



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2003 Assembly Bill 133	Assembly Substitute Amendment 1
<i>Memo published: September 19, 2003</i>	<i>Contact: William Ford, Senior Staff Attorney (266-0680)</i>

Current law allows a person to pay his or her real property taxes in an annual payment, due by January 31, or in two installments, the first due by January 31 and the second by July 31. In addition, current law authorizes a municipality (city, village, or town) to adopt an ordinance that allows real property taxes to be paid in three or more installments. In addition, current law authorizes a municipality to adopt an ordinance that allows **special assessments** to be paid in two or more installments, or in three or more installments if a municipality has also adopted an ordinance allowing real property taxes to be paid in three or more installments.

The annual interest rate charged on delinquent payments of real property taxes and special assessments is 12%. In addition, current law authorizes a county to impose a penalty at an annual interest rate of up to 6% on delinquent property taxes and special assessments.

In addition to interest and penalty, a person who is delinquent with respect to an installment payment of real property taxes in effect loses the right to make any subsequent payment of real property taxes in installments. When an installment payment of real property taxes is delinquent, interest and penalty are charged from the previous February 1 on the entire amount of unpaid real property taxes.

If an installment payment of a special assessment is delinquent, interest and penalty are charged on the entire annual unpaid amount of the special assessment and on any unpaid real property taxes, from February 1.

Assembly Substitute Amendment 1 provides that, if an installment payment of real property taxes or special assessments is delinquent, interest and penalty is charged only on the amount of the delinquent installment payment (not the amount of unpaid real property taxes or special assessments) and only from the day after the delinquent installment payment was due (not from the preceding February 1). The effect of the substitute amendment is that a person would retain the right to make subsequent installment payments of real property taxes or special assessments without interest and penalty, even if the person is delinquent in an installment payment of real property taxes or special assessments.

The primary difference between Assembly Substitute Amendment 1 and the original bill is that

the original bill provided a "grace period" of five days after a payment due date within which a property tax payment could be made without incurring a penalty. Assembly Substitute Amendment 1 does not establish a grace period but, rather, provides that interest and penalty is charged only on the amount of the delinquent installment payment and only from the day after the delinquent installment payment was due, without requiring the payment to be made within any grace period.

Legislative History

The Assembly Committee on Ways and Means adopted Assembly Substitute Amendment 1 by a vote of Ayes, 12; Noes, 1, and recommended Assembly Bill 133, as amended, for passage by a vote of Ayes, 12; Noes, 1, on May 14, 2003.

WF:ksm:wu

Assembly Republican Majority

Bill Summary

AB 133: Property Tax Payments

Relating to: Late payments of property tax installments

By (Representatives Ziegelbauer, Huber, Ainsworth, Balow, Bies, Black, Grothman, F. Lasee, J. Lehman, Musser, Petrowski, Plouff, Seratti and A. Williams; cosponsored by Senators Leibham, Kanavas and Stepp.

Date: September 25, 2003

BACKGROUND

Under current law, installment payments of property taxes that are paid after the due date are delinquent and are, therefore, subject to interest and penalties.

SUMMARY OF AB 133 (AS AMENDED BY COMMITTEE)

Assembly Bill 133, as amended provides that if an installment payment of real property taxes or special assessments is delinquent, interest and penalties is only on the amount of the delinquent installment payment -- not on the amount of unpaid property taxes -- and only from the day after the delinquent installment payment was due. Thus, a person would retain the right to make subsequent installment payments without interest and penalty. The primary difference between the original bill and the substitute amendment is that the original bill provided a grace period of five days after a payment due date within which a property tax payment could be made without incurring a penalty. ASA 1 does not establish a grace period. AB 133 does not apply to the City of Milwaukee.

AMENDMENTS

Assembly Substitute Amendment 1 to Assembly Bill 133 was adopted 12-1-1 [Rep. Lothian voted no, Rep. Jeskewitz was absent].

FISCAL EFFECT

A fiscal estimate prepared by the Department of Revenue indicates that AB 133 would result in a loss of interest and penalty revenues for counties and some municipalities. Under the bill, revenues from interest and penalties on delinquent taxes would decline by approximately \$129,600.

