

Assembly Hearing Slip

(Please print plainly)

Date: FEB 24, 1999
Bill No. AD 89
Or. Late The Paymaster
Subject: Michael W. Hunkler
(Name)
2572 N. 66th
(Street Address or Route Number)
Milwaukee, WI 53213
(City & Zip Code)
City of New Berlin
(Representing)

Speaking in favor:
Speaking against:
Registering in favor:
Registering against:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms:
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2.24.99
Bill No. AB 89
Or.
Subject: Betty Majeski
(Name)
730 Wisconsin Ave
(Street Address or Route Number)
Racine, WI 53403
(City & Zip Code)
Racine County
(Representing)

Speaking in favor:
Speaking against:
Registering in favor:
Registering against:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms:
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2-24-99
Bill No. AB 89
Or.
Subject: Peggy Sloss
(Name)
51 S. Main
(Street Address or Route Number)
Janesville, WI
(City & Zip Code)
Rock County Treas.
(Representing)

Speaking in favor:
Speaking against:
Registering in favor:
Registering against:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms:
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2-24-99
BILL No. AB 89
Or.
Subject: David Krahn
(Name)
Rm 170, 515 West Moreland Blvd.
(Street Address or Route Number)
Waukesha 53188
(City & Zip Code)
Waukesha County
(Representing)

Speaking in favor:
Speaking against:
Registering in favor:
Registering against:
Speaking for information only:
Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms:
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2-24-99
BILL No. AB-89
Or.
Subject: ANN MARIE VINOPAL
(Name)
220 East State St.
(Street Address or Route Number)
Mauston, WI. 53948
(City & Zip Code)
Jawacaw County Treasurer
(Representing)

Speaking in favor:
Speaking against:
Registering in favor:
Registering against:
Speaking for information only:
Neither for nor against:

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Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2/24/98
BILL No. AB 89
Or.
Subject: JIM AMUNDSON
(Name)
202 Aldea Dr
(Street Address or Route Number)
Madison WI 53705
(City & Zip Code)
Dane County Treasurer
(Representing)

Speaking in favor:
Speaking against:
Registering in favor:
Registering against:
Speaking for information only:
Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms:
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: February 24, 1999
BILL No. AB 89
Or
Subject

Allison Kujawa
(Name)
100 River Place Suite 101
(Street Address or Route Number)
Monona, WI 53716
(City & Zip Code)
Wisconsin Counties Association
(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2/24/99
BILL No. AB 89
Or
Subject

Roy De La Rosa
(Name) Milwaukee County Courthouse
921 N. 9th St
(Street Address or Route Number)
Milwaukee WI 53208
(City & Zip Code)
Milwaukee County
(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

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Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: AB 89 2/24/99
BILL No. AB 89
Or
Subject

Michael M. Birkley
(Name)
111 So. Hamilton #200
(Street Address or Route Number)
Madison, WI 53703
(City & Zip Code)
Wis. Property Taxpayers, Inc.
(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: AB 89
Bill No. AB 89
Or
Subject Bob Ziegler
(Name) Bob Ziegler
(Street Address or Route Number)
(City & Zip Code)
(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only:
- Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2/24/99
Bill No. AB 89
Or
Subject
(Name) Tom Ourada
(Street Address or Route Number) 125 S Webster
(City & Zip Code) MADISON WI 53702
(Representing) Dept of Revenue

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only:
- Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, WI 53702

Assembly Committee on Ways and Means

DATE _____

Moved by _____ Seconded by _____
 AB 89 SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____
 A _____ SR _____ Other _____

A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

- Passage
- Introduction
- Adoption
- Rejection

- Indefinite Postponement
- Tabling
- Concurrence
- Nonconcurrence

	Committee Member	Aye	No	Absent	Not voting
1.	Rep. Mickey Lehman, chair				
2.	Rep. Tom Sykora, vice-chair				
3.	Rep. Bob Goetsch				
4.	Rep. Mike Huebsch				
5.	Rep. Frank Lasee				
6.	Rep. John Ainsworth				
7.	Rep. Suzanne Jeskewitz				
8.	Rep. Carol Owens				
9.	Rep. Joan Spillner				
10.	Rep. Wayne Wood				
11.	Rep. John La Fave				
12.	Rep. Lee Meyerhofer				
13.	Rep. Johnie Morris-Tatum				
14.	Rep. Jeffrey Plale				
15.	Rep. Bob Turner				
16.	Rep. Bob Ziegelbauer				
	Totals				

MOTION CARRIED

MOTION FAILED

Assembly Committee on Ways and Means

DATE _____

Moved by Zieg Seconded by La Fave

AB 89 SE _____ Clearinghouse Rule _____

AJR _____ SJR _____

A _____ SR _____ Other _____

A/S Amdt 1

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

Passage

Introduction

Adoption

Rejection

Indefinite Postponement

Tabling

Concurrence

Nonconcurrence

	Committee Member	Aye	No	Absent	Not voting
1.	Rep. Mickey Lehman, chair		1		
2.	Rep. Tom Sykora, vice-chair	1			
3.	Rep. Bob Goetsch		8		
4.	Rep. Mike Huebsch		2		
5.	Rep. Frank Lasee		3		
6.	Rep. John Ainsworth				
7.	Rep. Suzanne Jeskewitz				
8.	Rep. Carol Owens				
9.	Rep. Joan Spillner		4		
10.	Rep. Wayne Wood		5		
11.	Rep. John La Fave	2			
12.	Rep. Lee Meyerhofer		6		
13.	Rep. Johnie Morris-Tatum		7		
14.	Rep. Jeffrey Plale	3			
15.	Rep. Bob Turner				
16.	Rep. Bob Ziegelbauer	4			
	Totals				

MOTION CARRIED

MOTION FAILED

Assembly Committee on Ways and Means

DATE _____

Moved by Zieg Seconded by Wood
 AB 89 SB _____ Clearinghouse Rule _____

AJR _____ SJR _____
 A _____ SR _____ Other _____

A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt 1
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

Passage

Introduction

Adoption

Rejection

Indefinite Postponement

Tabling

Concurrence

Nonconcurrence

	Committee Member	Aye	No	Absent	Not voting
1.	Rep. Mickey Lehman, chair		1		
2.	Rep. Tom Sykora, vice-chair		2		
3.	Rep. Bob Goetsch		7		
4.	Rep. Mike Huebsch		3		
5.	Rep. Frank Lasee		4		
6.	Rep. John Ainsworth				
7.	Rep. Suzanne Jeskewitz				
8.	Rep. Carol Owens				
9.	Rep. Joan Spillner		5		
10.	Rep. Wayne Wood	1			
11.	Rep. John La Fave	2			
12.	Rep. Lee Meyerhofer	3			
13.	Rep. Johnie Morris-Tatum		6		
14.	Rep. Jeffrey Plale	4			
15.	Rep. Bob Turner				
16.	Rep. Bob Ziegelbauer	5			
	Totals				

MOTION CARRIED

MOTION FAILED


1999 - 2000 LEGISLATURE

1999 ASSEMBLY BILL 89 

February 4, 1999 - Introduced by Representatives Ziegelbauer, F. Lasee, Carpenter, Cullen, Gronemus, Grothman, J. Lehman, Musser, Plale, Powers, Ryba, Sykora, Turner and Wasserman, cosponsored by Senators Plache and Grobschmidt. Referred to Committee on Ways and Means.

