

2005 DRAFTING REQUEST

Bill

Received: 12/21/2005

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Dan Kapanke (608) 266-5490

By/Representing: melissa

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Property - exemption

Extra Copies:

Submit via email: YES

Requester's email: Sen.Kapanke@legis.state.wi.us

Carbon copy (CC:) to: joseph.kreye@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Property tax exemptions for certain residential properties

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 12/27/2005	lkunkel 01/10/2006		_____			S&L Tax
/P1	jkreye 01/18/2006	lkunkel 01/18/2006	rschluet 01/10/2006	_____	lemery 01/10/2006		S&L Tax
/P2			rschluet 01/18/2006	_____	lnorthro 01/18/2006		S&L Tax
/P3	jkreye	lkunkel	rschluet	_____	mbarman		S&L

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	01/23/2006	01/23/2006	01/24/2006 _____		01/24/2006		Tax
/1	jkreye 01/31/2006	lkunkel 01/31/2006	jfrantze 01/31/2006 _____		mbarman 01/31/2006	mbarman 01/31/2006	

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1/24/06

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Topic:

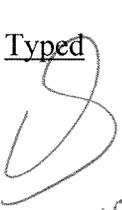
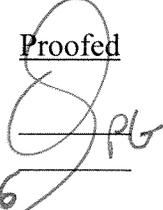
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FE Sent For:

<END>

Kreye, Joseph

From: Gilbert, Melissa
Sent: Tuesday, December 20, 2005 8:49 AM
To: Kreye, Joseph
Cc: OBrien, John
Subject: Columbus Park drafting request

Attachments: WLC0219-1.SubstituteAmendment.pdf

Hi Joe,

We would like to re-draft the attached substitute amendment to the Columbus Park bill that came out of the Joint Leg Council Special Committee on Tax Exemptions for Residential Property as a stand-alone bill. The two changes to this draft that need to be made are the allowance for leasehold income to be used for benevolent activities conducted anywhere in the state and the elimination of the requirement for payments for municipal services.



WLC0219-1.Substit
uteAmendment....

Please let me know whether you have any questions or whether I need to refer this request elsewhere.

Thanks!
Missy
Melissa Gilbert
Office of Sen. Dan Kapanke
608-782-3975

**SUBSTITUTE AMENDMENT ,
TO WLC: 0186/2**

1 **AN ACT** *to amend* 70.11 (intro.) and 70.11 (4); and *to create* 70.116 of the statutes;
2 **relating to:** revision and elimination of the exemption from the property tax for
3 certain property and the use of income from certain tax-exempt leased property.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This bill draft was prepared for the Joint Legislative Council's Special Committee on Tax Exemptions for Residential Property (Columbus Park).

Revision and Reorganization of s. 70.11 (intro.) and (4), stats.

Under current law, property owned and used exclusively by certain entities specified under s. 70.11 (4), stats., is exempt from the property tax while such property is used not for profit. This draft reorganizes s. 70.11 (4) to make it more readable and to place the types of property that are exempt under that section into separate statutory subdivisions.

This draft also eliminates the property tax exemption for certain residential property owned by a benevolent association. Specifically, the draft revises the property tax exemption under current s. 70.11 (4) for "property owned by benevolent associations, including benevolent nursing homes and retirement homes for the aged" by setting forth the specific types of property owned by a benevolent association that are exempt from property taxes.

The types of property owned by a benevolent association that are exempt from the property tax under the draft are:

- a. Nursing homes licensed under s. 50.03.
- b. Community based residential facilities licensed under s. 50.03.
- c. Adult family homes certified under s. 50.032 or licensed under s. 50.033.

- d. Residential care apartment complexes registered or certified under s. 50.034.
- e. Domestic abuse shelters.
- f. Shelters for the homeless, including transitional housing facilities.
- g. Housing for low-income persons that is operated in compliance with sections 3.01 and 3.02 (1), (2) and (3) of Internal Revenue Service (IRS) revenue procedure 96-32 or that is described in section 4.02 (4) or 4.02 (9) of that revenue procedure. Sections 3.01 and 3.02 (1), (2) and (3) of IRS revenue procedure 96-32 set forth income eligibility limits for federal low-income housing programs. Section 4.02 (4) refers to government housing programs designed to provide affordable housing. Section 4.02 (9) refers to programs designed to provide home ownership opportunities for families that cannot otherwise afford to purchase safe and decent housing.
- h. A residential facility that provides alcohol or other drug abuse (AODA) treatment services or housing for persons with or recovering from AODA problems.
- i. Residential housing for persons with permanent disabilities.
- j. Housing for older persons as defined in s. 106.50 (1m) (m) that satisfies the requirements under s. 106.50 (5m) (a) and which is affiliated with a nursing home licensed under s. 50.03, or a residential care apartment complex registered or certified under s. 50.034, any one of which is located in the same county. Housing for older persons will be considered affiliated if it meets the definition of an affiliate under s. 180.0103 and the affiliated entity is not-for-profit.
- k. Property that is not residential housing.

Under the draft, property owned by a benevolent association that is residential housing is subject to the property tax if it does not fit within any of the categories described under a. through j., above.

Nonresidential property owned and used exclusively by a benevolent association remains exempt from the property tax.

Under the draft, nonresidential property owned by a church or religious association is exempt from the property tax. Residential property owned by a church or religious association is exempt if it is described in any of the categories listed under a. through j., above, or if it is used for housing for pastors or their ordained assistants, members of religious orders or communities, or ordained teachers.

These provisions first apply to property tax assessments as of January 1, 2007, which are payable in 2008.

Use of Leasehold Income

Under current law, if property that is exempt from taxation under s. 70.11 is leased, the property retains its tax exemption only if the owner uses all of the leasehold income for maintenance of the leased property or construction debt retirement of the leased property or both. [s. 70.11 (intro.), stats.] This is commonly referred to as the “rent use” requirement”.

The draft provides that leasing property described in s. 70.11 (4), stats., as residential housing does not render the property taxable if the property owner uses all of the lease income to further its benevolent or educational activities, or in the case of a church or religious association, to further the activities of the church or association, provided the activities are conducted in the same county in which the property from which the lease income is derived is located, or a contiguous county. In addition, the draft provides that a property owner may not discriminate based on race.

This provision applies retroactively to property tax assessments as of January 1, 2003, which were payable in 2004.

Payments for Municipal Services

Under current law, property owned and used exclusively by a “benevolent association” is exempt from the property tax. The statutes do not define “benevolent association”.

The draft establishes legislative findings regarding property tax burdens of residential property owners and a legislative determination that a benevolent association should provide payments for services provided to certain residential property owned by a benevolent association and to residents of the property by a municipality. Municipality is defined as a city, village, or town or special purpose district (town sanitary district, metropolitan sewerage district, or public inland lake protection and rehabilitation district).

This draft requires a benevolent association that owns property described in newly created s. 70.11 (4) (c) 10., stats., described above (certain housing for older persons), to pay an amount, as determined by the benevolent association, to defray the costs of providing municipal services to the property and to residents of the property.

The draft provides that the valuation of a property used to determine the amount of payment required may be challenged by the property owner

under s. 70.47, stats., as are property valuations for property tax assessments. Payments for municipal services are subject to s. 74.11, stats., which sets forth dates for payments of taxes, special assessments, and special charges.

1 **SECTION 1.** 70.11 (intro.) of the statutes is amended to read:

2 **70.11 Property exempted from taxation.** (intro.) The property described in this
3 section is exempted from general property taxes if the property is exempt under sub. (1), (2),
4 (18), (21), (27) or (30); if it was exempt for the previous year and its use, occupancy or
5 ownership did not change in a way that makes it taxable; if the property was taxable for the
6 previous year, the use, occupancy or ownership of the property changed in a way that makes
7 it exempt and its owner, on or before March 1, files with the assessor of the taxation district
8 where the property is located a form that the department of revenue prescribes or if the
9 property did not exist in the previous year and its owner, on or before March 1, files with the
10 assessor of the taxation district where the property is located a form that the department of
11 revenue prescribes. Leasing a part of the property described in this section does not render it
12 taxable if, except for property described in sub. (4), the lessor uses all of the leasehold income
13 for maintenance of the leased property or construction debt retirement of the leased property,
14 or both, and, except for residential housing, if the lessee would be exempt from taxation under
15 this chapter if it owned the property. Leasing property described in sub. (4) as residential
16 housing does not render it taxable if the property owner uses all of the leasehold income to
17 further the benevolent or educational activities of the owner, or, in the case of a church or
18 religious association, to further the activities of the church or association, provided the
19 activities are conducted in the same county in which the property from which the lease income
20 is derived is located, or a contiguous county. Any lessor who claims that leased property is
21 exempt from taxation under this chapter shall, upon request by the tax assessor, provide

1 records relating to the lessor's use of the income from the leased property. Property exempted
2 from general property taxes is:

3 SECTION 2. 70.11 (4) of the statutes is amended to read:

4 70.11 (4) EDUCATIONAL, RELIGIOUS AND BENEVOLENT INSTITUTIONS; WOMEN'S CLUBS;
5 HISTORICAL SOCIETIES; FRATERNITIES; LIBRARIES. Property owned and used exclusively by
6 educational any of the entities described in this subsection while such property is used not for
7 profit. Property that is exempt from taxation under this subsection and is leased remains
8 exempt from taxation only if, in addition to the requirements specified in the introductory
9 phrase of this section, the property owner and the lessee do not discriminate on the basis of
10 race. The amount of land exempt under this subsection may not exceed 10 acres of land
11 necessary for location and convenience of buildings, except as provided in par. (b). This
12 subsection does not include property owned by an organization that is organized under s.
13 185.981 or ch. 611, 613, or 614 and that offers a health maintenance organization as defined
14 in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3) or by an
15 organization that is issued a certificate of authority under ch. 618 and that offers a health
16 maintenance organization or a limited service health organization or by any nonstock,
17 nonprofit corporation which services guaranteed student loans for others or on its own
18 account.