PROS

1. This would benefit the small number of taxpayers who intend to pay their property tax installments on time, but inadvertently fail to do so.
2. The bill addresses the harsh treatment of late installment payments. Currently, if a taxpayer is late with the first installment payment, the entire amount of the tax is due, along with interest and a penalty. In addition, that person loses the right to make subsequent payments in installments. Under this bill, if an installment payment is late, the interest and penalty is charged only on the amount of the delinquent installment. Also, that person retains the right to make subsequent installment payments.

CONS

1. Counties/municipalities stand to lose revenue from interest and penalties currently charged on late property tax installment payments.
2. This could have the effect of encouraging late payments because it reduces the interest and penalties that late filers would be charged.
3. County/municipal treasurers may incur increased programming costs.

SUPPORTERS

Rep. Bob Ziegelbauer, author; Sen. Joe Leibham, lead co-sponsor.

OPPOSITION

The Department of Revenue; Allison Bussler, WI Counties Assn.; Ed Huck, WI Alliance of Cities; Vicki Brown, Rock County Treasurer; Teri A. Jacobson, Kenosha County Treasurer.

HISTORY

Assembly Bill 133 was introduced on March 6, 2003, and referred to the Assembly Committee on Ways and Means. A public hearing was held on April 16, 2003. On May 14, 2003, the Committee voted 12-1-1 [Rep. Lothian voted no; Rep. Jeskewitz absent] to recommend passage of AB 133 as amended.

CONTACT: Vicky Halverson, Office of Rep. Michael Lehman

Halverson, Vicky

From: John Schlice [jschlice@ci.stevens-

Sent: Friday, April 04, 2003 10:34 AM

To: rep.lehman@legis.state.wi.us

Cc: Rep.Lassa@legis.state.wi.us

Subject: AB133 - *Ziegelbauer's Bill*

This bill has popped up on the radar many times over the years and has not received the support from those of us in the trenches because it would be a logistical nightmare. The five day grace period is something that is not acceptable. The intent of the bill is good but the mechanism is not workable. This bill would gather more support from the Municipal Treasurers if it were amended to only charge interest/penalties on the delinquent installment and not succeeding payments that were not currently due. If you eliminate the 5 day grace period it would be acceptable. I understand that the County Treasurers are against a change in the law because they budget for the penalties to offset the levy. If you were to be at my collection window on the day after the installment due date you would realize a change in the law is needed, lets make a change that makes sense and is workable.

Sincerely

John Schlice
Comptroller-Treasurer
City of Stevens Point

Assembly Ways & Means Committee Hearing, April 16, 2003

AB 133 – Grace Period for Property Tax Instalments (Rep. Ziegelbauer +13, Sen. Leibham +2)

Description of Current Law and Proposed Change

- Under current law, if an instalment of property taxes is not paid when due, the entire amount of taxes that remains unpaid is delinquent as of January 31.
- The bill would create a grace period before property taxes become delinquent.
 - If an instalment is paid within 5 working days after it is due, the instalment would be late, but not delinquent.
 - The late payments would be subject to interest charges accrued from the due date of the instalment and taxpayers could continue to pay in instalments.
 - The bill would not apply to the City of Milwaukee.

Fairness/Tax Equity

- The bill is intended to benefit a small number of taxpayers who intend to pay their property tax instalments on time, but inadvertently fail to do so.
- The bill would address the perception that the current treatment of late instalment payments is excessively harsh. Some taxpayers object to the fact that a late first instalment payment renders the entire amount due, and that a late second instalment payment results in at least seven months of interest charges. While the bill would address the frustration of some taxpayers, those taxpayers who miss the proposed grace period by a few days may feel they are treated unfairly.

Administration Impact/Fiscal Effect

- The bill would undermine the credibility of taxing authorities by creating an additional due date for a new class of taxes called "late". As such, it may set a precedent for "softening" other dates and conditions regarding tax collections.
- Fiscal effect: No State effect; -\$130,000 in revenues for counties from interest and penalties; unknown but non-minimal increase in county programming costs.

DOR Position

Oppose.

