

Assembly Committee on Ways and Means

DATE _____

Moved by Wood Seconded by ML

AB 186 SB _____ Clearinghouse Rule _____

AJR _____ SJR _____

A _____ SR _____ Other _____

A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt 0034

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

Passage

Introduction *W.C.*

Adoption

Rejection

Indefinite Postponement

Tabling

Concurrence

Nonconcurrence

	Committee Member	Aye	No	Absent	Not voting
1.	Rep. Mickey Lehman, chair	1	1		
2.	Rep. Tom Sykora, vice-chair	2	2		
3.	Rep. Bob Goetsch	3	3		
4.	Rep. Mike Huebsch	4	1		
5.	Rep. Frank Lasee	5	4		
6.	Rep. John Ainsworth	6	5		
7.	Rep. Suzanne Jeskewitz	7	6		
8.	Rep. Carol Owens	8	7		
9.	Rep. Joan Spillner	9	8		
10.	Rep. Wayne Wood	10	9		
11.	Rep. John La Fave	11	10		
12.	Rep. Lee Meyerhofer	12	11		
13.	Rep. Johnie Morris-Tatum	13	2		
14.	Rep. Jeffrey Plale	14	12		
15.	Rep. Bob Turner	15	13		
16.	Rep. Bob Ziegelbauer	16	14		
	Totals				

MOTION CARRIED

MOTION FAILED

Assembly Committee on Ways and Means

DATE _____

Moved by Wood Seconded by Leh

AB 186 SB _____ Clearinghouse Rule _____

AJR _____ SJR _____

A _____ SR _____ Other _____

A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

- Passage
- Introduction
- Adoption
- Rejection
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- Tabling
- Concurrence
- Nonconcurrence

	Committee Member	Aye	No	Absent	Not voting
1.	Rep. Mickey Lehman, chair	1			
2.	Rep. Tom Sykora, vice-chair	2			
3.	Rep. Bob Goetsch	3			
4.	Rep. Mike Huebsch		1		
5.	Rep. Frank Lasee	4			
6.	Rep. John Ainsworth	5			
7.	Rep. Suzanne Jeskewitz	6			
8.	Rep. Carol Owens	7			
9.	Rep. Joan Spillner	8			
10.	Rep. Wayne Wood	9			
11.	Rep. John La Fave	10			
12.	Rep. Lee Meyerhofer	11			
13.	Rep. Johnie Morris-Tatum		2		
14.	Rep. Jeffrey Plale	12			
15.	Rep. Bob Turner	13			
16.	Rep. Bob Ziegelbauer	14			
	Totals	14	2		

MOTION CARRIED

MOTION FAILED

Fox Valley Tool & Die, Inc.

Design & Build - Tool & Die - Jig & Fixture - Wire EDM - CNC Machining

Phone 920-766-9455 Fax 920-766-9135

P.O. Box 380 Kaukauna, WI 54130

Hwy. 96, Between Kaukauna & Little Chute

March 17, 1998

Michael A. Lehman
P.O. Box 8952
Madison, WI 53708

Dear Mr. Lehman:

I strongly oppose assembly bill 186. I feel this bill would severely reduce our right to appeal property tax assessments. Listed below are reasons why this bill should not be enacted.

Shortening the time to review assessments and file objections to 50 days does not provide manufacturers enough time to evaluate assessments and prepare objection materials.

Objection forms should only function as notice pleadings and should not be elevated to substantive pleadings.

Municipalities should not have a new statutory right to file assessment objections 15 days after manufacturers file objections.

The State Board of Assessors level of appeal is not an objective forum that provides taxpayers with a hearing. AB186 would improperly elevate the importance of assessment objections filed with the state board of assessors.

Please stop AB186, do not let it be enacted into law.

Sincerely,

FOX VALLEY TOOL & DIE, INC.


John Tetzlaff



WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

One East Main Street, Suite 401; P.O. Box 2536; Madison, WI 53701-2536
Telephone (608) 266-1304
Fax (608) 266-3830

DATE: March 23, 1999
TO: REPRESENTATIVE MICHAEL LEHMAN
FROM: Robert J. Conlin, Senior Staff Attorney
SUBJECT: 1999 Assembly Bill 186, Relating to Manufacturing Property Assessments

This memorandum, prepared at your request, describes provisions of 1999 Assembly Bill 186, relating to manufacturing property assessments. Specifically, this memorandum describes the changes to current law made by the bill. The bill was introduced by you and others and was cosponsored by Senator Drzewiecki and others. The bill was referred to the Assembly Committee on Ways and Means which will hold a public hearing on the bill on March 24, 1999.

Unless otherwise noted, the provisions of the bill take effect on the day after publication of the bill as an act. The bill does the following:

1. Provides that a municipality may pay a refund of taxes on property assessed as manufacturing property in five annual instalments. Each of the annual instalments, except the last, must be equal to at least 20% of the sum of the refund and the interest on the refund that is due. This provision would apply if all the following conditions exist:

- a. The municipality's property tax levy for its general operations for the year for which the taxes to be refunded are due is less than \$100 million;
- b. The refund is at least .0025 of the municipality's levy for its general operations for the year for which the taxes to be refunded are due; and
- c. The refund is more than \$10,000.

(This provision first applies to refunds of taxes that were collected based on a Department of Revenue (DOR) assessment as of January 1, 2000.)

2. Provides that the interest rate for refunds on assessments of manufacturing property is the average annual discount interest rate determined by the last auction of six-month U.S.

Treasury Bills before the appeal or objection to the assessment is filed or 10% per year, whichever is less. (This provision first applies to refunds of taxes that were collected based on the assessment as of January 1, 2000.)

3. Requires the Department of Administration to pay, from a sum sufficient appropriation, to each municipality that pays a refund of a property tax on property assessed as manufacturing property, either as a lump sum under current law or in the instalment manner as described under item 1., above, an amount equal to the interest that is paid by the municipality in the previous biennium and that has accrued up to the date of the determination by the Tax Appeals Commission of the municipality's obligation.

4. Requires that the assessments of manufacturing establishments be made as of the close of January 1 of each year if on or before March 1 of that year either the DOR has classified the property as manufacturing property or the owner of the property has requested, in writing, DOR to make such a classification and DOR later does so. Provides further that a change in ownership, location or name does not necessitate a new request for classification as manufacturing property. (This provision first applies to assessments as of the January 1 after publication of the bill as an act.)

5. Clarifies that the notification provided to each municipal assessor by the DOR notifying the assessor of the manufacturing property within the taxation district that will be assessed by the DOR during the current assessment year must include the manufacturing property within the district as of the date of the notice. (This provision first applies to assessments as of the January 1 after publication of the bill as an act.)

