

**2007 DRAFTING REQUEST**

**Bill**

Received: 11/13/2006

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Easton

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Other - miscellaneous

Extra Copies:

Submit via email: NO

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**Pre Topic:**

DOA:.....Easton, BB0163 -

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**Topic:**

Tax refund setoffs for tribes

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			State
/1	jkreye 11/15/2006	kfollett 11/15/2006	rschluet 11/15/2006	_____	sbasford 11/15/2006		

FE Sent For:

<END>

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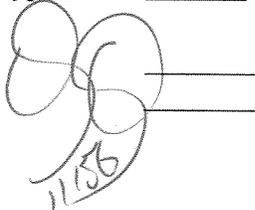
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/?	jkreye	11/kjf 11/15					
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FE Sent For:

<END>

0723

## 2007-09 Budget Bill Statutory Language Drafting Request

- Topic: TRIP for Tribes
- Tracking Code: BB0163
- SBO team: Tax and Local Government
- SBO analyst: Easton
  - Phone: 6-7597
  - Email: Darren.easton@wisconsin.gov
- Agency acronym: DOR
- Agency number: 566
- Priority (Low, Medium, High): Low

**Legislative Proposal Summary  
Wisconsin Department of Revenue  
IS&E Division**

**August 3, 2006**

**TITLE: TRIP for Tribes**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

LRB 4825/1 seeks to amend setoff statutes to allow setoffs against Wisconsin tax refunds for debts owed to federally recognized American Indian tribes located in Wisconsin. The statutes involved are: ss. 71.935(1)(a), 71.935(1)(b), 71.935(2), 71.935(3)(a), 71.935(3)(b), and 71.935(4) and to create 71.935(1)(e).

DOR proposes that instead of LRB 4825/1, that a new section be created. Section 73.03(61). This would give DOR authorization to have Indian Tribes participate in the off-set program and also address many of the concerns which arose regarding Indian sovereignty. We suggest creating a statute that resembles the statute created to authorize DOR to allow the IRS to offset against state tax refunds against federal tax obligations. General language allows DOR to enter into an agreement with the Tribes who wish to participate in the setoff program. The Agreement would address the issues of how a debt is certified to DOR and what legal remedies the debtor may have against the Tribe prior to the debt being certified to DOR.

**RECOMMENDATION FOR ACTION**

Create section 73.03(61), Stats.

**ADMINISTRATIVE IMPACT**

Same administrative impact as LRB 4825/1. DOR would need to administer this program and enter into agreements.

**FAIRNESS /TAX EQUITY**

**IMPACT ON ECONOMIC DEVELOPMENT**

Minimal

**FISCAL EFFECT**

Minimal

**DRAFTING INSTRUCTIONS**

Create Section 73.03(61)

To enter into agreements with federally recognized tribes located in this state that provide for offsetting state tax refunds against tribal obligations; and to charge a fee up to \$25 per

transaction for such offsets. Any legal proceeding to contest the setoff shall only be brought under the process established by the tribe.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

Day after publication.

**INTERESTED/AFFECTED PARTIES**

Wisconsin Tribes

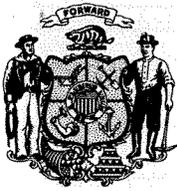
**DOR CONTACT PERSON**

Lili Crane

266-8025

Lili.crane@dor.state.wi.us

**PREPARED BY** (if different than contact person)



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-0723/1  
JK: *kgf*

DOA:.....Easton, BB0163 - Tax refund setoffs for tribes

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

*in 11-15-06*

*Do Not Gen*

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**OTHER TAXATION**

X Under current law, DOR may enter into agreements with the Internal Revenue Service to offset state tax refunds against federal tax obligations and charge a fee for such setoffs, not to exceed \$25 per transaction. In addition, DOR may enter into agreements with other states to offset state tax refunds against the tax obligations of other states. This bill allows DOR to enter into agreements with federally recognized tribes to ~~to~~ offset state tax refunds against tribal obligations and charge a fee for such setoffs, not to exceed \$25 per transaction.

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

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

2 SECTION 1. 73.03 (52n) of the statutes is created to read:

3 73.03 (52n) To enter into agreements with federally recognized tribes located  
4 in this state that provide for offsetting state tax refunds against tribal obligations

1 and to charge a fee up to \$25 per transaction for such setoffs. Any legal proceeding  
2 to contest a setoff under this subsection shall be commenced only under the process  
3 established by the tribe.

4

(END)



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-0723/1

JK:kjfrs

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