Prepared by: Rebecca Boldt, (608) 266-6785

April 11, 2003

RB:skr

I:\hearing\rb\ab133 hrg.doc



BOB ZIEGELBAUER

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT

**Committee on Ways and Means
Representative Mickey Lehman, Chair**

**Wednesday, April 16, 2003
9:30 a.m. – 415 Northwest, State Capitol**

**Support for 2003 AB 133
Re: Penalties on Late Payments of Property Tax Installments**

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

Thank you for holding a hearing on AB 133, 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 late with a payment (even if only by a day or two), 3 bad things happen:

1. Interest is assessed at 1% per month (and every part of a month) back to January 31st on the late payment;
2. An additional interest penalty is assessed at the same date 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 \$3,000 total property tax bill could be one day late with one installment payment and wind up paying a penalty of up to \$100 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 or (608) 282-3625 • 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

April 16, 2003

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I regularly encountered taxpayers who always paid their bills promptly and then for some innocent reason, sometimes health, postal, or weather related, inadvertently failed to pay an 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: (1) huge interest on the late payment, (2) interest on the amount previously not yet due, and also (3) 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 133 would reduce the penalty on the late payment (if paid within 5 working days of the due date) to a more reasonable amount – and further eliminate the "piling on" of the added penalties of loss of the installment option and being charged interest on installment payments that were not otherwise due.

Under AB 133, late payers who get in to the Treasurer's office and pay within a week (5 working days) would escape the hammer of these oppressive penalties. Current law would continue if a late payment is more than 5 working days late.

Thank you again for your consideration. I would be happy to answer any questions you might have.

###

2003 Assembly Bill 133

AN ILLUSTRATION OF THE PROBLEM IN THE LAW

Consider a situation in which the taxpayer has a total property tax bill of \$3,000 and payment is made a mere 5 days late:

4 PAYMENT PLAN	CURRENT LAW	COST
<u>Due Date & Amount</u>	<u>Penalty</u>	<u>A.P.R. Impact of being 5 days Late</u>
1/31 - \$750	\$30.00 * Plus loss of installment option	288%
3/31 - \$750	\$67.50 * Plus loss of installment option	648%
5/31 - \$750	\$75.00 * Plus loss of installment option	720%
7/31 - \$750	\$52.50	504%
2 PAYMENT PLAN	CURRENT LAW	COST
<u>Due Date & Amount</u>	<u>Penalty</u>	<u>A.P.R. Impact of being 5 days Late</u>
1/31 - \$1500	\$30.00 * Plus loss of installment option	144%
7/31 - \$1500	\$105.00	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.

2003 Assembly Bill 133

Some “bogus” excuses for not changing these penalties

- Computer programming will be too costly
- It will encourage more late payments by procrastinators
- Local governments need the revenue this generates
- This penalty doesn't actually apply to very many taxpayers
- January 1st is the “real” due date; installment options are a generous “concession” to the taxpayer

----- Original Message -----

From: John Schlice
To: Bob Ziegelbauer
Sent: Friday, April 11, 2003 2:27 PM
Subject: RE: AB133

I did copy those that you copied on your first message to me. You are free to use my name and comments with anyone. In case anyone asks what my background is as it pertains to tax collections, I have been the Comptroller-Treasurer since 1986 and am a past president of the Municipal Treasurers Association of Wisconsin.

I will see what everyone thinks and let you know

Thanks
John

-----Original Message-----

From: Bob Ziegelbauer [mailto:bziel@lakefield.net]
Sent: Friday, April 11, 2003 1:58 PM
To: John Schlice
Subject: Re: AB133

John:

I would very much appreciate it if you would pursue this with your statewide colleagues.

If the preference is for simply reducing the penalty calculation so that it is only applied to each installment (not those not yet due) back to its due date, without also losing the installment option I would be very happy to amend my bill to accomplish that.

If it also OK with you I would like to share this Email correspondence with my committee colleagues at the public hearing on the bill this Wednesday April 16th.

Thanks again for your input.