19 (a) Educational institutions offering regular courses 6 months in the year; ~~or by~~
20 ~~churches and educational associations.~~

21 (b) ~~Churches or religious, educational or benevolent associations, including benevolent~~
22 ~~nursing homes and retirement homes for the aged but not including an organization that is~~
23 ~~organized under s. 185.981 or ch. 611, 613 or 614 and that offers a health maintenance~~
24 ~~organization as defined in s. 609.01 (2) or a limited service health organization as defined in~~

1 ~~s. 609.01 (3) or an organization that is issued a certificate of authority under ch. 618 and that~~
2 ~~offers a health maintenance organization or a limited service health organization and not~~
3 ~~including property owned by any nonstock, nonprofit corporation which services guaranteed~~
4 ~~student loans for others or on its own account, and also including property owned and used~~
5 ~~for housing for pastors and their ordained assistants, members of religious orders and~~
6 ~~communities, and ordained teachers, whether or not contiguous to and a part of other property~~
7 ~~owned and used by such associations or churches; or by women's, but not other types of~~
8 residential housing except for the property described in par. (c). Property owned by churches
9 or religious associations necessary for location and convenience of buildings, used for
10 educational purposes and not for profit, shall not be subject to the 10-acre limitation but shall
11 be subject to a 30-acre limitation.

12 (c) Benevolent associations, churches or religious associations if the property is any of
13 the following:

14 1. A nursing home licensed under s. 50.03.

15 2. A community based residential facility licensed under s. 50.03.

16 3. An adult family home certified under s. 50.032 or licensed under s. 50.033.

17 4. A residential care apartment complex registered or certified under s. 50.034.

18 5. A domestic abuse shelter.

19 6. A shelter for the homeless, including transitional housing facilities.

20 7. Housing for low-income persons that is operated in compliance with sections 3.01
21 and 3.02 (1), (2) and (3) or that is provided as part of a program described in section 4.02 (4)
22 or 4.02 (9) of Internal Revenue Service revenue procedure 96-32. The property owner shall
23 provide the assessor an affidavit stating that the property meets this requirement. For the
24 purposes of this subdivision, "project", when used in Internal Revenue Service revenue

1 procedure 96-32, includes property located on more than one tax parcel, if the parcels are
2 owned or operated by the same person and are adjacent, separated only by a street or other
3 public right-of-way, or within the same condominium development.

4 8. A residential facility, the primary purpose of which is to provide alcohol or other drug
5 abuse treatment or services or housing for persons with, or who are recovering from, alcohol
6 or other drug abuse problems.

7 9. Residential housing that is occupied by one or more persons with permanent
8 disabilities, for whom evidence is available that demonstrates that these persons meet the
9 medical definition of permanent disability used to determine eligibility for programs
10 administered by the federal social security administration.

11 10. Housing for older persons as defined in s. 106.50 (1m) (m) that satisfies the
12 requirements under s. 106.50 (5m) (a) and which is affiliated with a nursing home licensed
13 under s. 50.03, a community-based residential facility licensed under s. 50.03, or a residential
14 care apartment complex registered or certified under s. 50.034, any one of which is located
15 within the same county. Housing for older persons will be considered affiliated if it meets the
16 definition of an affiliate under s. 180.0103 and the affiliated entity is not-for-profit.

17 (cm) Benevolent associations if the property is nonresidential.

18 (d) Women's clubs; or by domestic,

19 (e) Domestic incorporated historical societies; or by domestic,

20 (f) Domestic incorporated, free public library associations; or by fraternal

21 (g) Fraternal societies operating under the lodge system (except university, college and
22 high school fraternities and sororities), but not exceeding 10 acres of land necessary for
23 location and convenience of buildings while such property is not used for profit. Property
24 owned by churches or religious associations necessary for location and convenience of

1 buildings, used for educational purposes and not for profit, shall not be subject to the 10-acre
2 limitation but shall be subject to a 30-acre limitation. Property that is exempt from taxation
3 under this subsection and is leased remains exempt from taxation only if, in addition to the
4 requirements specified in the introductory phrase of this section, the lessee does not
5 discriminate on the basis of race.

6 **SECTION 3.** 70.116 of the statutes is created to read:

7 **70.116 Payments for municipal services; certain benevolent associations. (1)**

8 FINDINGS. Recognizing that the cost of property taxes is increasingly borne by residential
9 property owners, and that the property tax burden causes a financial hardship to some
10 residential property owners; recognizing that recently, benevolent associations have increased
11 development of residential property from which the associations exclude persons who do not
12 meet minimal financial standards set by the association, and that such property is exempt from
13 the property tax, although municipalities are nevertheless required to provide municipal
14 services to those properties and residents of those properties; and recognizing that numerous
15 statutes require payments for municipal services by tax-exempt entities other than benevolent
16 associations; the legislature finds and determines that benevolent associations should provide
17 payments for municipal services provided to residential property owned by the association
18 that is not recognized as primarily charitable in nature or serving a population with special and
19 significant needs for medical, nursing, mental health, or other similar services.

20 **(2) DEFINITIONS.** In this section:

21 (a) "Municipality" means a city, village, or town or special purpose district under s.
22 79.095 (1) (bm).

23 (b) "Municipal services" means solid waste management, as defined in s. 287.01 (13),
24 law enforcement and fire protection, street construction, repair and maintenance and all

1 eligible cost items under s. 86.303 (6) (a) through (c), traffic control, street lighting and snow
2 and ice removal and all eligible cost items under s. 86.303 (6) (a) through (c), public library
3 services, and any administrative or debt service costs associated with the provision of these
4 services.

5 (3) PAYMENTS. Except as provided in sub. (3), on or before January 31 of each year, the
6 owner of any property described in s. 70.11 (4) (c) 10. shall pay an amount, as determined by
7 the benevolent association, to defray the costs, including administrative costs and debt service
8 costs, of providing municipal services to the property and to residents of the property, if any.

9 (4) AMOUNT; ADMINISTRATION. The valuation of a property used to determine the amount
10 of payment required under this section may be challenged under s. 70.47. Payments under this
11 section are subject to s. 74.11.

12 **SECTION 4. Initial applicability.**

13 (1) The treatment of section 70.11 (intro.) of the statutes first applies to property tax
14 assessments as of January 1, 2003.

15 (2) The treatment of section 70.11 (4) of the statutes first applies to property tax
16 assessments as of January 1, 2007.

17 **SECTION 5. Effective date.**

18 (1) The treatment of section 70.11 (intro.) of the statutes takes effect on January 1, 2003.

19 (2) The treatment of sections 70.11 (4) and 70.116 of the statutes takes effect on January
20 1, 2007.

21 (END)

Keep

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in 12-27-05
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2005 ASSEMBLY BILL 573

July 21, 2005 - Introduced by JOINT LEGISLATIVE COUNCIL. Referred to Committee on Urban and Local Affairs.

benevolent or educational associations
association

re you ✓

1 AN ACT to renumber and amend 70.11 (4); to amend 70.11 (intro.); and to

2 create 70.11 (4) (c) and 70.11 (4) (d) of the statutes; relating to: revision and

3 ~~elimination of the exemption from the property tax for certain property~~ and the

4 use of income from certain tax-exempt leased property.

Analysis by the Legislative Reference Bureau

This bill is explained in the NOTES provided by the Joint Legislative Council in the bill.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This bill was prepared for the Joint Legislative Council's Special Committee on Tax Exemptions for Residential Property (Columbus Park).