Pg1Ln1 **An Act** to amend 74.11 (7), 74.11 (8), 74.12 (7), 74.12 (8), 74.47 (title) and 74.47
Pg1Ln2 (1) of the statutes; relating to: late payment of property taxes.


Analysis by the Legislative Reference Bureau

AB89 


Under current law, late payments of property taxes are subject to interest and penalties. Under this bill, the governing bodies of the units of government to which the taxes are to be paid may, by ordinance, provide that payments that are not timely subject to the taxpayer only to interest but not to a penalty.

For further information see the local 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:


AB89, s. 1 

Pg1Ln3 **Section 1.** 74.11 (7) of the statutes is amended to read:


AB89, s. 1 - continued 

Pg1Ln4 74.11 (7) ~~Delinquent~~ **Late First instalment.** If the first instalment of taxes on
Pg1Ln5 real property or improvements on leased land is not paid on or before January 31,
Pg1Ln6 the entire amount of the taxes remaining unpaid is delinquent as of February 1,
Pg1Ln7 except that, if the governing body of the unit of government to which the taxes are


Pg2Ln1 to be paid so authorizes by ordinance, that instalment is not delinquent and does not
Pg2Ln2 render the unpaid balance delinquent, but the instalment shall be collected, together
Pg2Ln3 with interest on the unpaid instalment at the applicable rate under s. 74.47 (1), from
Pg2Ln4 February 1.

AB89, s. 2 


Pg2Ln5 **Section 2.** 74.11 (8) of the statutes is amended to read:

AB89, s. 2 - continued 


Pg2Ln6 74.11 (8) **Delinquent Or late 2Nd instalment.** If the 2nd instalment of taxes
Pg2Ln7 on real property or improvements on leased land is not paid on or before July 31, the
Pg2Ln8 entire amount of the taxes remaining unpaid is delinquent as of August 1 and
Pg2Ln9 interest and penalties are due under sub. (11), except that if the governing body of
Pg2Ln10 the unit of government to which taxes are to be paid so authorizes by ordinance and
Pg2Ln11 if the first instalment was timely paid the 2nd instalment is not delinquent, but the
Pg2Ln12 instalment shall be collected, together with interest on the unpaid instalment at the
Pg2Ln13 applicable rate under s. 74.47 (1), from July 31.

AB89, s. 3 


Pg2Ln14 **Section 3.** 74.12 (7) of the statutes is amended to read:

AB89, s. 3 - continued 

Pg2Ln15 74.12 (7) **Delinquent Late First instalment.** If the first instalment of real
Pg2Ln16 property taxes, personal property taxes on improvements on leased land or special
Pg2Ln17 assessments to which an instalment option pertains is not paid on or before January
Pg2Ln18 31, the entire amount of the remaining unpaid taxes or special assessments to which
Pg2Ln19 an instalment option pertains on that parcel is delinquent as of February 1, except
Pg2Ln20 that, if the governing body of the unit of government to which the taxes are to be paid
Pg2Ln21 so authorizes by ordinance, that instalment is not delinquent and does not render the
Pg2Ln22 unpaid balance delinquent, but the instalment shall be collected, together with
Pg2Ln23 interest on the unpaid instalment at the applicable rate under s. 74.47 (1), from
Pg2Ln24 February 1.


AB89, s. 4 

Pg2Ln25 **Section 4.** 74.12 (8) of the statutes is amended to read:


AB89, s. 4 - continued 

Pg3Ln1 74.12 (8) **Delinquent Or late 2Nd or subsequent instalment.** If the 2nd or any
Pg3Ln2 subsequent instalment payment of real property taxes, personal property taxes on
Pg3Ln3 improvements on leased land or special assessments to which an instalment option
Pg3Ln4 pertains is not paid by the due date specified in the ordinance, the entire amount of
Pg3Ln5 the remaining unpaid taxes or special assessments to which an instalment option


Pg3Ln6 pertains on that parcel is delinquent as of the first day of the month after the
Pg3Ln7 payment is due and interest and penalties are due under sub. (10), except that if the
Pg3Ln8 governing body of the unit of government to which the taxes are to be paid so
Pg3Ln9 authorizes by ordinance and if all of the previous instalments were timely paid the
Pg3Ln10 instalment that is not timely paid is not delinquent and does not render the unpaid
Pg3Ln11 balance delinquent, but the instalment shall be collected, together with interest on
Pg3Ln12 the unpaid instalment at the applicable rate under s. 74.47 (1), from the day after
Pg3Ln13 the instalment is due.

AB89, s. 5 


Pg3Ln14 **Section 5.** 74.47 (title) of the statutes is amended to read:

AB89, s. 5 - continued 


Pg3Ln15 74.47 (title) Interest and penalty on delinquent or late amounts.

AB89, s. 6 


Pg3Ln16 **Section 6.** 74.47 (1) of the statutes is amended to read:

AB89, s. 6 - continued 

Pg3Ln17 74.47 (1) **Interest.** The interest rate on delinquent and late general property
Pg3Ln18 taxes, special charges, special assessments and special taxes included in the tax roll
Pg3Ln19 for collection is one percent per month or fraction of a month.

AB89, s. 7 

Pg3Ln20 **Section 7.** Initial applicability.

AB89, s. 7 - continued 

Pg3Ln21 (1) This act first applies to taxes based on the assessment as of the January 1
Pg3Ln22 after publication.
Pg3Ln23



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718 • <http://www.dor.state.wi.us>

Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

Thank you Mr. Chairman and members of the committee for the opportunity to address you regarding Assembly Bill 89 relating to late payment of property taxes.

