

2003 Joint Committee on Audit

Manufacturing Assessment

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Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 8, 2003

Joint Committee on Finance

Paper #685

Assessment of Manufacturing Property (Shared Revenue and Tax Relief -- Property Taxation)

[LFB 2003-05 Budget Summary: Page 370, #3 and Page 386, #1]

CURRENT LAW

The Bureau of Manufacturing and Telco Assessment in the Division of State and Local Finance is responsible for assessing all taxable manufacturing and telephone company real and personal property. The Bureau also administers the property tax exemption for manufacturing machinery and equipment. The Bureau has base level funding of \$2,948,600 GPR and 46.0 GPR positions.

GOVERNOR

Delete \$2,277,000 GPR and 31.0 GPR positions annually to reflect the transfer of responsibility for assessing manufacturing property from the state to local governments, effective with property assessed as of January 1, 2004.

Transfer the responsibility for assessing manufacturing property from the Department of Revenue to taxation districts (municipalities) and counties, if the county has adopted a county assessor system, effective with property assessed as of January 1, 2004. Replace references to DOR with references to taxation districts or taxation district assessors with regard to current law provisions concerning: (a) the assessment of property as of January 1 of each year; (b) the calculation of manufacturing property values, including the value of exempt computers, cash registers, and fax machines; (c) notifying taxpayers of their assessed values; (d) extensions for filing manufacturing property report forms; and (e) penalties for filing manufacturing property report forms late. Remove references to "state" and "department of revenue" in current law provisions regarding: (a) the assessment of manufacturing property; (b) penalties for making

false statements; (c) the assessment of omitted property; and (d) tax bill increases for properties with values that were unreported or underreported.

Repeal current law provisions regarding: (a) DOR notice to taxation district and county assessors of properties to be assessed by the Department; (b) DOR performance of field investigations or on-site appraisals of every manufacturing property at least once every five years; (c) municipal appeals of manufacturing assessed values; (d) interest payments on taxes that were determined to be underpaid as the result of a municipal appeal; and (e) the meaning of the terms "local assessor" or "assessor" as they relate to DOR for purposes of manufacturing property assessment.

Modify the current law provision directing manufacturing property owners to file standard manufacturing property report forms prescribed by DOR by requiring the form to be filed with the taxation district rather than with DOR. Replace the current law provision granting DOR discretion in determining which properties, including those that are vacant, are subject to state assessment with provisions that direct DOR to establish standards and procedures for assessing manufacturing property and to publish those standards and procedures in the property tax assessment manual, which is required under current law for other property classes. Modify the current law provision directing DOR to develop a manufacturing assessment roll for each municipality by requiring taxation district assessors to notify DOR of all manufacturing properties and their values, so that the Department can develop the manufacturing assessment roll. Replace current law references to municipalities and counties that have adopted a county assessor system with references to taxation districts to achieve technical accuracy and reflect that assessments will be determined by taxation district assessors. Modify the current law provision regarding the state ad valorem tax on telephone companies to clarify that the property assessment methods employed by DOR are the same used by local assessors to assess manufacturing property.

DISCUSSION POINTS

1. In 1974, the state assumed responsibility for assessing manufacturing real and personal property for local property tax purposes. The property tax exemption for manufacturing machinery and equipment was also enacted that year. The Manufacturing Assessment Section in the Bureau of Property Tax was created to perform manufacturing property assessments and administer the property tax exemption. In 1995, a separate Bureau of Manufacturing Assessment was created in the Division of State and Local Finance. The manufacturing property assessment function is performed as a service to local communities. Bureau staff annually establish the full market value of manufacturing property, equate the value to the local level of assessment to ensure manufacturing property is assessed at the aggregate level of all other property in the municipality, and deliver the manufacturing assessment roll to the municipality. Annually, the Bureau provides assessed values for over 12,000 parcels of manufacturing real estate and almost 11,000 personal property accounts. The taxes on that property are levied almost entirely by local governments.

2. In 1998, the state utility tax on telephone companies was changed from a gross revenues license fee to an ad valorem property tax. The Bureau was given responsibility for assessing the taxable property of telephone companies and renamed the Bureau of Manufacturing and Telco Assessment. Since the ad valorem property tax is imposed by the state, the Department of Revenue collects the tax directly from telephone companies and places the payments in the state's general fund. The Bureau's assessments on approximately 11,000 personal property accounts and almost 2,000 real estate parcels generate state taxes of about \$100 million annually.

3. The Bureau of Manufacturing and Telco Assessment has base level funding of \$2,948,600 GPR and 46.0 GPR positions. Under the Governor's proposal, \$2,277,000 GPR annually and 31.0 GPR positions would be deleted to transfer the manufacturing property assessment function to local governments. Positions that would be eliminated include: (a) 7.0 property assessment technicians; (b) 20.0 property assessment specialists; and (c) 4.0 property assessment supervisors.

4. The Bureau would continue to be provided annual funding (including standard budget adjustments) of \$643,400 GPR and 15.0 GPR positions. The remaining positions would include: (a) 1.0 administrative manager; (b) 2.0 property assessment supervisors; (c) 4.0 property assessment technicians; and (d) 8.0 property assessment specialists.

5. The Department charges fees for manufacturing assessment appeals, penalties for late filing of manufacturing property reports, and interest on penalty payments. These fee, penalty, and interest payments are transferred to the general fund as GPR-Earned. The Department estimates that \$409,100 in GPR-Earned will be generated in each year of the biennium from these payments. However, if the manufacturing assessment function is transferred to local governments, the payments will go to the local governments and not the state. As a result, GPR-Earned would be reduced by \$409,100 annually. The Governor's budget does not reflect this loss of revenue and GPR-Earned should be reestimated to account for the loss if the Committee decides to retain this provision.

6. In its budget request, DOR indicates that its primary mission is to collect tax revenue in order to provide funding for state and local government operations. According to the administration, the budget reduction measures in DOR's budget reflect a primary method of increasing government efficiency by focusing on the core mission of each agency. Under this method, any activity not part of the Department's core mission of collecting taxes should be reevaluated. The transfer of manufacturing assessment to local governments is a result of a reevaluation of functions. The manufacturing assessment function is not viewed as a core responsibility of DOR. As noted, the responsibility for assessing manufacturing property was first assigned to DOR in 1974 and was not part of the original functions of the Department. Based on an evaluation of local assessment practices and resources, the Department believes that responsibility for assessing manufacturing property should be transferred to local governments. From this view, restoring the manufacturing assessment function to DOR and requiring the Department to offset the restored funding and positions with significant funding and position reductions in other areas would reduce the Department's ability to effectively perform its core function of collecting state taxes.