Revision and Reorganization of s. 70.11 (intro.) and (4), stats.

Under current law, property owned and used exclusively by certain entities specified under s. 70.11 (4), stats, is exempt from the property tax while such property

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ASSEMBLY BILL 573

*Analysis
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is used ~~not~~ for profit. This bill reorganizes s. 70.11 (4) to make it more readable and to place the types of property that are exempt under that section into separate statutory subdivisions.

The bill also eliminates the property tax exemption for certain residential property owned by a benevolent association. Specifically, the bill revises the property tax exemption under current ~~s. 70.11(4)~~ for property owned by benevolent associations, including benevolent nursing homes and retirement homes for the aged, by setting forth the specific types of property owned by a benevolent association that are exempt from property taxes.

low

The types of property owned by a benevolent association that are exempt from the property tax ~~under the bill~~ are:

Under no bill ↑

- 1 a. Nursing homes licensed under s. 50.03.
- 2 b. Community based residential facilities licensed under s. 50.03.
- 3 c. Adult family homes certified under s. 50.032 or licensed under s. 50.033.
- 4 d. Residential care apartment complexes registered or certified under s. 50.034.
- 5 e. Domestic abuse shelters.
- 6 f. Shelters for the homeless, including transitional housing facilities.
- 7 g. Housing for low-income persons that is operated in compliance ^{stays} with sections 3.01 and 3.02 (1), (2) and (3) of Internal Revenue Service (IRS) revenue procedure 96-32 or that is described in section 4.02 (4) or 4.02 (9) of that revenue procedure.

Sections 3.01 and 3.02 (1), (2) and (3) of IRS revenue procedure 96-32 set forth income eligibility limits for federal low-income housing programs. Generally, those limits are as follows:

- (a) At least 75 percent of the units are occupied by residents that qualify as low-income (generally, an income at or below 80 percent of an area's median income); and
- (b) Either at least 20 percent of the units are occupied by residents that also meet the very low-income limit for the area (generally, an income at or below 50 percent of an area's median income) or 40 percent of the units are occupied by residents that also do not exceed 120 percent of the area's very low-income limit. Up to 25 percent of the units may be provided at market rates to persons who have incomes in excess of the low-income limit.

Income limits are computed and published by the Department of Housing and Urban Development (HUD). There are provisions that permit an individual tenant's income to rise above the limits under certain circumstances.

Section 4.02 (4) refers to government housing programs designed to provide affordable housing. Section 4.02 (9) refers to programs designed to provide home ownership opportunities for families that cannot otherwise afford to purchase safe and decent housing.

- 8 h. A residential facility that provides alcohol or other drug abuse (AODA) treatment services or housing for persons with or recovering from AODA problems.
- 9 i. Residential housing for persons with permanent disabilities.
- 10 j. Property that is not residential housing.

Under the bill, property owned by a benevolent association that is residential housing is subject to the property tax if it does not fit within any of the categories described ~~under a through i.~~ above.

Nonresidential property owned and used exclusively by a benevolent association, ~~is~~ ^{remains} exempt from the property tax.

~~Under the bill, nonresidential property owned by a church or religious association is exempt from the property tax. Residential property owned by a church or religious association is exempt if it is described in any of the categories listed under a. through i., above, or if it is used for housing for pastors or their ordained assistants, members of religious orders or communities, or ordained teachers.~~

These provisions first apply to property tax assessments as of January 1, 2007, which are payable in 2008.

Use of Leasehold Income

Under current law

10. Housing for older persons, if the housing is affiliated with a community-based residential facility, nursing home, or residential care apartment complex

ASSEMBLY BILL 573

Analysis intro

property taxes

Under current law, if property that is exempt from ~~taxation under s. 70.11~~ is leased, the property retains its tax exemption only if the owner uses all of the leasehold income for maintenance of the leased property or construction debt retirement of the leased property or both. ~~(s. 70.11 (intro.), stats.) This is commonly referred to as the "rent use" requirement.~~

use support

The bill provides that leasing property ~~described in s. 70.11 (4), stats.~~ as residential housing does not render the property taxable if the property owner uses all of the lease income to ~~further~~ its benevolent or educational activities, or in the case of a church or religious association, to ~~further~~ the activities of the church or association. In addition, the bill provides that a property owner may not discriminate based on race.

amend by benevolent association and certain education associations

This provision applies retroactively to property tax assessments as of January 1, 2003, which were payable in 2004.

1 **SECTION 1.** 70.11 (intro.) of the statutes is amended to read:

2 **70.11 Property exempted from taxation.** (intro.) The property described

3 in this section is exempted from general property taxes if the property is exempt

4 under sub. (1), (2), (18), (21), (27) or (30); if it was exempt for the previous year and

5 its use, occupancy or ownership did not change in a way that makes it taxable; if the

6 property was taxable for the previous year, the use, occupancy or ownership of the

7 property changed in a way that makes it exempt and its owner, on or before March 1,

8 files with the assessor of the taxation district where the property is located a form

9 that the department of revenue prescribes or if the property did not exist in the

10 previous year and its owner, on or before March 1, files with the assessor of the

11 taxation district where the property is located a form that the department of revenue

12 prescribes. Leasing a part of the property described in this section does not render

13 it taxable if, except for property described in sub. (4), the lessor uses all of the

14 leasehold income for maintenance of the leased property or construction debt

15 retirement of the leased property, or both, and, except for residential housing, if the

16 lessee would be exempt from taxation under this chapter if it owned the property.

17 Leasing property described in sub. (4) as residential housing does not render it

18 taxable if the property owner uses all of the leasehold income to ~~further~~ the *support*

19 benevolent or educational activities of the owner, or, in the case of a church or

ASSEMBLY BILL 573

SECTION 1

INSERT
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support

1 religious association, to further the activities of the church or association, Any lessor
2 who claims that leased property is exempt from taxation under this chapter shall,
3 upon request by the tax assessor, provide records relating to the lessor's use of the
4 income from the leased property. Property exempted from general property taxes is:

5 SECTION 2. 70.11 (4) of the statutes is renumbered 70.11 (4) (intro.) and
6 amended to read:

7 70.11 (4) (intro.) Property owned and used exclusively by ~~educational~~ any of the
8 entities described in this subsection while such property is used not for profit.
9 Property that is exempt from taxation under this subsection and is leased remains
10 exempt from taxation only if, in addition to the requirements specified in the
11 introductory phrase of this section, the property owner and the lessee do not
12 discriminate on the basis of race. The amount of land exempt under this subsection
13 may not exceed 10 acres of land necessary for location and convenience of buildings,
14 except as provided in par. (b). This subsection does not include property owned by
15 an organization that is organized under s. 185.981 or ch. 611, 613, or 614 and that
16 offers a health maintenance organization as defined in s. 609.01 (2) or a limited
17 service health organization as defined in s. 609.01 (3) or by an organization that is
18 issued a certificate of authority under ch. 618 and that offers a health maintenance
19 organization or a limited service health organization or by any nonstock, nonprofit
20 corporation which services guaranteed student loans for others or on its own account.
21 The property of the following entities is exempt from taxation under this subsection.

22 (a) Educational institutions offering regular courses 6 months in the year; ~~or~~
23 ~~by churches and educational associations.~~

24 (b) Churches or religious, ~~educational or benevolent~~ associations, including
25 ~~benevolent nursing homes and retirement homes for the aged but not including an~~

ASSEMBLY BILL 573

1 ~~organization that is organized under s. 185.981 or ch. 611, 613 or 614 and that offers~~
2 ~~a health maintenance organization as defined in s. 609.01 (2) or a limited service~~
3 ~~health organization as defined in s. 609.01 (3) or an organization that is issued a~~
4 ~~certificate of authority under ch. 618 and that offers a health maintenance~~
5 ~~organization or a limited service health organization and not including property~~
6 ~~owned by any nonstock, nonprofit corporation which services guaranteed student~~
7 ~~loans for others or on its own account, and also including property owned and used~~
8 ~~for housing for pastors and their ordained assistants, members of religious orders~~
9 ~~and communities, and ordained teachers, whether or not contiguous to and a part of~~
10 ~~other property owned and used by such associations or churches; or by women's, but~~
11 ~~not other types of residential housing except for the property described in par. (c).~~
12 Property owned by churches or religious associations necessary for location and
13 convenience of buildings, used for educational purposes and not for profit, shall not
14 be subject to the 10-acre limitation under this subsection but shall be subject to a
15 30-acre limitation.

