued for purposes
16 of the tax under s. 70.375, the value of the metalliferous mineral content of such
17 lands shall be excluded.

18 **SECTION 6.** 70.995 (6) of the statutes is amended to read:

19 70.995 (6) Prior to February 15 of each year the department of revenue shall
20 notify each municipal assessor of the manufacturing property within the taxation
21 district that, as of that date, will be assessed by the department during the current
22 assessment year.

23 **SECTION 7.** 70.995 (8) (b) of the statutes is amended to read:

24 70.995 (8) (b) The department of revenue shall annually notify each
25 manufacturer assessed under this section and the municipality in which the

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1 manufacturing property is located of the full value of all real and personal property
2 owned by the manufacturer. The notice shall be in writing and shall be sent by 1st
3 class mail. In addition, the notice shall specify that objections to valuation, amount
4 or taxability must be filed with the state board of assessors within ~~60~~ 50 days of
5 issuance of the notice of assessment, that objections to a change from assessment
6 under this section to assessment under s. 70.32 (1) must be filed within ~~60~~ 50 days
7 after receipt of the notice, that the fee under par. (c) or (d) must be paid and that the
8 objection is not filed until the fee is paid. A statement shall be attached to the
9 assessment roll indicating that the notices required by this section have been mailed
10 and failure to receive the notice does not affect the validity of the assessments, the
11 resulting tax on real or personal property, the procedures of the tax appeals
12 commission or of the state board of assessors or the enforcement of delinquent taxes
13 by statutory means.

14 **SECTION 8.** 70.995 (8) (c) of the statutes is amended to read:

15 70.995 (8) (c) All objections to the amount, valuation, taxability or change from
16 assessment under this section to assessment under s. 70.32 (1) of property shall be
17 first made in writing on a form prescribed by the department of revenue and shall
18 be filed with the state board of assessors within the time prescribed in par. (b). A \$45
19 fee shall be paid when the objection is filed unless a fee has been paid in respect to
20 the same piece of property and that appeal has not been finally adjudicated. The
21 objection is not filed until the fee is paid. Neither the state board of assessors nor the
22 tax appeals commission may waive the requirement that objections be in writing.
23 The objection shall specify the reasons for the objection, the property owner's
24 estimate of the correct assessment and the basis, under s. 70.32 (1), for the property
25 owner's estimated assessment. The state board of assessors or the tax appeals

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1 commission may deny an assessment redetermination if a property owner's objection
2 does not comply with the requirements of this paragraph. Persons who own land and
3 improvements to that land may object to the aggregate value of that land and
4 improvements to that land, but no person who owns land and improvements to that
5 land may object only to the valuation of that land or only to the valuation of
6 improvements to that land.

7 **SECTION 9.** 70.995 (8) (d) of the statutes is amended to read:

8 70.995 (8) (d) A municipality may file an objection with the state board of
9 assessors to the amount, valuation or taxability under this section or to the change
10 from assessment under this section to assessment under s. 70.32 (1) of a specific
11 property having a situs in the municipality, whether or not the owner of the specific
12 property in question has filed an objection. Objection shall be made on a form
13 prescribed by the department and filed with the board within ~~60~~ 45 days of the date
14 of the issuance of the assessment in question, except that, if the person assessed files
15 an objection and the municipality affected does not file an objection, the municipality
16 affected, within 15 days after the person's objection is filed, may file an appeal. A \$45
17 filing fee shall be paid when the objection is filed unless a fee has been paid in respect
18 to the same piece of property and that appeal has not been finally adjudicated. The
19 objection is not filed until the fee is paid. The board shall forthwith notify the person
20 assessed of the objection filed by the municipality.

21 **SECTION 10.** 70.995 (12) (a) of the statutes is amended to read:

22 70.995 (12) (a) The department of revenue shall prescribe a standard
23 manufacturing property report form that shall be submitted annually for each real
24 estate parcel and each personal property account on or before March 1 by all
25 manufacturers whose property is assessed under this section. The report form shall

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1 contain all information deemed necessary by the department and shall include,
2 without limitation, income and operating statements, fixed asset schedules and a
3 report of new construction or demolition. Failure to submit the report shall result
4 in denial of any right of redetermination by the state board of assessors or the tax
5 appeals commission. If any property is omitted or understated in the assessment roll
6 in any of the next 5 previous years, the assessor shall enter the value of the omitted
7 or understated property once for each previous year of the omission or
8 understatement. ~~The assessor shall designate each additional entry as omitted or~~
9 ~~understated for the year [....] of omission or understatement.~~ The assessor shall affix
10 a just valuation to each entry for a former year as it should have been assessed
11 according to the assessor's best judgment. Taxes shall be apportioned and collected
12 on the tax roll for each entry, on the basis of the net tax rate for the year of the
13 omission, taking into account credits under s. 79.10, ~~and.~~ In the case of omitted
14 property, interest shall be added at the rate of 0.0267% per day for the period of time
15 between the date when the form is required to be submitted and the date when the
16 assessor affixes the just valuation. In the case of underpayments determined after
17 an objection under s. 70.995 (8) (d), interest shall be added at the average annual
18 discount interest rate determined by the last auction of 6-month U.S. treasury bills
19 before the objection, between the date when the tax was due and the date when it is
20 is paid.