Reducing the Department's collection of state taxes GPR appropriation by \$2.3 million would represent a 5.2% reduction in funding. Similarly, eliminating \$2.3 million from the enterprise services GPR appropriation would represent a 9.5% reduction in funding.

7. Although DOR's 1974 assumption of the manufacturing assessment function is generally acknowledged to have improved manufacturing assessments on a statewide basis, DOR maintains that this function can be returned to local governments today. At the time of the proposed transfer, local governments would acquire an accurate and comprehensive data base that has been compiled by DOR, which did not exist in 1974. Also, municipal assessors are better trained and educated today than in 1974 and employ more uniform standards and consistent assessment practices. Finally, technology exists today to assist in the assessment process that was not available in 1974.

8. Under the proposal, the Department would maintain staff in the Bureau of Manufacturing and Telco Assessment to continue to administer the state tax on telephone companies. In addition, DOR has indicated that it intends to provide assistance on manufacturing assessments to local assessors in the following ways: (a) consult with local assessors on issues related to classification of manufacturing property, administration of the machinery and equipment exemption, and appeals of manufacturing assessments; (b) maintain a statewide data base of sales of manufacturing real estate; (c) provide staffing for the state Board of Assessors to hear appeals on manufacturing assessments; and (d) provide education and training to local assessors on manufacturing valuation issues through DOR's annual assessor schools.

9. The Wisconsin Association of Assessing Officers (WAAO) has voted to oppose the proposal and cites several reasons in support of its position. The Wisconsin Manufacturers and Commerce (WMC) association and the Board of Directors of the Wisconsin Towns Association are also on record in opposition to the proposal. These organizations raised issues similar to those of WAAO, and all of their concerns are summarized in the following points. Also included in these points are testimony offered at the Joint Committee on Finance public hearings on SB 44 and comments solicited from several municipal assessors.

10. Higher Property Taxes. While the proposal would reduce state costs, these costs would be shifted to local governments and result in higher property taxes. Several individuals characterized the proposal as an "unfunded mandate" and indicated that it would be particularly burdensome when combined with SB 44's proposed shared revenue reduction.

11. Uniform Assessment Procedures. Under the current system, DOR is able to maintain a centralized level of control over procedures for classifying property, extending exemptions, and determining values. This is particularly important with regard to applying legal standards established in litigation. Because there are 1,352 municipalities that would become responsible for assessing manufacturing property (the remaining 498 municipalities do not currently contain any manufacturing property), the potential for non-uniform treatment may be considerable. This is a concern for businesses that operate from multiple locations. At a public hearing, a Kimberly-Clark Corporation representative indicated that the company maintains facilities at 35

locations in the Fox Valley. On the other hand, it can be argued that municipal assessment of manufacturing property will result in greater uniformity at the municipal level since all properties within each municipality will be valued by the same assessor. Also, this could result in greater access by the public to property information. Finally, it should be noted that manufacturers with multiple locations would be treated comparably to retailers, like Shopko or Walgreens, with operations throughout the state.

3 12. Assessment Accuracy and Equity. Under current procedures, DOR performs a field review of each manufacturer's property at least once every five years and updates its assessments in the intervening years based on reports filed by each manufacturer. This system results in new assessments for each manufacturing property every year. A recent survey by WAAO indicates that, among assessors responding, the median period between municipal reassessments is eight years. Less frequent reassessments will reduce the accuracy of manufacturing assessments as market conditions and the characteristics of properties change. Other related issues include a concern voiced by WMC related to local officials pressuring assessors to raise assessments on business properties, thereby providing "de facto" property tax relief to residential properties. Conversely, local assessors voiced the concern that local officials may pressure assessors to lower assessments on business properties out of fear that prominent employers might relocate to other communities. Because of the trend to appointed, rather than elected assessors, assessors may feel vulnerable to these pressures. Nonetheless, the assessment appeals process is intended to offer a safeguard against improper assessments.

4 13. Assessment Appeals. Manufacturers often contract with consultants for assessment appeals. Some contracts are based on contingency fees where payments are calculated from estimated tax savings. Consultants are able to specialize in manufacturing properties, where valuation issues are frequently complex. In addition to assessing manufacturing properties, local assessors will continue to be responsible for assessing residential and other types of properties. While the valuation issues for these types of properties may be less complex, the number of properties that must be assessed is time consuming. As a result, not all local assessors will have the ability to achieve a level of expertise in valuing manufacturing properties that is comparable to the consultants. Also, there is a concern that small municipalities may not have the budgetary capacity to effectively challenge assessment appeals of complex or large properties. Consequently, some have expressed a concern that an "unlevel playing field" may develop with regard to manufacturing assessment appeals. Under the current system, DOR's employment of assessors who specialize in manufacturing properties helps maintain a comparable level of expertise on both sides of assessment appeals.

5 14. Recruit, Train, and Retain Qualified Staff. Because many manufacturing properties were designed for specific purposes, valuing them is frequently a complex process. DOR has been able to develop a staff with considerable expertise because these individuals have been able to specialize in manufacturing assessment. This organization of activities allows DOR to realize economies of scale that may result in lower assessment costs than would occur if this function was decentralized. Although all of the assessors that the Legislative Fiscal Bureau contacted anticipate the need for additional staff, assessors in larger municipalities appear to be confident of their ability

to value manufacturing properties. The Milwaukee Assessment Commissioner points out that there are 21 commercial properties in Milwaukee that have assessed values higher than the largest manufacturing property in the City. Many assessors believe their staff is more "in tune" with local market conditions than DOR staff. However, staffing issues will probably be more volatile in smaller municipalities. These municipalities may resort to contracting for manufacturing assessment services with third parties, including larger municipalities, thereby increasing local costs. Also, assessors in some municipalities will have to upgrade their assessment certification to be eligible to assess manufacturing properties.

15. Timing of Implementation. Under the bill, municipalities would be responsible for assessing manufacturing property beginning with assessments as of January 1, 2004. Some believe that there is insufficient time for municipalities to prepare for this added responsibility, particularly among smaller municipalities. The Wisconsin Towns Association's Board of Directors adopted a secondary position on the manufacturing assessment issue. They recommend that if the proposal remains in the bill, its implementation be delayed.