Under current law, property taxes are due by January 31st. Taxpayers have the option of paying the tax in installments with no interest or penalty. However, when an installment is late, the entire unpaid balance is subject to interest from Feb. 1st. Interest is assessed at 1% per month and in addition, about half of the counties add a penalty which is typically .5% per month.

Assembly Bill 89 would give a county or municipality the option of enacting an ordinance that provides that if the first installment is not paid in full by the due date, but is paid by the time the next installment is due, only the amount of the first installment that is unpaid would be subject to interest from Feb. 1st. Penalties would not be assessed against late installments.

Here are some of the problems with AB 89.

1. Multiple authority. The bill allows municipalities and counties to enact ordinances that may ultimately be in conflict with each other and in any event will lead to a patchwork of tax collection provisions across the state.

For example, if some municipalities in a county enact ordinances under the bill but others do not, there is the prospect that taxpayers from different municipalities will be treated differently when they appear, say on February 15th to pay their taxes. One taxpayer may be charged interest, but no penalty, on half the bill and permitted to pay the other half 6 months later. Another taxpayer may be expected to pay the entire bill, with interest and penalties, i.e., current law.

The problems of multiple authority could be resolved by allowing only one unit of government to enact an ordinance that would apply in a given taxation district. In standard 2-payment municipalities, where the county collects the tax beginning in February, only the county would be authorized to enact an ordinance. In multiple-payment municipalities, where the municipality collects the tax until August, the municipality would have authority.

2. Loss of Revenue. The fiscal note indicates that there is the potential for a loss in interest and penalties under the bill, largely to counties, of \$8.5 million. It is difficult to say what would happen in practice if the bill was passed. Effectively the bill gives authority to 1849 municipalities and 72 counties to enact property tax collection ordinances that affect first payment delinquencies, subsequent payment delinquencies, and penalties.

The 0.05% Penalty. Only counties can enact a penalty (of up to 0.5%), but the bill would allow municipalities to repeal most penalties for property in the municipality. By so doing, the bill would allow municipalities to undermine a county revenue source used for administration of the property tax.

3. Unfunding a Mandate. The statutes (s.74.29) require the county to purchase the tax roll in mid-August, after the August settlement with local treasurers. Purchasing the tax roll means advancing the money for all unpaid real estate taxes, so that the school, cities, etc. are all cashed out and the county alone is owed all the unpaid taxes. The county incurs costs in property tax administration, including collecting delinquent taxes and redeeming delinquent property. And to the extent the county makes money on property tax administration, it can use it to reduce the levy it spreads over underlying municipalities.

In short, buying the roll is mandated by the state under s.74.29, and the interest and penalties earned by the counties (and by municipalities with multiple payment plans and who collect their own taxes) is the revenue allocated to this activity. AB 89 could significantly reduce that revenue, leading to the charge that the state is, in effect, reducing funding for a mandated activity.

4. Technical Flaws.

The term "late" as used on p.3, line 17, is not defined in the bill. It presumably refers to a tax status between paid on time and delinquent.

The term "paid timely" as used on p.2, line 11, is not defined in the bill. It seems to mean paid anytime up to July 31. Similarly, "paid timely" on p.3, line 9 seems to mean paid anytime up to the time the next installment is due.

Under the bill, certain payments may never be delinquent and so never incur penalties. Specifically, in a 2-payment municipality, if the first payment is "timely", the July 31 installment "is not delinquent", even if it is never paid (see top of p.2 of bill). As such, only interest is charged, not penalties. (It is not evident what this accomplishes, aside from denying the county its penalty revenue.)

Similarly with a multi-payment municipality, an installment is not delinquent if the previous installment was "timely paid".

In summary, the Department believes there are significant difficulties in Assembly Bill 89 and would respectfully request that the committee not support its passage.



Rep. M. Lehman
103 - West

BOB ZIEGELBAUER

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT

DATE: February 5, 1999

TO: ✓ Co-sponsors of 1999 AB 89, Property Taxpayers Protection Act
Co-sponsors of 1999 AB 90, Elimination of Sales Tax on Coupons

FROM: Luanne Kostelic
Office of Rep. Bob Ziegelbauer
266-0315

Thank you for co-sponsoring one of the above referenced bills. As you may have noticed, the co-sponsor lists on AB 89 and AB 90 were inadvertently switched. I apologize for this error. I have contacted Assembly Chief Clerk Charlie Sanders regarding this matter. We are currently researching possible remedies.

If you have any questions please feel free to contact me or Representative Ziegelbauer in Manitowoc at (920) 684-6783.

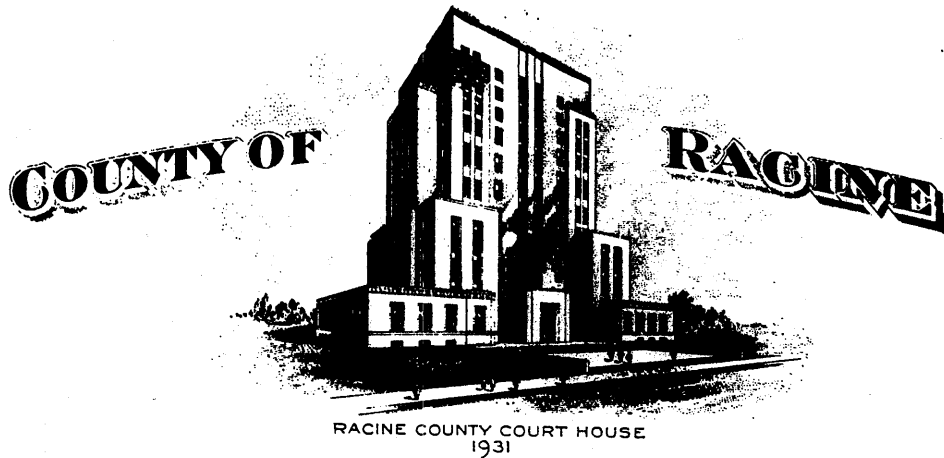
Again, I apologize for this error and will let you know how this situation is resolved.

