

**1999 DRAFTING REQUEST**

**Bill**

Received: **01/25/99**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Kimberly Plache (608) 266-1832**

By/Representing: **John Anderson**

This file may be shown to any legislator: **NO**

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - miscellaneous**

Extra Copies:

**Pre Topic:**

No specific pre topic given

**Topic:**

Allow DOR to set up payment schedules for delinquent taxes compromises

**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>
/1	shoveme 02/10/99	ygeller 02/14/99	jfrantze 02/15/99	_____	gretskl 02/15/99		State
/2	shoveme 03/26/99	wjackson 03/29/99	jfrantze 03/31/99	_____	lrb_docadmin 03/31/99	lrb_docadminState 04/15/99	

FE Sent For:

05-18-99

<END>

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FE Sent For:

/2 WLj 3/29

*[Handwritten signature]* 3/31

*[Handwritten signature]* 3/31  
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Allow DOR to set up payment schedules for delinquent taxes compromises

*see # - 0764*

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1?	shoveme	1 3/4 jlg	6/2/15	J/KM 2/15			
<i>1 (NES) 2/10/99</i>							

FE Sent For:

<END>



## KIMBERLY M. PLACHE

STATE SENATOR • TWENTY FIRST SENATE DISTRICT

January 21, 1999

To: Marc E. Shovers  
From: Sen. Kimberly Plache (John Anderson)  
Re: Payment Schedule for DOR Compromises with  
Those with Delinquent Taxes

Please draft legislation which would allow the Department of Revenue to set up a payment schedule with someone with whom the dept has reached a compromise regarding delinquent taxes.

It is my understanding that, under current law, a person who has reached a compromise with the DOR over his/her delinquent taxes must pay the compromise in one lump sum. My bill would allow the DOR to set up a payment schedule not to exceed more than one year.

Please call me if you have any questions at 266-1832.

Thank you for your assistance with this legislation.



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-2000/1

MES.....

*JG*

1999 BILL

*JG*

1 AN ACT ...; relating to: authorizing payment schedules for delinquent taxpayers  
2 who enter into a compromise with the department of revenue. ✓

*Analysis by the Legislative Reference Bureau*

Under current law, any taxpayer may petition the department of revenue (DOR) to compromise delinquent income or franchise taxes, including any applicable costs, penalties and interest. The petition must contain a sworn statement of the taxpayer, and DOR may examine the taxpayer under oath regarding the matter. If ~~the department~~ determines that the taxpayer is unable to pay in full the amount due, based on an examination of the taxpayer's financial statements and any other information required by DOR, ~~the department~~ is required to determine the amount that the taxpayer is able to pay. ~~The department~~ is then required to enter an order reducing the taxes, costs, penalties and interest due in accordance with its determination. The compromise is effective only if it is paid within ten days.

DOR

DOR

If within three years of the date of a compromise DOR determines that the taxpayer has an income or property sufficient to enable the taxpayer to pay the remainder of the tax, including costs, penalties and interest, ~~the department~~ must reopen the matter and order the payment in full of such taxes, costs, penalties and interest. Before entering the order, however, DOR must provide the taxpayer with written notice advising the taxpayer of DOR's intention and fixing a time and place for the taxpayer to appear if the taxpayer desires a hearing. After entering the order, DOR is required to make a record of the principal amount of the taxes, and penalties, costs and interest, that are ordered to be paid and such taxes are immediately due, payable and subject to interest.

DOR

**BILL**

Under the bill <sup>(3)</sup> a compromise is effective if it is paid, in a lump sum, within ten days of the compromise or, a compromise is effective if it is paid within one year of the compromise if the taxpayer and DOR set up a payment schedule.