16. Technical Modifications. The WAAO position on the proposal indicates that "there are mechanical errors in the statutory language" and "the proposed statutory language is unworkable in its present form." While the WAAO position paper does not specify these errors, DOR has requested a number of technical modifications to the proposal. These modifications would:

- clarify that in a cross-reference to the manufacturing assessment statute that the statute relates both to the assessment and appeal of manufacturing property;
- extend current law provisions regarding the level of assessment for major classes of property to manufacturing property;
- retain language related to determining the substantial use of property for purposes of classification, and transfer the authority for making that determination from DOR to local assessors;
- replace various references to DOR with references to local assessors;
- specify that local assessors notify manufacturers of their assessments by May 1;
- require local assessors to provide property assessment information to the state Board of Assessors (BOA);
- replace provisions requiring DOR to maintain a state manufacturing assessment roll with a provision requiring county tax listers to annually transfer assessment roll information to DOR;
- retain language requiring a field investigation of each manufacturing property once every five years;
- modify provisions relating to the BOA to clarify that the Board reviews, rather than

investigates, objections to values;

- delete a provision allowing local governments to employ appraisal personnel who are not DOR-certified;
- require the Tax Appeal Commission (replaced by the Office of the Commissioner of Tax Appeals under the bill) to specify when false or incomplete information is submitted in relation to an appeal and specify that any refunds resulting from such appeals do not bear interest; and
- clarify that municipalities and manufacturers are parties to appeals before the Tax Appeals Commission (Commissioner of Tax Appeals).

17. DOR has expressed a willingness to modify the provisions in SB 44 to address some of the concerns raised in the preceding material. The Department suggests that the transition to local assessment be extended to occur over two years. Under this proposal, manufacturing properties with less than 50,000 square feet would be locally assessed as of January 1, 2004. Manufacturing properties of 50,000 square feet, or more, would continue to be assessed by DOR for the 2004 assessment year, but would become locally assessed for the 2005 assessment year. Personal property would be assessed by the same jurisdiction that assesses the real estate where the personal property is located. DOR manufacturing staff would be reduced as proposed in the bill, and the "large property" assessments for 2004 would be accomplished by reallocating DOR staff on a one-time basis. In addition, municipalities willing to assume all manufacturing responsibilities in 2004 would be allowed to do so. Out of the 12,000 manufacturing real estate parcels, there are approximately 5,000 manufacturing real estate parcels containing facilities of 50,000 square feet or more.

18. Another option has been suggested by WAAO. Under that proposal, the Bureau of Manufacturing and Telco Assessment would be converted to a program revenue operation, where charges would be imposed on manufacturers to cover the Bureau's costs of operation. Charges would be based on each manufacturer's equalized value, as established by DOR. However, this would result in manufacturers being double-billed for assessment services. They would pay the proposed fee to DOR to cover the cost of their own assessment, and they would pay for the assessment of other properties through their property tax bill. If the courts construe the charges to be a tax, the courts may rule that the charges are unconstitutional under the uniformity clause because the charges would be imposed on manufacturing properties, but not on other types of properties that are otherwise taxable. Nonetheless, all acts of the Legislature are presumed to be constitutional until ruled otherwise.

19. Another option for converting the Bureau's manufacturing assessment function to a PR basis would be to charge municipalities for the assessment service, based on the equalized value of manufacturing property located in each municipality. This would avoid the uniformity issue raised relative to the WAAO proposal, but would allow DOR to recover its costs.

ALTERNATIVES

1. Approve the Governor's recommendation to delete \$2,277,000 and 31.0 positions annually and to transfer the responsibility for assessing manufacturing property from the state to local governments, effective with property assessed as of January 1, 2004. Modify the Governor's recommendation to reflect the loss of \$409,100 annually in GPR-Earned from fees, penalties, and interest payments associated with the manufacturing assessment function. Make the technical modifications to the bill as recommended by DOR (see Point #16).

| | |
|----------------------------------|-------------|
| <u>Alternative 1</u> | <u>GPR</u> |
| 2003-05 REVENUE (Change to Bill) | - \$818,200 |

2. Approve the Governor's recommendation to delete \$2,277,000 and 31.0 positions annually. Modify the Governor's recommendation to transfer the responsibility for assessing manufacturing property from the state to local governments, effective with property assessed as of January 1, 2004, by authorizing DOR to perform the assessments of manufacturing properties of 50,000 square feet, or larger, and the personal property located at those sites in 2004, if requested by the governing body of the municipality where the property is located. Modify the Governor's recommendation to reflect the loss of \$204,500 in 2003-04 and \$409,100 in 2004-05 in GPR-Earned from fees, penalties, and interest payments associated with the manufacturing assessment function. Make the technical modifications to the bill as recommended by DOR (see Point #16).

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|----------------------------------|-------------|
| <u>Alternative 2</u> | <u>GPR</u> |
| 2003-05 REVENUE (Change to Bill) | - \$613,600 |

3. Delete the Governor's recommendation, except for the \$2,277,000 annual GPR reduction, and, instead, convert 31.0 positions in the Bureau of Manufacturing and Telco Assessment to PR funding effective on July 1, 2003. Provide PR funding of \$2,277,000 annually through one of the following:

a. Authorize DOR to charge the owners of manufacturing property a fee based on each property's equalized value at a rate determined by DOR. Authorize DOR to set the fee at a rate sufficient to offset the Department's budgeted costs for the manufacturing assessment function.

b. Authorize DOR to annually impose a special charge on each municipality containing manufacturing property. Set the charge for each municipality at an amount equal to the municipality's equalized value of manufacturing property multiplied by a rate determined by DOR, which varies from year-to-year and generates sufficient revenues to offset the Department's budgeted costs for the manufacturing assessment function.

| Alternative 3 | PR |
|---|-------------|
| 2003-05 REVENUE (Change to Bill) | \$4,554,000 |
| 2003-05 FUNDING (Change to Bill) | \$4,554,000 |
| 2004-05 POSITIONS (Change to Bill) | 31.00 |

4. Delete provision.

| Alternative 4 | GPR |
|---|-------------|
| 2003-05 FUNDING (Change to Bill) | \$4,554,000 |
| 2004-05 POSITIONS (Change to Bill) | 31.00 |

Prepared by: Rick Olin and Ron Shanovich



Carol Roessler
STATE SENATOR

September 22, 2003

Representative Suzanne Jeskewitz, Co-chairperson
Joint Legislative Audit Committee
314 North, State Capitol
Madison, Wisconsin 53702

Dear Representative Jeskewitz:

I write today to respectfully request an audit of the manufacturing assessment function performed by the Department of Revenue. The issue of transferring responsibility for manufacturing assessment to local governments emerged during the recent budget deliberations. While that issue has been addressed currently, I remain concerned about the Department's execution of its responsibilities. Therefore, I request that the Legislative Audit Bureau be directed to conduct a comprehensive audit of the methods used by the Department to assess manufacturing property and the extent to which the Department completes assessments once every five years, as is required by statute.