Bob Ziegelbauer

-----Original Message-----

From: John Schlice [mailto:jschlice@ci.stevens-point.wi.us]
Sent: Thursday, April 10, 2003 4:55 PM
To: Ziegelbauer, Bob
Cc: Rep.Lassa; Rep.LehmanM; Rep.WoodW; Rep.WoodJ
Subject: RE: AB133

I believe that the part of your proposal to limit the interest and penalty to only the delinquent installment is acceptable to the majority of the Municipal Treasurers. The portion that is not acceptable is the 5-day grace period for a couple of reasons: 1. For the habitual late payer or procrastinator this only moves the payment day 5 days what do we do with someone that is "6" days late and has a good reason for being late? 2. The potential for error in calculating interest and penalty is greatly enhanced because of the large number of treasurers that still calculate manually and do not have a computerized system. 3. The cost of

converting the software would be coming at an inopportune time when everyone's budget is getting tighter.

I do understand that the County Treasurers for the most part do not want a change in the law because a huge number of Counties specifically budget for the income that is derived from the late fees and interest. Which is something I do not think is appropriate. But my conversations with the Municipal Treasurers indicate there would be a positive response from them as well as a number of the Comptrollers or Finance Directors in the State.

If you would give me a draft of a bill that would limit the penalty to only the "late" installment and not apply to any installments that are not currently due I would be happy to take the torch on this matter and present it to the Municipal Treasurers Conference that is being held in Wisconsin Rapids on May 1st & 2nd. I am in charge of the conference so I do have power of agenda. I am also on the League of Wisconsin Municipalities legislative Committee and a member of the Wisconsin Alliance of Cities Finance Directors group. I do have the ability to canvas a huge majority of Treasurers and Financial people that work with this problem on a daily basis

I feel that if you talk to the Municipal Treasurers who are the ones out in the trenches you will find that the majority of us support a change in the law if it can be done in an acceptable manner. It is extremely difficult to tell someone who just lost a spouse in the past week or they themselves were too ill to come in or even think about a tax payment that they will be severely penalized. All of those that were late were amenable to paying the interest on the installment that was late but could not understand why the payments that were not due were also being charged interest. I feel that if the law were to conform to a standard installment contract whereas the only installment that would be charged penalties was the one that was past due then we would be doing a service to all the taxpayers in the State.

If you would like to discuss this further my direct phone is 715-346-1574

John Schlice
Comptroller-Treasurer
City of Stevens Point
CMFA-CMTW

-----Original Message-----

From: Ziegelbauer, Bob
Sent: Thursday, April 10, 2003 1:06 PM
To: 'jschlice@ci.stevens-point.wi.us'
Cc: Rep.Lassa; Rep.LehmanM; Rep.WoodW; Rep.WoodJ
Subject: RE: AB133

Treasurer Schlice:

Thanks for your thoughts on AB 133.
(Rep. Lehman forwarded your note to me.)

As a former Finance Director in Manitowoc, I very much appreciate your perspective.

The five-day "window" was an attempt to show some compassion for late payers but mitigate the changes in a way Treasurers might find palatable.

I certainly would be very interested in further softening the penalty for ALL late payments if you think your fellow Treasurers would support it.

Such a change would not let late payers "off the hook" by any means, as the penalty would still be well in excess of the cost of the alternative of borrowing money in the marketplace.

If you think that would increase support for the bill I would certainly agree to it.

Thanks again for your thoughts.

Bob Z

-----Original Message-----

From: John Schlice [<mailto:jschlice@ci.stevens-point.wi.us>]

Sent: Friday, April 04, 2003 10:34 AM

To: rep.lehman@legis.state.wi.us

Cc: Rep.Lassa@legis.state.wi.us

Subject: AB133

This bill has popped up on the radar many times over the years and has not received the support from those of us in the trenches because it would be a logistical nightmare. The five-day grace period is something that is not acceptable. The intent of the bill is good but the mechanism is not workable. This bill would gather more support from the Municipal Treasurers if it were amended to only charge interest/penalties on the delinquent installment and not succeeding payments that were not currently due. If you eliminate the 5-day grace period it would be acceptable. I understand that the County Treasurers are against a change in the law because they budget for the penalties to offset the levy. If you were to be at my collection window on the day after the installment due date you would realize a change in the law is needed, lets make a change that makes sense and is workable.