6. Provides that an objection to an assessment must specify the reasons for the objection, the property owner's estimate of the correct assessment and the basis for that estimated assessment. Further provides that the State Board of Assessors or the Tax Appeals Commission may deny an assessment redetermination if the objection does not comply with the statutory requirements for an objection. (This provision first applies to objections to the State Board of Assessors that are filed on the first day of the third month beginning after the bill becomes effective as an act.)

7. Provides that objections to valuation amounts, objections to assessment charges and objections to the taxability of manufacturing property must be filed with the State Board of Assessors within 50 days of the issuance of the manufacturing property assessment.

8. Provides that a municipality's objection to a manufacturing property assessment must be made within 50 days of the date of the issuance of the assessment, except that if the person assessed files an objection and the municipality affected does not file an objection, the municipality affected, within 15 days after the person's objection is filed, may file an appeal.

9. Requires the DOR to allow an extension of 30 days for the filing of the annual manufacturing property report form upon written request. (This provision first applies to reports required to be filed on the March 1 after publication of the bill as an act.)

10. Revises the penalties for late filing of forms required under the property tax assessment provisions as follows:

- a. The penalty is \$50 if the form is filed one to 10 days late;
- b. The penalty is \$50 or .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
- c. The penalty is \$100 or .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.

(This provision first applies to reports required to be filed on the March 1 after publication of the bill as an act.)

11. Requires municipalities to pay to each taxing jurisdiction within the taxing district the taxing jurisdiction's proportionate share of the omitted or understated taxes and interest on manufacturing property. (This provision first applies to taxes based on the assessment as of January 1, 2000.)

12. Deletes the requirement that an assessor specifically identify entries on a manufacturing property report form as either omitted or understated.

13. Provides that the interest charged on tax underpayments determined after a municipality objects to a manufacturing property tax assessment is the average annual discount interest rate determined by the last auction of six-month U.S. Treasury Bills before the objection, between the date when the tax was due and the date when it is paid. (This provision first applies to entries made on the property tax roll on the effective date of the act.)

14. Allows municipalities to refund "unlawful taxes" on manufacturing property (i.e., those in which a clerical error has been made in the assessment, improvements that did not exist on the assessment date were included in the assessment, exempt property was assessed, double assessments were made or an arithmetical error occurred in the assessment or taxation) or taxes based on an "excessive assessments" of manufacturing property pursuant to the instalment method described in item 1., above. (This provision first applies to refunds of taxes that were collected based on the assessment as of January 1, 2000.)

If you would like additional information about the bill, please feel free to contact me at the Legislative Council Staff offices.

RJC:rv:ksm:tlujal

WISCONSIN ALLIANCE OF CITIES

14 W. MIFFLIN • P.O. BOX 336 • MADISON, WI 53701-0336
(608) 257-5881 FAX 257-5882 • EMAIL: wiscall@inxpress.net

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1969-1999

March 24, 1999

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Madison
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Marshfield
Menasha
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Neenah
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Port Washington
Racine
Reedsburg
Sheboygan
St. Francis
St. Joseph
St. Louis
St.urgeon
Sun Prairie
Waubesa
Wausau
West Bend
Wisconsin Dells

To: Members of the Assembly Ways & Means Committee

From: Gail Sumi, Wisconsin Alliance of Cities

Re: AB 186 - Manufacturing Assessment

When manufacturers successfully appeal an assessment of their property, the refund of the overage puts municipalities in a bind. This occurred recently in Two Rivers, Wisconsin Rapids, Cudahy and West Bend that I am aware of. Even though the state is responsible for assessing the property, current law requires the municipality to pay the refund and the interest at a rate of 9.6% annually. Although overlying taxing jurisdictions pay the municipality their portion of the refund, the municipality alone is responsible for the interest payment.

The bill will require the state to pay the interest on manufacturing property if a reviewing authority finds that the assessment was excessive or that the property should be exempt. Because the state and not the municipality assess manufacturing property, responsibility for paying the interest if an assessment is successfully appealed rightfully lies with the state.

In addition, AB 186 allows the municipality to provide a refund in five installment payments rather than all at once if certain conditions are met. Because the municipality cannot really plan for the refund in their budgeting process, this will lessen the impact on the other property taxpayers.

We would like to thank both Rep. Lehman and Rep. Grothman for their effort on behalf of municipalities on this issue. We ask for your support of AB 186. Thank you.

Sustainable Cities for the 21st Century



**Wisconsin
Manufacturers
&
Commerce**

Memo

TO: The Assembly Ways & Means Committee
FROM: Joan Hansen, Director Tax & Corporate Policy
DATE: March 24, 1999
RE: 1999 Assembly Bill 186

Wisconsin Manufacturers & Commerce opposes 1999 Assembly Bill 186. The manufacturing community has significant concerns with AB 186 - - the concerns are as follows:

Shortening The Time To Review Assessments And File Objections To 50 Days Does Not Provide Manufacturers Enough Time To Evaluate Assessments And Prepare Objection Material.

Under current law, all manufacturers have 60 days to review their annual real estate and personal property assessments and determine whether they should file a formal objection. AB 186 reduces the time to review and evaluate whether a formal objection should be filed to 50 days. Shortening the time period adversely affects many manufacturers in the following ways:

- Notices sent to out of state corporate offices often take 30-60 days to get routed to the proper person at the local plant.
- The state assessment authorities require all exhibits and materials supporting an objection to be submitted with the objection form, and 50 days is not enough time to have a real estate appraisal completed or prepare supportive documentation.
- In changing the objection from to a substantive form, most manufacturers will not have enough time within 50 days to evaluate whether an objection should be filed, and prepare all the exhibits to support their objection.

Objection Forms Should Only Function As Notice Pleadings And Should Not Be Elevated To Substantive Pleadings.

AB 186 seeks to dramatically change the property tax assessment appeal rights of all manufacturers by changing the objection form to being substantive.

AB 186 requires all issues and reasons for the assessment objection to be stated on the initial objection form that is filed. Under the proposed law change, manufacturers would be prohibited from pursuing any appeal of their assessments if they did not comply with this requirement.

Manufacturers would lose their current statutory rights to appeal their property tax assessments to the State Board of Assessors, Tax Appeals Commission, Circuit Court, Court of Appeals and Wisconsin Supreme Court if they did not properly complete the initial objection forms. This result is grossly unfair to all manufacturers in Wisconsin.

Municipalities Should Not Have A New Statutory Right To File Assessment Objections 15 Days After Manufacturers File Objections.

