

2019 DRAFTING REQUEST

Bill

For: **Robert Brooks (608) 267-2369** Drafter: **jkreye**
 By: **christopher** Secondary Drafters:
 Date: **4/3/2019** May Contact:
 Same as LRB: **-4947**

Submit via email: **YES**
 Requester's email: **Rep.Rob.Brooks@legis.wisconsin.gov**
 Carbon copy (CC) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Chasing sales for property tax assessment purposes

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	jkreye 5/22/2019	anienaja 5/22/2019	mbarman 4/4/2019		Local
/P2	jkreye 10/11/2019	anienaja 10/11/2019	lparisi 5/22/2019		Local
/P3			dwalker 10/11/2019		Local
/1			dwalker 11/20/2019	dwalker 11/20/2019	Local

FE Sent For: *2*
at
intro

<END>

Kreye, Joseph

From: Mueller, Eric
Sent: Wednesday, April 03, 2019 1:12 PM
To: Kreye, Joseph; Shovers, Marc
Subject: FW: Legislation
Attachments: 201904031119.pdf

Eric Mueller
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From: Schaefer, Christopher <Christopher.Schaefer@legis.wisconsin.gov>
Sent: Wednesday, April 03, 2019 11:55 AM
To: Mueller, Eric <Eric.Mueller@legis.wisconsin.gov>
Subject: Legislation

Hello, Eric:

Attached is a packet of information relating to chasing sales. We would like to have legislation drafted to specifically address this issue; suggested language can be found on the back of page one.

If you have any questions or need additional information, do not hesitate to contact me.

Christopher

Mr. Christopher Schaefer, M.A.
Legislative Assistant,
Office of Representative Rob Brooks
60th Assembly District
(608) 267-2369
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Wisconsin REALTORS' Association

Chasing Sales – Property Tax Assessments

REALTOR® Message -- The WRA is seeking legislation to clarify that the practice of using the sales price of real estate as the sole basis for increasing the assessed value ("chasing sales") is prohibited.

Background -- Wisconsin's Constitution requires all property tax assessments to be assessed uniformly. Specifically, Article VIII, Section 1 states, "The rule of taxation shall be uniform. . . ." This language, known as the "uniformity clause," was inserted in the constitution in the 1800s to prevent state and local lawmakers from giving preferential treatment to some property owners over others. As the Wisconsin Supreme Court has recognized, the purpose of the uniformity clause is "to protect the citizen against unequal, and consequently unjust taxation." See *Weeks v. Milwaukee*, 10 Wis. 186, 242 (1860).

To ensure property assessments are accurate and fair, state law requires municipalities to maintain the assessed value of each major class of property within 10% of fair market value once every five years. When assessed values fall outside this acceptable range, assessors are supposed to perform complete revaluations of the properties, which requires a closer examination of each property to make sure the information on the property is accurate and the value reflects current market conditions.

Many communities, however, do not perform regular revaluations. Some do it every few years, while others wait 10 years or longer. Milwaukee, for example, performs city-wide assessment revaluations every year, which includes an analysis of sales in the previous year and making any necessary adjustments. Rather, it is common for communities to perform regular "maintenance" on their assessments, which includes making adjustments to individual properties based upon a recent sale or remodeling project such as an addition, new garage or the remodeling of a bathroom.

"Chasing Sales" Violates The Uniformity Clause -- According to Wisconsin Department of Revenue (DOR) guidelines and rules, basing the assessment solely on the recent sale of a property, referred to as "chasing sales," violates the uniformity clause. Specifically, the DOR's guidelines state, "[s]ingling out specific properties as a result of a sale during a maintenance assessment is in direct conflict with the Wisconsin Property Assessment Manual. The practice results in non-uniform assessments."

Although the DOR prohibits the practice of "chasing sales," assessors regularly increase the assessed value of property based on a recent sale. In a sampling of 24 communities around the state, an analysis by the Milwaukee Journal Sentinel in 2014 found that at least 5% of the new assessments were identical to a property's selling price. In Racine County, for example, the assessor admitted to using the sale price to establish the assessed value for 20% of the properties that sold in two communities she assessed.

When assessors adjust the value of individual properties based on market conditions without adjusting the values of all other properties in the neighborhood or community, the properties are not being assessed uniformly. If all property is assessed based upon the same market conditions and the same methodology, then all property owners are paying their fair share even if all the properties are over-assessed or under-assessed.

While the sale of a property is important information to be considered in the assessment, the uniformity clause prohibits the sale from being the sole basis for the assessment. Other factors related to the sale must be considered including days on market and sales of other comparable properties in the neighborhood.

To help stop the assessors from the practice of "chasing sales," Wisconsin should follow the lead of states like New Hampshire and Michigan, which specifically prohibit "chasing sales" by statute. If nothing is done to prevent this practice from continuing, new homebuyers will continue to be harmed by paying more than their fair share of property taxes.

Legislative Proposal – The following is suggested language for legislation to stop the practice of chasing sales:

"An assessor may not increase the assessed value of a property based solely on the recent sale of that property. This does not prohibit the assessor from increasing the assessed value of a property that has recently sold (a) if the assessed values of similar unsold properties in the same geographic area are also increased using the same sales data, or (b) if the increase in assessed value is based upon incorrect data about the physical characteristics of the property."

Across Wisconsin, uneven property assessments fly in the face of fairness

In dozens of communities, 20% or more of property taxes are being paid by the wrong people, analysis shows

By Raquel Rutledge and Kevin Crowe of the Journal Sentinel staff

Oct. 18, 2014 4:00 p.m.

James Fleischman and his wife, Barbara, have lived in their five-bedroom ranch on Applewood Drive in Glendale for about three decades.