16 (e) Women's clubs; or by domestic,

17 (f) Domestic incorporated historical societies; or by domestic,

18 (g) Domestic incorporated, free public library associations; or by fraternal,

19 (h) Fraternal societies operating under the lodge system (except university,
20 college and high school fraternities and sororities), but not exceeding 10 acres of land
21 necessary for location and convenience of buildings while such property is not used
22 for profit. Property owned by churches or religious associations necessary for
23 location and convenience of buildings, used for educational purposes and not for
24 profit, shall not be subject to the 10-acre limitation but shall be subject to a 30-acre
25 limitation. Property that is exempt from taxation under this subsection and is leased

ASSEMBLY BILL 573

SECTION 2

1 ~~remains exempt from taxation only if, in addition to the requirements specified in the~~
2 ~~introductory phrase of this section, the lessee does not discriminate on the basis of~~
3 ~~race, except university, college, and high school fraternities and sororities.~~

4 **SECTION 3.** 70.11 (4) (c) of the statutes is created to read:

5 70.11 (4) (c) Benevolent associations, churches, or religious associations, if the
6 property is any of the following:

- 7 1. A nursing home licensed under s. 50.03.
- 8 2. A community-based residential facility licensed under s. 50.03.
- 9 3. An adult family home certified under s. 50.032 or licensed under s. 50.033.
- 10 4. A residential care apartment complex registered or certified under s. 50.034.
- 11 5. A domestic abuse shelter.
- 12 6. A shelter for the homeless, including transitional housing facilities.
- 13 7. Housing for low-income persons that is operated in compliance with sections
14 3.01 and 3.02 (1), (2), and (3), or that is provided as part of a program described in
15 section 4.02 (4) or 4.02 (9), of the Internal Revenue Service revenue procedure 96-32.
16 In order to claim the exemption under this subdivision, the property owner shall
17 provide the assessor an affidavit stating that the property meets the requirements
18 under this subdivision. For the purposes of this subdivision, “project”, as used in
19 Internal Revenue Service revenue procedure 96-32, includes property located on
20 more than one tax parcel, if the parcels are owned or operated by the same person
21 and are adjacent, separated only by a street or other public right-of-way, or within
22 the same condominium development.
- 23 8. A residential facility, the primary purpose of which is to provide alcohol or
24 other drug abuse treatment or services or housing for persons with, or who are
25 recovering from, alcohol or other drug abuse problems.

sub #1

1 files with the assessor of the taxation district where the property is located a form
 2 that the department of revenue prescribes or if the property did not exist in the
 3 previous year and its owner, on or before March 1, files with the assessor of the
 4 taxation district where the property is located a form that the department of revenue
 5 prescribes. Leasing a part of the property described in this section does not render
 6 it taxable if, except for property described in sub. (4), the lessor uses all of the
 7 leasehold income for maintenance of the leased property or construction debt
 8 retirement of the leased property, or both, and, except for residential housing, if the
 9 lessee would be exempt from taxation under this chapter if it owned the property.
 10 Leasing property described in sub. (4) as residential housing does not render it
 11 taxable if the property owner uses all of the leasehold income to support the
 12 benevolent or educational activities of the owner, or in the case of a church or
 13 religious association, to support the activities of the church or association, and the
 14 activities are undertaken in the county where the tax-exempt property is located.

15 In addition, leasing property described in sub. (4) (c) 7. ~~or (d)~~ as residential housing
 16 does not render it taxable if the property owner uses all of the leasehold income to
 17 support the provision of similar housing anywhere in this state. Any lessor who

18 claims that leased property is exempt from taxation under this chapter shall, upon
 19 request by the tax assessor, provide records relating to the lessor's use of the income
 20 from the leased property. Property exempted from general property taxes is:

21 SECTION 2. 70.11 (4) of the statutes is renumbered 70.11 (4) (intro.) and
 22 amended to read:

23 70.11 (4) (intro.) Property owned and used exclusively by ~~educational~~ any of the
 24 entities described in this subsection while such property is used not for profit.
 25 Property that is exempt from taxation under this subsection and is leased remains

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1 8. A residential facility, the primary purpose of which is to provide alcohol or
2 other drug abuse treatment or services or housing for persons with, or who are
3 recovering from, alcohol or other drug abuse problems.

4 9. Residential housing that is occupied by one or more persons with permanent
5 disabilities, for whom evidence is available that demonstrates that these persons
6 meet the medical definition of permanent disability used to determine eligibility for
7 programs administered by the federal social security administration.

8 10. Housing for older persons as defined in s. 106.50 (1m) (m) that satisfies the
9 requirements under s. 106.50 (5m) (a) and that is affiliated with a community-based
10 residential facility or nursing home licensed under s. 50.03 or a residential care
11 apartment complex registered or certified under s. 50.034, any one of which is located
12 within the same county. Housing for older persons will be considered affiliated if it
13 meets the definition of an affiliate under s. 180.0103 (1) and the affiliated entity is
14 not for profit.

15 **SECTION 4.** 70.11 (4) (d) of the statutes is created to read:

16 70.11 (4) (d) Benevolent associations, if the property is not residential.

17 **SECTION 5. Initial applicability.**

18 (1) The treatment of section 70.11 (intro.) of the statutes first applies to
19 property tax assessments as of January 1, 2003.

20 (2) The renumbering and amendment of section 70.11 (4) of the statutes and
21 the creation of section 70.11 (4) (c) and (d) of the statutes first apply to property tax
22 assessments as of January 1, 2007.

23 **SECTION 6. Effective date.**

24 (1) The treatment of section 70.11 (intro.) of the statutes takes effect on
25 January 1, 2003.

(INSERT
7-4)

(date)

4289/Plch
Jk lmk

Senator Kaganke:

Please review this draft carefully to ensure that it is consistent with your intent.

Jk



**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4284/P1dn
JK:lmk:rs

January 10, 2006

Senator Kapanke:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

Kreye, Joseph

From: Gilbert, Melissa
Sent: Tuesday, January 17, 2006 4:18 PM
To: Kreye, Joseph
Subject: FW: Draft review: LRB 05-4284/P1 Topic: Property tax exemptions for certain residential properties
Attachments: LRB-4284_P1; LRB-4284_P1 Drafters_Note

Hi Joe,

Thanks for this draft! In reviewing the language, we would request the following changes:

- ✓ - P 3, L 15 – after “located,” delete the period and add or in a contiguous county.
- ✓ - P 3, L 16 – after “(4)(c)7.,” add or (4)(i)
- ✓ - P 5, after L 20, insert (i) All property owned by an eligible sponsor, as defined in s. 234.01(5), and used exclusively to provide housing for persons and families of low and moderate income.
- ✓ - Section 3? – add the following definition of “benevolent association”
 - Benevolent association means an organization that is described in section 501(c) of the internal revenue code and that is exempt from taxation under section 501(a) of the internal revenue code or that purports to be established for a philanthropic, humane, social welfare or public health objective.
- ✓ - P 5, L 23 – after “property is,” amend to say “used for any one or combination of the following purposes:”
- ✓ - P 7, L 1 – after “county,” add or a contiguous county.
- ✓ - P 7 – change all the applicability dates to January 1, 2004.

Please let me know if you need clarification on any of these points. Thanks again!

Melissa Gilbert
District Manager
Office of Sen. Dan Kapanke
608-782-3975

From: OBrien, John
Sent: Wednesday, January 11, 2006 7:45 AM
To: Gilbert, Melissa
Subject: FW: Draft review: LRB 05-4284/P1 Topic: Property tax exemptions for certain residential properties

Missy,

This came in yesterday.

Thanks

John O'Brien, Staff

01/17/2006

Sen. Dan Kapanke
32nd Senate District
608 26 6-5490
800 385 3385
john.obrien@legis.state.wi.us

From: Emery, Lynn
Sent: Tuesday, January 10, 2006 3:03 PM
To: Sen.Kapanke
Subject: Draft review: LRB 05-4284/P1 Topic: Property tax exemptions for certain residential properties

Following is the PDF version of draft LRB 05-4284/P1 and drafter's note.



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4284/P1

JK:lmk:rs

Handwritten notes: "P2", "JK:lmk:rs" with an arrow pointing to the typed name, "R/M with R", and "days".

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Handwritten notes: "in 1-18-06", "done Fri. 1-20-06" (circled), "D-N" (circled), "Are you" (circled), and "VH".

1 AN ACT *to renumber and amend* 70.11 (4); *to amend* 70.11 (intro.); and *to*
2 *create* 70.11 (4) (c) and 70.11 (4) (d) of the statutes; **relating to:** the property
3 tax exemption exemption for property owned by certain benevolent or
4 educational associations and the use of income from certain tax-exempt leased
5 property.

Analysis by the Legislative Reference Bureau

Under current law, property owned and used exclusively by benevolent associations, including benevolent nursing homes and retirement homes for the aged, is exempt from the property tax, if the property is not used for profit. This bill modifies the property tax exemption under current law for property owned by benevolent associations, including benevolent nursing homes and retirement homes for the aged by setting forth the specific types of property owned by a benevolent association that are exempt from property taxes.

