



### Legislation Details (With Text)

**File #:** 60350      **Version:** 1      **Name:** Suspending interest and penalties for late property tax installment payments

**Type:** Resolution      **Status:** Passed

**File created:** 4/28/2020      **In control:** Attorney's Office

**On agenda:** 5/5/2020      **Final action:** 5/5/2020

**Enactment date:** 5/12/2020      **Enactment #:** RES-20-00340

**Title:** Suspending interest and penalties for late property tax installment payments.

**Sponsors:** Satya V. Rhodes-Conway, Rebecca Kemble, Michael E. Verveer

**Indexes:**

**Code sections:**

**Attachments:** 1. Property Tax Installment R #60350\_CC Mtg. 05.05.20

Date	Ver.	Action By	Action	Result
5/5/2020	1	COMMON COUNCIL	Adopt Under Suspension of Rules 2.04, 2.05, 2.24, and 2.25	Pass
4/28/2020	1	Attorney's Office	RECOMMEND TO COUNCIL TO ADOPT UNDER SUSPENSION OF RULES 2.04, 2.05, 2.24, & 2.25 - MISC. ITEMS	

#### Fiscal Note

This resolution implements a provision included in 2019 Wisconsin Act 185, that authorizes municipalities, with approval of the county, to waive interest and penalties for late payment of property tax installments due on or after April 1, 2020, through October 1, 2020. Interest and penalties accrue after October 1, 2020 on unpaid amounts. Over the past three years, the City has received an average of \$167,900, in interest and penalties from the May 31st installment payment.

Under the property tax collection process defined in state law, counties pay municipalities the amount of unpaid property taxes (the "tax settlement" process) after a certain date (for Madison, because it offers installment payments, the last day that the city can collect property taxes is July 31<sup>st</sup>). The tax settlement payment date from the county is August 20<sup>th</sup>. The state law provision that authorizes the waiver of interest and penalties also authorizes counties that utilize the waiver option to delay the tax settlement payment date from August 20<sup>th</sup> to September 20<sup>th</sup>.

In 2019 (2018 taxes due / paid in 2019), \$3.7 million of unpaid property tax bills was turned over to the county on July 31<sup>st</sup>. Of that amount, \$1.5 million was due to the city and the remaining \$2.2 million was due to the other taxing jurisdictions (i.e., school districts and MATC). However, the remaining property taxes due between now and July 31 total over \$100 million. It is unknown to what extent the effect of the current economic conditions and waiver of interest and penalties will have on amounts paid to the city by July 31, 2020, and the unpaid amounts that will be turned over to the county and then paid to the city through the tax settlement process. The provisions of Act 185 that allow delay of the county tax settlement to September 20<sup>th</sup>, could have cash flow implications for the city. Projected city cash balances are anticipated to be sufficient to absorb this delay.

#### Title

Suspending interest and penalties for late property tax installment payments.

**Body**

WHEREAS, on April 15, 2020, the Wisconsin Legislature enacted several changes to Wisconsin State law by 2019 Wisconsin Act 185, in response to the COVID-19 pandemic; and

WHEREAS, Emergency Order #12, Safer at Home announced on March 24, 2020, thereafter extended to May 26, 2020, requires individuals to remain at home with the exception of essential travel, based on the increasing transmission of COVID-19 within the State of Wisconsin; and

WHEREAS, on March 23, 2020, pursuant to Madison General Ordinance Section 3.19, the Mayor issued an Emergency Proclamation, based on the increasing transmission of COVID-19 within the City of Madison; and

WHEREAS, part of the Governor's Order has required non-essential businesses to remain closed and/or operate in a limited capacity; and

WHEREAS, many residents of the City of Madison and Dane County as a result of business closures have been laid off or furloughed from their employment; and

WHEREAS, thousands of residents of the City of Madison and Dane County have subsequently had to apply for unemployment insurance compensation as a result of loss earning; and

WHEREAS, the Madison Common Council, in response to the economic impacts of the public health emergency, amended the City of Madison Room Tax Ordinance under MGO § 4.21, to waive interest and penalties on first quarter room taxes due April 30, 2020; and

WHEREAS, the City finds that the taxpayers of the City of Madison and Dane County have suffered and continue to suffer a general financial hardship as a result of the COVID 19 pandemic; and

WHEREAS, Dane County will consider on May 21, 2020, Resolution 60350 by the authority of 2019 Wisconsin Act 185, which resolution finds that the residents and taxpayers of Dane County have suffered and continue to suffer a general financial hardship as a result of the COVID 19 pandemic and have approved the waiver of interest and penalties for late payments of property tax installments due after April 1, 2020 if the entire balance is paid by October 1, 2020.

NOW THEREFORE BE IT RESOLVED, the City of Madison will, contingent upon the adoption of a similar resolution by Dane County, suspend the imposition of interest and penalties for late real property tax installment payments due on May 31 and July 31 provided the instalments are paid in full by October 1, 2020.