21 **SECTION 11.** 70.995 (12) (b) of the statutes is amended to read:

22 70.995 (12) (b) The department of revenue shall allow an extension to April 1
23 of the due date of 30 days for filing the report forms required under par. (a) if a written
24 application for an extension, stating the reason for the request, is filed with the
25 department on or before March 1.

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1 **SECTION 12.** 70.995 (12) (c) of the statutes is amended to read:

2 70.995 (12) (c) Unless the taxpayer shows that the failure is due to reasonable
3 cause, if a taxpayer fails to file any form required under par. (a) for property that the
4 department of revenue assessed during the previous year by the due date or by any
5 extension of the due date that has been granted, the taxpayer shall pay to the
6 department of revenue a penalty of ~~the greater of \$10 or 0.05% of the previous year's~~
7 ~~full value assessment not to exceed \$1,000. If the form required under par. (a) for~~
8 ~~property that the department of revenue assessed during the previous year is not~~
9 ~~filed within 30 days after the due date or within 30 days after any extension, the~~
10 ~~taxpayer shall pay to the department of revenue a 2nd penalty of the greater of \$10~~
11 ~~or 0.05% of the previous year's full value assessment not to exceed \$1,000~~ \$50 if the
12 form is filed 1 to 10 days late; \$50 or 0.05% of the previous year's assessment,
13 whichever is greater, but not more than \$250, if the form is filed 11 to 30 days late;
14 and \$100 or 0.1% of the previous year's assessment, whichever is greater, but not
15 more than \$500, if the form is filed more than 30 days late. Penalties are due 30 days
16 after they are assessed and are delinquent if not paid on or before that date. The
17 department may refund all or part of any penalty it assesses under this paragraph
18 if it finds reasonable grounds for late filing.

19 **SECTION 13.** 74.23 (1) (a) 5. of the statutes is created to read:

20 74.23 (1) (a) 5. Pay to each taxing jurisdiction within the district its
21 proportionate share of the taxes and interest under s. 70.995 (12) (a).

22 **SECTION 14.** 74.25 (1) (a) 4m. of the statutes is created to read:

23 74.25 (1) (a) 4m. Pay to each taxing jurisdiction within the district its
24 proportionate share of the taxes and interest under s. 70.995 (12) (a).

25 **SECTION 15.** 74.30 (1) (dm) of the statutes is created to read:

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1 74.30 (1) (dm) Pay to each taxing jurisdiction within the district its
2 proportionate share of the taxes and interest under s. 70.995 (12) (a).

3 **SECTION 16.** 74.35 (3) (c) of the statutes is amended to read:

4 74.35 (3) (c) If the governing body of the taxation district determines that an
5 unlawful tax has been paid and that the claim for recovery of the unlawful tax has
6 complied with all legal requirements, the governing body shall allow the claim. ~~The~~
7 Except as provided in par. (cm), the taxation district treasurer shall pay the claim
8 not later than 90 days after the claim is allowed.

9 **SECTION 17.** 74.35 (3) (cm) of the statutes is created to read:

10 74.35 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
11 property that is assessed under s. 70.995 in 5 annual instalments, each of which
12 except the last is equal to at least 20% of the sum of the refund and the interest on
13 the refund, beginning in the year of the determination, if all of the following
14 conditions exist:

15 1. The municipality's property tax levy for its general operations for the year
16 for which the taxes to be refunded are due is less than \$100,000,000.

17 2. The refund is at least 0.0025 of the municipality's levy for its general
18 operations for the year for which the taxes to be refunded are due.

19 3. The refund is more than \$10,000.

20 **SECTION 18.** 74.37 (3) (c) of the statutes is amended to read:

21 74.37 (3) (c) If the governing body of the taxation district or county that has a
22 county assessor system determines that a tax has been paid which was based on an
23 excessive assessment, and that the claim for an excessive assessment has complied
24 with all legal requirements, the governing body shall allow the claim. ~~The~~ Except

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1 as provided in par. (cm), the taxation district or county treasurer shall pay the claim
2 not later than 90 days after the claim is allowed.

3 **SECTION 19.** 74.37 (3) (cm) of the statutes is created to read:

4 74.37 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
5 property that is assessed under s. 70.995 in 5 annual instalments, each of which
6 except the last is equal to at least 20% of the sum of the refund and interest on the
7 refund, beginning in the year of the determination, if all of the following conditions
8 exist:

9 1. The municipality's property tax levy for its general operations for the year
10 for which the taxes to be refunded are due is less than \$100,000,000.

11 2. The refund is at least 0.0025 of the municipality's levy for its general
12 operations for the year for which the taxes to be refunded are due.

13 3. The refund is more than \$10,000.

14 **SECTION 20. Initial applicability.**

15 (1) REFUNDS. The treatment of sections 70.511 (2) (b) and (bm), 74.35 (3) (c) and
16 (cm) and 74.37 (3) (c) and (cm) of the statutes first applies to refunds of taxes that
17 were collected based on the assessment as of January 1, 2000.

18 (2) OBJECTIONS. The treatment of section 70.995 (8) (c) of the statutes first
19 applies to objections to the state board of assessors that are filed on the first day of
20 the 3rd month beginning after the effective date of this subsection.

21 (3) SETTLEMENT OF TAXES. The treatment of sections 74.23 (1) (a) 5., 74.25 (1)
22 (a) 4m. and 74.30 (1) (dm) of the statutes first applies to taxes based on the
23 assessment as of January 1, 2000.