Under the bill, the types of property owned by a benevolent association that are exempt from the property tax are:

1. Nursing homes licensed under s. 50.03.
2. Community based residential facilities licensed under s. 50.03.
3. Adult family homes certified under s. 50.032 or licensed under s. 50.033.
4. Residential care apartment complexes registered or certified under s. 50.034.
5. Domestic abuse shelters.
6. Shelters for the homeless, including transitional housing facilities.

1 property changed in a way that makes it exempt and its owner, on or before March 1,
 2 files with the assessor of the taxation district where the property is located a form
 3 that the department of revenue prescribes or if the property did not exist in the
 4 previous year and its owner, on or before March 1, files with the assessor of the
 5 taxation district where the property is located a form that the department of revenue
 6 prescribes. Leasing a part of the property described in this section does not render
 7 it taxable if, except for property described in sub. (4), the lessor uses all of the
 8 leasehold income for maintenance of the leased property or construction debt
 9 retirement of the leased property, or both, and, except for residential housing, if the
 10 lessee would be exempt from taxation under this chapter if it owned the property.
 11 Leasing property described in sub. (4) as residential housing does not render it
 12 taxable if the property owner uses all of the leasehold income to support the
 13 benevolent or educational activities of the owner, or, in the case of a church or
 14 religious association, to support the activities of the church or association, and the
 15 activities are undertaken in the county where the tax-exempt property is located.

16 In addition, leasing property described in sub. (4) (c) 7. ^{or (d)} as residential housing does
 17 not render it taxable if the property owner uses all of the leasehold income to support
 18 the provision of similar housing anywhere in this state. Any lessor who claims that
 19 leased property is exempt from taxation under this chapter shall, upon request by
 20 the tax assessor, provide records relating to the lessor's use of the income from the
 21 leased property. Property exempted from general property taxes is:

22 **SECTION 2.** 70.11 (4) of the statutes is renumbered 70.11 (4) (intro.) and
 23 amended to read:

24 70.11 (4) (intro.) Property owned and used exclusively by educational any of the
 25 entities described in this subsection while such property is used not for profit.

or in a contiguous county ✓

7. Housing for low-income persons that is operated in compliance with income eligibility limits for federal low-income housing programs.

8. A residential facility that provides alcohol or other drug abuse (AODA) treatment services or housing for persons with or recovering from AODA problems.

9. Residential housing for persons with permanent disabilities.

10. Housing for older persons, if the housing is affiliated with a community-based residential facility, nursing home, or residential care apartment complex.

11. Property that is not residential housing.

Under the bill, property owned by a benevolent association that is residential housing is subject to the property tax if it does not fit within any of the categories described above.

Under current law, nonresidential property owned and used exclusively by a benevolent association is exempt from the property tax. Under the bill, nonresidential property owned by a church or religious association is exempt from the property tax.

Under current law, if property that is exempt from property taxes is leased, the property retains its tax exemption only if the owner uses all of the leasehold income for maintenance of the leased property or construction debt retirement of the leased property or both.

The bill provides that leasing property owned by benevolent associations and certain education associations as residential housing does not render the property taxable if the property owner uses all of the lease income to support its benevolent or educational activities, or in the case of a church or religious association, to support the activities of the church or association. In addition, the bill provides that a property owner may not discriminate based on race.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 70.11 (intro.) of the statutes is amended to read:

2 **70.11 Property exempted from taxation.** (intro.) The property described
3 in this section is exempted from general property taxes if the property is exempt
4 under sub. (1), (2), (18), (21), (27) or (30); if it was exempt for the previous year and
5 its use, occupancy or ownership did not change in a way that makes it taxable; if the
6 property was taxable for the previous year, the use, occupancy or ownership of the

1 Property that is exempt from taxation under this subsection and is leased remains
2 exempt from taxation only if, in addition to the requirements specified in the
3 introductory phrase of this section, the property owner and the lessee do not
4 discriminate on the basis of race. The amount of land exempt under this subsection
5 may not exceed 10 acres of land necessary for location and convenience of buildings,
6 except as provided in par. (b). This subsection does not include property owned by
7 an organization that is organized under s. 185.981 or ch. 611, 613, or 614 and that
8 offers a health maintenance organization as defined in s. 609.01 (2) or a limited
9 service health organization as defined in s. 609.01 (3) or by an organization that is
10 issued a certificate of authority under ch. 618 and that offers a health maintenance
11 organization or a limited service health organization or by any nonstock, nonprofit
12 corporation which services guaranteed student loans for others or on its own account.

13 The property of the following entities is exempt from taxation under this subsection.

14 (a) Educational institutions offering regular courses 6 months in the year; or
15 by churches and educational associations.

16 (b) Churches or religious, ~~educational or benevolent~~ associations, including
17 ~~benevolent nursing homes and retirement homes for the aged but not including an~~
18 ~~organization that is organized under s. 185.981 or ch. 611, 613 or 614 and that offers~~
19 ~~a health maintenance organization as defined in s. 609.01 (2) or a limited service~~
20 ~~health organization as defined in s. 609.01 (3) or an organization that is issued a~~
21 ~~certificate of authority under ch. 618 and that offers a health maintenance~~
22 ~~organization or a limited service health organization and not including property~~
23 ~~owned by any nonstock, nonprofit corporation which services guaranteed student~~
24 ~~loans for others or on its own account, and also including property owned and used~~
25 ~~for housing for pastors and their ordained assistants, members of religious orders~~

1 and communities, and ordained teachers, whether or not contiguous to and a part of
 2 other property owned and used by such associations or churches; ~~or by women's, but~~
 3 not other types of residential housing except for the property described in par. (c).
 4 Property owned by churches or religious associations necessary for location and
 5 convenience of buildings, used for educational purposes and not for profit, shall not
 6 be subject to the 10-acre limitation under this subsection but shall be subject to a
 7 30-acre limitation.

8 (e) Women's clubs; or by domestic,

9 (f) Domestic incorporated historical societies; or by domestic,

10 (g) Domestic incorporated, free public library associations; or by fraternal,

11 (h) Fraternal societies operating under the lodge system (except university,
 12 college and high school fraternities and sororities), but not exceeding 10 acres of land
 13 necessary for location and convenience of buildings while such property is not used
 14 for profit. Property owned by churches or religious associations necessary for
 15 location and convenience of buildings, used for educational purposes and not for
 16 profit, shall not be subject to the 10-acre limitation but shall be subject to a 30-acre
 17 limitation. Property that is exempt from taxation under this subsection and is leased
 18 remains exempt from taxation only if, in addition to the requirements specified in the
 19 introductory phrase of this section, the lessee does not discriminate on the basis of
 20 race, except university, college, and high school fraternities and sororities.

21 **SECTION 3.** 70.11 (4) (c) of the statutes is created to read:

22 70.11 (4) (c) Benevolent associations, churches, or religious associations, if the
 23 property is ^{used for} any of the following: *or any combination*

24 1. A nursing home licensed under s. 50.03.

25 2. A community-based residential facility licensed under s. 50.03.

1 3. An adult family home certified under s. 50.032 or licensed under s. 50.033.

2 4. A residential care apartment complex registered or certified under s. 50.034.

3 5. A domestic abuse shelter.

4 6. A shelter for the homeless, including transitional housing facilities.

5 7. Housing for low-income persons that is operated in compliance with sections
6 3.01 and 3.02 (1), (2), and (3), or that is provided as part of a program described in
7 section 4.02 (4) or 4.02 (9), of the Internal Revenue Service revenue procedure 96-32.

8 In order to claim the exemption under this subdivision, the property owner shall
9 provide the assessor an affidavit stating that the property meets the requirements
10 under this subdivision. For the purposes of this subdivision, “project”, as used in
11 Internal Revenue Service revenue procedure 96-32, includes property located on
12 more than one tax parcel, if the parcels are owned or operated by the same person
13 and are adjacent, separated only by a street or other public right-of-way, or within
14 the same condominium development.

15 8. A residential facility, the primary purpose of which is to provide alcohol or
16 other drug abuse treatment or services or housing for persons with, or who are
17 recovering from, alcohol or other drug abuse problems.

18 9. Residential housing that is occupied by one or more persons with permanent
19 disabilities, for whom evidence is available that demonstrates that these persons
20 meet the medical definition of permanent disability used to determine eligibility for
21 programs administered by the federal social security administration.

22 10. Housing for older persons as defined in s. 106.50 (1m) (m) that satisfies the
23 requirements under s. 106.50 (5m) (a) and that is affiliated with a community-based
24 residential facility or nursing home licensed under s. 50.03 or a residential care
25 apartment complex registered or certified under s. 50.034, any one of which is located

-7-

or a contiguous county

① within the same county. Housing for older persons will be considered affiliated if it
2 meets the definition of an affiliate under s. 180.0103 (1) and the affiliated entity is
3 not for profit.

