



131 W. Wilson St., Suite 505  
Madison, Wisconsin 53703  
phone (608) 267-2380; (800) 991-5502  
fax: (608) 267-0645  
league@lwm-info.org; www.lwm-info.org

To: Senate Committee on Revenue, Financial Institutions, and Rural Issues  
From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities  
Date: February 18, 2016  
**Re: SB 689, Ensuring that municipalities are able to charge-back rescinded or refunded property taxes to other taxing jurisdictions.**

The League of Wisconsin Municipalities strongly supports SB 689, ensuring that municipalities are able to charge-back rescinded or refunded property taxes to other taxing jurisdictions. The bill requires the Department of Revenue, upon application by a municipality, to allow "charging-back," to the other taxing jurisdictions within the municipality property taxes that the municipality rescinded or refunded to taxpayers. The bill clarifies that the county, the school district, and the technical college must pay back their share of a property tax refund to the municipality. Under current law that is not always the case. DOR must first determine that the refund affects the equalized value of the community before allowing the city or village to charge-back to the other taxing jurisdictions their share of the tax refund. DOR has denied charge-backs on average over the last 10 years 17% of the time. In 2013, DOR denied 245 municipal charge-back requests, which was 24% of requests.

This has resulted in many communities over the years finding themselves solely responsible for covering 100% of a tax refund. For example, the City of Oshkosh was recently ordered by a court to refund \$306,000 in property taxes to two Walgreen stores. The amount covered five years of excessive taxes. DOR concluded that the refund did not impact the city's total equalized value and therefore declined to order the other taxing jurisdictions to pay the city their proportional share of the refund, which would have been \$166,000, over half of the refunded amount.

Cities and villages from around the state tell similar stories. Sun Prairie, for example, recently refunded \$134,000 in property taxes to several taxpayers and DOR declined to make the other taxing jurisdictions cover their share of the refund, which would have been \$87,000.

In the last year several communities have challenged in court DOR's determination that the community's equalized value was not impacted enough by a tax refund to require ordering a charge-back. The Village of Fox Point won a circuit court decision overturning the department's determination that the community's equalized value was not impacted by several tax refunds. That case is on appeal. SB 689 would end the need for such costly and unnecessary litigation between state and local governments.

SB 689 requires DOR in all instances in which the tax refund exceeds \$5,000 to direct the other taxing jurisdictions to reimburse the municipality for their share of a property tax refund.

The Assembly is expected to pass the Assembly companion, AB 843, today. The League urges you to recommend passage of SB 689. Thanks for considering our comments.

*YOUR VOICE. YOUR WISCONSIN.*