



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2009 Wisconsin Act 171
[2009 Assembly Bill 159]

Sharing Omitted Taxes and Charging-Back Delinquent Personal Property Taxes

2009 Wisconsin Act 171 makes changes to the process of sharing omitted taxes and the process of charging-back delinquent personal property taxes.

2009 Wisconsin Act 171

Sharing Omitted Property Taxes

Under *current law*, if a municipality (taxation district) discovers that property has been omitted from the assessment roll, the taxation district collects the omitted tax and retains the entire amount. *2009 Wisconsin Act 171* requires taxation districts to share this money with other local governments (taxing jurisdictions), such as a county, a school district, or a technical college district, when all of the following occur:

- The sum of the omitted taxes for a calendar year exceeds \$5,000 and the taxation district reports this sum to the Department of Revenue (DOR).
- DOR determines that the taxation district's equalization value changed as a result of including the reported sum of the omitted taxes in the calculation of the equalization value.

Delinquent Personal Property Taxes

Under *current law*, a taxation district pays (or "settles") to each taxing jurisdiction its share of personal property taxes, even if the taxes are delinquent. The taxation district may then retain any amount of delinquent personal property taxes it is able to collect that year. However, between February 2 and April 1 of the following year, a district may also send a "charge-back" notice to the taxing jurisdictions, requiring the taxing jurisdictions to return its proportionate share of personal property taxes that still remain delinquent. The taxing jurisdictions must then reimburse the taxation district within 30 days of receiving the charge-back notice.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

2009 Wisconsin Act 171 makes two changes to the charge-back procedures. First, under the Act, a taxing jurisdiction must return its share of delinquent personal property taxes to the taxation district if any of the following circumstances apply:

- The delinquent personal property taxes are owed by an entity that ceased operations.
- The delinquent personal property taxes are owed by an entity that filed a petition for bankruptcy.
- The delinquent personal property taxes are due on personal property that has been removed from the next assessment roll.

Second, the Act changes the date that a taxing jurisdiction must return to the taxation district the amount of delinquent personal property taxes that were charged-back. Upon receipt of notice that the delinquent personal property taxes are being charged-back, a taxing jurisdiction has until May 1 to pay the amount back to the district.

Effective date: 2009 Wisconsin Act 171 took effect on March 30, 2010. The Act first applies to property tax settlements in January, 2011 and to personal property that is assessed as of January 1, 2011.

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