*(IN) DEPT
7-5*

4 SECTION 4. 70.11 (4) (d) of the statutes is created to read:

5 70.11 (4) (d) Benevolent associations, if the property is not residential.

6 SECTION 5. Initial applicability.

this act retroactively

7 (1) ~~The treatment of section 70.11 (intro.) of the statutes~~ first applies to
8 ~~the~~ property tax assessments as of January 1, ~~2003~~ 2004

9 (2) The renumbering and amendment of section 70.11 (4) of the statutes and
10 the creation of section 70.11 (4) (c) and (d) of the statutes first apply to property tax
11 assessments as of January 1, 2007.

12 SECTION 6. Effective date.

this act retroactively

13 (1) ~~The treatment of section 70.11 (intro.) of the statutes~~ takes effect on
14 January 1, ~~2003~~ 2004

15 (2) The renumbering and amendment of section 70.11 (4) of the statutes and
16 the creation of section 70.11 (4) (c) and (d) of the statutes take effect on January 1,
17 2007.

18 (END)

(dn)

4284/P2
JR

Insert 4-12

ND #

For purposes of this subsection, "benevolent association"

means an organization that is described in section 501(c)

of the Internal Revenue Code and that is exempt from

taxation under section 501(a) of the Internal Revenue Code

or an organization that purports to be established for a

philanthropic, humane, social welfare, or public health

objectives

Insert 7-5

sec #. vi, 70.11(4)^{1/2}(i)

70.11(4)³(i) all property owned by an eligible

sponsor, as defined in s. 234.01(5), that is used exclusively

to provide housing for persons and families of low and

moderate income.

4289/P2

Senator Kapanke (!)

¶ Please note that the definition for a "benevolent
 association" is created in s. 70.11(4) (intro.) also
 please note that the latter part of the definition related
 to ^{an} organizations ^{seems} that purports to be established for certain
 purposes seems incredibly broad and may be problematic
 for administrative purposes. For example; any organization
 can purport to be established for philanthropic purposes;
 regardless of whether the organization actually engages
 in any philanthropic purposes. You may ^{want} to ^{require}
 that such an organization devote a certain percentage of
 its resources to actually engaging in ^{any of desired} the desired activities.

Please contact me if you have any questions.

JK



DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4284/P2dn
JK:lmk:rs

January 18, 2006

Senator Kapanke:

Please note that the definition for a "benevolent association" is created in s. 70.11 (4) (intro.). Also please note that the latter part of the definition related to an organization "that purports to be established" for certain purposes seems incredibly broad and may be problematic for administrative purposes. For example, any organization can purport to be established for philanthropic purposes, regardless of whether the organization actually engages in any philanthropic purposes. You may want to require that such an organization devote a certain percentage of its resources to actually engaging in any of the desired activities. Please contact me if you have any questions.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

Kreye, Joseph

From: Gilbert, Melissa
Sent: Monday, January 23, 2006 2:46 PM
To: Kreye, Joseph
Subject: changes to LRB 4284/P3 (Columbus Park)

Importance: High

Hi Joe,

Thanks for the revised Columbus Park draft. Looks like we're getting close! Upon further review, we just need a few more changes:

- 1) On Page 4 of LRB-4284/P2, place a period after "Internal Revenue Code" on line 17, delete the remainder of line 17, line 18, and "health objective." on line 19 (thanks for your note on that).
- 2) On Page 6, line 5, after "following", add "purposes".
- 3) On Page 7, line 5 of the draft, delete the remainder of the line after "older persons"
- 4) On page 7, line 6, delete the language up to and including "(5m) (a) and."
- 5) Define "housing for older persons" as "housing solely intended for, and primarily occupied by, persons 62 years of age or older."

Does that sound OK to you? Feel free to call me in the district office if you'd like to discuss.

Thanks again!
Missy

Melissa Gilbert
District Manager
Office of Sen. Dan Kapanke
608-782-3975



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4284/P2 P3
JK:lmk:rs
RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

m 1-23-06
done 1-30-06
Belgen ✓

1 AN ACT *to renumber and amend* 70.11 (4); *to amend* 70.11 (intro.); and *to*
2 *create* 70.11 (4) (c), 70.11 (4) (d) and 70.11 (4) (i) of the statutes; **relating to:**
3 the property tax exemption exemption for property owned by certain
4 benevolent or educational associations and the use of income from certain
5 tax-exempt leased property.

Analysis by the Legislative Reference Bureau

Under current law, property owned and used exclusively by benevolent associations, including benevolent nursing homes and retirement homes for the aged, is exempt from the property tax, if the property is not used for profit. This bill modifies the property tax exemption under current law for property owned by benevolent associations, including benevolent nursing homes and retirement homes for the aged by setting forth the specific types of property owned by a benevolent association that are exempt from property taxes.

Under the bill, the types of property owned by a benevolent association that are exempt from the property tax are:

1. Nursing homes licensed under s. 50.03.
2. Community based residential facilities licensed under s. 50.03.
3. Adult family homes certified under s. 50.032 or licensed under s. 50.033.
4. Residential care apartment complexes registered or certified under s. 50.034.
5. Domestic abuse shelters.
6. Shelters for the homeless, including transitional housing facilities.

7. Housing for low-income persons that is operated in compliance with income eligibility limits for federal low-income housing programs.

8. A residential facility that provides alcohol or other drug abuse (AODA) treatment services or housing for persons with or recovering from AODA problems.

9. Residential housing for persons with permanent disabilities.

10. Housing for older persons, if the housing is affiliated with a community-based residential facility, nursing home, or residential care apartment complex.

11. Property that is not residential housing.

Under the bill, property owned by a benevolent association that is residential housing is subject to the property tax if it does not fit within any of the categories described above.

Under current law, nonresidential property owned and used exclusively by a benevolent association is exempt from the property tax. Under the bill, nonresidential property owned by a church or religious association is exempt from the property tax.

Under current law, if property that is exempt from property taxes is leased, the property retains its tax exemption only if the owner uses all of the leasehold income for maintenance of the leased property or construction debt retirement of the leased property or both.

The bill provides that leasing property owned by benevolent associations and certain education associations as residential housing does not render the property taxable if the property owner uses all of the lease income to support its benevolent or educational activities, or in the case of a church or religious association, to support the activities of the church or association. In addition, the bill provides that a property owner may not discriminate based on race.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 70.11 (intro.) of the statutes is amended to read:

2 **70.11 Property exempted from taxation.** (intro.) The property described
3 in this section is exempted from general property taxes if the property is exempt
4 under sub. (1), (2), (18), (21), (27) or (30); if it was exempt for the previous year and
5 its use, occupancy or ownership did not change in a way that makes it taxable; if the
6 property was taxable for the previous year, the use, occupancy or ownership of the

1 property changed in a way that makes it exempt and its owner, on or before March 1,
2 files with the assessor of the taxation district where the property is located a form
3 that the department of revenue prescribes or if the property did not exist in the
4 previous year and its owner, on or before March 1, files with the assessor of the
5 taxation district where the property is located a form that the department of revenue
6 prescribes. Leasing a part of the property described in this section does not render
7 it taxable if, except for property described in sub. (4), the lessor uses all of the
8 leasehold income for maintenance of the leased property or construction debt
9 retirement of the leased property, or both, and, except for residential housing, if the
10 lessee would be exempt from taxation under this chapter if it owned the property.
11 Leasing property described in sub. (4) as residential housing does not render it
12 taxable if the property owner uses all of the leasehold income to support the
13 benevolent or educational activities of the owner, or, in the case of a church or
14 religious association, to support the activities of the church or association, and the
15 activities are undertaken in the county where the tax-exempt property is located or
16 in a contiguous county. In addition, leasing property described in sub. (4) (c) 7. or (i)
17 as residential housing does not render it taxable if the property owner uses all of the
18 leasehold income to support the provision of similar housing anywhere in this state.
19 Any lessor who claims that leased property is exempt from taxation under this
20 chapter shall, upon request by the tax assessor, provide records relating to the
21 lessor's use of the income from the leased property. Property exempted from general
22 property taxes is:

23 **SECTION 2.** 70.11 (4) of the statutes is renumbered 70.11 (4) (intro.) and
24 amended to read:

1 70.11 (4) (intro.) Property owned and used exclusively by ~~educational~~ any of the
2 entities described in this subsection while such property is used not for profit.
3 Property that is exempt from taxation under this subsection and is leased remains
4 exempt from taxation only if, in addition to the requirements specified in the
5 introductory phrase of this section, the property owner and the lessee do not
6 discriminate on the basis of race. The amount of land exempt under this subsection
7 may not exceed 10 acres of land necessary for location and convenience of buildings,
8 except as provided in par. (b). This subsection does not include property owned by
9 an organization that is organized under s. 185.981 or ch. 611, 613, or 614 and that
10 offers a health maintenance organization as defined in s. 609.01 (2) or a limited
11 service health organization as defined in s. 609.01 (3) or by an organization that is
12 issued a certificate of authority under ch. 618 and that offers a health maintenance
13 organization or a limited service health organization or by any nonstock, nonprofit
14 corporation which services guaranteed student loans for others or on its own account.
15 For purposes of this subsection, "benevolent association" means an organization that
16 is described in section 501 (c) of the Internal Revenue Code and that is exempt from
17 taxation under section 501 (a) of the Internal Revenue Code or an organization that
18 purports to be established for a philanthropic, humane, social welfare, or public
19 health objective. The property of the following entities is exempt from taxation under
20 this subsection: ^{keep}

21 (a) Educational institutions offering regular courses 6 months in the year; ~~or~~
22 by churches and educational associations.

