



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2003 Assembly Bill 195	Assembly Amendment 1
<i>Memo published: May 15, 2003</i>	
<i>Contact: William Ford, Senior Staff Attorney (266-0680)</i>	

Under current law, a lien is placed upon the property of a person who does not pay his or her income or franchise taxes. The lien remains in effect until the person pays the tax and any interest, addition to tax, penalty, or costs. The Department of Revenue (DOR) is required to file a tax warrant with the circuit court clerk in the county where the person's property is located, which provides notice of the lien. The filing fee, which is paid by the DOR to the circuit court clerk, is \$5.

Assembly Bill 195 provides that a lien for unpaid income or franchise taxes remains in effect for 20 years or until the person pays the amount of the unpaid tax, interest, addition to tax, penalty, or costs, whichever comes first. The bill provides that the DOR may renew the lien after the expiration period by filing a new warrant with the circuit court clerk. No filing fee is imposed on the filing of a renewal lien.

Assembly Amendment 1 provides that the 20-year period during which the lien remains in effect begins on the date on which the lien is filed with the circuit court clerk. The amendment also provides that the DOR may renew a lien for an indefinite number of 20-year periods until the tax and any interest, addition to tax, penalty, or costs are paid.

Legislative History

The Assembly Committee on Ways and Means adopted Assembly Amendment 1 by a vote of Ayes, 12; Noes, 0, and recommended Assembly Bill 195, as amended, for passage by a vote of Ayes, 12; Noes, 0, on May 14, 2003.

WF:kms



**WISCONSIN LEGISLATIVE COUNCIL
ACT MEMO**

2003 Wisconsin Act 288 [2003 Assembly Bill 195]	Tax Liens
2003 Acts: www.legis.state.wi.us/2003/data/acts/	Act Memos: www.legis.state.wi.us/lc/act_memo/act_memo.htm

Under current law, a lien is placed upon the property of a person who does not pay his or her income or franchise taxes. Under prior law, the lien remained in effect until the person paid the tax and any interest, addition to tax, penalty, or costs. The Department of Revenue (DOR) is required to file a tax warrant with the circuit court clerk in the county where the person's property is located, which provides notice of the lien. The filing fee, which is paid by the DOR to the circuit court clerk, is \$5.

2003 Wisconsin Act 288 ("the Act") provides that a lien for unpaid income or franchise taxes remains in effect for 20 years or until the person pays the amount of the unpaid tax, interest, addition to tax, penalty, or costs, whichever comes first. The Act provides that the DOR may renew the lien after the expiration period by filing a new warrant with the circuit court clerk. No filing fee is imposed on the filing of a renewal lien.

The Act also provides that the 20-year period during which the lien remains in effect begins on the date on which the lien is filed with the circuit court clerk and provides that the DOR may renew a lien for an indefinite number of 20-year periods until the tax and any interest, addition to tax, penalty, or costs are paid.

Effective Date: The Act takes effect May 5, 2004.

Prepared by: William Ford, Senior Staff Attorney

May 20, 2004

WF:tlu

This memo provides a brief description of the Act. For more detailed information,
consult the text of the law and related legislative documents.

Wawrzyn, James

From: Christianson, Peter C. [PCC@quarles.com]
Sent: Thursday, June 05, 2003 11:43 AM
To: james.wawrzyn@legis.state.wi.us
Subject: 2003 Assembly Bill 195 -- Duration of state tax warrants



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James -

The members of the Wisconsin Land Title Association strongly support AB 195, which recently passed the Assembly and which is now in your committee. We would like to request that a hearing be scheduled for the bill when your committee next meets.

Under current law, the Department of Revenue believes that state tax warrants last forever. Wisconsin title insurers believe that they should last no longer than 10 years, which is the "shelf life" for a federal tax lien. In the bill we compromised at 20 years and give DOR the ability to renew a warrant when it is about to expire. Both DOR and the WLTA support the bill and will say so at the hearing.

Here is the memo which we used before the Assembly Committee on Ways & Means. The bill cleared the committee 13-0 (with a technical amendment sought by DOR) and then was passed by the Assembly on a voice vote.

Please let me know if you have any questions about this matter. Thanks!

<<354431v1.doc>>



July 2, 2003

To: Members of the Assembly Committee on Ways and Means
From: Peter C. Christianson, for the Wisconsin Land Title Association
Re: Assembly Bill 195 Merits Support

The members of the Wisconsin Land Title Association strongly supported Assembly Bill 195. It is identical to 2001 Assembly Bill 244 as passed by the Assembly last session without opposition.

The purpose of the bill is to provide a set period of time during which state tax warrants are effective and to provide the means by which such warrants may be renewed. The drafting instructions for the bill were provided by the Department of Revenue and were developed by the Department in consultation with the Wisconsin Land Title Association.

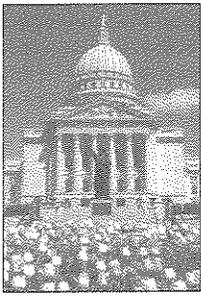
When a person who is liable to pay any income or franchise tax fails to do so, the amount of the unpaid tax becomes a lien upon the property which that person owes. The lien remains in effect until the person pays the amount of the unpaid tax. In order to enforce its lien, the Department of Revenue must file a tax warrant in the county in which the property is located. The Clerk of Court in the county files the warrant and enters it in the county's judgment and lien docket.