In recent years, the assessed value of their house hovered around \$331,400, and they paid about the same in property taxes as their next-door neighbor.

But when the four-bedroom Cape Cod next door sold last year, all that changed. The assessor slashed the value from \$319,400 to \$249,900, a drop of nearly 22%.

That cut shaved \$1,642 off the new owners' tax bill.

When the Fleischmans opened their bill, they owed \$640 more. In fact, all the residents of Glendale whose property values didn't go down paid more.

That change in their neighbor's value didn't account for all of the Fleischmans' tax increase. Glendale officials had increased the overall tax levy, and the assessor had lowered a smattering of other residential properties.

But the change violated the state constitution, which was crafted to make the tax burden fair. Assessors are not supposed to modify values of individual properties based on market conditions unless they are revaluing entire neighborhoods or communities.

Yet assessors are doing it.

Regularly.

By measure after measure, in cities, towns and villages across Wisconsin, property assessors are discounting uniformity and trampling on fairness, while officials with the state Department of Revenue do little to rectify the disparities, an investigation by the Milwaukee Journal Sentinel has found.

In dozens of communities, 20% or more of residential property taxes are being paid by the wrong people, according to the Journal Sentinel's analysis of Department of Revenue records for each of the state's 1,852 municipalities. The analysis considered communities that had at least 20 sales last year; it did not include commercial property.

Assessors in 15% of municipalities statewide are doing "poor" work when it comes to residential property, as defined by the department's own standards, the analysis found.

"It gets a little frustrating," said James Fleischman. "You just live your quiet life and pay the price."

Under Wisconsin's system, reductions in value don't translate into lost revenue for municipalities. The tax load, or levy, is set by elected officials. It's just a matter of who pays it, much like squeezing the air in a balloon.

In Glendale, more than \$17 million in value was knocked off an assortment of residences in 2013 alone, amounting to about 2% of the municipality's overall residential property tax base.

The same goes for St. Francis, where the assessor lopped \$2.5 million off a patchwork of houses. And in Rock County's Town of Milton, where the assessor cut chunks from individual residential values when he wasn't reassessing whole neighborhoods.

In Milton, the cut in residential values contributed to a \$314 increase in taxes for a homeowner whose assessment remained unchanged at \$200,000.

Reductions are warranted only in isolated cases — for instance, if assessors or property owners discover errors were made in calculating the home's size, or if there was a fire or flood damage.

Several assessors with low marks defended their work, blaming a state law they say conflicts with the constitutional requirement that taxes be assessed uniformly. They vowed to continue their methods of assessment, even though the approach erodes communitywide fairness.

The disparities have intensified over the last three decades as more municipalities scrapped their assessment offices in favor of cheaper — and often more cursory — work by outside contractors.

While the swap often saves the municipality as a whole tens of thousands of dollars, sloppy work winds up costing most residents far more on their tax bills than they personally saved from the switch.

Pressure from the recession and a real estate market full of properties selling for less than their assessed values have amplified problems in recent years. The state's 935 certified assessors — most facing such a situation for the first time in their careers — have responded in assorted ways, some quickly knocking values down for those who make the request. Others refusing.

State regulators have largely ignored the fairness issue.

"By them not policing assessors, they are screwing over millions of taxpayers across the state," said Shannon Krause, a 27-year veteran assessor who recently joined Wauwatosa's in-house assessing department. "It's a huge disservice."

Local officials have little incentive to fix the inequities. They collect the tax money regardless of what portion each property owner pays. And most local leaders don't realize how skewed the system has become.

Nor do the residents footing the bill.

Since 2008, an average of just 13 people a year have filed complaints with the state's Office of Assessment Practices. There are 3.9 million properties in the state.

"Everybody and their uncle can recognize a pothole when they go over it," said Rocco Vita, assessment administrator for the Village of Pleasant Prairie. "Nobody can recognize a poor assessment job."

The uniformity clause

Founded on fairness in the late 1700s — even before Wisconsin became a territory — property taxes in Wisconsin are supposed to be determined uniformly. A two-bedroom ranch on Oak St. should be valued in the same way as similar ranches on the street and in the neighborhood. The tenet was written into the state constitution in the mid 1800s — Article VIII, Section 1:

"The rule of taxation shall be uniform..."

The uniformity clause was aimed at preventing state lawmakers and local leaders from favoring influential property owners and "to protect the citizen against unequal, and consequently unjust taxation," according to an 1860 court ruling.

Under state law, municipalities are required to have their overall level of assessments within 10% of fair market value once every five years. When values get too far out of whack, assessors are supposed to do full revaluations — meaning they inspect each property to make sure the information they have on file is accurate and to factor in current market conditions.

How often each of the state's 1,852 municipalities do full revaluations varies widely. Some do it every couple of years. Others wait 10 years or more.

Milwaukee does citywide market updates every year. While the city's 50-member assessment department doesn't physically inspect each of the 138,000 residential parcels, the team analyzes previous years' sales and considers adjustments to the values of all parcels each year based on market conditions.

Other communities rarely do such market adjustments.

Instead, most do "maintenance" work every year. This includes looking at permits where property owners may have added a deck, built a garage, or updated a kitchen. It also involves accounting for new construction, among other duties.

Much of the disparity occurs during these off years when full reassessments aren't done. That's a time — for the sake of uniformity — when assessors are not supposed to make changes to individual properties based on market conditions. If all property values are based on the same conditions, even if they all are over-assessed or under-assessed according to the current market, then everybody is still paying their fair share.

Otherwise, some property owners' payments are based on current economic conditions while others are paying based on past market conditions. Fairness is compromised.

Rachel Bocek was moving from Cudahy to Whitefish Bay when her house on Kimberly St. didn't sell — even when listed at more than \$20,000 less than the assessed value.