STATE CAPITOL: P.O. BOX 8953, MADISON, WI 53708-8953 • (608) 266-0315
TOLL FREE : 1-888-529-0025 • FAX (608) 266-0316 • E-MAIL: bob.ziegelbauer@legis.state.wi.us

DISTRICT: 1213 S. 8TH STREET, P.O. BOX 325, MANITOWOC, WI 54221-0325
MANITOWOC OFFICE: (920) 684-6783 • HOME: (920) 684-4362

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COUNTY TREASURER
ELIZABETH A. MAJESKI

730 Wisconsin Avenue
RACINE, WISCONSIN
53403-1274

PHONE 414-636-3239
FAX 414-636-3851
email:BettyM@RacineCo.Com

February 23, 1999

Rep. Michael Lehman
Chairperson – Ways and Means
Honorable Committee Members

I am Elizabeth A. Majeski, Racine County Treasurer. I am here today to address the issues regarding Assembly Bill 89.

This bill should not even get to the floor for a vote. State Statute 74.47 now allows for counties to impose a penalty by ordinance. There are some counties that have the penalty and others that do not. Why does an amendment need to be done to have counties enact an ordinance to not have a penalty if 74.47 already gives counties a choice?

The Fiscal Estimate to counties lost revenue is, I believe, very conservative. Be that as it may, it is still a very costly amendment to counties. Because these taxes would not have a deadline before penalty charges would kick in, the costs would be much higher. Previous calculations on similar bills would cost Racine County approximately \$750,000.00 in lost revenue per year.

I would also like to address the one-time cost of programming changes to adapt to this proposed change. This is the year everyone is working diligently to be ready for Y2K and now we may have another programming change.

Please do not impose these burdens onto counties. We all lose. Especially those many, many taxpayers who work so hard to pay their taxes on time. I thank you for your time.

Sincerely,

Elizabeth A. Majeski
Racine County Treasurer



30th Anniversary
1969-1999

WISCONSIN ALLIANCE OF CITIES

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Sheboygan
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Two Rivers
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Waukesha
Wausau
Wauwatosa
West Allis
West Bend
Whitewater
Wisconsin Rapids

February 23, 1999

To: Members of the Assembly Ways and Means Committee

From: Gail Sumi, Intergovernmental Coordinator

Re: AB 89 – Delinquent Property Tax Installments

I asked the Finance Directors and Treasurers of the Alliance's member cities to let us know what they think of AB 89, relating to late payment of property taxes. The responses were mixed.

Although the proposal may seem straightforward, you will note by reading the attached sampling of responses I received that some of the people who administer the law see complications. In general, the concern that runs throughout is the interest lost or the cost to reprogram computers. Another is inconsistency among municipalities in the county.

The Alliance's members have worked with Rep. Ziegelbauer in the past on this proposal and will do so again this session.

Thank you for your consideration of the attached survey responses from city Finance Directors and Treasurers.



WISCONSIN ALLIANCE OF CITIES

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- Waukesha
- Wausau
- Wauwatosa
- West Allis
- West Bend
- Wisconsin Rapids

February 8, 1999

To: City Leaders & Finance Directors
(Please forward to Treasurers if appropriate.)

From: Gail Sumi, Intergovernmental Coordinator

Re: Property Tax Installment Payments – **Please respond by February 18**

Attached is AB 89, relating to delinquent property tax installment payments. Rep. Ziegelbauer's co-sponsorship memo is xeroxed on the back of this memo.

When the bill first surfaced, I forwarded it to several finance directors to get their opinion. The initial response was mixed.

Please let us know what you think by February 18 (if you have not already done so.) (I talked with the Ways and Means Committee Clerk this morning. The bill *may be* scheduled for a February 24 Public Hearing. If it is, we will let you know.)

Fax (608) 257 - 5882 or e-mail << wiscall@inxpress.net >>

NAME/CITY _____

I support AB 89. I oppose AB 89.

Comments:
Taxpayers should not be penalized for inadvertently missing a tax payment deadline. However, if late more than once, a penalty may be justified.

WISCONSIN ALLIANCE OF CITIES

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- Superior
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- Waukesha
- Wausau
- Wauwatosa
- West Allis
- West Bend
- Wisconsin Rapids

February 8, 1999

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(Please forward to Treasurers if appropriate.)

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Please let us know what you think by February 18 (if you have not already done so.) (I talked with the Ways and Means Committee Clerk this morning. The bill may be scheduled for a February 24 Public Hearing. If it is, we will let you know.)

Fax (608) 257 - 5882 or e-mail << wiscall@inxpress.net >>

NAME/CITY

Treasure City

I support AB 89. I oppose AB 89.

Comments:

- 1) I estimate approximately twenty taxpayers out of a total of 9,000 forget to pay on time and with current penalty, they don't forget again.
- 2) The cost for programming the computerized tax receipt system for this change would be prohibitive.
- 3) Would increase delinquency rates because some taxpayers feel they could afford the lower penalty. This would have an adverse effect on cash flows for municipalities.

4) The State mandated Tax Bill form would have to be changed - slowing down the date of when tax bills are mailed out in December.

City Of Stevens Point
1515 Strongs Avenue
Stevens Point, WI 54481-3594
FAX 715-346-1498



John J. Schlice
Comptroller/Treasurer
CMFA-CMTW
715-346-1573

January 25, 1999

Alliance of Cities
Att: Gail Sumi
RE: Rep. Ziegelbauer tax bill

I have reviewed the proposed bill and my initial reaction is that it is better than any of the other proposals I have seen in the past in regards to payment of delinquent taxes. I have not seen the local cost estimate for the proposed bill. I do have a couple of concerns:

1. The cost to the municipality for changes to the collection software is not addressed in the bill. With the Y2K problem being addressed by everyone there may not be the time or resources available to convert present software without a surcharge. Most municipalities do not have their own programmer.
2. A problem will occur with collection practice variances between municipalities. Should it be a local option? Once it is publicized I do not feel that it will be a local option as the local politics will almost require the adoption of the option. I feel that it would be better to be uniform and if this would be adopted that it should be implemented statewide.
3. Implementation date: This proposal states that implementation date would be on the January 1st after publication. If this would be adopted in the fall it would cause severe hardship to implement by January 1st. There should be a reasonable implementation period.

I feel that at some point the tax collection system should reflect what happens in the real world. With mortgage payments and car payments, the late fees are calculated on the late payment and not the entire unpaid balance. I think that with a few modifications that this bill would be supportable.

Sincerely

John Schlice
Comptroller-Treasurer
CMFA-CMTW



WISCONSIN ALLIANCE OF CITIES

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(608) 257-5881 • FAX 257-5882 • EMAIL: wiscall@inxpress.net

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- Milwaukee
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- Oshkosh
- Racine
- Sheboygan
- Stevens Point
- Superior
- Two Rivers
- Waukesha
- Wausau
- Wauwatosa
- West Allis
- West Bend
- Wisconsin Rapids

February 8, 1999

To: City Leaders & Finance Directors
(Please forward to Treasurers if appropriate.)