Many judgment and lien debtors do not automatically pay what they owe following the rendering of a judgment and the entry of a lien. The law directs the County Sheriff to seize the property of the judgment debtor and sell it to pay off the unpaid tax, when requested to do so. The Department of Revenue does not routinely request that a Sheriff's sale occur, preferring instead to leave the lien on the record and wait for the property to be sold, at which time the liens and other encumbrances are cleared. (The amount needed to pay off the mortgages and liens against the property is deducted from the amount due the seller at closing.)

The Department of Revenue and Wisconsin title insurers disagree over the length of time that an outstanding tax warrant can be enforced. The Department of Revenue believes that such warrants never expire and cites a relatively recent statutory change as the basis for this belief. Title insurers note that civil judgment liens and federal tax liens may only be enforced for 10 years. Both judgment liens and federal tax liens can be renewed at the lien holder's expense for additional 10 year periods. This means that a title insurer need never look back more than 10 years for such liens. Title insurers believe it is reasonable to provide a similar effective period for state tax warrants.

As noted above, the Department of Revenue and the Wisconsin Land Title Association agreed to support legislation which would provide a 20 year period of effectiveness for state tax warrants as well as provide that such warrants could be renewed at expiration. The change would be effective for state tax warrants filed after the effective date of the act.

mjlw



Michael (Mickey)
Lehman

State Representative
99th Assembly District

Committee Chair: Ways and Means

June 27, 2003

JUN 27 2003

Senator Ronald W. Brown, Chair
Senate Committee on Homeland Security, Veterans
And Military Affairs, & Government Reform
Room 104 South
State Capitol
Madison, WI 53708

Dear Ron:

I am writing today to respectfully ask that you schedule a public hearing on my Assembly Bill 195, which is pending before your Committee.

As you may know, following adoption of Amendment 1, AB 195, relating to tax warrants and liens on property, was passed by the Assembly on a voice vote on May 29, 2003. It was then referred to the Senate Committee on Homeland Security, Veterans and Military Affairs and Government Reform.

I hope you will agree that this legislation should be advanced. I urge you to schedule a public hearing on the bill as soon as possible.

Respectfully,

MICHAEL "Mickey" LEHMAN
State Representative
99th Assembly District

ML:vlh



October 6, 2003

To: Senate Committee on Homeland Security, Veterans and Military Affairs and Government Reform
From: Peter C. Christianson, for the Wisconsin Land Title Association
Re: Assembly Bill 195 Merits Support

The members of the Wisconsin Land Title Association strongly support Assembly Bill 195 and Assembly Amendment 1 to the bill. The bill and the amendment were recommended for passage 13-0 by the Assembly Committee on Ways and Means and then passed by the Assembly on a voice vote. The bill is nearly identical to 2001 Assembly Bill 244, which was passed by the Assembly last session without opposition.

The purpose of the bill is to provide a set period of time during which state tax warrants are effective and to provide the means by which such warrants may be renewed. The drafting instructions for the bill were provided by the Department of Revenue and were developed by the Department in consultation with the Wisconsin Land Title Association.

When a person who is liable to pay any income or franchise tax fails to do so, the amount of the unpaid tax becomes a lien upon the property which that person owes. The lien remains in effect until the person pays the amount of the unpaid tax. In order to enforce its lien, the Department of Revenue must file a tax warrant in the county in which the property is located. The Clerk of Court in the county files the warrant and enters it in the county's judgment and lien docket.

Many judgment and lien debtors do not automatically pay what they owe following the rendering of a judgment and the entry of a lien. The law directs the County Sheriff to seize the property of the judgment debtor and sell it to pay off the unpaid tax, when requested to do so. The Department of Revenue does not routinely request that a Sheriff's sale occur, preferring instead to leave the lien on the record and wait for the property to be sold, at which time the liens and other encumbrances are cleared. (The amount needed to pay off the mortgages and liens against the property is deducted from the amount due the seller at closing.)

The Department of Revenue and Wisconsin title insurers disagree over the length of time that an outstanding tax warrant can be enforced under current. The Department of Revenue believes that such warrants never expire and cites a relatively recent statutory change as the basis for this belief. Title insurers note that civil judgment liens and federal tax liens may only be enforced for 10 years. Both judgment liens and federal tax liens can be renewed at the lien holder's expense for additional 10 year periods. This means that a title insurer need never look back more than 10 years for such liens. Title insurers believe it is reasonable to provide a similar effective period for state tax warrants.

As noted above, the Department of Revenue and the Wisconsin Land Title Association agreed to support legislation which would provide a 20 year period of effectiveness for state tax warrants as well as provide that such warrants could be renewed at expiration. The change would be effective for state tax warrants filed after the effective date of the act.

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as of Monday, February 02, 2004

2003-2004 legislative session

Legislative bills and resolutions

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Text, Sponsors and Analysis

Status and Fiscal Estimate

Lobbying Effort on this item

Assembly Bill 195

tax warrants and liens on property

Organization		These organizations have reported lobbying on this proposal:	Place pointer on icon to display comments click icon to display prior comments		
Profile	Interests		Date Notified	Position	Comm
●	●	Wisconsin Counties Association	5/23/2003	↓	
●	●	Wisconsin Land Title Association	3/25/2003	↑	
●	●	Wisconsin Realtors Association	3/25/2003	↔	

Select a legislative proposal and click "go"

House
Proposal Type
Proposal Number (enter proposal number)
Legislative Session