Bocek decided she would keep the property and in 2012 asked the assessor to reduce the assessed value. She said the assessor discouraged her.

"I'm pretty tenacious and persistent," Bocek said. "It's like anything now, with health care or property taxes, with more and more things you have to be proactive and do things yourself if you want things to be done."

Bocek pulled data from comparable sales and gathered the required documentation. She said she was able to successfully make her case, primarily because she is savvy and resourceful.

The assessor cut the value of her house from \$162,800 to \$134,800, contributing to a more than \$600 a year savings on her tax bill.

Asked about the change, Suzanne Plutschack, who does assessments for Cudahy, said it was more than the market that influenced her decision. The condition of the house played a role as well, she said. Plutschack did not physically inspect the property, however, relying instead on photos sent by Bocek.

It was a maintenance year for Cudahy property assessments and no wider-scope revaluation was done.

For Bocek's neighbors, values remained assessed between \$155,000 and \$169,000.

Their tax bills jumped about \$80 — in part due to cuts to other property values.

'Chasing sales'

Some of the best evidence that assessors are ignoring the uniformity clause is easy to spot: Look at a property that recently sold. Find out its sales price. Compare that with its newly assessed value.

If they match, it's a good indication that the assessor didn't do the required work.

Assessments on properties that recently sold are supposed to be based on a variety of factors aside from physical characteristics, including how long the house has been on the market, how well it was advertised and how it stacks up against the sale of comparable homes in the area. While the sales price is a key component, it should not be the sole component.

All those considerations would typically influence the assessed value, making it "phenomenal" that the value would land exactly on the sales price, according to Mary Reavey, assessment commissioner for the City of Milwaukee.

In some states, such as New Hampshire, what is termed "chasing the sale" is banned. But it has become commonplace in pockets of Wisconsin, the Journal Sentinel found.

In 24 communities around the state, at least 5% of the new assessments matched a property's selling price in 2013.

One private assessor in Racine County, Kathy Romanak, used the sales price to set the assessed value for a fifth of all properties that sold in the two communities she assessed in 2013.

Of the 92 properties that sold in the Town of Waterford and Village of Rochester last year, Romanak adjusted the values of 18 to match the sales price.

Other similar properties remained unchanged.

"Yeah, that is unfair but that's the rule," Romanak said in an interview. "What's the assessor supposed to do? If you tell (the property owner) 'No,' they're going to fight it and come to the Board of Review and the board will agree with them."

But her theory hasn't been tested in years.

Romanak said she can't recall the last time a homeowner appealed an assessment to the board, a quasi-judicial body typically made up of local officials, citizens and public employees.

By chasing sales, assessors manipulate one of the key measurements the Department of Revenue relies on to determine how well each assessor is doing his or her job.

Setting the value at the sales price makes it appear as if assessors are on target and masks the need for a full update. And the disparities linger until the next reassessment.

The Town of Waterford and Village of Rochester, for example, go seven years between revaluations.

Accurate Appraisals, the company that dropped the value of the Glendale house next to the Fleischmans, had the highest percentages of assessments matching sales prices of the state's three largest firms in 2013. The company assessed 10% of all the properties that sold across the state, but accounted for about 25% of all the "chased sales," the Journal Sentinel analysis found.

Aside from Glendale, Accurate has contracts with about 100 other communities around the state, including Germantown, Bayside, Shorewood and until last year, Brown Deer.

In 2011, the company assessed the values of 26% of the homes that sold in Glendale to exact sales prices.

The statewide average is less than 2%.

Jim Wronski, former longtime assessor for Shorewood, said assessors often take their cue from how much elected officials seem to care about the quality of assessments.

"The more aggressive you are, the more complaints and more heat on you," Wronski said of assessors. "It boils down to what does the municipality admire, welcome and want. The contractor picks up on that: 'What do these people really want me to do and what are they going to pay me?'"

Assessments not so subjective

Conducting assessments is a methodical process, based on measurements and facts such as age of the home, square footage, number of bedrooms and bathrooms, size of garage — more like an algebraic equation than a literary critique.

While assessors are allotted a certain amount of discretion when it comes to determining the overall condition of properties — using poor, fair, average and good, and ranking quality of construction with A's, B's and C's — the most heavily weighted criteria are mostly objective and are plugged into a statistical computer model.

For instance, a bath fixture is typically worth about \$510. A 320-square-foot deck adds \$3,250 to the value. A fireplace: \$3,855, according to 2014 figures for new construction.

Despite the many specific standards for calculations, the Department of Revenue fails to ensure assessors adhere to the approach.

Under state statutes, the department certifies assessors and has authority to revoke their certification for misconduct. State law requires the department to supervise assessors in the "performance of their duties" and to direct enforcement of the laws governing property tax assessments.

Yet the department doesn't acknowledge serious problems with fairness.

"I'm not up on any statistics," said Scott Shields, the director of assessment services, when asked about the chasing of sales. "I haven't heard anything about that."

Officials couldn't say when was the last time that they had revoked an assessor's certification. Records are kept for only 10 years.

"Revocation is a last resort," former department spokeswoman Laurel Patrick, now press secretary for Gov. Scott Walker, wrote in an email earlier this year.

"We don't jump from nothing to revocation. ... The standard for revocation is high."

The department doesn't have the authority to suspend an assessor's certification or impose other lighter punishment, she said.

In 2012, revenue officials received a complaint about Accurate's work in Germantown.

They followed up on the complaint — filed by a software engineer who works for a company affiliated with a competing assessment firm — and found "misconduct" among Accurate's assessors. Department officials cautioned the company's owners for changing values for individual properties following sales, noting that it is in "direct conflict" with rules.