From: Gail Sumi, Intergovernmental Coordinator

Re: Property Tax Installment Payments - **Please respond by February 18**

Attached is AB 89, relating to delinquent property tax installment payments. Rep. Ziegelbauer's co-sponsorship memo is xeroxed on the back of this memo.

When the bill first surfaced, I forwarded it to several finance directors to get their opinion. The initial response was mixed.

Please let us know what you think by February 18 (if you have not already done so.) (I talked with the Ways and Means Committee Clerk this morning. The bill may be scheduled for a February 24 Public Hearing. If it is, we will let you know.)

Fax (608) 257 - 5882 or e-mail << wiscall@inxpress.net >>

NAME/CITY _____

I support AB 89. I oppose AB 89.

Comments:

The City only collects taxes through January and at that point the tax roll is turned over to the Dodge County Treasurer. I can see where there could be difficulties at the County if all municipalities in the County do not adopt an Ordinance as described in the legislation.

City of

Comments Regarding: Property Taxpayers Protection Act (LRB-0627)

1. Local option will destroy uniformity in Chapter 74, tax collection statutes. Any change should be state wide.
2. Local option will also create taxpayer confusion. For example: town could adopt option for collection of first half of tax bill; county, collection of the second half, may not.
3. Creates additional administrative costs for local and county governments: programming, record keeping, communication between collecting governments.
4. Multiple installment communities have already assumed additional costs of collection without additional direct costs to taxpayer.
5. Calculation of penalty from due date rather than February 1 is troublesome. This change would require more sophisticated program calculations and record keeping. Example: county would charge 1% on a fourth installment late payment made in August and charge 7% on all other delinquencies paid in August from the same current year tax roll.
6. Very few of my taxpayers are "inadvertently" late and rarely make the same mistake twice. Don't fix something that's not broken for the majority of the taxpayers.
7. Prior to the rewrite of Chapter 74 effective in 1989 multiple installment taxpayers could:
 - a. Pay penalty only on installment missed*
 - b. Remain on the installment plan
 - c. Pay penalty from February 1 (not due date)

*one exception - first installment must be made by 1/31 to use installment plan.

We could support a return to this position and omit the 1/31 exception.



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Fax (608) 257 - 5882 or e-mail << wiscall@inxpress.net >>

NAME/CITY _____

I support AB 89. I oppose AB 89.

Comments:
Will add cost to program changes. Will add confusion where some localities change & some don't. Confusion will be pronounced where Co. collects for multiple jurisdictions w/and w/o ordinances. Will cost cities lost revenue. \$35,000 a year in interest & penalty is paid in Beloit. We trigger some actions, like "permit approval", on no delinquent taxes. Under 89 if they are late (not delinquent) are they able to get permit?



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February 8, 1999

To: City Leaders & Finance Directors
(Please forward to Treasurers if appropriate.)

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Fax (608) 257 - 5882 or e-mail << wiscall@inxpress.net >>

NAME/CITY _____

I support AB 89. I oppose AB 89.

Comments:

NO DATES AS WHAT IS LATE
 NO DEFINITION AS TO WHICH INSTALLMENTS
 NO TIME TO SETTLE WITH COUNTY IF THIS IS
 PASSED
 HAVE TO RETOOL ALL COMPUTER PROGRAMS ON
 FUTUREST CAUDATION.



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Fax (608) 257 - 5882 or e-mail << wiscall@inxpress.net >>

NAME/CITY _____

I support AB 89. I oppose AB 89.

Comments:

We whole heartedly agree! Government gets enough bad wraps and this current policy feeds constituent distrust and dislike. Certainly a bank doesn't call your entire mortgage after one late mortgage payment.

Subject: Property Tax Installment Payments

Date: Thu, 11 Feb 1999 17:04:17 -0600

From: ..._V@... WI.US>

To: "wiscall@inxpress.net" <wiscall@inxpress.net>

Gail - I'm not sure that I received the complete text of the changes proposed. From a customer service standpoint, the bill has merit. From a practical standpoint, the bill poses some problems especially considering the potential for extensive computer changes to handle the complex interest and penalty computations. To do this in 1999 for tax year 2000 also adds another layer of cost to absorb along with any other Y2K problems the various municipalities are facing. Perhaps the State would be willing to provide funding equal to the cost of implementing these changes? Over the years, taxpayers have had ample information provided to them regarding payment schedules and substantially all the taxpayers don't seem to have a problem. Under this proposal, some municipalities may revert to a single installment plan, namely, all taxes due by January 31st just to avoid the complexity, hassle and cost of implementing the changes.

Some questions include:

If a taxpayer misses the 1st installment payment, then under this proposal interest and penalties apply only to the 1st installment due on January 31 from February 1 to the date of payment... true?

If the taxpayer misses the 1st and 2nd installment payments, is interest and penalties retroactive to February 1st. for both late payments? Or, does interest and penalties apply for the 1st installment back to February 1st and only retro actively back to the date the 2nd installment was due, e.g., April 30, for the amount of the second installment unpaid? How does this apply to the third or fourth, etc. unpaid installments?

February 17, 1999

To:

From:

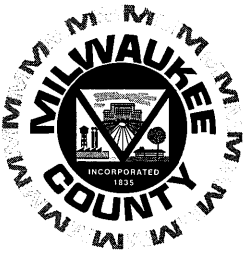
City Treasurer

Re: Assembly Bill #89

My opposition to this bill in its current form is as follows:

- the WI State Statutes should dictate the collection of taxes, not local option. Uniformity across the State is important for those who own property in more than one community, and removes local politics from tax collection.
- the Statutes are not clear on how interest and penalty would be calculated when a taxpayer misses more than one installment. Would each installment amount be calculated at a different rate?

I understand and agree with Representative Zieglebauer's intention to provide leniency under certain unforeseen circumstances. However, the Assembly Bill as it is presented in this facsimile is too vague.



INTERGOVERNMENTAL RELATIONS

Office of the County Executive

TO: Representative Michael Lehman
CHAIRMAN, WAYS AND MEANS COMMITTEE

FROM: Roy de la Rosa, Director, Intergovernmental Relations

DATE: February 24, 1999

IN RE: **ASSEMBLY BILL 89**

On behalf of Milwaukee County, I would like to express opposition to Assembly Bill 89.