23 (b) Churches or religious, ~~educational or benevolent~~ associations, including
24 ~~benevolent nursing homes and retirement homes for the aged but not including an~~
25 ~~organization that is organized under s. 185.981 or ch. 611, 613 or 614 and that offers~~

1 a health maintenance organization as defined in s. 609.01 (2) or a limited service
2 health organization as defined in s. 609.01 (3) or an organization that is issued a
3 certificate of authority under ch. 618 and that offers a health maintenance
4 organization or a limited service health organization and not including property
5 owned by any nonstock, nonprofit corporation which services guaranteed student
6 loans for others or on its own account, and also including property owned and used
7 for housing for pastors and their ordained assistants, members of religious orders
8 and communities, and ordained teachers, whether or not contiguous to and a part of
9 other property owned and used by such associations or churches; or by women's, but
10 not other types of residential housing except for the property described in par. (c).
11 Property owned by churches or religious associations necessary for location and
12 convenience of buildings, used for educational purposes and not for profit, shall not
13 be subject to the 10-acre limitation under this subsection but shall be subject to a
14 30-acre limitation.

15 (e) Women's clubs; or by domestic,

16 (f) Domestic incorporated historical societies; or by domestic,

17 (g) Domestic incorporated, free public library associations; or by fraternal.

18 (h) Fraternal societies operating under the lodge system (except university,
19 college and high school fraternities and sororities), but not exceeding 10 acres of land
20 necessary for location and convenience of buildings while such property is not used
21 for profit. Property owned by churches or religious associations necessary for
22 location and convenience of buildings, used for educational purposes and not for
23 profit, shall not be subject to the 10-acre limitation but shall be subject to a 30-acre
24 limitation. Property that is exempt from taxation under this subsection and is leased
25 remains exempt from taxation only if, in addition to the requirements specified in the

1 ~~introductory phrase of this section, the lessee does not discriminate on the basis of~~
2 ~~race, except university, college, and high school fraternities and sororities.~~

3 SECTION 3. 70.11 (4) (c) of the statutes is created to read:

4 70.11 (4) (c) Benevolent associations, churches, or religious associations, if the
5 property is used for any or any combination of the following:

purposes
purpose

- 6 1. A nursing home licensed under s. 50.03.
- 7 2. A community-based residential facility licensed under s. 50.03.
- 8 3. An adult family home certified under s. 50.032 or licensed under s. 50.033.
- 9 4. A residential care apartment complex registered or certified under s. 50.034.
- 10 5. A domestic abuse shelter.
- 11 6. A shelter for the homeless, including transitional housing facilities.

12 7. Housing for low-income persons that is operated in compliance with sections
13 3.01 and 3.02 (1), (2), and (3), or that is provided as part of a program described in
14 section 4.02 (4) or 4.02 (9), of the Internal Revenue Service revenue procedure 96-32.

15 In order to claim the exemption under this subdivision, the property owner shall
16 provide the assessor an affidavit stating that the property meets the requirements
17 under this subdivision. For the purposes of this subdivision, "project", as used in
18 Internal Revenue Service revenue procedure 96-32, includes property located on
19 more than one tax parcel, if the parcels are owned or operated by the same person
20 and are adjacent, separated only by a street or other public right-of-way, or within
21 the same condominium development.

22 8. A residential facility, the primary purpose of which is to provide alcohol or
23 other drug abuse treatment or services or housing for persons with, or who are
24 recovering from, alcohol or other drug abuse problems.

1 9. Residential housing that is occupied by one or more persons with permanent
2 disabilities, for whom evidence is available that demonstrates that these persons
3 meet the medical definition of permanent disability used to determine eligibility for
4 programs administered by the federal social security administration.

5 10. Housing for older persons ~~as defined in s. 106.50 (1m) (m) that satisfies the~~
6 ~~requirements under s. 106.50 (5m) (a) and~~ that is affiliated with a community-based
7 residential facility or nursing home licensed under s. 50.03 or a residential care
8 apartment complex registered or certified under s. 50.034, any one of which is located
9 within the same county or a contiguous county. Housing for older persons will be
10 considered affiliated if it meets the definition of an affiliate under s. 180.0103 (1) and
11 the affiliated entity is not for profit.

12 **SECTION 4.** 70.11 (4) (d) of the statutes is created to read:

13 70.11 (4) (d) Benevolent associations, if the property is not residential.

14 **SECTION 5.** 70.11 (4) (i) of the statutes is created to read:

15 70.11 (4) (i) All property owned by an eligible sponsor, as defined in s. 234.01
16 (5), that is used exclusively to provide housing for persons and families of low and
17 moderate income.

18 **SECTION 6. Initial applicability.**

19 (1) This act first applies retroactively to the property tax assessments as of
20 January 1, 2004.

21 **SECTION 7. Effective date.**

22 (1) This act takes effect retroactively on January 1, 2004.

23 (END)

NOT: For purposes of this subdivision, "housing for older persons" means housing that is solely intended for and primarily occupied by persons who are 62 years of age or older.

Kreye, Joseph

From: Gilbert, Melissa
Sent: Tuesday, January 31, 2006 3:48 PM
To: Kreye, Joseph
Cc: OBrien, John
Subject: LRB 4284/P3 bill jacket

Importance: High

Hi Joe,

Our office is looking at introducing LRB 4284/P3 (Columbus Park) tomorrow. Accordingly, could we have the bill jacketed and sent to our office this afternoon or tomorrow morning?

Thanks!

Melissa Gilbert
District Manager
Office of Sen. Dan Kapanke
608-782-3975



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4284/P3

JK:lmk/rs

FOR
RMR
stays

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

in 1-31-06

Releen
Trodley please
✓

1 AN ACT *to renumber and amend* 70.11 (4); *to amend* 70.11 (intro.); and *to*
2 *create* 70.11 (4) (c), 70.11 (4) (d) and 70.11 (4) (i) of the statutes; **relating to:**
3 the property tax exemption exemption for property owned by certain
4 benevolent or educational associations and the use of income from certain
5 tax-exempt leased property.

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Under current law, property owned and used exclusively by benevolent associations, including benevolent nursing homes and retirement homes for the aged, is exempt from the property tax, if the property is not used for profit. This bill modifies the property tax exemption under current law for property owned by benevolent associations, including benevolent nursing homes and retirement homes for the aged by setting forth the specific types of property owned by a benevolent association that are exempt from property taxes.

Under the bill, the types of property owned by a benevolent association that are exempt from the property tax are:

1. Nursing homes licensed under s. 50.03.
2. Community based residential facilities licensed under s. 50.03.
3. Adult family homes certified under s. 50.032 or licensed under s. 50.033.
4. Residential care apartment complexes registered or certified under s. 50.034.
5. Domestic abuse shelters.
6. Shelters for the homeless, including transitional housing facilities.

7. Housing for low-income persons that is operated in compliance with income eligibility limits for federal low-income housing programs.

8. A residential facility that provides alcohol or other drug abuse (AODA) treatment services or housing for persons with or recovering from AODA problems.

9. Residential housing for persons with permanent disabilities.

10. Housing for older persons, if the housing is affiliated with a community-based residential facility, nursing home, or residential care apartment complex.

11. Property that is not residential housing.

Under the bill, property owned by a benevolent association that is residential housing is subject to the property tax if it does not fit within any of the categories described above.

Under current law, nonresidential property owned and used exclusively by a benevolent association is exempt from the property tax. Under the bill, nonresidential property owned by a church or religious association is exempt from the property tax.

Under current law, if property that is exempt from property taxes is leased, the property retains its tax exemption only if the owner uses all of the leasehold income for maintenance of the leased property or construction debt retirement of the leased property or both.

