



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2003 Assembly Bill 133

**Assembly Substitute
Amendment 1**

Memo published: September 19, 2003

Contact: William Ford, Senior Staff Attorney (266-0680)

Current law allows a person to pay his or her real property taxes in an annual payment, due by January 31, or in two installments, the first due by January 31 and the second by July 31. In addition, current law authorizes a municipality (city, village, or town) to adopt an ordinance that allows real property taxes to be paid in three or more installments. In addition, current law authorizes a municipality to adopt an ordinance that allows **special assessments** to be paid in two or more installments, or in three or more installments if a municipality has also adopted an ordinance allowing real property taxes to be paid in three or more installments.

The annual interest rate charged on delinquent payments of real property taxes and special assessments is 12%. In addition, current law authorizes a county to impose a penalty at an annual interest rate of up to 6% on delinquent property taxes and special assessments.

In addition to interest and penalty, a person who is delinquent with respect to an installment payment of real property taxes in effect loses the right to make any subsequent payment of real property taxes in installments. When an installment payment of real property taxes is delinquent, interest and penalty are charged from the previous February 1 on the entire amount of unpaid real property taxes.

If an installment payment of a special assessment is delinquent, interest and penalty are charged on the entire annual unpaid amount of the special assessment and on any unpaid real property taxes, from February 1.

Assembly Substitute Amendment 1 provides that, if an installment payment of real property taxes or special assessments is delinquent, interest and penalty is charged only on the amount of the delinquent installment payment (not the amount of unpaid real property taxes or special assessments) and only from the day after the delinquent installment payment was due (not from the preceding February 1). The effect of the substitute amendment is that a person would retain the right to make subsequent installment payments of real property taxes or special assessments without interest and penalty, even if the person is delinquent in an installment payment of real property taxes or special assessments.

The primary difference between Assembly Substitute Amendment 1 and the original bill is that

the original bill provided a "grace period" of five days after a payment due date within which a property tax payment could be made without incurring a penalty. Assembly Substitute Amendment 1 does not establish a grace period but, rather, provides that interest and penalty is charged only on the amount of the delinquent installment payment and only from the day after the delinquent installment payment was due, without requiring the payment to be made within any grace period.

Legislative History

The Assembly Committee on Ways and Means adopted Assembly Substitute Amendment 1 by a vote of Ayes, 12; Noes, 1, and recommended Assembly Bill 133, as amended, for passage by a vote of Ayes, 12; Noes, 1, on May 14, 2003.

WF:ksm:wu

COUNTY TREASURER

ONEIDA COUNTY

Courthouse Building

P.O. Box 400

Rhineland, Wisconsin 54501-0400

Telephone (715) 369-6137

Fax (715) 369-6257

Jennie L. Huber
Treasurer

Kristina Ostermann
Deputy

Patricia Harvey
Deputy

September 29, 2003

Senator Roger Breske
12th Senate District
State Capitol, Rm 310 South
Post Office Box 7882
Madison, Wisconsin 53707-7882

OCT 01 2003

Senator Breske:

I have been advised that AB133 passed the Assembly yesterday and has been referred to the Homeland Security, Military Affairs and Government Reform Committee of which you are a member. This bill has been named SB127 for purposes of deliberations in the Senate.

Representative Ziegelbauer has many times proposed legislation to provide what he believes to be "an appropriate penalty that treats taxpayers fairly". The Wisconsin County Treasurers' Association has adamantly and steadfastly opposed AB133 or any other legislation that might change the present method and calculation of charges for late payment of taxes. In the past, I shared my colleagues' opinions because I did not believe his earlier efforts provided real relief to taxpayers. This time, however, I find myself at odds with my friends and colleagues in the Treasurers' Association.

You should know that there is a small, silent minority of county treasurers that does not oppose SB127. We, who are few in number, have been reluctant to speak publicly for our opposing view. Even now, I feel somewhat disloyal in speaking against the majority view of the Association.

I emphasize, therefore, that I speak only for myself in telling you that my obligation and yours is to serve the best interests of Oneida County taxpayers, not just the County Board. I do not think counties should be balancing their budgets on the backs of taxpayers who find themselves in temporary financial distress or those who have made inadvertent errors or mistakes. The present method of assessing penalties for late payment of taxes is too harsh and is too much a burden on the common person out there.

I have been at this job a long time and have heard just about every excuse there is. There are taxpayers who are chronically delinquent, and SB 127 will not help them very much. As it should not. But it will provide significant relief to those property owners who find themselves in an unforeseen crisis that prevents their paying their taxes timely or those who have made an honest mistake.