Under AB 186, taxpayers lose 10 days to file objections while local municipalities gain 15 days to file objections. If taxpayers are expected to review their annual assessments within the current 60-day period of time, municipalities should also be able to do the same.

The State Board Of Assessors Level Of Appeal Is Not An Objective Forum That Provides Taxpayers With A Hearing. AB 186 Would Improperly Elevate The Importance Of Assessment Objections Filed With The State Board Of Assessors.

The practical effect of AB 186 is that assessment objections filed with the State Board of Assessors would have binding effect on the taxpayer and materially impact any further appeal of assessment issues.

- The State Board of Assessors consists of the DOR supervisors who were responsible for the initial assessment under objection.
- Taxpayers are not given an opportunity to cross-examine the DOR appraiser that established the assessment being objected to.
- No formal record of the State Board of Assessors decision is established to serve as a basis for further appeal.
- Manufacturers objecting to their real estate or personal property assessment are not given an opportunity to present expert witness testimony to support their objections.
- The State Board of Assessors review of objections is a one-sided closed method of appeal that is substantially biased in favor of the DOR.
- AB 186 would improperly establish the State Board of Assessors at the same level as circuit court judges making binding decisions on issues.

Other Concerns

- The provision in Section 2 that potentially reduces the interest rate paid on refund claims by tying it to the average annual discount rate determined by the last auction of 6-month U.S. Treasury Bills.
- The provision in Section 3 that allows the municipality to pay a refund of property taxes in 5 annual installments, rather than in one lump sum. It is not fair that all of the property taxes be paid up-front, yet refunds are repaid over 5 years. This provision is made worse by changes to Section 2 that potentially reduces the interest rate paid on refund claims.

For these reasons, WMC urges the committee to oppose AB 186.

AB 186 – Manufacturing Assessment – Rep. M. Lehman

Points:

- 1) Interest rate for any monies due is determined by the last auction of the 6-month treasury bill or 10% per year, whichever is less.
- 2) A municipality may pay a refund of the taxes in 5 annual installments, each of which except the last must be equal to at least 20% of the sum of the refund and interest, provided all of the following conditions exist.
 - A) The municipality's property tax levy is less than \$100,000,000 (this essentially excludes only Green Bay, Milwaukee and Madison from qualifying for this refund option).
 - B) The refund is at least 0.0025 of the municipality's levy.
 - C) The refund is greater than \$10,000
- 3) The State, through the DOA, is to pay the interest due on a refund.
- 4) A manufacturer has 50 days after issuance of the notice of assessment to file an objection.
- 5) The manufacturer's objection shall specify the reasons for the objection, the property owner's estimate of the correct assessment and the basis, under s. 70.32 (1), for the property owner's estimated assessment. The state board of assessors or the tax appeals commission may deny an assessment re-determination if a property owner's objection does not comply with these requirements.
- 6) The municipality affected has 15 days after the manufacturer files an objection, to file an appeal.

SSI Technologies, Inc.

P.O. Box 5011
Janesville, Wisconsin 53547-5011
608-757-2000 • Fax 608-757-1095

March 25, 1999



Representative Michael A. Lehman
Wisconsin Assembly Ways and Means Committee
P.O. Box 8952
Madison, Wisconsin 53708

Dear Representative Lehman:

We have reviewed the provisions of 1999 Assembly Bill 186 pertaining to our ability to appeal property tax assessments with which we do not legitimately agree. Although far from a "saving lives" issue, it appears unreasonable for you to curtail our ability to be able to sustain an objection to an inappropriate assessment of property tax by:

- Shortening the period of time we have to review assessments and file objections from 60 to 50 days;
- Providing an additional 15 days for municipalities to file a rebuttal response. In that regard, "what's good for the goose, should be good for the gander".
- Mandating that all issues and reasons for objection be provided with the initial objection form. This position, in my opinion, is far more punitive than income tax related proceedings.
- Placing the State Board of Assessors in an even higher position of authority with respect to taxpayer appeals. As such, the appeals process may become more akin to a closed grand jury proceeding. In that regard, it certainly appears that more than ever the "fox will be in charge of the hen house".

Based on the foregoing, we would appreciate careful consideration and rejection of AB186. Stated somewhat bluntly, "if it ain't broke, don't fix it"!

Yours truly,

A handwritten signature in black ink, appearing to read "Bruce E. Corner", written over a light blue horizontal line.

Bruce E. Corner
Vice President and Chief Financial Officer



BENEFITS OF 1999 ASSEMBLY BILL 186

AB 186, relates to manufacturing assessment appeals and assessment processes. In a few instances, the Department of Revenue has lost a manufacturing assessment appeal of a very large property. Paying the tax refund on a large appeal has been a problem for small and even average sized municipalities. The two major goals of this bill are to alleviate the financial hardship for municipalities and prevent appellants from by-passing the State Board of Assessors (by withholding evidence) which helps to create the refund situation. This Bill provides the following benefits:

TO MUNICIPALITIES:

- **Softens the financial impact of large refunds due to appeals** - Allows municipalities to make large refunds in five annual installments instead of one payment.
- **Shifts the payment of refund interest to the State** - by reimbursement.
- **Gives municipalities a 15-day cross appeal period** - when a manufacturer waits until the end of the appeal period to file.

TO MANUFACTURERS:

- **Improves the self-reporting form late-filing penalty.** It reduces the maximum penalty from \$2,000 to \$500 and increases the minimum penalty from \$10 to \$50. Under 10 days late gets a flat penalty amount of \$50.

TO THE STATE:

- **Reduces interest rates to current market levels** - Reduces the rate for refunds from .8% per month (9.6% per year) to the rate for six-month U.S. Treasury Bills (now about 5%).
- **Requires the objection form to include the basis and evidence for the appeal** and gives the Board of Assessors or Tax Appeals Commission the right to deny a redetermination if the information is not provided with the objection.
- **Codifies the March 1 cut-off date for manufacturing classification** - which has been a long-standing practice of the department.

AB 186 (Manuf Asses) 4-8-99 415 NW

Section 7 - Time Frames

Objections to valuation to be filed within

File objection w/in 40 days

Substantiate the objection w/in a further 45 days.

Notification by DOR are sent out between May & June. The more complicated the notice, the later.

Last appeal period expires ~end of August.

-> Adjust form

-> File objection w/in 60 day with new info as req by form. If additional time, req an extension to submit new info.