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

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

1 SECTION 1. 71.92 (3)<sup>X</sup> of the statutes is amended to read:

2 71.92 (3) Any taxpayer may petition the department of revenue to compromise  
3 his or her delinquent income or franchise taxes including the costs, penalties and  
4 interest. ~~Such~~ The petition shall set forth a sworn statement of the taxpayer and  
5 shall be in ~~such~~ a form as that the department ~~shall prescribe~~ prescribes and the  
6 department may examine the petitioner under oath concerning the matter. If the  
7 department finds that the taxpayer is unable to pay the taxes, costs, penalties and  
8 interest in full it shall determine the amount the taxpayer is able to pay and shall  
9 enter an order reducing such taxes, costs, penalties and interest in accordance with  
10 ~~such the~~ determination. ~~Such The~~ order shall provide that ~~such the~~ compromise  
11 ~~shall be~~ if paid in a lump sum, is effective only if paid within 10 days or the order  
12 shall provide that the compromise is effective if paid within one year if the taxpayer  
13 and the department agree to set up a payment schedule. The department or its  
14 collection agents upon receipt of ~~such the~~ order shall accept payment in accordance  
15 with the order. Upon payment the department shall credit the unpaid portion of the  
16 principal amount of such taxes and make appropriate record of the unpaid amount  
17 of penalties, costs, and interest accrued to the date of ~~such the~~ order. If within 3 years  
18 of the date of ~~such the~~ compromise order the department ~~shall ascertain~~ ascertains that the  
19 taxpayer has an income or property sufficient to enable the taxpayer to pay the

**BILL**

1 remainder of the tax including costs, penalty and interest the department shall  
2 reopen ~~said~~ the matter and order the payment in full of such taxes, costs, penalties  
3 and interest. Before the entry of ~~such~~ the order a notice shall be given to the taxpayer  
4 in writing advising of the intention of the department of revenue to reopen ~~such~~ the  
5 matter and fixing a time and place for the appearance of the taxpayer if the taxpayer  
6 desires a hearing. Upon entry of ~~such~~ the order the department of revenue shall  
7 make an appropriate record of the principal amount of ~~such~~ the taxes, penalties,  
8 costs and interest ordered to be paid and such taxes shall be immediately due and  
9 payable and shall thereafter be subject to the interest provided by s. 71.82 (2), and  
10 the department shall immediately proceed to collect the same together with the  
11 unpaid portion of penalty, costs, and interest accrued to the date of the compromise  
12 order.

13 History: 1987 a. 312; 1989 a. 31; 1991 a. 39; 1997 a. 237. History: 1987 a. 312; 1989 a. 31; 1991 a. 39; 1997 a. 237.

(END) ✓



**Memo re: LRB/2000- Setting up payment plan for delinquent taxes**

Senator Plache would like the following changes made to the LRB/2000:

Lines 11-13: DOR does not want to be required to set up an installment payment plan if they determine that the taxpayer has the ability to pay in full. They suggest: "or the order shall provide that the compromise is effective if paid within one year if the department agrees to a payment schedule."


Line 15: Amend "upon payment" to reflect all installment payments must be made in the case of a payment schedule before DOR credits unpaid portions.

Line 17-18: In the case of a payment schedule, DOR should be able to reopen within 3 years of the final payment on the payment schedule.

Let me know if you have any questions.

Thanks,

Andy Engel  
Leg. Assistant  
Senator Kim Plache






State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-2000/2  
MES:jlg

RAM/2

1999 BILL

1 AN ACT  to amend 71.92 (3) of the statutes; relating to: authorizing payment  
2 schedules for delinquent taxpayers who enter into a compromise with the  
3 department of revenue.

*Analysis by the Legislative Reference Bureau*

Under current law, any taxpayer may petition the department of revenue (DOR) to compromise delinquent income or franchise taxes, including any applicable costs, penalties and interest. The petition must contain a sworn statement of the taxpayer, and DOR may examine the taxpayer under oath regarding the matter. If DOR determines that the taxpayer is unable to pay in full the amount due, based on an examination of the taxpayer's financial statements and any other information required by DOR, DOR is required to determine the amount that the taxpayer is able to pay. DOR is then required to enter an order reducing the taxes, costs, penalties and interest due in accordance with its determination. The compromise is effective only if it is paid within ten days.