You will shortly hear from many county treasurers who will argue against this bill because it will have a negative impact on county revenues. No doubt, passage of this bill in its present form will reduce revenues for counties; however, budgets will not be impacted until 2005 so counties will have time to plan for this revenue reduction. And, as I said, I do not believe that counties should be making money off disadvantaged taxpayers.

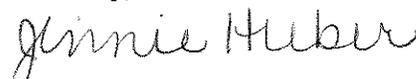
Generally speaking, taxpayers understand there is a penalty for not paying their taxes on time. My experience tells me that property owners expect to pay that penalty but are usually astounded that they have lost the option to pay in two installments. SB127 would relieve property owners of that burden.

I tell you, again, however, that this and past legislative attempts to address the issue of penalty for late payment of taxes have been very divisive issues for county treasurers, and you will not find us speaking with one voice. Personally, this is very difficult for me because I have great respect for my colleagues, many of whom have labored in the trenches far longer than I, and great respect for the Treasurers' Association, which has voted in opposition to the Ziegelbauer proposal. I reiterate that I am speaking to you only as the Oneida County Treasurer, and I hope you will not use my suggestion in an attempt to discredit my colleagues who are sincere in their opposition and have every right to speak their opinions and that of the Association on this issue. I believe it is important for you to know, however, that there are a few county treasurers who support the proposed legislation and that I am one of those treasurers.

I apologize to you, Senator Breske, and to the other members of the Committee, for being so verbose in this writing. I know the correct protocol is to be short and to the point, and without doubt, I have violated that rule.

The bottom line is that I hope you will support SB127. You will be acting in the best interests of the taxpayers, any one of whom may find himself the victim of misfortune causing him to be delinquent in the payment of his taxes.

Sincerely,



Jennie Huber
Oneida County Treasurer

JH:

c.c. Chair and Members, Homeland Security, Military Affairs & Government Reform Committee.

Gilbert, Melissa

From: Vick, Hannah
Sent: Wednesday, October 15, 2003 2:47 PM
To: Gilbert, Melissa
Subject: New Forward Contact Ownership and Assignment

Constituent: Kathryn Brugger (196241)

Work: kathryn.brugger@co.clark.wi.us

Owner:
Assigned: Gilbert, Melissa
Summary: SB 127 - Opposed

Issue:
Position:
Status: Open
Contact Type: E-Mail
Description: Dear Senator:

I sincerely hope that you will vote against SB 127 if it comes before you. AB133 was passed by the assembly, however the financial impact was grossly understated, I believe.

Passage of this bill will necessitate a lot of reprogramming costs for every county and will decrease the interest revenue which is used to decrease the levy. Both of these will be at the expense of the 97% of the taxpayers who pay on time.

Those in favor of this bill speak of "gouging the taxpayer". The interest rates on taxes are no higher than any other business that charges interest. 1 % per month (or 1.5% if penalty is charged) is 12% (or 18%) annually. I think what people tend to forget is that the bill they are paying is for the previous year. Example: 2002 taxes are due by January 31, 2003. The law currently gives the taxpayer the option to postpone half of the bill until July 31. This gives all taxpayers the optional benefit of 6 months to come up with the money or to keep their money invested for 6 months longer. Every day people take part in contracts such as "90 days same as cash". If the contract is not paid in full within 90 days, the interest goes back to Day 1 on the balance due. It does not start on Day 91. Taxes are treated the same way. So if we are "gouging" our taxpayers, are we not also allowing all other businesses to "gouge" their customers.

I will agree that it seems like a lot of money on August 1 to those who forgot, however if we were any other business we would have been adding it on every month since February 1. We give them a six month window to pay with NO interest and if they fail to do so, we go back to February 1. All bills have a deadline (utility, mortgage, credit card, income tax, etc.) and there are late charges and/or interest added if you are late. Are we not each responsible for taking care of our business in a timely manner?

Thank you for taking the time to read this and I hope you will vote against SB127.

If you have any questions that I may be able to answer regarding this, please let me know.

COUNTY TREASURER

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NOV 13 2003

Jennie L. Huber
Treasurer

Kristina Ostermann
Deputy

Patricia Harvey
Deputy

November 11, 2003

Senator Roger Breske
12th Senate District
State Capitol, Rm 310 South
Post Office Box 7882
Madison, Wisconsin 53707-7882

Senator Breske:

I have written to you previously in regard to SB127. This bill represents legislation introduced by Representative Ziegelbauer to provide what he believes to be "an appropriate penalty [for late payment of taxes] that treats taxpayers fairly". Because the intent of this bill has resulted in perennial legislative attempts over a many-year period, I believe it answers to a real public concern.