Shields chose not to pursue revocation against Accurate's assessors, citing "no prior instances of this misconduct on file," according to a January 2014 letter to Germantown officials.

Jim Danielson, co-owner of Accurate, said the department's policies and state statutes that call for assessors to consider market value are in conflict and that his company's work did not constitute misconduct.

"Misconduct is me changing my buddy's assessment," Danielson said. "I'm trying to do this right. I'm not intentionally doing anything wrong."

He said state legislators and Department of Revenue officials need to clarify the proper method.

"If you don't change that one property you're violating the law: You're assessing over market value. If you do, you're violating uniformity," he said. "The manual and the laws need to be cleared up. They don't coincide."

Yet Accurate's assessors don't consistently follow that approach. Danielson said they make such adjustments only when property owners complain. So if a property sold for less than the assessed

value and the owner didn't push for a reduction, the value would stay as it was before the sale.

Department officials warned Danielson and his partner, Lee De Groot, to stop making individual changes based solely on market conditions unless they are revaluing the whole neighborhood.

Officials promised to monitor Accurate's assessment work in Germantown in 2014.

Nobody in the Department of Revenue told the dozens of other communities that contract with Accurate of the problems found with the company's work.

Problems are longstanding

Concerns about property tax fairness might sound familiar to longtime Wisconsinites.

The Department of Revenue did a study 20 years ago on assessment practices and found Wisconsin's system was widely perceived as unfair by the public and was "in need of substantial change."

Then-secretary of the department, Mark Bugher, anticipated that proposed reforms would meet resistance but said uniformity was critical and the changes were necessary.

"The goal of tax equity is of such central importance that we believe (the reforms) should be vigorously pursued," Bugher wrote in a Dec. 30, 1994, letter to then-Gov. Tommy Thompson.

The study called for consolidating assessment practices, possibly to the county level, to "improve legitimacy by consistently applying more rigorous assessment standards."

"Wisconsin will have to make a choice between a relatively low-cost, higher decentralized assessment system, or a higher cost and more centralized model," authors of the study concluded.

"We can't have it both ways."

But the study didn't spur major reforms.

Dale Knapp, research director with the Wisconsin Taxpayers Alliance, said overhauling the assessment system in Wisconsin is a subject that surfaces every 15 or 20 years but soon fizzles.

Knapp suspects one of the reasons it doesn't gain steam is that most residents don't realize the extent of the problems. His Madison-based nonprofit research organization fields calls every day

from taxpayers. While people complain about their property taxes, they don't understand how they work and are unaware of the fairness issues.

"The vast majority are just confused by the whole system," he said.

As it is, standardization is a long way off. While the Department of Revenue has attempted to improve oversight by encouraging municipalities to use standardized contracts and requiring additional and electronic reporting by assessors in the last few years, assessors statewide continue to struggle to get it right, and taxpayers are paying the price.

Consider R&R Assessing Services, which has 33 contracts across the state, including several in Oconto and Shawano counties. In its analysis of municipalities with 20 or more sales, the Journal Sentinel found the company's assessments — by the Department of Revenue's definition — were "poor" in three of four communities.

Same goes for Riglemon Appraisal Services, which has more than two dozen contracts in Adams, Sawyer, Wood and other counties. The company's assessments in nearly 75% of communities had a "poor" rating, according to the analysis.

Claude Riglemon, owner of the company, said he knows his numbers don't look good. He blamed the problem on low sales prices from the depressed housing market coupled with reluctance by village and town leaders to spend money on revaluations.

"They balk at the cost," he said. "Meanwhile this gap (in assessed values vs. market values) gets wider and wider."

Sixteen percent of Accurate's municipalities with 20 or more sales are ranked as having poor assessments.

The department's definition of "poor" stems from assessors having a wide difference between assessed values and sales prices. Essentially, the assessors are missing the mark and the assessments are not uniform. In those communities, 20% or more of the taxes are being paid by the wrong people. Some are paying more and others are paying less than their "fair share."

Robert Strauss, an economics professor at Carnegie Mellon University in Pittsburgh and a national expert on property tax assessments, said there is no reasonable excuse for an assessor to be off by 25% or more in either direction for residential properties.

"That's a 50% range," Strauss said. "He or she should be fired."

Strauss did a national study in 1998 that found Wisconsin had the 41st worst record in the country for uniformity.

Those in the field note that assessing a property is not like going to the grocery store and buying a bag of rice, where everybody pays the same price. Even condos with the exact same assets will sell at slightly different prices. For example, the owner may need to sell quickly; the buyer may be desperate.

But the goal is to be as close as possible to actual market value. An overall number within 10% of market value — above or below — is considered "good" under department standards.

Amie Trupke, a property tax attorney who represents municipalities across Wisconsin, said poor performance and lack of uniformity are concerns but that when considering appeals, the courts pay more attention to the individual property in question.

"I don't think it's black and white," said Trupke, of Madison-based Stafford Rosenbaum. "There is a conflict ... It's a gray area when there's a great shift in the market. There are legitimate arguments on both sides."

Trupke said property owners ought to regularly monitor the sales in their neighborhoods and that the burden is on them to object if they don't agree with their assessed values.

"If the neighbor is that concerned, the neighbor has the opportunity to challenge his assessment as well," she said.

'It's a little game we play'

Wauwatosa resident Anthony Aveni pays attention to the values in his neighborhood and sees himself as an activist.

"I'm aggravated and am constantly beating them back," he said of local officials collecting taxes.

Aveni complained about the \$251,500 assessed value of his house on Church St. in 2012.

"It's just ridiculous," Aveni said of the assessment. "It's a mouse house. It's around 1,000 square feet and has no historical value."