Thank you for your consideration. Please contact me with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Carol".

Senator Carol Roessler
Co-chairperson
Joint Legislative Audit Committee

cc: Janice Mueller
State Auditor



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

September 24, 2003

Mr. Michael Morgan, Secretary
Department of Revenue
2135 Rimrock Road
Madison, Wisconsin 53708

Dear Mr. Morgan:

The Joint Legislative Audit Committee will hold a public hearing on Wednesday, October 1, 2003 at 8:30 a.m. in Room 411 South of the State Capitol. At this hearing, the Committee will consider a proposed audit of the assessment of manufacturing property by the Department of Revenue.

As this proposed audit relates to the activities of your Department, we ask you to be present at the hearing to offer comments on the proposed audit and to respond to questions from committee members.

Should you have any questions about the hearing, please contact us.

Sincerely,

Senator Carol A. Roessler
Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
Co-chairperson
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller
State Auditor

Asbjornson, Karen

From: Asbjornson, Karen
Sent: Wednesday, September 24, 2003 1:19 PM
To: Chrisman, James
Subject: Re: Per our discussion earlier

Hi Joe,

Here is the list that Carol received and compiled regarding the Revenue audit.

Telco

Greg Stein, SBC
Bill Mae, CenturyTel

Manufacturing

Basically we were told the top 10 manufacturing companies in the state would be good to contact but here is a list of some of them and possibly a few others:

SC Johnson
GM in Janesville
Kohler
Quad Graphics
Kimberly Clark
WMC

Bill Arduin, Mequon - works with manufacturers - has put in an open records request in this area

Karen Asbjornson
Office of Senator Carol Roessler
(608) 266-5300/1-888-736-8720
Karen.Asbjornson@legis.state.wi.us



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

22 E. MIFFLIN ST., STE. 500
MADISON, WISCONSIN 53703
(608) 266-2818
FAX (608) 267-6410
Leg.Audit.Info@legis.state.wi.us

DATE: September 24, 2003

TO: Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee

FROM: Janice Mueller *Janice Mueller*
State Auditor

SUBJECT: Proposed Audit of the Department of Revenue's Assessment of
Manufacturing Property—Background Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering a request from Senator Carol Roessler for an audit of the Department of Revenue's assessment of manufacturing property. The Governor's 2003-2005 biennial budget proposed transferring responsibility for the assessment of manufacturing property from the Department to municipalities. The Legislature removed the transfer proposal but included a provision under which the Department would charge approximately one-half the cost of the assessments to municipalities with manufacturing property. The remaining costs would be charged to general purpose revenue (GPR). The provision was included in 2003 Wisconsin Act 33.

Since 1974, the Department of Revenue has conducted assessments of real and personal manufacturing property as a service to local communities. Prior to that, such assessments were the responsibility of local governments. The Department is statutorily required to complete a field investigation of each manufacturing property at least once every five years. In other years, owners of manufacturing property self-report property changes to the Department. The Department establishes the full-market value of the property based on recent sales of the property or comparable properties, and other factors, such as inflation. The Department provides the assessment to the municipality, and the municipality calculates and collects the property taxes. The Bureau assesses values for more than 12,000 parcels of manufacturing real estate and approximately 11,000 personal property accounts annually.

In fiscal year (FY) 2003-04, the Department's total budget is \$156.7 million, of which \$81.0 million is GPR, \$66.4 million is segregated funds, and \$9.3 million is program revenue. The FY 2003-04 budget for the Bureau of Manufacturing and Telco Assessment is \$2.2 million, one-half of which is GPR and one-half of which is program revenue generated from the new fees assessed to the 1,352 municipalities with manufacturing property. The remaining 498 municipalities do not currently contain manufacturing property.

The proposal to transfer responsibility for manufacturing assessment to local governments raised concerns that inequities might be created because many local governments may lack expertise in

the assessment of manufacturing properties. Concerns over the effectiveness and efficiency of the State's efforts prompted two evaluations by this office during the 1980s, which found the Department was not using the appropriate assessment methodologies and that backlogs in resolving appeals had been created. Since that time, the Department has implemented a number of organizational changes that affect the manufacturing assessment function. In 1995, the Department's manufacturing assessment section was reorganized as the Bureau of Manufacturing Assessment within the Division of State and Local Finance. In 1998, assessment of property taxes on telecommunication companies was added to the Bureau's responsibilities and it was renamed the Bureau of Manufacturing and Telco Assessment. Another reorganization is currently underway.

In light of past concerns over the Department's efforts to assess manufacturing property and the various organizational changes made by the Department, it may be appropriate to again evaluate the Department's efforts. An audit of the Department of Revenue could determine whether:

- the Department's manufacturing assessment methods are appropriate and effective;
- the Department completes field investigations of manufacturing properties once every five years, as required by statute;
- the owners of manufacturing property report changes between field investigations in a timely manner;
- appeals are resolved promptly and whether appeal rates are changing over time; and
- the Department is meeting its other statutory obligations related to manufacturing and telecommunications assessments.

If you have any questions regarding this request, please contact me.

JM/DB/bm

| | |
|---------------------------|---------------------------------|
| cc: Senator Robert Cowles | Representative Samantha Kerkman |
| Senator Alberta Darling | Representative Dean Kaufert |
| Senator Gary George | Representative David Cullen |
| Senator Jeffrey Plale | Representative Mark Pocan |

Mr. Michael L. Morgan, Secretary
Department of Revenue



Memo

TO: Joint Committee on Audit
FROM: Joan Hansen, Director, Tax & Corporate Policy
DATE: October 1, 2003
RE: DOR Audit on Manufacturing Assessments

Wisconsin Manufacturers and Commerce supports auditing the Department of Revenue's new approach to assessing manufacturing property. WMC has recently begun to hear from members regarding a new approach DOR is taking by combining the equalization efforts with assessment efforts.