Sincerely

John Schlice
Comptroller-Treasurer
City of Stevens Point

2003 Assembly Bill 133 and Current Law

Assume a \$3,000 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>AB 133</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 - \$1500	\$30.00 * Plus loss of installment option	\$15.00 And Retain installment option
Final Payment 7/31 - \$1500	\$105.00	\$15.00 No change from current law
	104%	52%
	365%	52%

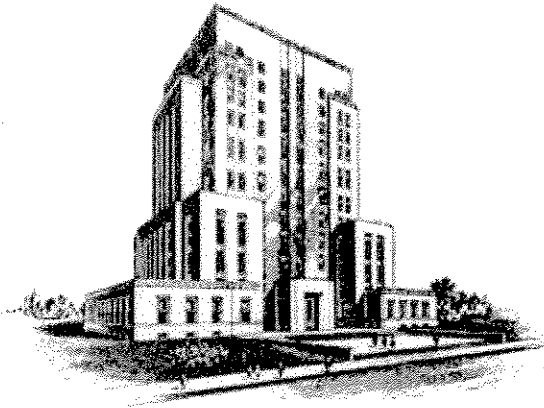
4 PAYMENT PLAN

<u>Due Date & Amount</u>	<u>CURRENT LAW</u>	<u>AB 133</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 - \$750	\$30.00 * Plus loss of installment option	\$7.50 And Retain installment option **
2 nd Payment, 3/31 - \$750	\$67.50 * Plus loss of installment option	\$7.50 And Retain installment option **
3 rd Payment, 5/31 - \$750	\$75.00 * Plus loss of installment option	\$7.50 And Retain installment option **
Final Payment, 7/31 - \$750	\$52.50	\$7.50 No change from current law **
	208%	52%
	469%	52%
	521%	52%
	365%	52%

* 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.

** 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.

For Your Information.



RACINE COUNTY
OFFICE OF THE RACINE COUNTY TREASURER
ELIZABETH A. MAJESKI

730 Wisconsin Avenue
Racine, WI 53403
(262) 636-3239
Fax: (262) 636-3851

April 16, 2003

REP MICHAEL LEHMAN
PO BOX 8952
MADISON WI 53708-8952

Dear REP LEHMAN,

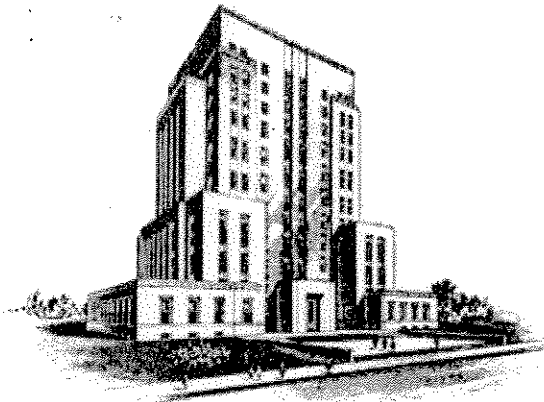
I had planned to attending the hearing on AB133 – Grace Period and was all prepared to testify against the bill. However, a serious computer problem at the office required my presence.

Enclosed is the copy of my testimony. Also attached to my testimony paper is a reminder notice that we put in with the statements we send out to June.

I am near as your phone or computer should you need to speak with me regarding this bill.

Sincerely,

Elizabeth A. Majeski
Racine County Treasurer



RACINE COUNTY

OFFICE OF THE RACINE COUNTY TREASURER
ELIZABETH A. MAJESKI

730 Wisconsin Avenue
Racine, WI 53403
(262) 636-3239
Fax: (262) 636-3851

April 15, 2003

Rep. M. Lehman, Chairperson
Rep. J. Wood, Vice Chairperson
Rep. Nass, Rep. Hahn, Rep. F. Lasee, Rep. Jeskewitz, Rep. Kerkman, Rep. Lothian, Rep. W. Wood, Rep. Colon,
Rep. Berceau, Rep. Ziegelbauer, Rep. Morris, Rep. Hebl

Ladies and Gentlemen:

I am here once again, to testify regarding AB133, the grace period for property tax payments. I represent Racine County, one of 49 counties which have passed resolutions opposing any kind of grace period.