* File obj w/60 day and an extension for submitting info be negotiated on a case by case basis. (if necessary)

* All information provided to BOA ← this Oct. ED Willis

John Rader	- DOR
Charles Turner	- DOR
John Rememann	- DOR
Gail Sumi	Wis. Alliance of Cities
Dan Thompson	- League of Wis Municipalities
Ed Wirusz	- WI PAPER COUNCIL
Lana Handke	S.C. JOHNSON & SON, INC.
Jean Jensen	WMC
ERIC PETERSEN	SNAP ON INC.
WAYNE WOOD	44 TH ASSEM DIST.
Dave Kluesner	International Paper
JACK BRUCE	City of Two Rivers

April 9, 1999

Bill Ardern
10206 North Port Washington Road
Mequon, WI 53092

Dear Mr. Ardern:

Per your request, enclosed please find a copy of the materials submitted to the Assembly Committee on Ways and Means regarding Assembly Bill 186, relating to the assessment of manufacturing property. In addition, as a result of the concerns expressed, I held a meeting with those that have been involved with this legislation in an effort to try and alleviate as many of those concerns as possible. I believe we made substantial headway. As a result of the meeting, which took place yesterday, April 8th, instructions have been submitted for a Substitute Amendment to the legislation.

Thank you for your interest in Assembly Bill 186. If you have any other questions or concerns, please do not hesitate to contact me.

Respectfully,

MICHAEL "Mickey" LEHMAN
State Representative
58th Assembly District

ML:amn

April 12, 1999

Lisa Randolph
Quarles & Brady
411 E. Wisconsin Ave.
Milwaukee, WI 53202

Dear Lisa:

Per your request, enclosed please find a copy of the materials submitted to the Assembly Committee on Ways and Means regarding Assembly Bill 186, relating to the assessment of manufacturing property. In addition, as a result of the concerns expressed, I held a meeting with those that have been involved with this legislation in an effort to try and alleviate as many of those concerns as possible. I believe we made substantial headway. As a result of the meeting, which took place yesterday, April 8th, instructions have been submitted for a Substitute Amendment to the legislation.

Thank you for your interest in Assembly Bill 186. If you have any other questions or concerns, please do not hesitate to contact me.

Respectfully,

MICHAEL "Mickey" LEHMAN
State Representative
58th Assembly District

ML:amn



Michael (Mickey)
Lehman

State Representative
58th Assembly District

Committee Chair: Ways and Means

Memorandum

To: WI Department of Revenue
Gail Sumi, WI Alliance of Cities
Dan Thompson, League of WI Municipalities
Ed Wilusz, WI Paper Council
Joan Hansen, WMC
Dave Kluesner, International Paper
Rep. Wayne Wood, 44th Assembly District
Bob Conlin, WI Legislative Council

From: Rep. Michael "Mickey" Lehman

Date: April 22nd, 1999

Re: Assembly Bill 186

Attached please find a complete (copy previously distributed lacked the even numbered pages) copy of the substitute amendment to Assembly Bill 186, relating to the assessment of property taxes on manufacturing property. This amendment is the result of the discussions at the April 8th meeting at which you were present.





Michael (Mickey)
Lehman

State Representative
58th Assembly District

Committee Chair: Ways and Means

Memorandum

To: Members, Assembly Ways and Means Committee

From: Rep. Mickey Lehman

Date: May 4th, 1999

Re: Materials for Ways & Means Exec

Attached please find a Legislative Council Staff Memorandum on the substitute amendment to AB 186.

Office: P.O. Box 8952, State Capitol, Madison, WI 53708-8952 • (608) 267-2367 • Toll-Free Legislative Hotline: (800) 362-9472
Home: 1317 Honeysuckle Road, Hartford, WI 53027 • (414) 673-7979

58th District Includes - CITIES: Cedarburg, Hartford and West Bend (Wards 23-29, 34-38, 40, 41, 43-47); VILLAGES: Jackson, Neosho and Slinger;
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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WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

One East Main Street, Suite 401; P.O. Box 2536; Madison, WI 53701-2536
Telephone: (608) 266-1304
Fax: (608) 266-3830
Email: leg.council@legis.state.wi.us

DATE: May 4, 1999
TO: REPRESENTATIVE MICHAEL LEHMAN
FROM: Robert J. Conlin, Senior Staff Attorney
SUBJECT: Assembly Substitute Amendment __ (LRBs0034/1) to 1999 Assembly Bill 186, Relating to Manufacturing Property Assessments

This memorandum describes the differences between 1999 Assembly Bill 186 (the "bill") and Assembly Substitute Amendment __ (LRBs0034/1) to 1999 Assembly Bill 186 (the "substitute amendment") and describes the substitute amendment. Provisions of the bill were described in a memorandum to you dated March 23, 1999.

A. DIFFERENCES BETWEEN THE BILL AND ASSEMBLY SUBSTITUTE AMENDMENT — (LRBs0034/1)

This section of the memorandum describes the differences between the bill and the substitute amendment.

1. Time for Filing an Objection

a. The Bill

The bill provides that objections to valuation amounts, objections to assessment charges and objections to the taxability of manufacturing property must be filed with the State Board of Assessors within 50 days of the issuance of the manufacturing property assessment, rather than 60 days as under current law.

b. Substitute Amendment — (LRBs0034/1)

The substitute amendment retains current law with respect to the number of days in which objections must be filed, i.e., 60 days.

2. Extension of Time to File an Appeal

a. The Bill

The bill provides that a municipality's objection to the manufacturing property assessment must be made within 50 days of the date of issuance of the assessment, rather than 60 days under current law. In addition, the bill provides that if the person assessed files an objection, and the municipality affected does not file an objection, the municipality may, within 15 days after the person's objection is filed, file an appeal.

b. Substitute Amendment — (LRBs0034/1)

The substitute amendment retains current law with respect to the number of days in which a municipality's objection to manufacturing property assessments must be made, i.e., 60 days, and retains the bill's 15-day extension for a municipality to file an appeal. In addition, the substitute amendment extends to persons who have been assessed an additional 15 days to file an appeal if the municipality files an objection and the person assessed has not.

3. Reasons for Objection

a. The Bill

The bill provides that an objection to an assessment must specify the reasons for the objection, the property owner's estimate of the correct assessment and the basis for that assessment. In addition, the bill provides that the State Board of Assessors or the Tax Appeals Commission may deny an assessment redetermination if the objection did not comply with the statutory requirements for an objection.

b. Substitute Amendment — (LRBs0034/1)

The substitute amendment provides that the form for filing an objection must specify that the objector must set forth the reasons for the objection, the objector's estimate of the correct assessment and the basis under which the estimate of the assessment is made. The substitute amendment deletes the provisions of the bill which explicitly provides the State Board of Assessors or the Tax Appeals Commission the authority to deny an assessment redetermination if the objection does not comply with the statutory requirements. In addition, the substitute amendment provides that the Board of Assessors may grant a manufacturer who files an objection a reasonable amount of additional time, as determined by the State Board of Assessors, to file *supplemental information* to support the manufacturer's objection, if the manufacturer shows good cause for granting such additional time. If additional time is granted, the substitute amendment requires that the State Board of Assessors *notify the municipality* in which the manufacturer's property is located of the supplemental information filed by a manufacturer.