Aveni said he called the assessor and argued for the value to be lowered.

"It's a little game we play," he said. "They over-assess, I go complain. I don't just roll over."

The assessor looked for justifiable reasons, tinkered with the basement square footage, Aveni said, and dropped the value 14% to \$216,300.

"He may have found a mistake or just figured 'I have to shut him up,'" Aveni said of the assessor.

The cut saved Aveni \$646 on his tax bill.

It was a maintenance year for Wauwatosa, and Aveni's neighbors' assessments remained unchanged.

Their tax bills went up.

 twitter.com/RaquelRutledge  rrutledge@journal sentinel.com

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State of Wisconsin • DEPARTMENT OF REVENUE

DIVISION OF STATE AND LOCAL FINANCE • OFFICE OF TECHNICAL & ASSESSMENT SERVICES • MADISON, WI

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January 22, 2014

VIA CERTIFIED MAIL

James Danielson & Lee DeGroot
Accurate Appraisal, LLC
1428 Midway Road
P.O. Box 415
Menasha, WI 54952-0415

Dear Mr. Danielson & Mr. DeGroot:

Thank you for meeting with us on December 3, 2013 to discuss your 2012 assessment practices in the Village of Germantown, Washington County. We appreciate the information you provided at the meeting. However, we expect you to comply with the Wisconsin Property Assessment Manual (WPAM).

Under sec. 73.09(7), Wis. Stats., DOR has the authority to investigate and revoke assessor certification for issues involving fraud, neglect, or misconduct. While we did find misconduct, we are not pursuing revocation at this time since we do not have any prior instances of this misconduct on file. Below is a summary of our expectations for 2014.

Maintain uniform assessments

You are required to maintain uniform assessments according to the WPAM. Chapters 4 and 7 of the WPAM define uniformity and specify what changes you can make based on the type of assessment. You may not single out specific properties as a result of a sale during a maintenance assessment. This is in direct conflict with the WPAM and results in non-uniform assessments. You must adhere to the standards and practices specified in the WPAM.

Verify and validate sales

You are required to verify and validate sales according to Chapter 5 of the WPAM. You must verify the property characteristics at the time of sale through an interview of the grantor and grantee, and by physically viewing the property. If these attempts are not successful, you must request, by mail, the necessary information for completing the property record card and/or evaluating the property characteristics at the time of sale.

Classification reviews

At the meeting, we also discussed the importance of annually reviewing classification according to Chapter 5 of the WPAM. You must review eligibility for agricultural, undeveloped and agricultural forest classifications on an annual basis.

We will collect information from the 2014 process to ensure you are adhering to the WPAM. Please be aware that failure to follow state law and the WPAM may result in revocation of your certification. Thank you for your cooperation.

Sincerely,

Scott R. Shields, Director
Technical & Assessment Services

cc: Claude Lois, Administrator, Division of State and Local Finance
Tonya Buchner, Director, Equalization Bureau
Pat Chaneske, Supervisor of Equalization, Milwaukee District



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October 24, 2013

James Danielson
Accurate Appraisal, LLC
1428 Midway Road
P.O. Box 415
Menasha, WI 54952-0415

VIA CERTIFIED MAIL

Dear Mr. Danielson:

The Wisconsin Department of Revenue (DOR) completed a review of your 2012 assessment practices in the Village of Germantown, Washington County. As a result of your August 6, 2013 letter and our review, it is clear that you are not following the requirements for Assessors as specified by state law and the Wisconsin Property Assessment Manual (WPAM). State law requires Assessors to follow the WPAM.

Below is a summary of our findings and information on a meeting you are required to attend.

1. Summary of our findings

Failure to maintain uniform assessments according to the WPAM

Your August 6, 2013 letter stated that you changed assessments at open book during a maintenance year when a property owner presented sales information, where no other properties had an assessment change.

Chapter 4 and 7 of the WPAM define uniformity and specify what changes an Assessor can make based on the type of assessment. Singling out specific properties as a result of a sale during a maintenance assessment is in direct conflict with the WPAM. The practice results in non-uniform assessments.

In December 2009, DOR added a chart to Chapter 4 of the WPAM. This chart clearly lists what work is appropriate and required by type for the 2010 assessment and future assessment years. DOR presented the information during the November 2009 session required for Assessors.

Failure to verify and validate sales according to the WPAM

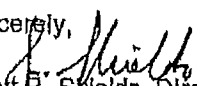
In your August 6, 2013 letter, you admit that you did not follow the sales verification and validation process specified in the WPAM. Specifically, Chapter 5 of the WPAM states that Assessors must verify the property characteristics at the time of sale through an interview of the grantor and grantee and by physical viewing of the property. If these attempts are not successful, the Assessor must send inquiries by mail in order to obtain the necessary information for completing the property record card and/or evaluating the property characteristics at the time of sale.

DOR added these required steps to the WPAM in December 2006 for the 2007 assessment and future assessment years. DOR presented the requirements during the November 2006, 2007 and 2008 sessions required for Assessors.

2. Required Meeting/notification

As a result of our review, you and Lee DeGroot are required to meet with Division Administrator Claude Lois and me on November 19, 2013 at 11:00 AM. The meeting will be held at the DOR building in Madison, please stop at the reception desk where we will escort you to the meeting room. We will review your actions with the expectation that you correct your practices.

Sincerely,


Scott R. Shields, Director
Technical & Assessment Services

cc: Claude Lois, Administrator, Division of State and Local Finance
Tonya Buchner, Director, Equalization Bureau
Pat Chaneske, Supervisor of Equalization, Milwaukee District

4. The Open Book is an annual process for property owners to informally discuss the assessments. A revaluation is where the Assessor updates all properties to uniformly represent the full value subject to tax. You mentioned that 2012 was not a revaluation. You also mentioned that parcel GNTV-331-229 sold for \$327,500 and that a visual inspection occurred on April 23, 2012. The parcel's assessment was changed to its sale price as a result of the arm's-length verification.
 - a) Please explain why you changed this assessment.