The last time I was here to testify about this issue, I had a friend with me. After leaving the hearing I asked her what she thought about the grace period. She was furious, to say the least. She said she resented the fact that legislators were working so hard to give someone a break for being late in paying their taxes and she as a taxpayer, who pays on time for better than 40 years, would be, in actuality, subsidizing this break.

I do not agree with the fiscal estimate at all regarding the loss in revenue. I did exact calculations using the payments Racine County received in 2002 for the 2001 taxes. If this law had been in effect in 2002, Racine County would have lost \$60,000.00 in interest and penalty charges.

Another aspect of the bill that I have a problem with is the fact that if the person is late within 5 business days they would have to pay the interest but not the penalty.

Racine County publishes notices in two newspapers about when taxes are due. We have two 24hour drop boxes on the east and west end of the county. People can pay by credit card on the internet or by phone. And, very soon, they will also be able to pay by check on the internet.

Everyone who owes the second installment for July 31, gets a reminder notice. The reminder notice also includes a notice, always in a bright color, clearly telling them to mail early and what happens if the payment is late.

You have a huge budget problem to work out, taxes are a terrible issue in Wisconsin, health care is a major problem, please stop using your time for this issue which would help very few people and concentrate on solving the major problems facing our state.

Sincerely,



Elizabeth A. Majeski
Racine County Treasurer

TAXES ARE DUE ON

JULY 31, 2002

MAIL EARLY TO ENSURE TIMELY PAYMENT.

POSTMARK ON ENVELOPE DETERMINES DATE OF PAYMENT.

LATE PAYMENTS INCUR INTEREST AS OF FEB. 1, 2002 - 10 1/2%



22 EAST MIFFLIN STREET, SUITE 900
MADISON, WI 53703
TOLL FREE: 1.866.404.2700
PHONE: 608.663.7188
FAX: 608.663.7189

MEMORANDUM

TO: Honorable Members of the Assembly Committee on Ways and Means

FROM: Allison Bussler, ^{AB} Senior Legislative Associate

DATE: April 16, 2003

RE: Opposition to Assembly Bill 133

The Wisconsin Counties Association (WCA) opposes Assembly Bill 133 (AB 133) which creates a grace period before property taxes become delinquent. Under AB 133, if an installment is paid within five working days following the due date, it is not delinquent, however 1% interest is charged on the installment. No penalty would be imposed for the late installment.

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.

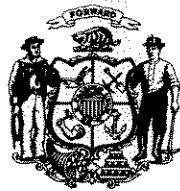
Passage of this legislation will cause administrative problems for county treasurers across the state including reprogramming their computer systems. Counties will also lose revenue it now depends on to provide services to citizens in every county.

The state of Wisconsin does not offer a "grace period" for income taxes and other revenue it depends upon to fund state programs.

The Legislature has the difficult task of resolving the largest budget deficit the state of Wisconsin has ever faced. State officials are asking local governments to share in the pain and counties are facing significant cuts in shared revenue and other reimbursement funding such as nursing homes and income maintenance. Counties have also experienced low sales tax collection revenues. The reduction in these revenues will result in reduction of service. Any legislation that further reduces county revenue further exacerbates this problem.

WCA respectfully requests your opposition to Assembly Bill 133. Thank you for considering our comments.

Rep. M. Lehman
103- West



BOB ZIEGELBAUER

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT

DATE: May 8, 2003
TO: Ways and Means Committee Members
FROM: Bob Ziegelbauer (Manitowoc: 920-684-6783; e-mail: bziegel@lakefield.net)
RE: **Substitute Amendment 1 to AB 133** (relating to late payment penalties on property tax installment payments)

As a result of comments received at our April 16th Committee hearing on AB 133, and consultation with Chairman Lehman, Rep. Wayne Wood, Legislative Council's Bill Ford, Dept of Revenue's Legislative Liaison Sherry Gates, and John Schlice (Comptroller-Treasurer, City of Stevens Point), I have had drafted a substitute amendment (attached) which Chairman Lehman has indicated he will take up on **Wednesday, May 14th**. As you may recall AB133 was designed to address the extreme three-part penalty in current law regarding the late payment of property tax installments.