The bill proposes to allow local municipalities the opportunity by ordinance to lessen the fiscal impact of a missed tax installment payment. This proposed legislation would allow municipal treasurers to enforce only interest, not penalty on a missed installment. Since Milwaukee County does not collect the property tax on the normal installment schedule, this legislation would not initially impact County operations, i.e. the Treasurers' Office.

However, it will become problematic to Milwaukee County in August of each year when Milwaukee County is required to pick-up municipalities delinquent taxes. At this point, the Milwaukee County Treasurers' Office becomes directly involved in collection of delinquent taxes and would be negatively impacted by AB 89. The Treasurers' Office would then be faced with determining which of the 18 communities in Milwaukee County passed an ordinance, and manually determine what the amount due is at any point in time. That would be required since our computer system assumes all tax delinquents are charged an equal amount of interest and penalty.

In other words, the more the tax collection process can be standardized, the better it is to administer.

Ways and Means Committee
February 24, 1999
Page Two

I would like to suggest, for your consideration, amendment language which eliminate Milwaukee County concerns to AB 89. Should the committee adopt the following type of amendment language Milwaukee County would not be impacted:

"Whenever a municipality passes an enabling ordinance, the penalty allowance can only be valid for a period of 60 days, and it can not apply on the last installment"

The rationale of this amendment is that in Milwaukee County 60 days is the normal minimal period between the due dates of the first, second and third installments. This amendment may still cause problems for other counties that do collect municipal taxes.

Thank you for the opportunity to reflect Milwaukee County's concerns with AB 89.



BOB ZIEGELBAUER

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT

**COMMITTEE ON WAYS & MEANS
Public Hearing**

**February 24, 1999 – 9:30 a.m.
417-North**

REP. ZIEGELBAUER'S TESTIMONY FOR 1999 AB 89

Mr. Chairman and Members of the Ways & Means Committee:

Thank you for holding a hearing on AB 89, a bill I refer to as the "Property Taxpayer's Protection Act", which deals with a grossly unfair, but correctable provision in the statutes dealing with the collection of property taxes in Wisconsin.

This bill tries to deal with a problem that I used to deal with quite frequently when I was a City Treasurer and felt very frustrated that I couldn't do anything about it.

(If you will refer to the chart I handed out with this testimony, I will try to briefly explain the current law, the problem it creates, and the effects of my proposal.)

Currently, municipalities have the option to pick from a number of different payment plans in the collection of property taxes, but by state law the same set of rules apply to each. The two-payment plan is most typical, although some cities like Manitowoc in my district have selected the four-payment option.

In each case, if a taxpayer is even one day late with a payment, **THREE BAD THINGS HAPPEN:**

1. Interest is assessed at 1% PER MONTH back to January 31st on the late payment;
2. An additional interest penalty, also at 1% PER MONTH back to January 31st is assessed on the AMOUNT THAT WAS NOT YET DUE!; and
3. The ENTIRE BALANCE OF THE TAX BILL IS IMMEDIATELY DUE, i.e. the INSTALLMENT OPTION IS LOST for the remainder of the tax bill.

For example, a taxpayer with a \$2,000 total property tax bill could be one day late with one installment payment and wind up paying a penalty of up to \$50 AND also lose the installment option for the remainder of the year.

STATE CAPITOL: P.O. BOX 8953, MADISON, WI 53708-8953 • (608) 266-0315
TOLL FREE: 1-888-529-0025 • FAX (608) 266-0316 • E-MAIL: bob.ziegelbauer@legis.state.wi.us

DISTRICT: 1213 S. 8TH STREET, P.O. BOX 325, MANITOWOC, WI 54221-0325
MANITOWOC OFFICE: (920) 684-6783 • HOME: (920) 684-4362

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Manitowoc Co.

I regularly encountered taxpayers who always paid their bills promptly and then for some innocent reason, sometimes health or weather related, inadvertently failed to pay one installment on time. Often just a day or two late, they would be horrified to find that they were subject to this massive TRIPLE PENALTY: huge interest on the late payment, interest on the amount previously not yet due, and also loss of the installment option for the balance of the year.

Needless to say, taxpayers who found themselves in this situation were very upset at the harsh penalty, and I as treasurer felt their frustration when I had to tell them there was nothing I could do for them since the penalty was part of the "State Law" which I had a duty to enforce.

Many of my colleagues around the State also add, "perhaps you should contact your legislator."

AB 89 is an attempt to deal with this unfair treatment of taxpayers in a sensible way. In the past, I have proposed a statewide solution, that of changing the law to allow for a grace period of 5 to 10 days during which the taxpayer would still pay a stiff penalty but one not nearly as oppressive as that contained in current law, and still maintain the opportunity to use the installment option if they pay within that time. This would solve most of the problem.

However, to my chagrin, most local treasurers strongly objected to this change and even though in 1994 I was able to get the bill through the Legislature, they prevailed upon the Governor to veto 1993 AB 663, which he did.

AB 89 tries a different approach, one that attempts to be responsive to those local officials (especially those representing the cities and municipalities) who objected to another State mandate and the loss of the penalty revenue that they had come to depend on.

AB 89 would give local tax collecting units of government the OPTION of passing an ordinance to eliminate 2 of the 3 penalties on late installments which I mentioned earlier. Under the bill, at the option of local tax collecting units, late installments would still be charged the huge interest penalty back to the official due date, but the unpaid installments not otherwise due would not be charged interest, and the taxpayer also would not lose the installment option for the balance of the year, thereby dramatically reducing the current confiscatory penalty taxpayers now suffer.

I am hopeful that the creation of a LOCAL OPTION will go a long way toward reducing the magnitude of the penalty for innocent mistakes; increase the confidence of property taxpayers in the fairness of the collection system; increase the accountability of local units of government to their taxpayers, and reduce the need for local treasurers to blame the Legislature for a law which they oppose changing.

I appreciate your interest in this issue and would of course appreciate your support of 1999 AB 89 or answer any questions you may have.