5. Parcel GNTV-353-106 sold and was subsequently assessed at \$726,600. You stated that an appraisal was presented at the 2012 Open Book for \$562,000.
 - a) Explain how you analyzed the appraisal.
 - b) Explain the basis for the final assessed value.

6. You mentioned that property owners receive an assessment reduction when information is provided showing the assessed value is higher than market value.

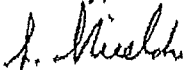
GNTV-324-968: assessment changed to sale price
GNTV-331-229: assessment changed to sale price
GNTV-241-41: assessment not changed to sale price
GNTV-222-007: assessment not changed to sale price

- a) Explain why only certain properties were changed to the sale price.
- b) Explain if you made changes to the assessments of those properties that were similar to GNTV-324-968 and GNTV-331-229.

Please send your response by August 7, 2013 to my attention at the above address. Failure to provide an accurate and complete response may result in disciplinary action against your certification according to state law (sec. 73.03, Wis Stats.).

Thank you for your cooperation.

Sincerely,



Scott R. Shields, Director
Technical and Assessment Services



State of Wisconsin • DEPARTMENT OF REVENUE

DIVISION OF STATE AND LOCAL FINANCE • OFFICE OF TECHNICAL & ASSESSMENT SERVICES • MADISON, WI

ADDRESS MAIL TO:
2135 Rimrock Road • P.O. Box 8971
Madison, Wisconsin 53708-8971

TELEPHONE: (608) 266-7760
FAX: (608) 267-0836
E-MAIL: hsapdor@revenue.wi.gov

July 29, 2013

James Danielson
Accurate Appraisal, LLC
1428 Midway Road
P.O. Box 415
Menasha, WI 54952-0415

Re: Assessment Practice Complaint Village of Germantown

Dear Mr. Danielson:

We have reviewed the information you provided about your assessment practices in the Village of Germantown, Washington County. Your responses did not provide complete answers on your practices. We require responses to the following for determining any misconduct.

1. Agricultural, undeveloped, and agricultural forest classifications require annual reviews by the Assessor as stated in the Wisconsin Property Assessment Manual (WPAM). Based upon these reviews, the Assessor updates the Property Record Card as necessary to maintain accuracy.
 - a) Explain how you determined the 2011 and 2012 agricultural and undeveloped classifications for the following parcels:
 - GNTV-193-003
 - GNTV-044-983
 - GNTV-044-984
 - GNTV-093-997
 - GNTV-044-985
 - GNTV-193-005
 - GNTV-173-999
 - GNTV-342-426
 - GNTV-182-997
 - b) Provide copies of any documentation you considered to determine these classifications.
 - c) Provide the dates you conducted the required annual on-site reviews for these properties.
2. You mention that the condition of the records is a result of an incomplete revaluation by the former assessor. As the current Assessor, you are responsible for the assessments and record cards.
 - a) Explain how you have been correcting the incomplete and inaccurate records.
 - b) Provide examples of corrections you made to misclassified parcels for the 2011 and 2012 assessment.
3. The WPAM requires Assessors to verify sales and the property characteristics at the time of sale through an interview of the grantor and grantee and physical viewing of the property. If these attempts are not successful, the assessor must send inquiries to the appropriate parties by mail in order to obtain the necessary information for completing the property record card and/or evaluating the property characteristics at the time of sale.
 - a) Explain your process for verifying sales and property characteristics at the time of sale.
 - b) Explain how you use the sales and assessments for ratio analysis.
 - c) Explain how you update your ratio analysis for those changes made during open book.

5. What is your process for electronically creating and storing inspection records for new construction (building permits) and sales? If inspection records are not listed in your electronic database or computer system, what is your process for providing these records? What are your contract terms for creating and storing electronic records?
6. What methodology and process do you use for decreases in value during a maintenance year as compared to a revaluation year?
7. What methodology and process did you use to create the estimated ratios for each class of property in the years 2010, 2011 and 2012?
8. Please provide a work copy of the Manufactured & Mobile Home Valuation Worksheet (PA-117) that you use.
9. What is your process for listing and storing manufactured and mobile home records in your database or computer system?

Failure to provide an accurate and complete response may result in disciplinary action against your certification according to state law (sec. 73.03, Wis. Stats.). Please send your response by April 4, 2013 to my attention at the address above. Thank you for your cooperation.

Sincerely,



Scott R. Shields, Director
Office of Technical and Assessment Services



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E-MAIL: babdor@revenue.wi.gov

March 7, 2013

James Danielson
Accurate Appraisal, LLC
1428 Midway Road
P.O. Box 415
Menasha WI 54952-0415

Dear Mr. Danielson:

This letter is notification that a complaint was filed with the Department of Revenue about your practices as the Village of Germantown Assessor, Washington County. We need additional information to respond to this complaint. Please provide the following information by April 4, 2013, referencing each question number in your response.

- 1. The complaint alleges that a request for Village of Germantown electronic property records was made on July 9, 2012 to Village Administrator David Schornack and the same request was made to you on July 18, 2012. According to the complaint, the records were not provided until September 18, 2012. In addition, the records received were not the records requested.
A. What caused the delay in responding?
B. What data did you provide to the requestor?
C. The requestor contends the electronic records are sparse and outdated. Are these records complete and current?
D. What is your process for responding to open records requests?
2. Please provide copies of the property record cards (PRCs) for the parcels below and copies of any information you received to determine agricultural classification for these parcels. Include an explanation of the process you use for discovering and listing properties for agricultural classification eligibility.