State assessment of manufacturing property will be radically altered because DOR has taken initial steps these initial steps.

According to property tax lawyers and manufacturers in the state it seems that steps that have been taken within the Wisconsin Department of Revenue include the following:

- The Bureau of Property Tax, Manufacturing & Telco Assessment Division, has been abolished and rolled into a Bureau of Property Tax.
The five District manufacturing and Telco Offices are being merged with the Equalization Offices.
In the name of "systematizing" the assessment of manufacturing real estate, the traditional market sales comparison approach will most likely be weakened or replaced by strictly, a cost approach.
The State Board of Assessors method of appeal will most likely be changed because there are no Manufacturing and Telco district managers. Equalization supervisors may end up deciding appeals.

WMC opposes these steps for the following reasons:

- There is an inherent conflict in merging the equalization function with manufacturing assessment. The people that determine the level of assessment of each municipality should not be in a position to establish assessments.
It undermines the stability and quality of the State assessment of manufacturing real estate and personal property.
The integrity of manufacturers' real estate assessments and the appeal process will be compromised by the poorly planned restructuring underway.
No cost savings and no solid benefits will be realized by the restructuring that is taking place.

of same

- Manufacturers want District Offices with qualified, experienced appraisers responsible for establishing their assessments.
- Manufacturers in Wisconsin are battling to come back under adverse economic conditions. They expressed opposition to being subject to local assessment, and the decision was made to retain State assessment. The State assessment of manufacturing is effectively being dismantled by the restructuring underway, and it should be stopped.

For these reasons, WMC urges the committee to vote in support of the audit. Also attached for background information is WMC's budget priority paper on this topic.

**MANUFACTURING ASSESSMENT BY LOCAL GOVERNMENTS****ISSUE**

2003 Senate Bill 44 would require local municipalities to assess manufacturing property for the purpose of property taxation. Currently, the Department of Revenue (DOR) has the responsibility to assess manufacturing property. This system separates manufacturers from local politics and local bias.

BACKGROUND

Currently, the DOR assesses the fair market value of industrial property for the purposes of property taxation. Former Governor Lucy implemented the state system of assessing manufacturing property in order to provide uniformity in assessments. The budget would turn back the clock to pre-1974, with manufacturing businesses being assessed at varying levels of assessment.

WMC POSITION: OPPOSE

WMC is opposed to reverting back to having local assessors assess manufacturing property for the following reasons:

Uniformity

There will no longer be uniformity in manufacturing appraisal methodologies across municipalities. Manufacturers will also lose consistency in legal applications and administrative policies. This will lead to higher litigation costs for manufacturers who challenge assessments.

Expertise

Local assessors do not have the technical expertise to assess manufacturing property. Assessing manufacturing property requires more specific and technical expertise than that required to assess residential property. In many communities an assessor may not have comparable industrial sites to draw comparisons on real industrial property. State assessors have knowledge and experience assessing similar real property in other parts of the state or country.

Unfunded Mandate

The change would also cost more for both the taxpayers and local governments involved in the process. Currently, the Department of Revenue is efficient and impartial in assessing industrial values and has many years of technical experience in this area. Local assessors, on the other hand, may have to either contract out for the service or pay to train their current assessors. Local assessors do not have the staff, market data, or resources to properly assess manufacturing property, and may incur costs to hire additional appraisers and administrative staff, as well as purchasing more computers and software. It would be an unfunded mandate for local governments.

Increased Property Taxes

Furthermore, it will also likely cost the taxpayer more in certain areas where industrial property may be over-assessed, resulting in increased property taxes for manufacturers. A manufacturer may have similarly situated properties assessed differently in different communities. Again, this will lead to more litigation among taxpayers because of unequal assessments among communities.

Effective Date

In addition to the policy change being shortsighted, the budget requires an unrealistic effective date of July 1, 2003.

Vote Record

Joint committee on Audit

Date: 10-1-03
Bill Number: Revenue mfg Assessment
Moved by: Roessler Seconded by: Cowles
Motion: _____

| <u>Committee Member</u> | <u>Aye</u> | <u>No</u> | <u>Absent</u> | <u>Not Voting</u> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------|
| Senator Carol Roessler Co-Chair | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Representative Suzanne Jeskewitz Co-Chair | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Robert Cowles | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Alberta Darling | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Senator Gary George | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Senator Jeffrey Plale | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Representative Dean Kaufert | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Representative Samantha Kerkman | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Representative David Cullen | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Representative Mark Pocan | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Totals: | <u>7</u> | <u>0</u> | <u>3</u> | <u>0</u> |

Motion Carried

Motion Failed

Summary of LAB Scope:

- Governor's 03-05 budget proposed transferring responsibility for the assessment of manufacturing from the Department to municipalities.
 - The Legislature removed the transfer proposal, but included a provision where Revenue would charge approximately one-half the costs of the assessments to municipalities with manufacturing property. The remaining cost would be charged to GPR. This provision passed in the budget.
 - Since 1974, Revenue conducted assessments of real and personal manufacturing property as a service to local communities.
 - Prior to 1974, assessments were the responsibility of local governments
 - Revenue is statutorily required to complete a field investigation of each manufacturing property at least once every five years.
 - In other years, there is self-reporting by the owners of the manufacturing property.
 - Revenue establishes the full-market value of the property based on recent sales of the property or comparable properties and other other factors like inflation.
 - Revenue provides the assessment to the municipality and the municipality calculates and collects the property taxes.
 - Bureau assess values for more than 12,000 parcels of manufacturing real estate and approximately 11,000 personal property accounts annually
 - FY 2003-04 the Department's total budget is \$156.7 million
 - \$81 million GPR
 - \$66.4 million SEG
 - \$9.3 million PR
- FY 2003-04 the Bureau of Manufacturing and Telco Assessment is \$2.2 million
- \$1.1 million GPR
 - \$1.1 million PR from new fees assessed to the 1,352 municipalities with manufacturing property
- 1,352 municipalities have manufacturing property and 498 municipalities do not contain manufacturing property