I remind you that, for all these years, the Wisconsin County Treasurers' Association has adamantly and steadfastly opposed AB133/SB127 or any other legislation that might change the present method and calculation of charges for late payment of taxes. Their opposition to SB127 is rooted in the fact that the bill, as proposed, will have a substantial negative impact on county revenues. I will concede that fact. The question whether counties should be balancing their budgets on the backs of taxpayers who are suffering from financial adversity needs to be considered by each treasurer. I have done so and will state for you again that I believe counties should not be making money off financially distressed taxpayers.

That said, I believe it is time to suggest a compromise that may silent those county treasurers who have spoken so vociferously against the proposed change because of the loss of revenue for their counties.

When the Wisconsin property tax system was set up in the 1800's, it was contemplated that *the prior year* property taxes would be paid in full by the last day of February of each year. There have been many changes to the tax collection procedure; among them, a change to allow partial payments on an installment basis and a change to a full-payment date of January 31st of each year. These changes were made, however, on the condition that tax deadlines would be strict and the penalties for a failure to meet the deadlines would be harsh.

The penalties are harsh. If you are even one day late with the January 31st payment, your taxes are due in full with an additional penalty charge of 1% or in some counties, 1-1/2%. If you are even one day late with the July 31st payment, the additional penalty charge is retroactive to February 1st for a charge as much as 10-1/2%.

It is my experience that every taxpayer who misses the January 31st deadline date expects to pay a penalty for not paying on time; however, they are astounded that they have lost the option to pay in

two installments. I hope to provide an answer to those taxpayers and at the same time, quiet the concerns of my colleagues.

I will use a tax bill amount of \$1000.00. Under the present law, if late even one day with the January installment, the taxpayer would owe Oneida County the entire bill of \$1000.00 plus a late charge of \$15.00.

My suggestion is that the assessment of late charges be calculated on the entire \$1000.00 but that the taxpayer need pay only the first installment of his taxes plus the penalty or a total of \$515.00. The second installment payment would be reinstated to the July 31st date. That for me is the bottom line - to get that second installment payment reinstated.

I will admit to you that my compromise proposal does nothing to provide relief to the taxpayer who is even a day or two late with the payment due July 31st; however, perhaps a change in language to WIS STATS 74.69 could remove "the sole reason for a late payment to be considered timely was a delay or administrative error on the part of the U.S. postal service" or at least, insert language that WIS STATS 74.69 does not relieve the county treasurer of the discretionary authority to interpret the circumstances resulting in the late payment of taxes.

I say again, this issue has been very divisive for county treasurers. We cannot speak with one voice on this issue; understandably so because we are a diverse group representing counties and taxpayers across a wide spectrum of the socio-economic strata. It is inevitable that we will have differences of opinion. I have a warm affection for all my colleagues, and I take it upon myself to offer this compromise in the hope that we can all walk away from the table with a sense of accomplishment. You and I with the sense that we have offered a change that will offer some relief to taxpayers, any one of whom may find himself the victim of misfortune causing him to be delinquent in the payment of taxes. My fellow treasurers who are adamantly opposed to SB127 will feel satisfaction in the fact that their efforts will have protected the revenue that now streams from the penalties assessed for late payment of taxes.

Thank you for any consideration you give to my suggestion.

Sincerely,



Jennie Huber
Oneida County Treasurer

JH:

c.c. Chair and Members, Homeland Security, Military Affairs & Government Reform Committee

Gilbert, Melissa

From: Davis, Brett
Sent: Thursday, November 13, 2003 11:04 AM
To: Gilbert, Melissa
Cc: Mnuk, Katie
Subject: RE:

Thanks Melissa -

I'll let the Senator know about Jolene's willingness to work with us. Right now I don't think it's necessary though. I'll be in touch again when we are ready to move forward.

Thanks again,

Brett

-----Original Message-----

From: Gilbert, Melissa
Sent: Thursday, November 13, 2003 9:20 AM
To: Davis, Brett
Cc: Mnuk, Katie
Subject: RE:

Brett,

Thanks for the heads up. As an FYI, I have spoken a few times with Jolene Crowley (Sauk County), who is the legislative liaison for the county treasurers. She told me she would be willing to sit down with both sides to try to work out a compromise on the bill. Is that something you would be interested in? I thought I would mention this to Ziegelbauer's office as well.