4. Penalty Schedule

a. The Bill

The bill revises the penalties for late filing of forms required under the property tax assessment provision as follows:

- (1) The penalty is \$50 if the form is filed one to 10 days late;
- (2) The penalty is \$50 or .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
- (3) The penalty is \$100 or .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.

b. Substitute Amendment — (LRBs0034/1)

The substitute amendment changes the penalties to the following:

- (1) The penalty is \$25 if the form is filed one to 10 days late;
- (2) The penalty is \$50 or .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
- (3) The penalty is \$100 or .1% of the previous year's assessment, whichever is greater, but not more than \$750 if the form is filed more than 30 days late.

5. Time for Filing Reports

a. The Bill

The bill requires the Department of Revenue (DOR) to allow an extension of 30 days upon written request for the filing of the annual manufacturing property report form, rather than an extension to April 1 under current law. Under the bill, the application for the extension must be filed on or before March 1.

b. Substitute Amendment — (LRBs0034/1)

The substitute amendment retains current law with respect to requiring DOR to allow an extension to April 1 of the due date for filing report forms. The substitute amendment retains the bill provision requiring the written request for an extension to be filed with the DOR on or before March 1.

B. DESCRIPTION OF SUBSTITUTE AMENDMENT — (LRBs0034/1)

This section of the memorandum describes provisions of Assembly Substitute Amendment ___ (LRBs0034/1). The substitute amendment does the following:

1. Provides that a municipality may pay a refund of taxes on property assessed as manufacturing property in five annual instalments. Each of the annual instalments, except the last, must be equal to at least 20% of the sum of the refund and the interest on the refund that is due. This provision would apply if all the following conditions exist:

- a. The municipality's property tax levy for its general operations for the year for which the taxes to be refunded are due is less than \$100 million;
- b. The refund is at least .0025 of the municipality's levy for its general operations for the year for which the taxes to be refunded are due; and
- c. The refund is more than \$10,000.

(This provision first applies to refunds of taxes that were collected based on a DOR assessment as of January 1, 2000.)

2. Provides that the interest rate for refunds on assessments of manufacturing property is the average annual discount interest rate determined by the last auction of six-month U.S. Treasury Bills before the appeal or objection to the assessment is filed or 10% per year, whichever is less. (This provision first applies to refunds of taxes that were collected based on the assessment as of January 1, 2000.)

3. Requires the Department of Administration to pay, from a sum sufficient appropriation, to each municipality that pays a refund of a property tax on property assessed as manufacturing property, either as a lump sum under current law or in the instalment manner as described under item 1., above, an amount equal to the interest that is paid by the municipality in the previous biennium and that has accrued up to the date of the determination by the Tax Appeals Commission of the municipality's obligation.

4. Requires that the assessments of manufacturing establishments be made as of the close of January 1 of each year if on or before March 1 of that year either the DOR has classified the property as manufacturing property or the owner of the property has requested, in writing, DOR to make such a classification and DOR later does so. Provides further that a change in ownership, location or name does not necessitate a new request for classification as manufacturing property. (This provision first applies to assessments as of the January 1 after publication of the bill as an act.)

5. Clarifies that the notification provided to each municipal assessor by the DOR notifying the assessor of the manufacturing property within the taxation district that will be assessed by the DOR during the current assessment year must include the manufacturing property within the district as of the date of the notice. (This provision first applies to assessments as of the January 1 after publication of the bill as an act.)

6. Provides that the form for filing an objection to an assessment must specify that the objector must set forth the reasons for the objection, the objector's estimate of the correct

assessment and the basis for that estimated assessment. (This provision first applies to objections to the State Board of Assessors that are filed on the first day of the third month beginning after the bill becomes effective as an act.)

7. Provides that if a person assessed files an objection to a manufacturing property assessment within the time period prescribed for filing such an objection (60 days) and the municipality affected does not file an objection, the municipality affected, within 15 days after the person's objection is filed, may file an appeal.

8. Provides that if a municipality files an objection to a manufacturing property assessment within the time prescribed for filing such an objection (60 days), and the affected manufacturer does not file an objection, the affected manufacturer, within 15 days after the municipality's objection is filed, may file an appeal.

9. Provides that the written request to allow an extension to April 1 for the filing of the annual manufacturing property report form may be filed on or before March 1. (This provision first applies to reports required to be filed on the March 1 after publication of the bill as an act.)

10. Revises the penalties for late filing of forms required under the property tax assessment provisions as follows:

- a. The penalty is \$25 if the form is filed one to 10 days late;
- b. The penalty is \$50 or .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
- c. The penalty is \$100 or .1% of the previous year's assessment, whichever is greater, but not more than \$750 if the form is filed more than 30 days late.

(This provision first applies to reports required to be filed on the March 1 after publication of the bill as an act.)

11. Requires municipalities to pay to each taxing jurisdiction within the taxing district the taxing jurisdiction's proportionate share of the omitted or understated taxes and interest on manufacturing property. (This provision first applies to taxes based on the assessment as of January 1, 2000.)

12. Deletes the requirement that an assessor specifically identify entries on a manufacturing property report form as either omitted or understated.

13. Provides that the interest charged on tax underpayments determined after a municipality objects to a manufacturing property tax assessment is the average annual discount interest rate determined by the last auction of six-month U.S. Treasury Bills before the objection, between the date when the tax was due and the date when it is paid. (This provision first applies to entries made on the property tax roll on the effective date of the act.)

14. Allows municipalities to refund "unlawful taxes" on manufacturing property (i.e., those in which a clerical error has been made in the assessment, improvements that did not exist

on the assessment date were included in the assessment, exempt property was assessed, double assessments were made or an arithmetical error occurred in the assessment or taxation) or taxes based on an "excessive assessments" of manufacturing property pursuant to the instalment method described in item 1., above. (This provision first applies to refunds of taxes that were collected based on the assessment as of January 1, 2000.)

RJC:jal:wu;ksm

INTERNATIONAL  PAPER

DAVE KLUESNER
REGIONAL PUBLIC
AFFAIRS MANAGER

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MADISON, WI 53703-2716
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May 10, 1999

The Honorable Michael Lehman
Wisconsin State Assembly
P.O. Box 8952
Madison, WI 53708-8952

This distribution has been
authorized by

Signature

Dear Representative Lehman:

Thank you for providing us with a copy of your substitute amendment to Assembly Bill 186. We have reviewed the proposal, and support its passage and eventual enactment into law.