- Transferring responsibilities for manufacturing assessment to local governments raised concerns that inequities might be created because many local governments may lack expertise in assessment of manufacturing properties.
- These concerns prompted 2 evaluations by LAB in the 1980's, which found Revenue was not using the appropriate assessment methodologies and that backlogs in resolving appeals had been created.
- Since 1980's - the Department has implemented a number of organizational changes that affect the manufacturing assessment function
 - 1995 - the manufacturing assessment section was reorganized as the Bureau of Manufacturing Assessment within the Division of State and Local Finance.
 - 1998 - assessment of property taxes on telecommunications companies was added to the Bureau's responsibilities and was renamed the Bureau of Manufacturing and Telco Assessment
 - Present - Another reorganization may be planned for the future
- Because of past concerns over the Department's efforts to assess manufacturing property and the various organization changes it is appropriate to evaluate the Department's efforts.
- What the audit would cover:
 - Department's manufacturing assessment methods are appropriate and effective
 - Department is completing field investigations of manufacturing properties once every 5 years as required by statute
 - Owners of the manufacturing property are reporting changes between field investigations in a timely manner
 - Appeals are resolved promptly and whether appeal rates are changing over time
 - Department is meeting its other statutory obligations related to manufacturing and telecommunications assessments

Summary of LFB Paper on this issue in the Budget:

- DOR indicates in its budget request that its primary mission is to collect tax revenue in order to provide funding for state and local government operations. Under this method, any activity not part of the Department's core mission of collecting taxes should be reevaluated. The transfer of manufacturing assessment to local governments is a result of a reevaluation of functions. The manufacturing assessment function is not viewed as a core responsibility of DOR.
- Although DOR's 1974 assumption of the manufacturing assessment function is generally acknowledged to have improved manufacturing assessments on a statewide basis, DOR maintains that this function can be returned to local governments today.
- Wisconsin Association of Assessing Officers (WAAO) has voted to oppose the proposal and cites several reasons in support of its position. The Wisconsin Manufacturers and Commerce (WMC) association and the Board of Directors of the Wisconsin Towns Association are also on record in opposition to the proposal. These organizations raised issues similar to those of WAAO, and all of their concerns are summarized in the following points:
 - Higher Property Taxes. While the proposal would reduce state costs, these costs would be shifted to local governments and result in higher property taxes.
 - Uniform Assessment Procedures. Under the current system, DOR is able to maintain a centralized level of control over procedures for classifying property, extending exemptions, and determining values. Because there are 1,352 municipalities that would become responsible for assessing manufacturing property (the remaining 498 municipalities do not currently contain any manufacturing property), the potential for non-uniform treatment may be considerable. At a public hearing, a Kimberly-Clark Corporation representative indicated that the company maintains facilities at 35 locations in the Fox Valley.
 - Assessment Accuracy and Equity. Under current procedures, DOR performs a field review of each manufacturer's property at least once every five years and updates its assessments in the intervening years based on reports filed by each manufacturer. This system results in new assessments for each manufacturing property every year. A recent survey by WAAO indicates that, among assessors responding, the median period between municipal reassessments is eight years. Less frequent reassessments will reduce the accuracy of manufacturing assessments as market conditions and the characteristics of properties change.
 - Assessment Appeals. The number of properties that must be assessed is time consuming. As a result, not all local assessors will have the ability to achieve a level of expertise in valuing manufacturing properties that is comparable to the consultants. Also, there is a concern that small

municipalities may not have the budgetary capacity to effectively challenge assessment appeals of complex or large properties.

- Recruit, Train, and Retain Qualified Staff. Because many manufacturing properties were designed for specific purposes, valuing them is frequently a complex process. DOR has been able to develop a staff with considerable expertise because these individuals have been able to specialize in manufacturing assessment. This organization of activities allows DOR to realize economies of scale that may result in lower assessment costs than would occur if this function was decentralized.
- Timing of Implementation. Under the bill, municipalities would be responsible for assessing manufacturing property beginning with assessments as of January 1, 2004. Some believe that there is insufficient time for municipalities to prepare for this added responsibility.

3. REVERT MANUFACTURING ASSESSMENT FUNCTION TO LOCAL GOVERNMENTS [LFB Paper 685]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|-------|----------------------------|-----------|-----------------------------------|-----------|--------------|-----------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | -\$4,554,000 | -31.00 | \$2,152,600 | 13.50 | -\$2,401,400 | -17.50 |
| PR | 0 | 0.00 | 2,152,600 | 13.50 | 2,152,600 | 13.50 |
| Total | -\$4,554,000 | -31.00 | \$4,305,200 | 27.00 | -\$248,800 | -4.00 |

Governor: Delete \$2,277,000 and 31.0 positions annually to reflect transfer of responsibility for assessing manufacturing property from the state to local governments, effective with property assessed as of January 1, 2004. Under current law, the Department of Revenue (DOR) determines the assessed value of all manufacturing property in the state for general property tax purposes and reports the value to the municipalities in which the manufacturing property is located. Department staff in the Manufacturing and Telecommunications Assessment Bureau of the Division of State and Local Finance conduct the assessments. The Bureau is responsible for assessing all manufacturing and telephone company property in the state for property tax purposes. Under this provision, the Bureau would continue to assess telephone company property. Although DOR would no longer assess manufacturing property, the Department would be required to establish standards and procedures for assessing such property for inclusion in the property tax assessment manual that is distributed to local assessors. The Bureau has base level funding of \$2,948,600 GPR and 46.00 GPR positions. [See "Shared Revenue and Tax Relief -- Property Taxation."]

Joint Finance/Legislature: Delete provisions that would transfer responsibility for assessment of manufacturing property from the Department of Revenue to local governments and restore that responsibility with the Department. Provide the Department with \$1,076,300 GPR and 13.5 GPR positions, and \$1,076,300 PR and 13.5 PR positions annually in the Bureau of Manufacturing and Telco Assessment for the assessment of manufacturing property. A separate program revenue appropriation would be created to fund the PR manufacturing assessment positions and related costs. DOR would be authorized to annually impose a special charge on each municipality containing manufacturing property to fund the PR manufacturing assessment positions and related expenses. The charge for each municipality would be set at an amount equal to the municipality's equalized value of manufacturing property multiplied by a rate determined by DOR, which would vary from year to year and generate sufficient revenues to offset the Department's budgeted PR costs for the manufacturing assessment function. Municipalities would be prohibited from applying the special charge disproportionately to the owners of manufacturing property relative to the owners of other property.

