



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT

March 6, 2024

Senate Committee on Universities and Revenue Testimony on Assembly Bill 1089

Good Morning!

Thank you Chair Hutton and committee members for hearing Assembly Bill (AB) 1089 that will modify the interest rate for various late, nondelinquent taxes and fees owed to the Department of Revenue (DOR) and to overpayments for those taxes and fees that are refunded by DOR.

AB 1089 would set the over/underpayment interest rate at 6%. Currently DOR pays 3% for overpayments and collects 12% for underpayments. The Internal Revenue Service (IRS) changes the rate frequently, but it is the same for over/underpayments. All of our neighboring states have the same rate for over/under payments.

- Iowa – 6%
- Illinois – 3% (adjusted biannually)
- Indiana – 4%
- Michigan – 4.25% (adjusted biannually)
- Minnesota – 3%

Wisconsin's overpayment rate of 3% was set on July 2, 2013. The underpayment rate of 12% has remained unchanged since August 1, 1981. Prior to November 1, 1975, Wisconsin's over/underpayment rate was 6%.

Passing AB 1089 would equalize our rates, so Wisconsin is not an outlier on this issue. Also, our tax policy should encourage compliance with our tax laws, but not be punitive. The underpayment interest rate owed by the taxpayer is only for past due taxes. The delinquent tax interest rate would still remain at 18%, unless the Secretary of DOR determines that a reduction is fair and equitable.

The Wisconsin Institute of Certified Public Accountants (WICPA) offered input on the drafting of the bill, and supports these changes.

Thank you again for hearing AB 1089, and your timely action on this proposal.



ROBERT WITTKE

STATE REPRESENTATIVE • 62nd ASSEMBLY DISTRICT

Senate Committee on Universities and Revenue

March 6, 2024

Chair Hutton and Committee Members:

Thank you for holding a public hearing on Assembly Bill 1089 (AB 1089) which would modify interest rates on various late, non-delinquent taxes and fees owed to the Department of Revenue (DOR) and to overpayments for those taxes and fees that are refunded by the DOR.

Current law, in general, on late or non-delinquent taxes or fees are subject to an interest rate of 12% per year and DOR pays 3% per year on refunds of overpayments of those taxes and fees. Assembly Bill 1089 reduces the under payment interest rate from 12 to 6% and increases the interest on overpayments from 3 to 6%. Our surrounding states currently have interest rates set as follows:

Iowa	6%
Illinois	3% (adjusted bi-annually)
Indiana	4%
Michigan	4.25% (adjusted bi-annually)
Minnesota	3%

AB 1089 changes interest rate to 6% for uniformity across all tax types, including: withholding; sales and use tax; taxes paid by utilities and insurers; excise taxes on motor vehicle fuel, alcohol beverages, and cigarettes, tobacco, and vapor products; economic development surcharges; petroleum inspection fee; metalliferous mining tax; and charges imposed by DOR on a city, village, town, or county for expenses incurred by DOR in examining city, village, town or county records regarding assessment of property. The bill included some technical changes to benefit the DOR as well.

We worked with the WICPA in drafting this bill and they support the changes. This bill would promote compliance with our tax laws and I believe that's good policy.

Again, thank you for holding a public hearing on AB 1089. I hope you will support passage.