If there is anything we can do to be of assistance as this measure proceeds through the Legislature, please do not hesitate to let me know.

Sincerely,



Dave Kluesner



Date: *May 12th, 1999*

BACKGROUND

Under current law, The Department of Revenue (DOR) serves as the agent of municipalities for the classification and assessment of manufacturing property for property tax purposes. If a reviewing authority for property tax assessments (such as the Tax Appeal Commission - TAC) 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 is responsible for the refund to the taxpayer in one lump sum plus interest.

When a manufacturer disagrees with an assessment, they may file an objection to the assessment with the state board of assessors (BOA) within 60 days of receiving notice from DOR of the assessment of the property. If the BOA, based on the evidence presented, rules against the manufacturer, the manufacturer may then take their objection to the TAC. In presenting their case to the TAC, the manufacturer may provide information or supporting evidence that was not supplied to the BOA, and may even modify their objection and estimation of fair assessment.

AB 186, as amended by committee, is the result of 2+ years of work between the author Rep. Michael Lehman, DOR and other affected parties. The substitute amendment adopted by the Ways & Means Committee is a product of a meeting between representatives of all those affected by AB 186. At that meeting on April 8th, 1999, the legislation was discussed section by section and all concerns were addressed.

SUMMARY OF AB 186 AS AMENDED BY COMMITTEE

Assembly Bill 186 makes several changes to the manufacturing property assessment process. The central purpose of AB 186 is to make the manufacturing assessment process more efficient and try to prevent both over assessment and under assessment of manufacturing property. AB 186, as amended, makes the following changes to current law:

- 1) Provides that a municipality *may* pay a refund of taxes on property assessed as manufacturing property in five annual installments. Each of the annual installments, except the last, must be equal to at least 20% of the sum of the refund and interest on the refund that is due. This provision would only apply if all the following conditions exist:
 - a. The municipality's property tax levy for its general operation for the year for which the taxes to be refunded are due is less than \$100 million;
 - b. The refund is at least 0.0025 of the municipality's levy for its general operations for the year for which the taxes to be refunded are due; and
 - c. The refund is more than \$10,000.

- c. The penalty is \$100 or .1% of the previous year's assessment, whichever is greater, but not more than \$750 if the form is filed more than 30 days late.
- 10) Requires municipalities to pay to each taxing jurisdiction within the taxing district the taxing jurisdiction's proportionate share of the omitted or understated taxes and interest on manufacturing property.
- 11) Deletes the requirement that an assessor specifically identify entries on a manufacturing property report form as either omitted or understated.
- 12) Allows municipalities to refund "unlawful taxes" on manufacturing property (i.e., those in which a clerical error has been made in the assessment, improvements that did not exist on the assessment date were included in the assessment, exempt property was assessed, double assessments were made or an arithmetical error occurred in the assessments or taxation) or taxes based on an "excessive assessments" of manufacturing property pursuant to the installment method described in item 1.

AMENDMENTS

Assembly Substitute Amendment 1 to Assembly Bill 186, is a result of a meeting organized by the author to address concerns raised by affected parties at the March 24th public hearing before the Ways & Means Committee. The meeting occurred April 8th, 1999, in Room 415 NW of the State Capitol. In attendance were: Rep. Michael Lehman, 58th AD, Author; John Rader, DOR; Charlie Turner, DOR; John Reinemann, DOR; Gail Sumi, WI Alliance of Cities; Dan Thompson, League of WI Municipalities; Ed Wilusz, WI Paper Council; Lana Handle, S.C. Johnson & Son, Inc.; Joan Hansen, WMC; Eric Petersen, Snap On Incorporated; Rep. Wayne Wood, 44th AD, Ranking Member – Ways & Means Committee; Dave Kluesner, International Paper; Jack Bruce, City of Two Rivers. The Substitute Amendment was adopted 14-2 (Rep. Huebsch, Morris-Tatum voted no).

FISCAL EFFECT

A fiscal estimate prepared by the DOR, indicates that AB 186 at the state level, will increase costs, but that those costs could be absorbed within the agency's budget. At the local level, AB 186 would decrease costs.

PROS

1. AB 186 would greatly enhance the manufacturing property tax assessment process.
2. By having more information available to the BOA, AB 186 will reduce the likelihood that incorrect assessments of manufacturing property are levied and paid. Fewer objections will have to go on to the TAC as the BOA will have the necessary information to render a judgement.
3. Municipalities would not be responsible for interest on an over assessment levied by the state.

CONS

1. Manufacturers will be required to provide more information up front when filing an appeal of a property tax assessment to the BOA. Concerns were raised that not enough time was given in the legislation for this requirement. A change was made in the substitute amendment that would allow DOR to grant additional time to manufacturers to provide that supporting information.

SUPPORTERS

Rep. Michael Lehman, author; Sen. Gary Drzewiecki, lead co-sponsor; Dan Thompson, League of WI Municipalities; Charlie Turner, WI DOR; John Reinemann, WI DOR; Gail Sumi, WI Alliance of Cities; Dave Kluesner, International Paper.

OPPOSITION

Bill Reid, MMAC (prior to ASA1); Brandon Scholz, WI Grocers Association (prior to ASA1); Allison Kujawa, WI Counties Association (prior to ASA1).

NOTES

WMC, S.C. Johnson & Son, Inc., and Snap On Inc. withdrew their opposition to AB 186 after the adoption of ASA 1.

HISTORY

Assembly Bill 186 was introduced on March 8th, 1999, and referred to the Assembly Committee on Ways & Means. A public hearing was held on March 24th, 1999. On May 5th, 1999, the Committee voted 14-2 [Huebsch, Morris Tatum voting no] to recommend passage of AB 186 as amended.

CONTACT: Andrew Nowlan, Office of Rep. Michael Lehman



AUG 23 1999

Hutchinson Technology Inc.
2435 Alpine Road
Eau Claire, WI 54703-9562
715 838 9800
715 838-9801 Fax

August 18, 1999

Senator Dave Zien
WI State Senate
P.O. Box 7882
Madison, WI 53707

Dear Senator Zien:

You may recall meeting and spending a few brief minutes with me when you attended the groundbreaking for our Trace expansion in Eau Claire on Wednesday, June 16, 1999. At that time, I provided to you my business card, and you made notes on the back of it concerning our position on Assembly Bill 186. Now that the bill is before the Economic Development Housing & Government Operations Committee, I am compelled to remind you of how strongly HTI feels this is not a bill that supports the "business friendly environment" that helped bring Hutchinson Technology Inc. (HTI) to Wisconsin.

