

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL     UPDATED
- CORRECTED     SUPPLEMENTAL

LRB # 99-LRB-4266/1	
INTRODUCTION #	AB 726
Admin. Rule #	

**Subject**  
Property Tax Administration

**Fiscal Effect**

- State:**  No State Fiscal Effect  
Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation
- |   |   |
|---|---|
| <input type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Increase Existing Revenues<br><input type="checkbox"/> Decrease Existing Appropriation <input type="checkbox"/> Decrease Existing Revenues<br><input type="checkbox"/> Create New Appropriation | <input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb<br>Within Agency's Budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br><br><input type="checkbox"/> Decrease Costs |
|---|---|

- Local:**  No Local Government Costs    **see text of fiscal note**
- |  |  |   |
|--|--|---|
| 1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br><br>2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br><br>4. <input type="checkbox"/> Decrease Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Governmental Units Affected:<br><input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others _____<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--|--|---|

- Fund Sources Affected**
- GPR     FED     PRO     PRS     SEG     SEG-S

**Affected Ch. 20 Appropriations**

**Assumptions Used in Arriving at Fiscal Estimate:**

The bill has four provisions regarding property tax administration. The provisions affect compliance requirements, notices of change of assessment, the penalty for not reporting exempt computers, and waste treatment plant and abatement equipment exemption applications. Each provision is discussed below.

1. **Compliance requirements.** Under current law, a "major class" of property includes more than 5% of the value of a taxation district, except Agricultural, which is not a major class. If DOR determines that each major class is not assessed within 10% of full value at least once during the 4 prior years, including the current year, DOR notifies the taxation district that it is not in compliance. If the taxation district is out of compliance the following year (the 5th year), DOR requires the assessor to attend assessment training. If the district remains out of compliance the year after training (the 6th year) and the subsequent year (the 7th year), DOR supervises the next year's (the 8th year) assessment.

Under the bill, a "major class" is redefined to include more than 15% of the value of a taxation district and to also include Agricultural property. If DOR determines that each major class is not assessed within 10% of full value at least once during the three prior years, including the current year, DOR notifies the taxation district that it is out of compliance. If the taxation district is out of compliance the following (4th) year, DOR supervises the next (5th) year's assessment. The bill repeals the training requirements for assessors of taxation districts that are not in compliance.

**Fiscal Effect.** Each year from 1996 to 1999, an average of 240 of the 1,899 taxation districts were in their 4th year of non-compliance. Over the same period, DOR supervised an average of only 1 taxation district's assessment per year. Thus, nearly all taxation districts bring their assessments into compliance rather than incur the cost of a DOR-supervised revaluation.

(continued on page two)

**Long-Range Fiscal Implications:**

<b>Agency/Prepared by: (Name &amp; Phone No.)</b>	<b>Authorized Signature/Telephone No.</b>	<b>Date</b>
Wisconsin Department of Revenue Blair P. Kruger, (608) 266-1310	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	1/10/00

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The bill is likely to motivate most non-compliant municipalities to revalue sooner than they would under current law. Assuming the cost of revaluing a municipality does not change from year to year, the provision has no fiscal effect on taxation districts.

2. Notice of change of assessment. Under current law, the assessor must notify a property owner of a change of assessment at least 15 days prior to the Board of Review. Since the 15-day notice requirement also applies to assessments changed during the period of public examination of the assessment roll, such changes can significantly delay the work of the Board. Under the bill, if an assessment is changed with the owner's consent during the period of public examination of the assessment roll, notification of the assessment change is not required.

Fiscal Effect. This provision would promote more timely completion of assessment rolls.

3. Penalty for not reporting exempt computers. Under current law, if a person that is required to report exempt computer property fails to report such property, the person is subject to a penalty, retained by the municipality, of \$10 for every \$100 of unreported property. Under the bill, the penalty is reduced to \$10 per \$1,000 of unreported property and is paid to the Department of Revenue.

Fiscal Effect. No penalties were collected in 1999, the first year that exempt computer property was required to be reported. Future penalties are also expected to be minimal.

4. Waste treatment plant and abatement equipment exemption applications. Under current law, all owners of waste treatment plant and abatement equipment must apply for a property tax exemption. Under the bill, only utilities and certain insurers will be required to apply for exemption. In all other cases, the exemption would be automatically granted but reviewed in the next field audit of the owner's property.

Fiscal Effect. This provision has no fiscal effect on units of local government. The provision will require minor revisions to the waste treatment exemption application form and the *Wisconsin Property Assessment Manual*. The cost of these changes can be absorbed.

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**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

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Admin. Rule #

Subject

Property Tax Administration

**I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	( FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$ -</b>
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$ -</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ see text of fiscal note	\$ see text of fiscal note
NET CHANGE IN REVENUES	\$ see text of fiscal note	\$

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
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