

**2013-2015 BIENNIAL REPORT OF THE  
WISCONSIN TAX APPEALS COMMISSION**

As required by Wis. Stat. § 15.04(1)(d), the following is the report on the operation of the Wisconsin Tax Appeals Commission for the 2013-2015 biennium.

**ORGANIZATION**

The purpose of the Tax Appeals Commission is to hear and decide disputes between persons or entities and the Department of Revenue involving all major, state-imposed taxes. The Commission is an independent state agency. Its organization, powers, duties, and functions are governed by Chapter 73 of the Wisconsin Statutes. Pursuant to Wis. Stat. § 15.03, budgeting, program coordination, and related management functions are performed by the Commission under the general direction and supervision of the Secretary of the Department of Administration.

The Commission consists of three full-time commissioners who are nominated by the Governor, with the advice and consent of the State Senate, for staggered six-year terms. Every two years, the Governor designates one of the commissioners as Chairperson. During the 2013-15 biennium, the Commissioners and the expiration of their terms of office were as follows:

<b><u>Commissioner</u></b>	<b><u>Expiration of Term</u></b>
Lorna Hemp Boll, Chair	March 1, 2017
David D. Wilmoth	March 1, 2019
vacant	March 1, 2021

Lorna Hemp Boll remains as Chair of the Commission. Commissioner Roger W. LeGrand's term ended on March 1, 2015 resulting in a vacancy. Commissioner David D. Wilmoth was appointed to the Commission in January of 2014.

Throughout the 2013-2015 biennium, the support staff of the Commission consisted of the following employees in the classified service:

<b><u>Employee</u></b>	<b><u>Classification/Title</u></b> <sup>1</sup>
Nancy Batz	Legal Associate
Bonnie Jorstad	Legal Secretary

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<sup>1</sup> Nancy Batz and Bonnie Jorstad received reclassification status in May 2013.

## FUNCTIONS

The Tax Appeals Commission (preceded by the Board of Tax Appeals), created in 1939, is a quasi-judicial state agency whose primary function is to hear and determine disputes between taxpayers and the Wisconsin Departments of Revenue and Transportation. As such, it operates much as the United States Tax Court does on the federal level.

Pursuant to the provisions of Wis. Stat. § 73.01(4), and subject to judicial review, the Commission is the final authority for the hearing and determination of all questions of fact and law arising in the following areas of state taxation: individual income, corporation franchise/income, fiduciary, withholding, gift, sales and use, recycling surcharge, county sales tax, car line, cigarette use, controlled substances, metalliferous minerals occupation, motor fuel and alternative fuel, International Registration Plan fees, intoxicating liquor, cigarettes, and tobacco products, homestead credit, farmland preservation credit, assessments of manufacturing property, pollution abatement, taxation district appeals regarding the relative value of taxable property in taxation districts of a county, real estate transfer fees, telephone license fees, municipal fees, and electric cooperative association license fees.

Hearings are typically conducted by one commissioner. Other than small claims appeals, decisions are made by a majority of the Commission, after discussion and review of the evidence and briefs submitted by the parties along with any testimony heard by the Commission.

Although the majority of hearings take place in Madison and Milwaukee, the Commission also utilizes locations convenient to taxpayers throughout Wisconsin as warranted. The Commission does, on occasion, conduct hearings by telephone, if a taxpayer lives out-of-state, is handicapped, or is otherwise unable to attend a hearing. This procedure saves time and expense for taxpayers and the State.

Budgetary constraints in the next biennium may necessitate holding more hearings by telephone. In the alternative, more hearings may need to take place in Madison, which may require taxpayers to travel greater distances to meet the personal appearance requirements of the statutes.

