

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-1976/1	Introduction Number SB-142				
Description waiving interest and penalties for late payment of property taxes and the timely filing requirement for claims to recover property taxes					
Fiscal Effect					
State: <input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around; font-size: small;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div>					
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts </div> </div>					
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Fund Sources Affected</td> <td style="width: 50%;">Affected Ch. 20 Appropriations</td> </tr> <tr> <td> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS </td> <td></td> </tr> </table>		Fund Sources Affected	Affected Ch. 20 Appropriations	<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
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Agency/Prepared By DOR/ Craig Steinfeldt (608) 266-5705	Authorized Signature Ann DeGarmo (608) 266-7179				
Date 3/3/2021					

Fiscal Estimate Narratives

DOR 3/3/2021

LRB Number	21-1976/1	Introduction Number	SB-142	Estimate Type	Original
Description waiving interest and penalties for late payment of property taxes and the timely filing requirement for claims to recover property taxes					

Assumptions Used in Arriving at Fiscal Estimate

The bill allows municipalities to temporarily waive the interest and penalties on late property tax payments and temporarily waives the timely filing requirement for claims to recover property taxes.

Waiver of Interest on Late Property Tax Payments

Similar to current law for property taxes payable in 2020, the bill allows municipalities to waive interest and penalties on late installment payments of property taxes payable in 2021. For an installment payment due after January 1, 2021, that is late, a municipality may waive the interest and penalties if the municipality makes a general or case by case finding of hardship and the total amount due is paid no later than October 1, 2021. A municipality may waive the interest and penalties only if the county first adopts a resolution authorizing the waiver and establishing criteria for determining hardship and the municipality then adopts a similar resolution. Under the bill, interest and penalties will accrue from October 1, 2021, for any property taxes payable in 2021 that are delinquent after that date.

The local fiscal effect is based on an indeterminate case-by-case finding of hardship. In 2019, local governments reported penalties and interest totaling \$47.67 million. For 904 municipal filers, preliminary treasurer settlement data indicates that on average 68 percent of 2020-21 taxes have been collected. Local governments may have to issue refunds of interest and penalties since those have already begun accruing.

Claims for Recovery of Unlawful or Excessive Property Taxes

Under the bill, local governments would consider any payment received on or before October 1, 2021, or by an installment date after October 1, 2021, to be timely for the purposes of allowing taxpayers to submit a claim to appeal unlawful or excessive taxes.

There is no fiscal effect since the provision extends the period for claims on unlawful taxes and excessive assessments. In 2019, local governments refunded \$7.01 million in unlawful taxes and excessive assessments.

Long-Range Fiscal Implications