Recall that the three-pronged penalty currently inflicted on late payers was:

1. **interest** on the late installment back to January 31st;
2. **interest** on the balance not otherwise due back to January 31st; and
3. **loss** of the installment option.

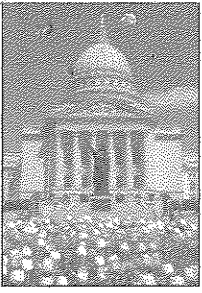
Substitute Amendment 1, ASA1 to AB133, eliminates the grace period contained in the original bill, but preserves the installment option for late installment payers and reduces the heavy handed penalty on payments otherwise not yet due by accruing interest and penalty only from the date each installment is actually due. As a result, penalties on payments not yet due would also be eliminated.

I hope you will find this a compromise you can support.

As always please don't hesitate to contact me if I can answer any questions, or provide any further information on this sub.

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STATE CAPITOL: P.O. BOX 8953, MADISON, WI 53708-8953 • (608) 266-0315
TOLL FREE: 1-888-529-0025 • FAX (608)-266-0316 or (608) 282-3625 • 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



Michael (Mickey)
Lehman

State Representative
99th Assembly District

Committee Chair: Ways and Means

Memorandum

To: Ways & Means Committee Members

From: Rep. Michael "Mickey" Lehman

Date: May 12, 2003

Re: Amendments for May 14th Public Hearing/Executive Session

In addition to Rep. Ziegelbauer's ASA 1 to his AB 133, the Committee will consider the following amendments at our May 14th Public Hearing/Executive Session:

A technical amendment to AB 195

An amendment to AB 238 introduced by the author, Rep. Stone

Copies of all are attached for your information.

Kostelic, Luanne

From: John Schlice [jschlice@stevenspoint.com]
Sent: Monday, May 12, 2003 4:38 PM
To: Ziegelbauer, Bob
Subject: RE: AB133

Rep. M. Lehman

103 - West

Re: 5/14/03 Ways & Means
EXCC

I support the bill as amended, I think that it will go along way to make it resemble an normal installment contract. The County Treasurers will fight it but I do hope you are successful in its passage. Not everyone will be happy as they will perceive this as taking money out of their budgets but I do not believe we should be calculating our budgets hoping a certain number of taxpayers are delinquent.

John Schlice
Comptroller-Treasurer
City of Stevens Point

-----Original Message-----

From: Ziegelbauer, Bob [mailto:Bob.Ziegelbauer@legis.state.wi.us]
Sent: Friday, May 09, 2003 3:27 PM
To: John Schlice
Subject: RE: AB133

Substitute Amendment to AB 133 -- see attachment below.

Office of Rep. Bob Ziegelbauer

Staff

Luanne Wavrunek Kostelic
Thomas M. Kelly III

State Capitol

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Phone: (608) 266-0315 or Toll Free: 1-888-529-0025
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Website:

*Visit weekly to answer Rep. Ziegelbauer's
"Question of the Week"*

<http://www.bobziegelbauer.com>

In the District

1213 S. 8th Street, PO Box 325
Manitowoc, WI 54221-0325
Office: (920) 684-6783
Home: (920) 684-4362

05/12/2003

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, February 26, 2003 1:18 PM
To: bob.ziegelbauer@legis.state.wi.us
Subject: property tax interest charges

Dear Mr. Ziegelbauer,

I'm writing for an explanation on the interest penalties on late payments of installments on property taxes. To give you a quick background, my first installment on my Manitowoc property taxes was due on January 31, and I mailed it on the 29th from the Manitowoc post office. A couple of weeks later, I get a receipt in the mail for the payment and a notice that it was late. Turns out, it wasn't postmarked until February 1st and was therefore late. I was told by the city treasurer that I would be charged interest not only on that payment but on each subsequent payment RETROACTIVE to February 1st--even if payments numbers two, three, and four are on time!! WHAT? Even if I had mailed it late (I absolutely did not, and the check was also dated 1/29), it was still only one day late. How is that fair, and why can nobody else get away with that except the government? If my business tried to do that we'd be locked up.