Missy

-----Original Message-----

From: Mnuk, Katie
Sent: Thursday, November 13, 2003 9:14 AM
To: Davis, Brett
Cc: Gilbert, Melissa
Subject: RE:

Brett, thanks for the head's up on this bill. I'm passing this along to Missy Gilbert, our committee clerk, so she's aware of the concern.

Katie

-----Original Message-----

From: Davis, Brett
Sent: Wednesday, November 12, 2003 6:42 PM
To: Mnuk, Katie
Subject:

Katie -

I had spoken with you awhile back regarding SB 127, a bill dealing with the late payments of property taxes. I'm not sure if Sen. Brown is planning on having a hearing on the bill or not, but Senator Leibham is requesting that you DO NOT have a public hearing - at least until we contact you again about it. There have been constituent concerns about it and the Senator said he would meet with them before there was a hearing on the bill.

Thank you very much. Please let me know if you have any questions.

Brett

To: Wisconsin State Representatives and Wisconsin State Senators

From: County Treasurers in Attendance of 2004 WCCO

Re: Opposition to Assembly Bill 133 and Senate Bill 127
Late Payments for Property Tax Installments

Date: March 9, 2004

The Wisconsin County Treasurers, who are in attendance of the 2004 WCCO respectfully urge you to oppose Assembly Bill 133, Assembly Amendment 1 to Assembly Bill 133, and Senate Bill 127.

The Wisconsin County Treasurers would like to define points of opposition.

1. A grace period gives "grace" to offenders and penalizes compliant taxpayers.
2. 68% of Wisconsin County Boards passed a resolution in opposition.
3. An action would add staff and substantial programming costs required to implement.
4. The State of Wisconsin grants no grace periods, of any length, for any tax payments owed to the State.
5. An action would disrupt the ability to maintain uniformity in the tax collection process.
6. Over 95% of all Wisconsin taxpayers pay their property taxes timely, where an action would serve few and penalize the majority of the taxpayers.
7. County Treasurers make every effort to inform the taxpayers, through various mediums, regarding payment deadlines.
8. An action will result in substantial decline in County revenue, during times of tight budget constraints.
9. An action would greatly exceed the decline of revenue as stated in the State's fiscal note, where County Treasurers have estimated a decline of revenue in excess of \$2,000,000.
10. An action will force timely taxpayers to incur higher property taxes to offset the decline in revenue from delinquent taxpayers.
11. Taxpayers, who are in need of assistance, are accommodated through other means of services.

We encourage the Wisconsin State Legislature not to pass "last minute" legislation that has such financial impact on all taxpayers.



JUL 01 2004

BOB ZIEGELBAUER

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT

June 30, 2004

Ms. Jennie Huber
Oneida County Treasurer
P.O. Box 400
Rhineland, WI 54501-0400

Dear Ms. Huber:

Thank you for your letter and nice note. I appreciate hearing from you. I am aware of proposals like the one you sent from Governing magazine and enjoyed the article.

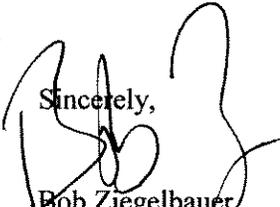
On the matter of our favorite topic, please keep in mind that it's nothing personal, but I remain determined to continue to pursue legislation to correct the horrific penalty that the state government requires be charged on late payment of property tax installments. Regrettably, hardly a month goes by that I don't encounter another constituent who has been gouged by this law. They are right to be enraged and horrified that their government treats them this way. I share their anger at the way they've been treated.

I remain extremely frustrated at the inability of **most** county treasurers to understand the depth of this problem, and continue to be shocked by the attitude that most county treasurers express that this money plugged into their office revenues cannot be threatened by rectifying this disgraceful penalty. In spite of that, I find some solace in the encouragement I get from a few enlightened treasurers such as John Schlice (City of Stevens Point) and Ed Brey (Manitowoc County) who understand how unfair all of this is, and especially, how treating taxpayers unfairly can never be in government's best interest, no matter what the short term budget implications may be.

Thank you again for your letter. I am always available to discuss this further with you or any other interested treasurer at your convenience. As always, please do not hesitate to contact me if I can ever be of assistance to you.

Have a great and prosperous summer.

Sincerely,


Bob Ziegelbauer
State Representative
25th Assembly District

cc: John Schlice
Ed Brey
Sen. Joe Leibham
Sen. Ron Brown

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