###

1999 AB 89

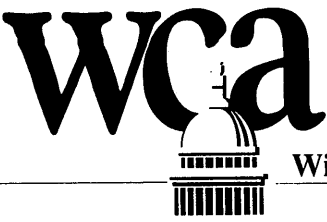
AN ILLUSTRATION OF THE PROBLEM IN THE LAW

Consider a situation in which the taxpayer has a total property tax bill of \$2,000 and payment is made a mere 5 days late:

<u>4 PAYMENT PLAN</u>	<u>CURRENT LAW</u>	<u>COST</u>
<u>Due Date & Amount</u>	<u>Penalty</u>	<u>A.P.R. Impact of being 5 days Late</u>
1/31 - \$500	\$20 * Plus loss of installment option	288%
3/31 - \$500	\$45 * Plus loss of installment option	648%
5/31 - \$500	\$50 * Plus loss of installment option	720%
7/31 - \$500	\$35	504%

* Impact of loss of installment option means that an ADDITIONAL interest penalty of 1% on the UNPAID BALANCE accrues with the passage of each additional month.

<u>2 PAYMENT PLAN</u>	<u>CURRENT LAW</u>	<u>COST</u>
<u>Due Date & Amount</u>	<u>Penalty</u>	<u>A.P.R. Impact of being 5 days Late</u>
1/31 - \$1000	\$20 * Plus loss of installment option	144%
7/31 - \$1000	\$70	504%



Wisconsin Counties Association

MEMORANDUM

TO: Honorable Members of the Assembly Committee on Ways and Means
FROM: Allison Kujawa, ^{AK} Legislative Associate
DATE: February 24, 1999
SUBJECT: Opposition to Assembly Bill 89

The Wisconsin Counties Association (WCA) opposes Assembly Bill 89, which shifts the responsibility of determining whether or not delinquent property taxpayers should pay a penalty from the state to the county.

Property tax bills are mailed to all property owners in mid-December. In effect, then, property owners are given 45 days notice of when payment is due. Forty-five days is more than sufficient time to plan how and when to submit payment for property taxes due.

Taxes levied by local units of government are needed January 1 for expenses already budgeted. In essence, property taxpayers currently have a grace period because taxes can be paid in installments, with up to six weeks notice for payment of the first installment and over seven months to pay the second installment. Allowing the county board to eliminate the penalty charged for delinquent property taxes provides no incentive for individuals to pay on time and creates revenue losses in counties (lack of penalty payment).

Passage of this legislation will cause administrative problems for county treasurers across the state. If counties choose to eliminate the penalty for delinquent taxes, they will need to reprogram their computer systems.

Additionally many property taxpayers own property in multiple counties. AB 89 would allow each county to choose whether or not they will assess a penalty for delinquent property taxes. Invariably, this will cause inconsistency throughout the state and will result in much confusion for the property taxpayer who owns land in multiple counties.

A consistent property tax due date must be put in place across the state and enforced for the benefit of the taxpaying public and financial well being of each county. The current due dates meet these needs for the majority of taxpayers.

WCA respectfully requests your opposition to Assembly Bill 89.

Thank you for considering our comments.

100 River Place, Suite 101 ♦ Monona, Wisconsin 53716-4016
608/224-5330 ♦ 800/922-1993 ♦ Fax: 608/224-5325

Mark M. Rogacki, Executive Director
Darla M. Hium, Deputy Director

Mark D. O'Connell, Legislative Director
Lynda L. Bradstreet, Administrative Director

DATE: March 22, 1999
TO: Ways & Means Committee Members
FROM: Bob Ziegelbauer
RE: **Wednesday, March 24 Executive Session on AB 89 (relating to creating a grace period for payments of property tax instalments.)**

For your use and information, attached you will find a copy of Assembly Substitute Amendment 1, which I will be proposing during our Exec Session on AB 89 on Wednesday. In addition you will also find a chart explaining current law and the impact of the sub if adopted.

If you have any questions, feel free to contact me tomorrow.

Thank you for your consideration.

BZ/lwk

Enclosures



Rep. M. Lehman,
Chair
103. West

BOB ZIEGELBAUER

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT

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Enclosures

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1999 Assembly Substitute Amendment 1 to AB 89 – IMPACT of the SUBSTITUTE AMENDMENT

Assume a \$2,000 tax bill when an installment is paid 5 days late:

Effective Annual Percentage Rate (A.P.R.) Cost of Penalties for late payment of Property Taxes

2 PAYMENT PLAN

<u>Due Date & Amount</u>	<u>CURRENT LAW</u>	<u>SUB 1 to AB 89</u>
	<u>Penalty</u>	<u>A.P.R. Effective Cost</u>
1 st Payment, 1/31 - \$1000	\$20 * Plus loss of installment option	\$5 And Retain installment option
Final Payment 7/31 - \$1000	\$70	\$70 No change from current law
		144% 36% 504% 504%

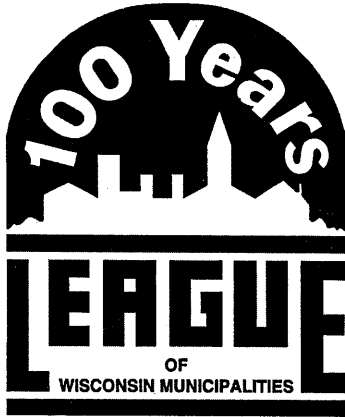
4 PAYMENT PLAN

<u>Due Date & Amount</u>	<u>CURRENT LAW</u>	<u>SUB 1 to AB 89</u>
	<u>Penalty</u>	<u>A.P.R. Effective Cost</u>
1 st Payment, 1/31 - \$500	\$20 * Plus loss of installment option	\$5 And Retain installment option **
2 nd Payment, 3/31 - \$500	\$45 * Plus loss of installment option	\$15 And Retain installment option **
3 rd Payment, 5/31 - \$500	\$50 * Plus loss of installment option	\$25 And Retain installment option **
Final Payment, 7/31 - \$500	\$35	\$35 No change from current law **
		288% 72% 648% 216% 720% 360% 504% 504%

* Impact of loss of installment option means that an ADDITIONAL interest penalty of 1% on the UNPAID BALANCE accrues with the passage of each additional month.

** **Sub 1 to AB 89 – 5-DAY GRACE PERIOD:**

Pay penalty in current law on late installment only within 5 working days. No penalty on balance not otherwise due, and retain installment option for the balance of the year.



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E-mail: league@lwm-info.org

www.lwm-info.org

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Mayor, Menasha
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Kewaskum
Past President
Michael Miller
Mayor, West Bend

To: Members of the Assembly Ways and Means Committee
From: Dan Thompson, Executive Director *Dan*
Date: March 23, 1999
Re: Assembly Bill 89 - Grace Period for Property Taxes

The League of Wisconsin Municipalities was neutral on Assembly Bill 89, relating to a grace period for paying property taxes, as it was originally introduced. We did not take a position on the bill because it was optional for municipalities to adopt an ordinance allowing a grace period.