So now, if I want to avoid paying one branch of the government over \$112 in interest because another branch of the government couldn't postmark it in a timely way, I have to pay the ENTIRE remaining balance of the bill (\$2,610.12) now.

Please explain why this policy is appropriate, fair, and reasonable. I'd like to know why there is no grace period when the penalty is so severe. I'd also like to know why this policy is state law and not managed by each municipality.

Thank you for your service to the people.

Sincerely,

[REDACTED]
Manitowoc, WI 54220
[REDACTED]

-----Original Message-----

From: Bob Ziegelbauer [mailto:bziegel@lakefield.net]

Sent: Wednesday, February 26, 2003 2:27 PM

To: [REDACTED]

Cc: rep.lehmanM@legis.state.wi.us

Subject: Fw: property tax interest charges

[REDACTED]:
You have been hit by my number one pet peeve!!

I'm very familiar with the way the law works ever since my days as Manitowoc City Treasurer. I was always embarrassed to have to collect a penalty like this under the mandate of State Law which was so unjust and unfair. It's been my personal crusade since I was first elected ten years ago.

Attached is a memo I've sent to my colleagues recently asking them for support in my efforts this session at changing the law. (Coincidentally I am introducing the bill today!!) Notice the tone I am using trying to get their attention.

I have introduced a bill to correct this every session of the Legislature since I've been elected ten years ago. I have to admit however that I haven't been very successful, although one time I did get the bill to the Governor's desk and he was persuaded to VETO it.

You might think that because this law is so obviously unfair, it would be easy to change. Unfortunately that's not the case. The main problem that I run in to is that most local treasurers oppose changes to the State law although they are quite comfortable telling customers that the villain in all of this is the State Legislature (all while they're collecting these usurious penalties!!!). They are an embarrassment too!!

Ed Brey, here in Manitowoc County is a pleasant exception however. He supports my bill.

I'm embarrassed that Government treats people this way, and I'm going to keep trying to change this as long as I'm in the Legislature.

Thanks for your note.
I'll try to let you know if I find any success.

Bob Ziegelbauer

P.S. I'm copying our correspondence to Rep. Mickey Lehman who chairs the committee of the Assembly that deals with these issues so that he can see first hand the details of your situation. He is sympathetic to the need for change but caught in the crossfire between those who want change and the statewide organizations of Municipal and County Treasurers who fiercely oppose it.

Vote Record

Committee on Ways and Means

Date: 5/14/03

Moved by: Ziegelbauer

Seconded by: W. Wood

AB 133

SB _____

Clearinghouse Rule _____

AJR _____

SJR _____

Appointment _____

AR _____

SR _____

Other _____

A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt 0069/2

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

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

Be recommended for:

- Passage Adoption Confirmation Concurrence Indefinite Postponement
- Introduction Rejection Tabling Nonconcurrence

Committee Member	Aye	No	Absent	Not Voting
Representative Michael Lehman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Jeffrey Wood	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Stephen Nass	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Eugene Hahn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Frank Lasee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Suzanne Jeskewitz	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Samantha Kerkman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Thomas Lothian	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Wayne Wood	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Leon Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Terese Berceau	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Robert Ziegelbauer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Johnnie Morris	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Tom Hebl	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: 12 1 1 _____

Vote Record

Committee on Ways and Means

Date: 5/14/03

Moved by: Ziegelbauer

Seconded by: Lehman

AB 133

SB _____

Clearinghouse Rule _____

AJR _____

SJR _____

Appointment _____

AR _____

SR _____

Other _____

A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

(1) 0069/2

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

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

Be recommended for:

- Passage Adoption Confirmation Concurrence Indefinite Postponement
- Introduction Rejection Tabling Nonconcurrence

as amended

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative Michael Lehman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Jeffrey Wood	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Stephen Nass	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Eugene Hahn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Frank Lasee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Suzanne Jeskewitz	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Representative Samantha Kerkman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Thomas Lothian	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Wayne Wood	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Leon Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Terese Berceau	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Robert Ziegelbauer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Johnnie Morris	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Tom Hebl	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: 12 1 1 _____