[Act 33 Sections: 647m and 1580cd]

4. REVENUE COLLECTION POSITIONS

Governor/Legislature: Provide \$685,000 and 8.0 positions

| | Funding Positions | |
|-----|-------------------|------|
| GPR | \$1,370,000 | 8.00 |

the format for the local government reports and require the Department to submit a report to the Joint Committee on Finance, by January 31, 2005, and every five years thereafter, that summarizes the local procedures. Direct DOR to include a recommendation in its report regarding whether the certification process should continue unchanged or be modified to achieve increased compliance with the Wisconsin Constitution.

Veto by Governor [A-22]: Delete the requirement that the Department of Revenue submit reports to the Joint Committee on Finance.

[Act 33 Sections: 668m, 863m, 1670b thru 1670f, and 9345(1q)]

[Act 33 Vetoed Section: 1670dt]

Property Taxation

1. ASSESSMENT OF MANUFACTURING PROPERTY [LFB Paper 685]

Governor: Transfer the responsibility for assessing manufacturing property from the Department of Revenue to taxation districts (municipalities) and counties, if the county has adopted a county assessor system, effective with property assessed as of January 1, 2004. Replace references to DOR with references to taxation districts or taxation district assessors with regard to current law provisions concerning: (a) the assessment of property as of January 1 of each year; (b) the calculation of manufacturing property values, including the value of exempt computers, cash registers, and fax machines; (c) notifying taxpayers of their assessed values; (d) extensions for filing manufacturing property report forms; and (e) penalties for filing manufacturing property report forms late. Remove references to "state" and "department of revenue" in current law provisions regarding: (a) the assessment of manufacturing property; (b) penalties for making false statements; (c) the assessment of omitted property; and (d) tax bill increases for properties with values that were unreported or underreported.

Repeal current law provisions regarding: (a) DOR notice to taxation district and county assessors of properties to be assessed by the Department; (b) DOR performance of field investigations or on-site appraisals of every manufacturing property at least once every five years; (c) municipal appeals of manufacturing assessed values; (d) interest payments on taxes that were determined to be underpaid as the result of a municipal appeal; and (e) the meaning of the terms "local assessor" or "assessor" as they relate to DOR for purposes of manufacturing property assessment.

Modify the current law provision directing manufacturing property owners to file standard manufacturing property report forms prescribed by DOR by requiring the form to be filed with the taxation district rather than with DOR. Replace the current law provision granting DOR discretion in determining which properties, including those that are vacant, are

subject to state assessment with provisions that direct DOR to establish standards and procedures for assessing manufacturing property and to publish those standards and procedures in the property tax assessment manual, which is required under current law for other property classes. Modify the current law provision directing DOR to develop a manufacturing assessment roll for each municipality by requiring taxation district assessors to notify DOR of all manufacturing properties and their values, so that the Department can develop the manufacturing assessment roll. Replace current law references to municipalities and counties that have adopted a county assessor system with references to taxation districts to achieve technical accuracy and reflect that assessments will be determined by taxation district assessors. Modify the current law provision regarding the state ad valorem tax on telephone companies to clarify that the property assessment methods employed by DOR are the same used by local assessors to assess manufacturing property.

See Item #3 under "Department of Revenue" for the fiscal effect and position deletions related to this provision.

Joint Finance/Legislature: Delete the Governor's recommendation and retain the responsibility for assessing manufacturing property with DOR. Provide DOR with \$1,076,300 GPR and 13.5 GPR positions and \$1,076,300 PR and 13.5 PR positions annually in the Bureau of Manufacturing and Telco Assessment for the assessment of manufacturing property. Create a separate program revenue appropriation to fund the PR manufacturing assessment positions and related costs. Authorize DOR to annually impose a fee on each municipality containing manufacturing property to fund the PR manufacturing assessment positions. Set the fee for each municipality at an amount equal to the municipality's equalized value of manufacturing property multiplied by a rate determined by DOR, which varies from year to year and generates sufficient revenues to offset 50% of the Department's budgeted costs for the manufacturing assessment function. Specify that each municipality shall collect the amount of the fee as a special charge against the taxable property located in the municipality, but provide that the special charge cannot be applied disproportionately to the owners of manufacturing property relative to the owners of other property.

See Item #3 under "Department of Revenue" for the fiscal effect and position changes related to this provision.

[Act 33 Sections: 647m, 1580cd, and 1620]

2. LEVY LIMIT [LFB Paper 675]

Joint Finance: Prohibit any city, village, town, county, or technical college district from increasing its total levy in 2003 (payable in 2004), 2004 (payable in 2005), and 2005 (payable in 2006) by more than the following percentages: (a) for cities, villages, towns, and counties, the percentage increase in the January 1 equalized value for the year of the levy that is due to new construction, net of improvements removed, but not less than 0%; and (b) for technical college districts, 2.6%.

FOR IMMEDIATE RELEASE

Contact: Senator Carol Roessler (888) 736-8720

October 8, 2003

ROESSLER'S AUDIT REQUEST ON THE DEPARTMENT OF REVENUE APPROVED

MADISON – State Senator Carol Roessler (R-Oshkosh), Co-Chair of the Joint Legislative Audit Committee, recently presented her request to audit the Department of Revenue's Bureau of Assessment to the full Joint Audit Committee. The Audit Committee unanimously approved Roessler's request.

The last audit on assessment in manufacturing occurred in the 1980s and resulted in findings that the Department methodologies were not appropriate and that there were backlogs in resolving appeals. "Concerns have repeatedly surfaced about the Department of Revenue's Assessment of Manufacturing not meeting statutory requirements for assessments. Concerns also focus on diluting and eroding state expertise and enforcement of manufacturing assessments as this department engages in reorganization," said Roessler.

During the 2003-05 biennial budget discussions, many individuals and several organizations expressed their opposition to the Governor's budget proposal to transfer the responsibility for the assessment of manufacturing from the Department of Revenue to the municipalities. In particular, the Wisconsin Association of Assessing Officers (WAAO), Wisconsin Manufacturers and Commerce (WMC), and the Wisconsin Towns Association all raised concerns with this provision in the Governor's budget proposal.

The legislature specifically removed the Governor's proposal to transfer the assessment of manufacturing property to local governments while including a provision requiring municipalities with manufacturing property to share the costs of the assessments.

Roessler added, "Legislators agreed that transferring the responsibility of assessment of manufacturing to local municipalities ultimately would result in higher property taxes and less efficiency because the Department of Revenue has long term professional

employees who specialize in this area. If the Governor's proposal had been approved municipalities would have to hire or contract with appraisers which could raise the costs and effect the uniformity and the accuracy of assessments in manufacturing."

