



TODD NOVAK

STATE REPRESENTATIVE • 51ST ASSEMBLY DISTRICT

(608) 266-7502
Toll-Free: (888) 534-0051
Rep.Novak@legis.wi.gov

P.O. Box 8953
Madison, WI 53708-8953

Testimony In Support of Assembly Bill 843
Committee on Ways and Means

February 10, 2016

Thank you Chairman Spiros and members of the committee for holding a public hearing today on Assembly Bill 843. Under current law, DOR orders a charge-back or adjustment only after determining that the taxation district's equalized value was affected, and then DOR orders either, but not both, of the options. I am putting this bill forward to clear a gray area with municipal charge backs.

The bills intent is that the Department of Revenue, once a taxation district requests to, "charge back," to the taxing jurisdictions within the taxation district, property taxes that the taxation district rescinded or refunded to taxpayers, so that each taxing jurisdiction pays back its share of the taxes to the taxation district.

Thank You,

A handwritten signature in black ink that reads "TODD NOVAK". The signature is stylized and cursive.

Todd Novak
State Representative
51st Assembly District



131 W. Wilson St., Suite 505
Madison, Wisconsin 53703
phone (608) 267-2380; (800) 991-5502
fax: (608) 267-0645
league@lwm-info.org; www.lwm-info.org

To: Assembly Committee on Ways and Means
From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities
Date: February 10, 2016
Re: **AB 843, Ensuring that municipalities are able to charge-back rescinded or refunded property taxes to other taxing jurisdictions.**

The League of Wisconsin Municipalities strongly supports AB 843, ensuring that municipalities are able to charge-back rescinded or refunded property taxes to other taxing jurisdictions. The bill requires the Department of Revenue, upon application by a municipality, to "charge-back," to the other taxing jurisdictions within the municipality property taxes that the municipality rescinded or refunded to taxpayers. The bill clarifies that the county, the school district, and the technical college must pay back their share of a property tax refund to the municipality. Under current law that is not always the case. DOR must first determine that the refund affects the equalized value of the community before allowing the city or village to charge-back to the other taxing jurisdictions their share of the tax refund. DOR has denied charge-backs on average over the last 10 years 17% of the time. In 2013, DOR denied 245 municipal charge-back requests, which was 24% of requests.

This has resulted in many communities over the years finding themselves solely responsible for covering 100% of a tax refund. For example, the City of Oshkosh was recently ordered by a court to refund \$306,000 in property taxes to two Walgreen stores. The amount covered five years of excessive taxes. DOR concluded that the refund did not impact the city's total equalized value and therefore declined to order the other taxing jurisdictions to pay the city their proportional share of the refund, which would have been \$166,000, over half of the refunded amount.

Cities and villages from around the state tell similar stories. Sun Prairie, for example, recently refunded \$134,000 in property taxes to several taxpayers and DOR declined to make the other taxing jurisdictions cover their share of the refund, which would have been \$87,000.

In the last year several communities have challenged in court DOR's determination that the community's equalized value was not impacted enough by a tax refund to require ordering a charge-back. The Village of Fox Point won a circuit court decision overturning the department's determination that the community's equalized value was not impacted by several tax refunds. That case is on appeal. AB 843 would end the need for such costly and unnecessary litigation between state and local governments.

AB 843 requires DOR in all instances in which the tax refund exceeds \$5,000 to direct the other taxing jurisdictions to reimburse the municipality for their share of a property tax refund.

The League urges you to recommend passage of AB 843. Thanks for considering our comments.

YOUR VOICE. YOUR WISCONSIN.