The League opposes Assembly Substitute Amendment 1 to A.B. 89 because it is not optional. The amendment requires municipalities to grant a 5-day grace period for payment of property taxes. This creates administrative problems and additional costs for municipalities. In addition, it will create a new "due" date, 5 days later than the statutory deadline. In the future, taxpayers who miss the 5-day grace period deadline will request another extension.

We hope you will vote against Assembly Substitute Amendment 1 to A.B. 89. Thank you for your consideration.

Directors: Jeannette Bell, Mayor, West Allis • David DeAngelis, Mayor, Muskego • Elaine Eiling, Village Trustee, Muscoda • Meg Erler, Village President, Plover • Wayne P. Frank, City Alderman, Milwaukee • Dennis Jordan, City Administrator, Berlin • Ronald Kryger, Village President, Pulaski • John D. Medinger, Mayor, La Crosse • William Nielsen, Council President, Eau Claire • Rod Schroeder, Village President, Grafton
Executive Director: Dan Thompson



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- Beloit
- De Pere
- Eau Claire
- Fond du Lac
- Green Bay
- Greenfield
- Janesville
- Kaukauna
- Kenosha
- La Crosse
- Madison
- Manitowoc
- Mannette
- Marshfield
- Menasha
- Merrill
- Milwaukee
- Monroe
- Neenah
- Oshkosh
- Platteville
- Racine
- Sheboygan
- Stevens Point
- Superior
- Two Rivers
- Watertown
- Waukesha
- Waunakee
- Wausau
- West Bend
- Whitewater

March 24, 1999

To: Members of the Ways and Means Committee

From: Gail Sumi, Intergovernmental Coordinator

Re: AB 89 – Delinquent Property Tax Installment Payments

Early in March the Wisconsin Alliance of Cities, at Representative Ziegelbauer's request, further surveyed the member cities finance directors and treasurers. The responses again were mixed. We forwarded them to the Representative.

In the past the Alliance has opposed the five-day grace period, as proposed in the substitute amendment, LRB 0017/3 and we will continue to oppose it. We understand the concern, but most finance directors believe a deadline is a deadline. Some have pointed out that property taxpayers are paying for services to their property that they received in the preceding year. Others have mentioned that the installment payment is available to taxpayers in certain communities because the community chose to offer the option as a further service to their taxpayers, rather than requiring lump sum payment.

We want to thank Representative Ziegelbauer for working so closely with us and we will continue to work with him to come to some resolution of this issue.

DRAFT -

1999 Assembly Substitute Amendment 1 to AB 89 - IMPACT of the SUBSTITUTE AMENDMENT

Assume a \$2,000 tax bill when an installment is paid 5 days late:

Effective Annual Percentage Rate (A.P.R.) Cost of Penalties for late payment of Property Taxes

2 PAYMENT PLAN

CURRENT LAW

<u>Due Date & Amount</u>	<u>Penalty</u>	<u>A.P.R. Effective Cost</u>	<u>Penalty</u>	<u>A.P.R. Effective Cost</u>
1 st Payment, 1/31 - \$1000	\$20 * Plus loss of installment option	144%	\$5 And Retain installment option	36%
Final Payment 7/31 - \$1000	\$70	504%	\$70 No change from current law	504%

SUB 1 to AB 89

4 PAYMENT PLAN

CURRENT LAW

<u>Due Date & Amount</u>	<u>Penalty</u>	<u>A.P.R. Effective Cost</u>	<u>Penalty</u>	<u>A.P.R. Effective Cost</u>
1 st Payment, 1/31 - \$500	\$20 * Plus loss of installment option	288%	\$5 And Retain installment option **	72%
2 nd Payment, 3/31 - \$500	\$45 * Plus loss of installment option	648%	\$15 And Retain installment option **	216%
3 rd Payment, 5/31 - \$500	\$50 * Plus loss of installment option	720%	\$25 And Retain installment option **	360%
Final Payment, 7/31 - \$500	\$35	504%	\$35 No change from current law **	504%

SUB 1 to AB 89

* Impact of loss of installment option means that an ADDITIONAL interest penalty of 1% on the UNPAID BALANCE accrues with the passage of each additional month.

** Sub 1 to AB 89 - 5-DAY GRACE PERIOD:
Pay penalty in current law on late installment only within 5 working days. No penalty on balance not otherwise due, and retain installment option for the balance of the year.

1999 Assembly Substitute Amendment 1 to AB 89 – IMPACT of the SUBSTITUTE AMENDMENT

Revised 3/23/99

Assume a \$2,000 tax bill when an installment is paid 7 days (5 working days) late:

Effective Annual Percentage Rate (A.P.R.) Cost of Penalties for late payment of Property Taxes
Assuming a 365-day year

2 PAYMENT PLAN

<u>Due Date & Amount</u>	<u>CURRENT LAW</u>	<u>SUB 1 to AB 89</u>
	<u>Interest Penalty</u>	<u>Interest Penalty</u>
	<u>A.P.R. Effective Cost</u>	<u>A.P.R. Effective Cost</u>
1 st Payment, 1/31 - \$1000	\$20 * Plus loss of installment option	\$10 And Retain installment option
	104%	52%
Final Payment 7/31 - \$1000	\$70	\$70
	365%	No change from current law

4 PAYMENT PLAN

<u>Due Date & Amount</u>	<u>CURRENT LAW</u>	<u>SUB 1 to AB 89</u>
	<u>Interest Penalty</u>	<u>Interest Penalty</u>
	<u>A.P.R. Effective Cost</u>	<u>A.P.R. Effective Cost</u>
1 st Payment, 1/31 - \$500	\$20 * Plus loss of installment option	\$5 And Retain installment option **
	208%	52%
2 nd Payment, 3/31 - \$500	\$45 * Plus loss of installment option	\$15 And Retain installment option **
	469%	156%
3 rd Payment, 5/31 - \$500	\$50 * Plus loss of installment option	\$25 And Retain installment option **
	521%	260%
Final Payment, 7/31 - \$500	\$35	\$35
	365%	No change from current law **

* Impact of loss of installment option means that an ADDITIONAL interest penalty of 1% on the UNPAID BALANCE accrues with the passage of each additional month.

** **Sub 1 to AB 89 – 5-DAY GRACE PERIOD:**

Pay penalty in current law on late installment only within 5 working days. No penalty on balance not otherwise due, and retain installment option for the balance of the year.