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# DEVIN LEMAHIEU

## STATE SENATOR

**Senate Committee on Local Government, Small Business, Tourism, and Workforce Development  
Testimony on Senate Bill 146/Assembly Bill 141  
September 3, 2019**

Chairman Jacque & Members,

Thank you for holding today's hearing on Senate Bill 146 and its companion legislation Assembly Bill 141. This simple, bipartisan bill fixes two ambiguities in current law regarding when property tax bill payments are due to a local treasurer. This proposal benefits both taxpayers and local officials.

Property tax payments are generally due each year on January 31<sup>st</sup>. However, a recent law change grants homeowners a short "grace period" during which property taxes can be paid late without penalty. This grace period is defined as "five working days."

This law has occasionally led to confusion when January 31<sup>st</sup> falls on a weekend. County treasurers have received different interpretations from the Wisconsin Department of Revenue regarding when the grace period ends.

Another problem occurs when payments are postmarked by the due date but received after the grace period by the local treasurer. Current law is ambiguous regarding whether taxpayers should be penalized in this instance.

SB 146/AB 141 makes two changes to current law:

1. Clarifies that the five day grace period ends on the Friday after January 31<sup>st</sup> if January 31<sup>st</sup> falls on a weekend.
2. Clarifies that a property tax payment is not late as long as it is postmarked by the statutory due date, regardless of when it is actually received.

This legislation was requested by my local Calumet County Treasurer on behalf of the Wisconsin County Treasurers' Association. It is also supported by groups representing both property taxpayers and local governments. This includes the Wisconsin Realtors Association, Wisconsin Property Taxpayers Inc., the Wisconsin Counties Association, the League of Wisconsin Municipalities, and the Wisconsin Towns Association.

In June, AB 141 passed the Assembly Committee on Local Government on a vote of 8-0. It then passed the Assembly on a voice vote.

Thank you for your consideration. I am happy to answer questions.



# JOAN BALLWEG

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CO-CHAIR, JOINT COMMITTEE FOR REVIEW OF ADMINISTRATIVE RULES

41<sup>st</sup> ASSEMBLY DISTRICT

Senate Bill 146/Assembly Bill 141: Due Dates for Paying Local Property Taxes  
Testimony of State Representative Joan Ballweg  
Senate Committee on Local Government, Small Business, Tourism  
and Workforce Development  
September 3, 2019

Thank you, Chair Jacque and members of the committee for hearing Senate Bill 146 and Assembly Bill 141 today. This legislation was introduced at the request of the Wisconsin County Treasurer's Association with the support of the Wisconsin Counties Association.

Under current law, a five day grace period is allowed for payments of real and personal property taxes. SB 146/AB 141 proves clarity by settling differing opinions county treasurers have received from the Department of Revenue regarding the end of the grace period when the due date lands on a weekend.

By implementing these simple clarifications, treasurers around the state will be able to apply property tax payments with consistency and uniformity by:

- Clearly defining the grace period as five business days from the statutory due date of January 31 and specifying a clear deadline for due dates that fall on a weekend;
- Clarifying payments received with proper post-marks on or before the statutory due date regardless of when the payment is physically received will be considered received by the due date.

Assembly Bill 141 has been heard by the Assembly Committee on Local Government and passed both the committee and the Assembly.

With me here today are county treasurers who sought this legislative clarification.

Thank you for your consideration and I'm happy to answer questions.



## Office of the County Executive

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September 3, 2019

Senate Committee on Local Government, Small Business, Tourism, and Workforce Development

### SB 146/ AB 141 Re: due dates for paying property taxes

Probably, you have all heard from constituents of the harsh penalties when the property taxpayer is **"inadvertently late"** \* with installments paying the property tax.

Installment payments of property tax bills are set by Wisconsin law. They are payable in installments of two, three, or four payments (three or four installments usually in cities except Milwaukee which has 10 installments and is governed by a separate law). When an installment is late the penalty is one percent per month or portions of a month on the unpaid balance, from February 1 in the year of payment and all of the taxes are due immediately. That seems slight, but that rolls up into a pretty harsh penalty.