GNTV-044-983
GNTV-044-984
GNTV-044-985
GNTV-044-993
GNTV-044-982
GNTV-061-993
GNTV-061-994
GNTV-084-995
GNTV-084-996

GNTV-093-997
GNTV-342-426
GNTV-173-999
GNTV-182-997
GNTV-193-003
GNTV-193-005
GNTV-203-994
GNTV-224-992
GNTV-264-309

- 3. Please provide a list of agricultural assessment conversion charges for the years 2010, 2011 and 2012 for the Village of Germantown. Include agricultural conversions as reported to Washington County for the same years.
4. Please provide a justification for value changes and copy of your inspection schedule for the following parcels: GNTV-353-106 and GNTV-331-229



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E-MAIL: dpador@revenue.wi.gov

January 22, 2014

David Schornack, Administrator
Village of Germantown
N112 W17001 Mequon Road
Germantown, WI 53022

Dear Mr. Schornack:

The Wisconsin Department of Revenue (DOR) received a complaint about the 2012 assessment practices of Village of Germantown assessors, Jim Danielson and Lee DeGroot of Accurate Appraisal. Under sec. 73.09(7), Wis. Stats., DOR has the authority to investigate and revoke assessor certification for issues involving fraud, neglect, or misconduct.

We met with Mr. Danielson and Mr. DeGroot on December 3, 2013, to discuss the situation. The following summarizes our review and findings.

Summary of our review

Failure to maintain uniform assessments according to the WPAM

- Mr. Danielson and Mr. DeGroot changed assessments at open book during a maintenance year when property owners presented sales information, but no other properties in the municipality had an assessment change due to these sales
- The Wisconsin Property Assessment Manual (WPAM) defines uniformity and specifies what changes an assessor can make based on the type of assessment. Singling out specific properties as a result of a sale during a maintenance assessment is in direct conflict with the WPAM. The practice results in non-uniform assessments.
- Mr. Danielson and Mr. DeGroot must maintain uniform assessments and adhere to the standards and practices specified in the WPAM

Failure to verify and validate sales according to the WPAM

- Mr. Danielson and Mr. DeGroot did not follow the sales verification and validation process specified in the WPAM. Chapter 5 of the WPAM states that assessors must verify the property characteristics at the time of sale through an interview of the grantor and grantee and by physically viewing the property. If these attempts are not successful, the assessor must request, by mail, the necessary information for completing the property record card and/or evaluating the property characteristics at the time of sale.
- Mr. Danielson and Mr. DeGroot are required to verify and validate sales according to the WPAM.

Classification reviews

- At the meeting, we also discussed the importance of annually reviewing classification according to the WPAM. Mr. Danielson and Mr. DeGroot must review eligibility for agricultural, undeveloped and agricultural forest classifications on an annual basis.

DOR did find misconduct; however, DOR is not pursuing certification revocation at this time since DOR has no prior instances of this misconduct on file.


Please note that DOR will review the assessors' 2014 practices to ensure compliance with the WPAM.

Municipal responsibilities

- Your municipality is responsible for hiring an assessor and monitoring the assessor's work
- We encourage you to review the DOR Guide for Wisconsin Municipal Officials (<http://www.revenue.wi.gov/pubs/sif/pb062.pdf>) for information on the assessment process and sample contracts

If you have questions, please contact me at (608) 266-8223.

Sincerely,



Scott R. Shields, Director
Technical & Assessment Services

cc: Lee DeGroot & Jim Danielson, Accurate Appraisal, Village of Germantown Assessor
Claude Lois, Administrator, Division of State and Local Finance
Tonya Buchner, Director, Equalization Bureau
Pat Chaneske, Supervisor of Equalization, Milwaukee District



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April 22, 2014

VIA CERTIFIED MAIL

James Danielson
Accurate Appraisal, LLC
1428 Midway Road
P.O. Box 415
Menasha, WI 54952-0415

Dear Mr. Danielson:

This is a follow up to communications between you and Mark Paulat from the Wisconsin Department of Revenue (DOR). On April 1, 2014, Mark left you a message requesting information on the Village of Germantown's 2014 assessment. He requested the dates of the Open Book and Board of Review (BOR) along with your progress to date on determining the 2014 assessments.

On April 11, 2014 you left a message with Mark mentioning a September Open Book and October BOR. This was an incomplete response as you did not provide specific dates. Per the enclosed January 22, 2014, you are required to comply with the Wisconsin Property Assessment Manual (WPAM).

You must submit:

I. By May 9, 2014

1. Dates of the 2014 Open Book and BOR
2. The following information (a-d) showing how you complied with the WPAM and verified and validated the "2013 Sales Validation and Verification Information" listed below.
 - a. Dates you interviewed the grantor and grantee to verify the property characteristics at the time of sale
 - b. Dates you physically viewed the properties
 - c. Documents detailing your contacts and the information you compiled (ex. letters sent and collected as provided on page 14-7 of the WPAM)
 - d. Copies of any requests for information if your attempts to contact the grantor and grantee were not successful

2013 Sales Validation and Verification Information

There were 286 sales in the Village of Germantown that you were required to validate and verify according to the WPAM. You reported:

- a. 230 sales *Usable for Arms-Length and Ratio*
- b. 43 sales *Rejected for both Arm-Length and ratio*
- c. 13 sales *Usable Arms-length but rejected ratio*

II. 2014 Assessment Information - to determine your compliance with the WPAM

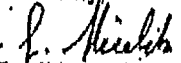
1. Electronic copy of the 2014 assessment roll:
 - a. Before Open Book
 - b. After Open Book
 - c. Before BOR
 - d. After BOR
2. List of all parcels with a classification change from 2013 to 2014. Include:
 - a. Parcel numbers
 - b. 2013 classification(s) by acre
 - c. 2014 classification(s) by acre
3. Copy of all 2014 Notices of Assessment

4. List of all parcels with a change at Open Book. Provide a copy of each Summary of Open Book Action (PR-130) form or:
- Parcel numbers
 - Assessment before Open Book
 - Assessment after Open Book
 - Reason for change

Note: DOR will provide a due date for the requested 2014 Assessment information after you provide us with the Open Book and BOR dates.

