

SB 409 Yes
AB 853 yes
AB 894 yes
AB 726 yes
AB 860 yes

Joan Spillner

Notes

409 } YES
726 }

Plak

Assembly Hearing Slip

(Please print plainly).

Date: March 22, 2000

Bill No. AB 726

Subject: _____

Rep. John Townsend
(Name)

297 Boxford
(Street Address or Route Number)

Fond du Lac, WI
(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 Committee on Ways and Means

DATE _____

Moved by Goet Seconded by Leh

AB 726 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 | 1 | | | |
| 2. | Rep. Tom Sykora, vice-chair | 2 | | | |
| 3. | Rep. Bob Goetsch | 3 | | | |
| 4. | Rep. Mike Huebsch | 4 | | | |
| 5. | Rep. Frank Lasee | | | | |
| 6. | Rep. John Ainsworth | 5 | | | |
| 7. | Rep. Suzanne Jeskewitz | 6 | | | |
| 8. | Rep. Carol Owens | 7 | | | |
| 9. | Rep. Joan Spillner | 8 | | | |
| 10. | Rep. Wayne Wood | 9 | | | |
| 11. | Rep. John La Fave | 10 | | | |
| 12. | Rep. Lee Meyerhofer | 11 | | | |
| 13. | Rep. Johnie Morris-Tatum | 12 | | | |
| 14. | Rep. Jeffrey Plale | . | | | |
| 15. | Rep. Bob Turner | | | | |
| 16. | Rep. Bob Ziegelbauer | 13 | | | |
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| Totals | | | | | |

MOTION CARRIED

MOTION FAILED

Assembly Committee on Ways and Means

DATE _____

Moved by Goetsch Seconded by Wood

AB 726 SB _____ Clearinghouse Rule _____

AJR _____ SJR _____

A _____ SR _____ Other _____

A/S Amdt 1

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

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Be recommended for:

- | | |
|----------------------------------------------|--------------------------------------------------|
| <input type="checkbox"/> Passage | <input type="checkbox"/> Indefinite Postponement |
| <input type="checkbox"/> Introduction | <input type="checkbox"/> Tabling |
| <input checked="" type="checkbox"/> Adoption | <input type="checkbox"/> Concurrence |
| <input type="checkbox"/> Rejection | <input type="checkbox"/> 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 | 3 | | | |
| 4. | Rep. Mike Huebsch | 4 | | | |
| 5. | Rep. Frank Lasee | ✓ | | | |
| 6. | Rep. John Ainsworth | 5 | | | |
| 7. | Rep. Suzanne Jeskewitz | 13 | | | |
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| 12. | Rep. Lee Meyerhofer | 10 | | | |
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| 14. | Rep. Jeffrey Plale | ✓ | | | |
| 15. | Rep. Bob Turner | | | | |
| 16. | Rep. Bob Ziegelbauer | 12 | | | |
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| Totals | | | | | |

MOTION CARRIED

MOTION FAILED

DOR Property Tax Draft 4266/1 (1999 AB 726)

Eliminate Waste Treatment Application Form Requirement

Under the bill, manufacturers would no longer be required to file an application with DOR to get a waste treatment exemption. DOR would administer the exemption by using information from separate M-Forms used by manufacturers to report their property. This will save about 300 hours of DOR time annually as well as printing and mailing costs, and will save manufacturers the hassle of filling out the forms currently required. Manufacturers file more than 500 applications annually.

Changes to Wisconsin's Assessment Noncompliance Law

The bill would shorten the time that taxation districts are allowed to remain out of compliance from 8 years to 4 years (if a district has not been assessed at a value that is within 10% of its full value, DOR may supervise a district assessment). And the bill eliminates the requirement that local assessors participate in DOR training in assessment procedures before DOR conducts a supervised assessment of the property.

Also, the bill redefines a major class of property from 5% of the full value of the district to 15% of the full value of the district. This is more representative of a "major" class.

Finally, the bill defines agricultural land as a major class of property. Agricultural land was part of a major class of property along with swamp/waste and forest, but was removed from this statute when ag land values were frozen at 1995 values for 1996 and 1997 and phased in for 1998 and 1999. Because the assessed and equalized values were frozen at their 1995 values, ag land values could not be accurately measured. Now that use value is being implemented fully, there is no reason to exclude ag land as a major class any longer.

These changes are strongly supported by Wisconsin Assn of Assessing Officers and Wis Towns Assn.

Notice Requirement for Property Tax Assessment Changes

The bill provides an exception to the current 15-day notice requirement for property tax assessment changes if the property owner and the assessor both agree to the changed assessment (i.e., the assessment is lowered). Currently, if a property is assessed at a different value than the previous year, the assessor must notify the property owner of the difference at least 15 days before the meeting of the taxation district's board of review or board of assessors. The concern with current law is a slowing of the process. This provision will result in labor savings for assessors and speedier changes for property owners.

Correction to Exempt Property Fines and Computer Exemption Administration

1997 Act 237 provided an exemption from property tax for computers and requires the state to compensate taxing jurisdictions for their tax revenue loss. To determine the state payment to taxing jurisdictions, owners of the exempt property must report the value of that property on their personal property returns.

Act 237 imposes a fine of \$10 per \$100 of unreported exempt value if a property owner fails to report the exempt property. This means the fine is four times as much as the tax would be if the property were taxable. LRB 4266/1 changes the fine to \$10 per \$1,000 of unreported value, a more reasonable amount.