If within three years of the date of a compromise DOR determines that the taxpayer has an income or property sufficient to enable the taxpayer to pay the remainder of the tax, including costs, penalties and interest, DOR must reopen the matter and order the payment in full of such taxes, costs, penalties and interest. Before entering the order, however, DOR must provide the taxpayer with written notice advising the taxpayer of DOR's intention and fixing a time and place for the taxpayer to appear if the taxpayer desires a hearing. After entering the order, DOR is required to make a record of the principal amount of the taxes, and penalties, costs

1999 - 2000 Legislature

must reopen the matter

BILL

determines that the taxpayer is able to pay the remainder of the tax and other costs <sup>within three years of the date of the final payment under a 2 - payment schedule</sup> agrees to

LRB-2000/1

MES:jlg:if

and interest, that are ordered to be paid and such taxes are immediately due, payable and subject to interest.

Under the bill, a compromise is effective if it is paid, in a lump sum, within ten days of the compromise or, a compromise is effective if it is paid within one year of the compromise if the taxpayer and DOR <sup>agree to</sup> a payment schedule. Also under the bill, DOR

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

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

SECTION 1. 71.92 (3) of the statutes is amended to read:

71.92 (3) Any taxpayer may petition the department of revenue to compromise his or her delinquent income or franchise taxes including the costs, penalties and interest. ~~Such~~ The petition shall set forth a sworn statement of the taxpayer and shall be in such a form as that the department shall ~~prescribe~~ prescribes and the department may examine the petitioner under oath concerning the matter. If the department finds that the taxpayer is unable to pay the taxes, costs, penalties and interest in full it shall determine the amount the taxpayer is able to pay and shall enter an order reducing such taxes, costs, penalties and interest in accordance with such the determination. ~~Such~~ The order shall provide that such the compromise shall be, if paid in a lump sum, is effective only if paid within 10 days or the order shall provide that the compromise is effective if paid within one year if the taxpayer ~~and the~~ department <sup>score y</sup> ~~agrees~~ to set up a payment schedule. The department or its collection agents upon receipt of such the order shall accept payment in accordance with the order. Upon payment, of the total amount due under the order, the department shall credit the unpaid portion of the principal amount of such taxes and make appropriate record of the unpaid amount of penalties, costs, and interest accrued to the date of such the order. If within 3 years or the date of a final payment under a of the date of such the compromise order the department shall ascertain ascertains

payment schedule, whichever is later,

**BILL**

1 that the taxpayer has an income or property sufficient to enable the taxpayer to pay  
2 the remainder of the tax including costs, penalty and interest the department shall  
3 reopen said the matter and order the payment in full of such taxes, costs, penalties  
4 and interest. Before the entry of ~~such~~ the order a notice shall be given to the taxpayer  
5 in writing advising of the intention of the department of revenue to reopen ~~such~~ the  
6 matter and fixing a time and place for the appearance of the taxpayer if the taxpayer  
7 desires a hearing. Upon entry of ~~such~~ the order the department of revenue shall  
8 make an appropriate record of the principal amount of ~~such~~ the taxes, penalties,  
9 costs and interest ordered to be paid and such taxes shall be immediately due and  
10 payable and shall thereafter be subject to the interest provided by s. 71.82 (2), and  
11 the department shall immediately proceed to collect the same together with the  
12 unpaid portion of penalty, costs, and interest accrued to the date of the compromise  
13 order.

14

(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:** 3/31/99

**To:** Senator Plache

**Relating to LRB drafting number:** LRB-2000

**Topic**

Allow DOR to set up payment schedules for delinquent taxes compromises

**Subject(s)**

Tax - miscellaneous

1. **JACKET** the draft for introduction Kimberly M. Plache  
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.

Marc E. Shovers, Senior Legislative Attorney  
Telephone: (608) 266-0129