The bill provides that leasing property owned by benevolent associations and certain education associations as residential housing does not render the property taxable if the property owner uses all of the lease income to support its benevolent or educational activities, or in the case of a church or religious association, to support the activities of the church or association. In addition, the bill provides that a property owner may not discriminate based on race.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 70.11 (intro.) of the statutes is amended to read:

2 **70.11 Property exempted from taxation.** (intro.) The property described
3 in this section is exempted from general property taxes if the property is exempt
4 under sub. (1), (2), (18), (21), (27) or (30); if it was exempt for the previous year and
5 its use, occupancy or ownership did not change in a way that makes it taxable; if the
6 property was taxable for the previous year, the use, occupancy or ownership of the

1 property changed in a way that makes it exempt and its owner, on or before March 1,
2 files with the assessor of the taxation district where the property is located a form
3 that the department of revenue prescribes or if the property did not exist in the
4 previous year and its owner, on or before March 1, files with the assessor of the
5 taxation district where the property is located a form that the department of revenue
6 prescribes. Leasing a part of the property described in this section does not render
7 it taxable if, except for property described in sub. (4), the lessor uses all of the
8 leasehold income for maintenance of the leased property or construction debt
9 retirement of the leased property, or both, and, except for residential housing, if the
10 lessee would be exempt from taxation under this chapter if it owned the property.
11 Leasing property described in sub. (4) as residential housing does not render it
12 taxable if the property owner uses all of the leasehold income to support the
13 benevolent or educational activities of the owner, or, in the case of a church or
14 religious association, to support the activities of the church or association, and the
15 activities are undertaken in the county where the tax-exempt property is located or
16 in a contiguous county. In addition, leasing property described in sub. (4) (c) 7. or (i)
17 as residential housing does not render it taxable if the property owner uses all of the
18 leasehold income to support the provision of similar housing anywhere in this state.
19 Any lessor who claims that leased property is exempt from taxation under this
20 chapter shall, upon request by the tax assessor, provide records relating to the
21 lessor's use of the income from the leased property. Property exempted from general
22 property taxes is:

23 **SECTION 2.** 70.11 (4) of the statutes is renumbered 70.11 (4) (intro.) and
24 amended to read:

1 70.11 (4) (intro.) Property owned and used exclusively by ~~educational~~ any of the
2 entities described in this subsection while such property is used not for profit.
3 Property that is exempt from taxation under this subsection and is leased remains
4 exempt from taxation only if, in addition to the requirements specified in the
5 introductory phrase of this section, the property owner and the lessee do not
6 discriminate on the basis of race. The amount of land exempt under this subsection
7 may not exceed 10 acres of land necessary for location and convenience of buildings,
8 except as provided in par. (b). This subsection does not include property owned by
9 an organization that is organized under s. 185.981 or ch. 611, 613, or 614 and that
10 offers a health maintenance organization as defined in s. 609.01 (2) or a limited
11 service health organization as defined in s. 609.01 (3) or by an organization that is
12 issued a certificate of authority under ch. 618 and that offers a health maintenance
13 organization or a limited service health organization or by any nonstock, nonprofit
14 corporation which services guaranteed student loans for others or on its own account.
15 For purposes of this subsection, “benevolent association” means an organization that
16 is described in section 501 (c) of the Internal Revenue Code and that is exempt from
17 taxation under section 501 (a) of the Internal Revenue Code. The property of the
18 following entities is exempt from taxation under this subsection:

19 (a) Educational institutions offering regular courses 6 months in the year; ~~or~~
20 by churches and educational associations.

21 (b) Churches or religious, ~~educational or benevolent~~ associations, including
22 ~~benevolent nursing homes and retirement homes for the aged but not including an~~
23 ~~organization that is organized under s. 185.981 or ch. 611, 613 or 614 and that offers~~
24 ~~a health maintenance organization as defined in s. 609.01 (2) or a limited service~~
25 ~~health organization as defined in s. 609.01 (3) or an organization that is issued a~~

1 ~~certificate of authority under ch. 618 and that offers a health maintenance~~
2 ~~organization or a limited service health organization and not including property~~
3 ~~owned by any nonstock, nonprofit corporation which services guaranteed student~~
4 ~~loans for others or on its own account, and also including property owned and used~~
5 ~~for housing for pastors and their ordained assistants, members of religious orders~~
6 ~~and communities, and ordained teachers, whether or not contiguous to and a part of~~
7 ~~other property owned and used by such associations or churches; or by women's, but~~
8 not other types of residential housing except for the property described in par. (c).
9 Property owned by churches or religious associations necessary for location and
10 convenience of buildings, used for educational purposes and not for profit, shall not
11 be subject to the 10-acre limitation under this subsection but shall be subject to a
12 30-acre limitation.

13 (e) Women's clubs; or by domestic,

14 (f) Domestic incorporated historical societies; or by domestic,

15 (g) Domestic incorporated, free public library associations; or by fraternal,

16 (h) Fraternal societies operating under the lodge system (except university,
17 college and high school fraternities and sororities), but not exceeding 10 acres of land
18 necessary for location and convenience of buildings while such property is not used
19 for profit. Property owned by churches or religious associations necessary for
20 location and convenience of buildings, used for educational purposes and not for
21 profit, shall not be subject to the 10-acre limitation but shall be subject to a 30-acre
22 limitation. Property that is exempt from taxation under this subsection and is leased
23 remains exempt from taxation only if, in addition to the requirements specified in the
24 introductory phrase of this section, the lessee does not discriminate on the basis of
25 race, except university, college, and high school fraternities and sororities.

1 **SECTION 3.** 70.11 (4) (c) of the statutes is created to read:

2 70.11 (4) (c) Benevolent associations, churches, or religious associations, if the
3 property is used for any or any combination of the following purposes:

4 1. A nursing home licensed under s. 50.03.

5 2. A community-based residential facility licensed under s. 50.03.

6 3. An adult family home certified under s. 50.032 or licensed under s. 50.033.

7 4. A residential care apartment complex registered or certified under s. 50.034.

8 5. A domestic abuse shelter.

9 6. A shelter for the homeless, including transitional housing facilities.

10 7. Housing for low-income persons that is operated in compliance with sections
11 3.01 and 3.02 (1), (2), and (3), or that is provided as part of a program described in
12 section 4.02 (4) or 4.02 (9), of the Internal Revenue Service revenue procedure 96-32.

13 In order to claim the exemption under this subdivision, the property owner shall
14 provide the assessor an affidavit stating that the property meets the requirements
15 under this subdivision. For the purposes of this subdivision, “project”, as used in
16 Internal Revenue Service revenue procedure 96-32, includes property located on
17 more than one tax parcel, if the parcels are owned or operated by the same person
18 and are adjacent, separated only by a street or other public right-of-way, or within
19 the same condominium development.

20 8. A residential facility, the primary purpose of which is to provide alcohol or
21 other drug abuse treatment or services or housing for persons with, or who are
22 recovering from, alcohol or other drug abuse problems.

23 9. Residential housing that is occupied by one or more persons with permanent
24 disabilities, for whom evidence is available that demonstrates that these persons

1 meet the medical definition of permanent disability used to determine eligibility for
2 programs administered by the federal social security administration.

3 10. Housing for older persons that is affiliated with a community-based
4 residential facility or nursing home licensed under s. 50.03 or a residential care
5 apartment complex registered or certified under s. 50.034, any one of which is located
6 within the same county or a contiguous county. Housing for older persons will be
7 considered affiliated if it meets the definition of an affiliate under s. 180.0103 (1) and
8 the affiliated entity is not for profit. For purposes of this subdivision, “housing for
9 older persons” means housing that is solely intended for and primarily occupied by
10 persons who are 62 years of age or older.

11 **SECTION 4.** 70.11 (4) (d) of the statutes is created to read:

12 70.11 (4) (d) Benevolent associations, if the property is not residential.

13 **SECTION 5.** 70.11 (4) (i) of the statutes is created to read:

14 70.11 (4) (i) All property owned by an eligible sponsor, as defined in s. 234.01
15 (5), that is used exclusively to provide housing for persons and families of low and
16 moderate income.

17 **SECTION 6. Initial applicability.**

18 (1) This act first applies retroactively to the property tax assessments as of
19 January 1, 2004.

20 **SECTION 7. Effective date.**

21 (1) This act takes effect retroactively on January 1, 2004.

22 (END)

Barman, Mike

From: Gilbert, Melissa
Sent: Tuesday, January 31, 2006 4:40 PM
To: LRB.Legal
Subject: Draft Review: LRB 05-4284/1 Topic: Property tax exemptions for certain residential properties
- RUSH

Please Jacket LRB 05-4284/1 for the SENATE. Please note **RUSH** – thanks!