## CASE LOAD

The following is a comparison of the number of appeals filed and disposed of in the last five fiscal years:

<u>Fiscal Year</u>	<u>Filed</u>	<u>Disposed</u>
2014-2015	243	333
2013-2014	298	311
2012-2013	285	308
2011-2012	317	278
2010-2011	307	250

The following table shows a breakdown by case type of the appeals filed with the Commission during the 2013-2015 biennium:

<u>Type of Appeal</u>	<u>FY '13-14 Number</u>	<u>FY '14-15 Number</u>
(I) Income and Franchise Tax	118	102
(S) Sales and Use Tax	23	13
(M) Manufacturing Assessments	87	72
(H) Homestead Credit	44	30
(T) Real Estate Transfer Fee	14	5
(V) Vehicle	1	2
(W) Withholding Tax	8	2
(L) Liquor excise Tax	1	0
(C) Cigarette Tax	0	12
(F) Farmland Preservation Credit	0	0
(E) Equalization	1	1
(R) Recycling Surcharge	0	0
(U) Utility	0	0
(O) Other	0	0
(P) Premiere Resort	0	0
(X) Event Tax	1	1
(Y) Municipal Fee	0	3
Total	298	243

## MANAGEMENT OF APPEALS

During the 2013-2015 biennium, the number of appeals pending before the Commission has remained relatively consistent. The following table shows, by month, the number of appeals filed, the number of appeals disposed of, and the balance of appeals on hand:

<u>Month</u>	<u>FY '13-14</u>			<u>FY '14-15</u>		
	<u>Filed</u>	<u>Disposed</u>	<u>Balance</u>	<u>Filed</u>	<u>Disposed</u>	<u>Balance</u>
June			383			371
July	23	19	387	11	29	353
August	15	45	356	14	25	342
September	11	61	306	9	39	312
October	20	26	300	24	45	291
November	16	21	295	15	21	285
December	33	22	306	17	44	256
January	36	12	330	19	18	257
February	29	13	346	13	20	252
March	31	21	356	31	24	259
April	40	13	383	41	25	275
May	32	32	383	38	8	305
June	12	24	371	11	35	281

## GOALS AND OBJECTIVES

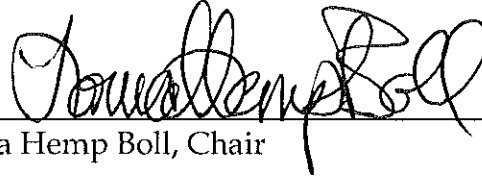
Appeals filed with the Commission continue to range from relatively simple, straightforward cases to cases involving complex legal issues. The majority of new cases concern income tax, manufacturing property assessments, and homestead credits, with fewer cases involving withholding, sales/use tax, and other categories. The Commission has continued to be flexible in presiding over appeals on a case-by-case basis, utilizing different procedures for the various types of appeals it handles.

Past experience indicates that the Commission's caseload is increasingly dominated by the more complicated appeals which often present questions of first impression and voluminous factual records and which therefore require an expenditure of a greater amount of time and resources to resolve. In those appeals, the Commission utilizes procedures such as pretrial mediation conferences to narrow the focus at trial and to reduce the number of disputes over tangential factual issues. In order to advance consideration of the substantive issues, the Commission has also made an effort to resolve non-dispositive disputes, such as discovery or evidentiary motions, as promptly as possible.

The Commission believes that taxpayers in the less complicated, more straightforward appeals are entitled to prompt resolution of their appeals. To that end, the procedures in certain small claims cases call for rulings on those appeals to be made within a shorter time frame than that required for larger more complex appeals. With the consent of the parties, some decisions may be made orally from the bench.

The Commission has only two support staff at this time, and budgetary concerns prohibit adding staff, although the addition of a law clerk to assist with legal research could result in more expedient resolution of cases. Despite the challenges presented by budget and small staff size, the Commission continues to meet its responsibilities for consideration and ruling on the appeals before it and remains committed to providing Wisconsin taxpayers with a fair, impartial, and thorough consideration of their tax appeals.

**WISCONSIN TAX APPEALS COMMISSION**

A handwritten signature in black ink, appearing to read "Lorna Hemp Boll", written over a horizontal line.

Lorna Hemp Boll, Chair