Statutorily the Department of Revenue must complete field investigations of manufacturing properties once every five years.

"Information gleaned from the audit report will give legislators, manufacturers and Revenue insight into assessment service operations and methodologies. A recent internal reorganization and combining of both the equalization and assessment bureaus has manufacturers, legal counsel and others concerned with potential erosion around the edges of the skill and expertise needed on assessments."

"Ultimately our mutual goal must be quality assessment and equalization services delivered within statutory deadlines," Roessler concluded.

###

Property Tax Bureau Director

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Revenue Administrative Manager
 Property Tax Bureau Director
 Career Executive
 Madison (Area 13)
 Job Announcement Code: 0400733

Deadline Date: April 30, 2004

The Position Description is available in [MS Word](#) or [PDF](#) formats.

Location: Madison (Area 13)

Hiring Organization: Department of Revenue (DOR); State and Local Finance Division; Bureau of Property Tax.

Salary: Starting salary is between \$54,200 and \$64,011 per year depending on qualifications. A two-year career executive trial period will be required.

Job Duties: This position is responsible for the administrative and supervisory work directing the Bureau of Property Tax. The Bureau of Property Tax is responsible for establishing the State's equalized value, for assessing all manufacturing and telephone company property in the State, and for defending these values and assessments. The Bureau of Property Tax has staff located in a central office in Madison and in six district offices. Duties include directing the preparation of the bureau business plan, budget requests and the expenditure of appropriations; plan, develop, implement, and coordinate administrative policy and procedure aspects of program activities within the bureau; establish goals, objectives and priorities to improve service; develop, implement and monitor bureau affirmative action goals, legislative changes, and administrative rules; supervise the establishment of guidelines which are reviewed through program reports and progress conferences with the Division Administrator.

Well-Qualified Candidates: Well qualified candidates will have knowledge of manufacturing and telephone company property assessment procedures; knowledge of equalization practices and procedures; knowledge and experience in the defense of property values; knowledge of quality improvement processes; and extensive experience in supervision and management. In addition, well qualified candidates will have experience in team leadership, change management, and in integrating technology solutions to achieve goals.

Knowledge, Skills and Abilities Required: Knowledge of property appraisal methodology, equalization process, property assessment procedures and property tax law; general knowledge of legislative processes, personnel procedures, and of budget procedures; knowledge of information technology systems; knowledge of supervisory and general management techniques; knowledge of business process improvement techniques, ability to exercise effective administrative direction; ability to lead change projects, ability to exercise sound judgement and discretion in developing, applying, and interpreting bureau policies and procedures; excellent oral and written communication skills.

Special Notes: The Assessor 3 Certification must be obtained within six months of appointment.

Application Information: Apply with the [Application for State Employment \(OSER-MRS-38\)](#), a letter of interest, a current resume, and a paper limited to two pages describing your qualifications, education and/or years of relevant experience, in the following areas: 1) assessment or appraisal techniques including number of years in the assessment/appraisal field (i.e., list experience in using the market, cost and income approach to value, establishing equalized values, and legal defense of values; 2) supervision of staff, including number of employees and type of positions supervised; 3) management of administrative functions as they relate to personnel matters, budget, business planning, purchasing, business process improvement projects, managing

2660423

Property Tax Bureau Director

change, and implementation of information technology systems. The Application for State Employment is also available by calling (608) 261-8996 or toll free (877) 337-8738. Send completed application materials to Dianne Donlin, Department of Revenue; Human Resources; 2135 Rimrock Road, #6-261; P.O. Box 8931; Madison, WI 53708-8931. The application deadline is 4:30 p.m. on April 30, 2004. Exam materials will be evaluated and those most qualified will be invited to participate in the next step of the selection process.

Note: Persons who are current state employees with Career Executive status need only apply with the Application for State Employment form, a resume that addresses the areas of experience described above, and a cover letter. Please include your current civil service classification in your application materials.

Contact information: Questions may be directed to Dianne Donlin at (608)266-2679.

Last updated April 02, 2004

Wisconsin



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Revenue

- effectiveness + efficiency (1)
- not done work since 1980's
- critical of dept —
have done reorg.

Darling

2000 cost sales use tax

- not in favor of passing on to locals & re-inventing the wheel

- 4/6 pos. in question will want to go out in field

- how the local part 50% could they meeting stat. requirements? last bullet
Adm State & local Finances since Feb

a lot of discussion
work through a very
challenging budget
& fully intend to do
a gd. job in mfg.
assessment - need
to be better about
not met the mark
of 5 years -

To change.

1. more flexible +
nimble in duties

also make more
flex. to meet stat.
requirements

2 field operations to
merge to give human
resources

cross train new work
w/ mfg assessment to
work

Very experienced staff @
field & sup. - sought
their input for the
req.

behind us who will
do it - settled by legis
underst. clearly our
duties

This audit will serve
a useful function
will work w/
leg. staff.

Prov. - state pay 50%
& remaining 50%
local jurisd.

Trans Assoc & Cities -
local funding too much
consternation

Bar. of Assessments -
bills to go out 80%
this yr. & pay next
year. - need as act.
to Rev or reduction
from Shared Rev.
as an option

- We are watching dogged
of pursuit of the best
& we do have great
trust & confidence

Strong sentiment

to get into reorg -
meld together 2

- erosion around the
edges -

- diligent in holding
accountability

- as we are accountable
to our constituents

See Morgan - 3
- through reorg not
trying to reverse it.
Dec. add. resources
to meet stat. oblig's
& other obligations
not quite up to the
goals

- not an undermine
yr. decision - so
we perform in
discharging your
work this in area

- watching Tim & his
folks in reorg -
we have real goals
perf. effic & fairly
& equitably as
possible
- that is not the case

Kaufert best we could
come up with - finally
said 50% cost sharing
got a know how much
50% of what?

talked to a couple of mfg.
added things - ok
chromesweaters - 0% age
effort of fairness
see what is happening
out in
hope as expeditiously
as possible

~~total cost for~~

Tan -

[Faint handwritten notes]

- DOT list out - NOO
- UW staffing -
- air management -
difficulty getting
gd. data

Telco

Greg Stein, SBC

Bill Mae, CenturyTel

Manufacturing

SC Johnson

GM in Janesville

Kohler

Quad Graphics

Kimberly Clark

WMC

Bill Ardun, Mequon – works with manufacturers - has put in an open records request in this area