I am writing to let you know that HTI strongly opposes Assembly Bill 186 as it adversely affects manufacturers' ability to effectively compete and create or keep jobs in WI.

Manufacturers, in order to compete world wide, need every economic advantage that exists today, and the aspects of this bill that impede this economic advantage and are particularly concerning to HTI include:

- The provision lengthening the time municipalities can repay taxpayers when appeals are won. Expansion & growth require cash, which is not always easy to raise. So when the state or one of its subdivisions has inappropriately collected cash (real estate taxes), that cash should be refunded to them immediately, not over an extended period of time. Manufacturers are not allowed to pay to WI taxes over 5 years, and WI should not be allowed to extend its refund of taxes to manufacturers to 5 years.
- The provision requiring all the details of the objection be included at the time the objection is filed, is unfair to taxpayers as these issues are complex and require time to be adequately prepared, supported, and explained. Assessors aren't required to deliver all of the reasons, calculations, and support used in making the assessment at the time of the assessment. Let's not make the playing field any less level than it already is!
- The State Board of Assessors should not be given discretion to permit manufacturers to provide additional time to file supplemental information to support their positions. This process of appeal, by nature, is personal as the appeal filed by the taxpayer suggests that the assessor's assessment is incorrect. Not many people are very objective when their work is called into question, and permitting one of the parties to grant discretionary extensions to the other party involved in the dispute would be an unfair, unreasonable practice. The argument over extensions to provide supplemental information is one none of us needs to get into; the supplemental information should be allowed to be delivered as it is today.



WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

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Telephone: (608) 266-1304
Fax: (608) 266-3830
Email: leg.council@legis.state.wi.us

DATE: November 12, 1999
TO: REPRESENTATIVE MICHAEL LEHMAN
FROM: Robert J. Conlin, Senior Staff Attorney
SUBJECT: Description of Engrossed 1999 Assembly Bill 186, Relating to Manufacturing Property Assessments

This memorandum describes engrossed 1999 Assembly Bill 186 (the "bill"). The bill was introduced by you and others and was cosponsored by Senator Drzewiecki and others on March 8, 1999. The Assembly Committee on Ways and Means recommended passage of the bill as amended by Assembly Substitute Amendment 1 on May 6, 1999 on a vote of Ayes, 14; Noes, 2. The Assembly adopted Assembly Amendment 1 to Assembly Substitute Amendment 1 on May 12, 1999 and adopted Assembly Substitute Amendment 1, as amended, on May 19, 1999. The bill was passed, as amended, by the Assembly on May 19, 1999 on a vote of Ayes, 98; Noes, 1.

The bill does the following:

1. Provides that a municipality may pay a refund of taxes on property assessed as manufacturing property in five annual instalments. Each of the annual instalments, except the last, must be equal to at least 20% of the sum of the refund and the interest on the refund that is due. This provision would apply if all the following conditions exist:
 - a. The municipality's property tax levy for its general operations for the year for which the taxes to be refunded are due is less than \$100 million;
 - b. The refund is at least .0025 of the municipality's levy for its general operations for the year for which the taxes to be refunded are due; and
 - c. The refund is more than \$10,000.

(This provision first applies to refunds of taxes that were collected based on a DOR assessment as of January 1, 2000.)

2. Provides that the interest rate for refunds on assessments of manufacturing property is the average annual discount interest rate determined by the last auction of six-month U.S. Treasury Bills before the appeal or objection to the assessment is filed or 10% per year, whichever is less. (This provision first applies to refunds of taxes that were collected based on the assessment as of January 1, 2000.)

3. Requires the Department of Administration to pay, from a sum sufficient appropriation, to each municipality that pays a refund of a property tax on property assessed as manufacturing property, either as a lump sum under current law or in the instalment manner as described under item 1., above, an amount equal to the interest that is paid by the municipality in the previous biennium and that has accrued up to the date of the determination by the Tax Appeals Commission of the municipality's obligation.

4. Requires that the assessments of manufacturing establishments be made as of the close of January 1 of each year if on or before March 1 of that year either the DOR has classified the property as manufacturing property or the owner of the property has requested, in writing, DOR to make such a classification and DOR later does so. Provides further that a change in ownership, location or name does not necessitate a new request for classification as manufacturing property. (This provision first applies to assessments as of the January 1 after publication of the bill as an act.)

5. Clarifies that the notification provided to each municipal assessor by the DOR notifying the assessor of the manufacturing property within the taxation district that will be assessed by the DOR during the current assessment year must include the manufacturing property within the district as of the date of the notice. (This provision first applies to assessments as of the January 1 after publication of the bill as an act.)

6. Provides that the form for filing an objection to an assessment must specify that the objector must set forth the reasons for the objection, the objector's estimate of the correct assessment and the basis for that estimated assessment. In addition, provides that the Board of Assessors may grant a manufacturer who files an objection a reasonable amount of time, as determined by the Board of Assessors, to file supplemental information to support the manufacturer's objection, if the manufacturer shows reasonable cause for granting such additional time. If additional time is granted, the Board of Assessors must notify the municipality in which the manufacturer's property is located of the supplemental information filed by the manufacturer if the municipality has filed an appeal that is related to the objection. (This provision first applies to objections to the State Board of Assessors that are filed on the first day of the third month beginning after the bill becomes effective as an act.)

7. Provides that if a person assessed files an objection to a manufacturing property assessment within the time period prescribed for filing such an objection (60 days) and the municipality affected does not file an objection, the municipality affected, within 15 days after the person's objection is filed, may file an appeal.

8. Provides that if a municipality files an objection to a manufacturing property assessment within the time prescribed for filing such an objection (60 days), and the affected

manufacturer does not file an objection, the affected manufacturer, within 15 days after the municipality's objection is filed, may file an appeal.

9. Provides that the written request to allow an extension to April 1 for the filing of the annual manufacturing property report form may be filed on or before March 1. (This provision first applies to reports required to be filed on the March 1 after publication of the bill as an act.)

10. Revises the penalties for late filing of forms required under the property tax assessment provisions as follows:

- a. The penalty is \$25 if the form is filed one to 10 days late;
- b. The penalty is \$50 or .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
- c. The penalty is \$100 or .1% of the previous year's assessment, whichever is greater, but not more than \$750 if the form is filed more than 30 days late.

(This provision first applies to reports required to be filed on the March 1 after publication of the bill as an act.)

11. Requires municipalities to pay to each taxing jurisdiction within the taxing district the taxing jurisdiction's proportionate share of the omitted or understated taxes and interest on manufacturing property. (This provision first applies to taxes based on the assessment as of January 1, 2000.)

