



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2007 Assembly Bill 20

**Assembly Substitute
Amendment 1 and Assembly
Amendment 1 to Assembly
Substitute Amendment 1**

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Assembly Substitute Amendment 1 to 2007 Assembly Bill 20 (the “Substitute Amendment”) creates a state loan program under which owners of property in cities, villages, or towns may obtain a loan to pay “excess property taxes” that are imposed because of a mistake made by the State Department of Revenue (DOR) in computing the equalized valuation of the city, village, or town.

CURRENT LAW

The equalized value of a city, village, or town is used to determine the amount of property taxes paid by owners of taxable property in the city, village, or town to overlying taxing jurisdictions. For example, if the equalized value of property in Town Y is 30% of the equalized value of the county in which the town is located, the owners of taxable property in Town Y pay 30% of the property tax levy of the county.

Equalized value is determined annually by DOR under s. 70.57, Stats.--each city, village, and town is notified of its equalized value by August 15 of each year. Any mistake made by the DOR in computing equalized value for a city, village, or town is corrected by increasing or decreasing, as appropriate, the equalized value for that entity in the next year’s determination of equalized value.

THE SUBSTITUTE AMENDMENT

The Substitute Amendment provides that if the most recent determination of equalized value for a city, village, or town is overstated because of a clerical, arithmetic, transpositional, or similar error made by DOR, as confirmed by DOR, and the amount of the overstatement is at least 10% of the city, village, or town’s equalized valuation in the prior year, the DOR shall make payments to the city, village, or town.

The payments are required to be used to make loans to owners of taxable property, who apply for them, in an amount equal to the amount of excess property taxes paid because of the overstatement of equalized value. DOR is required to make monthly payments to the city, village, or town based upon the amounts requested in loan applications by property owners each month.

Payments made by the state to the city, village, or town are recovered as a state special charge against the entity in the year after the year in which the error occurred. The special charge is not allowed to be included in that entity's property tax levy. The city, village, or town is required to assess the loan, as a special charge against the property for which the loan was made, on the property tax bill succeeding the loan. No interest may be charged to the taxpayer on loans with respect to which the special charge to recover the loan is paid on time.

The Substitute Amendment makes an annual appropriation of general purpose revenue of \$600,000 to fund the loan program for fiscal year 2006-07.

ASSEMBLY AMENDMENT 1 TO THE SUBSTITUTE AMENDMENT

The Substitute Amendment provides that a taxpayer may apply for a loan up until July 31 of the year following the error and provides that DOR shall make no payments to a city, village, or town after August 31 of the year following the error.

Assembly Amendment 1 provides that a taxpayer may apply for a loan up until June 15 of the year following the year and provides that DOR shall make no payments to a city, village, or town after June 30 of the year following the error. These dates are consistent with the appropriation for the loan program, under which funds not used by the end of the fiscal year (June 30, 2007) lapse to the general fund.

LEGISLATIVE HISTORY

On January 17, 2007, the Assembly Committee on Ways and Means introduced Assembly Amendment 1, and adopted it by a vote of Ayes, 12; Noes, 0; and Absent, 1. The Substitute Amendment, which was introduced by Representative Davis, was adopted by a vote of Ayes, 12; Noes, 0; and Absent, 1. The bill, as amended, was recommended for passage by a vote of Ayes, 12; Noes, 0; and Absent, 1.

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