In a two payment installment plan the **opportunity cost** of interest of the taxpayer paying a week late range from **104% APR** in the first installment to **364% APR** for the final payment **plus all the remaining taxes are due immediately**. (For the 4 installment plan the opportunity cost is **468% APR** for the second payment and **520% APR** for the third payment.) For the first installment the interest rate is 1% of the late payment plus 1% of the unpaid balance for a total of 2% and the entire unpaid balance is currently due. In August the penalty is 7% of the late payment of the balance due. It's a little bit complicated. **No one is late on purpose.**

### What the grace period bill was intended to do.

I was a City Treasurer in Manitowoc before I was elected to the legislature. Routinely I had to explain the harsh penalty to the irate **"Inadvertently late taxpayer"** (especially senior citizens) and tell them I had to collect the penalty without exception. I introduced bills nearly every session when I was in the Assembly rectifying this problem. **The bills would have provided a smaller but significant penalty and saved for them the installment option if they paid within the month following the due date** (similar to 74.87 (6) in current law for the City of Milwaukee).

One bill got to the Governor's desk, but was vetoed. The County Treasurers' opposed any change. I met many County Treasurers along the way. Almost all opposed any efforts to soften or change the penalty, so I worked with Senator Leibham in the 2011/12 legislative session and we worked out a compromise that is the "grace period". The City of Milwaukee already has ten installments and a 5 day grace period (74.87 (7) (b)). The compromise imitated the City of Milwaukee payment plan by not making the unpaid balance delinquent if the installment is paid within the grace period (74.87 (6)).

\* (An **"Inadvertently late taxpayer"** is a taxpayer who is late by a few days and intends to pay the tax bill **on time** usually through the **installment process**.)

I wanted to solve the problem once and for all, but the compromise was agreed to by me, Senator Leibham, and the representatives of the County Treasurer's. We then passed the bill in 2012 and the Governor signed it.

## The bill would collapse and confuse the grace period

The grace period is simply a mechanism for inadvertent late payers to get back in the system of installment payments if they paid within 5 working days. **I want to preserve the "grace period" that we all agreed to.**

When an installment is due on Saturday or Sunday the payment is due on the next Monday. The grace period runs the same way; **five working days from the date actually due, five working days from the Monday due date when the installment payment is due on Saturday or Sunday.** The provision of the grace period is clear and unambiguous. This bill would collapse the grace period in certain years whenever the payment is due on Saturday or Sunday the grace period would extend to the following Monday the bill would shorten is to the previous Friday. This would cause unnecessary confusion, needlessly.

## The bill would stipulate when the payment must be received to be on time

This provision of the bill says that the **payment must be received in the treasurer's office** by the end of the grace period not merely postmarked by the end of the grace period. This mirrors the City of Milwaukee's provision in 74.87 (7) (b). **I support that provision of the bill.**

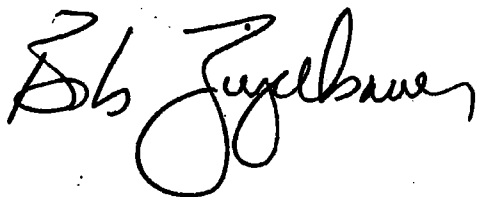
I agree with the finality of the grace period and requiring the payment to reach the Treasurer's office by the end of the grace period. That doesn't threaten the "grace period" compromise.

## Why I disagree with some of what the bill does.

Parts of this bill confuses the grace period, dilutes it, reneges on the compromise we reached, and sets the stage for eliminating the grace period in the future due to the confusion. **I wouldn't change the grace period at all or maybe merely clarifying what the grace period means now by substituting "7 days" instead of a "5 working days".**

The grace period has worked well. It has provided for a little relief from the harsh penalty of **inadvertent late taxpayers** paying an installment late. We don't want to make it more confusing.

Sincerely,



Bob Ziegelbauer  
Manitowoc County Executive  
Former member of the Wisconsin State Assembly



# Wisconsin County Treasurers' Association

September 3, 2019

TO: Senate Committee on Local Government Members

FROM: Valerie Etzel, WCTA President, Walworth County Treasurer

RE: Support companion bills 2019 **Assembly Bill 141** & **Senate Bill 146**  
Relating to: Due Dates for Paying Property Taxes

The Wisconsin County Treasurer's Association supports companion bills AB-141 and SB-146.

There is a gray area within the Wisconsin State Statutes Subchapter 74.11 Dates for payment of taxes, special assessments and special charges and Subchapter 990.001 (4) Construction of laws; rules for Time, How Computed which allows that the due date to be moved to the next business day.

The intent of the 5 working day grace period was for the due date to be the 31<sup>st</sup> respectively regardless of when the 31<sup>st</sup> fell; not to potentially extend the grace period date for a timely payment.