12. Deletes the requirement that an assessor specifically identify entries on a manufacturing property report form as either omitted or understated.

13. Provides that the interest charged on tax underpayments determined after a municipality objects to a manufacturing property tax assessment is the average annual discount interest rate determined by the last auction of six-month U.S. Treasury Bills before the objection, between the date when the tax was due and the date when it is paid. (This provision first applies to entries made on the property tax roll on the effective date of the act.)

14. Allows municipalities to refund "unlawful taxes" on manufacturing property (i.e., those in which a clerical error has been made in the assessment, improvements that did not exist on the assessment date were included in the assessment, exempt property was assessed, double assessments were made or an arithmetical error occurred in the assessment or taxation) or taxes based on an "excessive assessments" of manufacturing property pursuant to the instalment method described in item 1., above. (This provision first applies to refunds of taxes that were collected based on the assessment as of January 1, 2000.)

RJC:jal:wu;ksm;jal

AB 186 as it relates to Hutchison Technology

HTI has an appeal pending at the Tax Appeals Commission. Our assessment is \$11 million, HTI's opinion of value based on a consultant's appraisal is \$6 million. The owner had had a different appraisal done recently that said it was worth \$17.4 million. That appraisal was done for purposes of gifting the property to the UW.

ISSUE: Lengthening time municipalities can repay manufacturers when appeals are won.

RESPONSE:

- It only applies to very large refunds. In Eau Claire it would only apply to appeal reductions where the assessment was reduced more than \$4.4 million (or refunds of more than \$123,834 in taxes). If HTI succeeds in getting it reduced to \$6 million, Eau Claire could use the 5-year payback. But in this case, and in my opinion, it is much more likely that DOR may prevail or the TAC would reduce somewhere in between (say \$8.5 million), in which case the reduction (\$2.5 million) would be under \$4.4 million and the 5-year payback would not apply.
- If the taxpayer wins, they get the benefit of the assessment being reduced in subsequent years, in addition to the refund from the year they appealed.
- The 5-year payback is optional. Municipalities won't use it all the time.
- The 5-year payback period does not apply to the largest cities (Milwaukee, Green Bay and Madison).
- *Note: Page 3 of the bill, s.70.511(2)(bm) has a part that requires, "the refund is at least .0025 of the municipality's levy for its general operation for the year for which the taxes to be refunded are due." The estimate I gave was on the 1996 levy. The 1998 levy was \$53,794,458 X .0025 = \$134,486 in tax refund divided by the effective full value rate of .022 yields an assessment reduction that must exceed \$6,113,000, for a 1998 assessment. So it appears that even if they prevailed entirely and got a \$5 million reduction in assessment, the municipality would not be able to do the 5-year payback. Again, the law is aimed at big refunds and is graduated according to the size and budget of the municipality.*

ISSUE: Requiring evidence to be submitted to the Board of Assessors is unfair. Assessors aren't required to provide details of assessment at the time of assessment.

RESPONSE:

- It is fair. Assessor's are required to provide assessment details and appraisals to any taxpayer at any time. They are "open records."
- A manufacturer should not file an appeal unless they have evidence of a lower value. To do so is wasting the time and money of government and all taxpayers. The courts have put the burden of proof on the appellant.
- Sixty days is plenty of time to provide data. Non-manufacturing taxpayers only have 15 days notice before the Board of Review is held. Our original proposal was to reduce the appeal period to 30 days. As a compromise we went along with maintaining the current 60-day period. This puts the DOR in a bind to process all appeals before tax bills go out though.
- DOR is open to looking at the taxpayers valuation data even before the assessments are made. That would avoid an appeal in the first place.

ISSUE: The BOA should not be given discretion to permit manufacturers to provide additional time to file supplemental information to support their positions.

RESPONSE: This was requested by people representing manufacturers. DOR would prefer not to have to permit extra time to provide supplemental information. However, if this provision was deleted, the other manufacturers would be upset.



WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

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Email: leg.council@legis.state.wi.us

DATE: December 20, 1999

TO: MEMBERS OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, HOUSING AND GOVERNMENT OPERATIONS

FROM: Dan Fernbach, Senior Staff Attorney

SUBJECT: 1999 Assembly Bill 186, Relating to Various Changes in the Taxation of Manufacturing Property

On November 16, 1999, the Senate Committee on Economic Development, Housing and Government Operations conducted a public hearing on 1999 Assembly Bill 186. Prior to the Senate hearing, the Assembly adopted and passed Assembly Substitute Amendment 1 to the bill, as amended by Assembly Amendment 1, by a vote of Ayes, 98; Noes, 1.

At the Senate public hearing, Senator Grobschmidt asked for a memorandum on whether the bill, as passed by the Assembly, resolves the objections of Hutchinson Technology Inc. (HTI) of Eau Claire, as set forth in a letter to Senator Zien, dated August 18, 1999.

A. HTI'S OBJECTIONS TO ASSEMBLY BILL 186

In its August 18, 1999 letter to Senator Zien, HTI claims that Assembly Bill 186 "adversely affects manufacturers' ability to effectively compete and create or keep jobs" in the state due to the following provisions:

1. SECTION 3 (p. 3, l. 5) of the Substitute Amendment

This provision allows municipalities to repay manufacturers who win manufacturing property assessment appeals in *five annual instalments*. HTI opposes the lengthening of the refund payment period and believes that taxpayers who win appeals should get the total amount of the refund immediately.

2. SECTION 9 (p. 5, l. 13) of the Substitute Amendment

This provision requires that a taxpayer who files an objection to a manufacturing property assessment must file its objection in writing *setting forth the reasons* for the objection. HTI believes that this is unfair to the taxpayer because assessors by law are not required to state the reasons for an assessment on the initial assessment notice. Therefore, the taxpayer should not have to state all of its reasons on the initial filing form for the objection.

3. SECTION 10 (p. 6, ll. 1 to 7) of the Substitute Amendment

This provision gives the State Board of Assessors the *discretion to give taxpayers additional time to file supplemental information* to support the taxpayer's objection to an assessment of manufacturing property. HTI believes that it is neither fair nor reasonable to permit one party to grant discretionary extensions to the other party.

It would appear that Assembly Substitute Amendment 1 to the bill, as amended and passed by the Assembly, *does not resolve any of the objections to the bill* as set forth in HTI's letter to Senator Zien.

DF:wu;tlu

~~State~~ ~~making~~

manuf 1yr to pay
muni 5yrs to pay

Possibility of state making
initial refund in lump
sum & they have muni
repay state over 5yrs.

File w/in 50

Doc w/in 60

Munis 15 from appeal deadline,
still 65 day total.