Also, Act 237 made no provisions for administration and disposition of fines. LRB 4266/1 requires the taxation district clerk to notify DOR of instances of unreported property. Also, requires DOR to audit and, where appropriate, adjust computer compensation payments and assess the fine.

Finally, LRB 4266/1 changes the current law term "forfeiture" to "penalty" which is a more common term for tax law fines (forfeiture is typically used in criminal law).



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

DOR Information for Assembly Committee on Ways and Means Wednesday, March 22, 2000

AB 726

Property Tax Assessment Corrections Bill

AB 726 was introduced at the request of the Department of Revenue and includes the following provisions:

Eliminate Waste Treatment Application Form Requirement

Under the bill, manufacturers would no longer be required to file an application with DOR to get a waste treatment exemption. DOR would administer the exemption by using information from separate M-Forms used by manufacturers to report their property. This will save about 300 hours of DOR time annually as well as printing and mailing costs, and will save manufacturers the hassle of filling out the forms currently required. Manufacturers file more than 500 applications annually.

Changes to Wisconsin's Assessment Noncompliance Law

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BILL SUMMARY

AB 726 Property Tax Assessment Corrections Bill

Date: March 28th, 2000

BACKGROUND

Under current law, a major class of property is property with an assessed value representing more than 5% of the total assessed value of all property in the taxation district in which the major class of property is located. If the DOR determines that a major class of property within a district has not been assessed within 10% of its full value at least once in the most recent four years, the assessors must participate in an assessment education program. If in the year of the education program and the following year the property class again fails to be assessed within 10% of its full value, the DOR must then supervise the taxation district's next property tax assessment.

Under current law, if property is assessed, for property tax purposes, at a value that is different than the value of the property in the previous year, the property tax assessor must notify the property owner of that difference at least 15 days before the meeting of the district's board of review or board of assessors. Also, after the assessor has completed the property tax assessment roll, the roll is available for public inspection.

Under current law, computer equipment is exempt from the tax on personal property if the property owner files a return with the taxation district assessor. If a person who is required to file a return fails to report information about any exempt computer equipment, the person is subject to a penalty of \$10 for every \$100 of value of such equipment and the taxation district collects the penalty.

Under current law, the state compensates taxation districts for any lost tax revenue as a result of computer equipment that qualifies for exemption from the personal property tax.

Under current law, all owners of treatment plant and pollution abatement equipment must apply for their property tax exemptions.

SUMMARY OF AB 726

Under AB 726, a class of property also includes agricultural property.

Under AB 726, a major class of property for a taxation district must represent at least 15% of the total assessed value of all property within the taxation district.

Under AB 726, if DOR determines that a major class of property within a district has not been assessed within 10% of its full value at least once in the most recent three years, DOR notifies the taxation district that DOR may supervise a subsequent taxation district assessment. If, in the year of the notification, a taxation district fails to assess a major class of property within 10% of its full value, DOR must supervise the next assessment by the taxation district. Under this bill, assessment staff does not participate in an assessment education program prior to DOR supervision of an assessment by the taxation district.

Under AB 726, if property is assessed, for property tax purposes, at a value that is different than the value of the property in the previous year, the assessor shall not notify the property owner of that difference, if the changed assessment was made with the property owner's consent and while the property tax assessment roll is available for public inspection.

Under AB 726, if a person who is required to file a personal property tax return fails to report information about any exempt computer equipment, the person is subject to a penalty of \$10 for every \$1,000 of value of such equipment and DOR shall collect the penalty.

Under AB 726, only utilities and certain insurers that own treatment plant and pollution abatement equipment must apply for their property tax exemptions.

AMENDMENTS

Assembly Amendment 1, in addition to a couple of technical changes, AA1 also modifies the bill as it relates to notification of assessment change to property owners.

FISCAL EFFECT

A fiscal estimate prepared by the Department of Revenue indicates that the provisions of AB 726 will have minimal fiscal impact. The legislation would increase costs, but the Department indicates that these costs could be absorbed by the agency's current budget.

PROS

Changes to Wisconsin's assessment noncompliance law will reduce the amount of time that a taxation district can remain out of compliance.

The modifications regarding the notice requirements for property tax assessment changes will result in reduced labor costs for assessors and will expedite changes for property owners as well.

The change in the legislation relating to the requirements for waste treatment application forms will be of benefit to manufacturers and DOR. Manufacturers will no longer have to go through the hassle of filing the forms and incurring the costs of filing those forms. DOR will be able to annually save approximately 300 hours of worker time that is currently required to process the 500+ applications that manufacturers file every year.

CONS

None apparent.

SUPPORTERS

Rep. John Townsend, author; Sen. Roger Breske, lead co-sponsor; Wisconsin Department of Revenue; WI Towns Association.

OPPOSITION

City of Milwaukee.

HISTORY

Assembly Bill 726 was introduced on February 8, 2000, and referred to the Assembly Committee on Ways and Means. On February 17, 2000, AB 726 was withdrawn from Ways and Means and referred to the Joint Survey Committee on Tax Exemptions. A public hearing was held on March 16, 2000. On March 16,

2000, the Committee voted 9-0 to adopt the report of AB 726. On March 21, 2000, the Committee reported AB 726. On March 21, 2000, AB 726 was referred to the Assembly Committee on Ways & Means. On March 22, 2000, the Assembly Committee on Ways and Means voted 15-0-1 [Rep. Turner absent] to recommend passage of AB 726.

CONTACT: Andrew Nowlan, Office of Rep. Michael Lehman