While we as county treasurers' work with our local municipalities on the grace period date, confliction has occurred when taxpayers ask various agencies what the last date is to pay their property taxes. When given wrong information, taxpayers are not happy to pay interest and penalty in addition to their taxes and no option to postpone their second installment because interest and penalty accrue until paid in full. These bills remove any additional burden on taxpayers and expedites processing tax payments.

On behalf of the Wisconsin County Treasurers' Association, I am asking for your support with the passage companion bills 2019 Assembly Bill 141 and Senate Bill 146 for clarification and consistency throughout all counties of the State of Wisconsin.

Thank you,

Valerie Etzel  
WCTA President  
Walworth County Treasurer

To: Senate Committee on Local Government, Small Business, Tourism, and Workforce Development  
RE: Support for 2019 **Assembly Bill 141 & Senate Bill 146**  
Relating to Dues Dates for Paying Property Taxes

Good Morning,

I am here today to testify in support of Assembly Bill 141 and Senate Bill 146 for the clarification of the due date for payment of property taxes.

The purpose of this legislation is for clarification and benefit on two key areas.

**#1. To eliminate late penalties on the taxpayer based on postal delay.**

Current statutes state that payment must be post-marked and/or received within the 5 day grace period. Payments received outside of this timeframe, even if post-marked on/before the due date are to be considered delinquent. This legislation changes this current practice and no longer penalizes the tax payer for postal delay...a delay outside of taxpayer control.

**#2. To clarify the due date falling on the "weekend rule" when applying the 5 days of the grace period**

Current statutes are somewhat vague regarding the due falling on a Saturday, Sunday or Holiday. There are 2 differing DOR opinions accordingly. This legislation will clarify and create a more defined consistent practice in which the grace period will be 5 business days after the due date, regardless of the day of the week. WCTA (Wisconsin County Treasurer's Association and WCA (Wisconsin Counties Association have discussed this concern and DOR does not oppose this legislation.

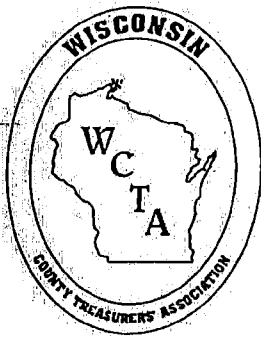
In summary, the intent of the grace period was to provide "grace" for those taxpayers who innocently forgot to pay their property taxes timely. Unfortunately, some details of the original legislation have been either exploited or overlooked since inception in 2009. Assembly Bill 141 and Senate Bill 146 will make logical, common sense changes in these areas and will be implemented and put into practice uniformly throughout the State by County and Municipal Treasurer's alike.

On behalf of the Wisconsin County Treasurer's Association, I am asking passage of Assembly Bill 141 and Senate Bill 146.

Thank you for your time and consideration.

Michael V Schlaak  
Calumet County Treasurer  
WCTA-Legislative Chair





# Wisconsin County Treasurers' Association

March 2019 Seminar

Resolution No. 2019-01

**WHEREAS**, Statute 74.69 (1) GENERAL RULE. If payment is required by this chapter to be made by a taxpayer on or before a certain date, the payment is timely if it is mailed in a properly addressed envelope, postmarked before midnight of the last day prescribed for making the payment, with postage prepaid, and is received by the proper official not more than 5 days after the prescribed date for making the payment.

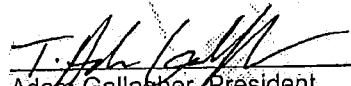
**WHEREAS**, Statute does not change the due date for paying taxes.

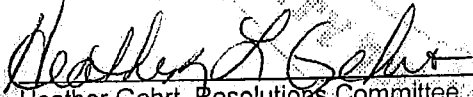
**WHEREAS**, Under current law, an installment payment of special assessments, special charges, special taxes, and property taxes imposed on real property or on improvements to leased land are considered delinquent if not paid on or before five working days after the due date.

**WHEREAS**, If the due date falls on a Saturday or Sunday the 5 day grace period ends on (Friday of that week) the 5<sup>th</sup> working day after the weekend;

**NOW THEREFORE BE IT RESOLVED**, To Clarify the 5 day grace period to be uniform throughout the State, if the due date falls on the weekend, the grace period is not extended so the grace period is 5 working days after the due date.

Respectfully submitted, this 5 day of March, 2019.

  
Adam Gallagher, President  
Dane County Treasurer

  
Heather Gehrt, Resolutions Committee  
Wood County Treasurer