DOR may revoke your certification if you do not comply with our requests, state law or the WPAM. Thank you for your cooperation.

Sincerely,


Scott R. Shields, Director
Technical & Assessment Services

Enclosure

cc: David Schornak, Administrator, Village of Germantown
Claude Lois, Administrator, Division of State and Local Finance
Tonya Buchner, Director, Equalization Bureau
Pat Chaneske, Supervisor of Equalization, Milwaukee District
Lee DeGroot, Accurate Appraisal



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Email: bador@revenue.wi.gov

May 23, 2014

VIA CERTIFIED MAIL

James Danielson
Accurate Appraisal, LLC
1428 Midway Road
P.O. Box 415
Menasha, WI 54952-0415

Dear Mr. Danielson:

The Wisconsin Department of Revenue (DOR) received your May 7, 2014 letter, responding to our April 22, 2014 request for information. You provided us incomplete information in your review of the Village of Germantown's 2013 sales. We require additional clarification on your verification and validation of these 2013 sales.

You must provide the following to DOR by June 13, 2014

1. Item 2a from our April 22, 2014 letter requested the dates you interviewed the grantor and grantee. You only provided the dates you sent the letters and viewed the properties.
 - a) **Provide the dates you interviewed the grantor/grantee to verify property characteristics at the time of the sale**
2. You mentioned viewing all properties that sold on January 20, February 6, March 5 and March 17 in response to Item 2b from our April 22, 2014 letter.
 - a) **How many of the 286 sales did you conduct an interior inspection? Please provide the dates of these inspections.**
 - b) **How many property record cards did you update due to changes identified through the inspection process?**
3. You provided us with all the sales questionnaires you received (96 total) and said you would send second letters by May 23, 2014 to those who did not respond. As stated in our April 22, 2014 letter, you reported usable and reject information to DOR for all 286 sales by the end of March 2014.
 - a) **What information did you use to determine whether the 286 sales were usable or rejected transactions without the sales questionnaires?**
 - b) **Explain why you did not distribute these questionnaires at the same time as the sale date?**

Enclosed is a copy of our April 22, 2014 letter with our request for the sales information, the remaining requests for the 2014 Open Book and Board of Review dates, and other 2014 assessment information. Please remember you are required to provide this information to us.

Thank you for your cooperation.

Sincerely,

Scott R. Shields, Director
Technical and Assessment Services

Enclosure

cc: David Schornack, Administrator, Village of Germantown; Lee De Groot, Accurate Appraisal
Claude Loh, Administrator, Division of State and Local Finance; Tonya Buchner, Director, Equalization Bureau
Pat Chaneske, Supervisor of Equalization, Milwaukee District



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July 1, 2014

VIA CERTIFIED MAIL

James Danielson
Accurate Appraisal, LLC
1428 Midway Road
P.O. Box 415
Menasha, WI 54952-0415

Dear Mr. Danielson:

The Wisconsin Department of Revenue (DOR) received your June 10, 2014 letter, responding to our May 23, 2014 request for clarification on your sales verification and validation processes. We will consider this response, along with the other 2014 information you provide, to determine if your 2014 processes comply with state law and the *Wisconsin Property Assessment Manual (WPAM)*.

You provided a June 16, 2014 email stating the Open Book will occur on August 26 and 27. The Board of Review (BOR) will commence on September 17. As stated in the enclosed April 22, 2014 letter, with the Open Book and BOR dates available, you must provide the information listed below by the following dates:

August 15, 2014 – Before Open Book:

1. Electronic copy of the 2014 assessment roll
2. Include a copy of all 2014 Notices of Assessment
3. List of all parcels with a classification change from 2013 to 2014. Include:
 - a. Parcel numbers
 - b. 2013 classification(s) by acre
 - c. 2014 classification(s) by acre

September 2, 2014 – After Open Book:

4. Include a copy of any additional 2014 Notices of Assessment
5. List of all parcels with a change at Open Book. Provide a copy of each Open Book Action (PR-130) form or:
 - a. Parcel numbers
 - b. Assessment before Open Book
 - c. Assessment after Open Book
 - d. Reason for change

September 15, 2014 – Before BOR:


6. Electronic copy of the 2014 assessment roll

September 28, 2014 – After BOR:

7. Electronic copy of the 2014 assessment roll:

If you do not provide the requested information by the dates above, and fail to follow state law and the WPAM, it may result in revocation of your certification. Thank you for your cooperation.

Sincerely,


Scott R. Shields, Director
Technical and Assessment Services

Enclosure

cc: David Schornack, Administrator, Village of Germantown; Lee De Groot, Accurate Appraisal;
Claude Lois, Administrator, Division of State and Local Finance; Tonya Buchner, Director, Equalization Bureau
Pat Chaneske, Supervisor of Equalization, Milwaukee District



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February 10, 2015

VIA CERTIFIED MAIL

James Danielson & Lee DeGroot
Accurate Appraisal, LLC
1428 Midway Road
PO Box 416
Menasha, WI 54952-0416

Dear Mr. Danielson & Mr. DeGroot:

Thank you for meeting with us on January 13, 2015 to discuss your 2014 assessment practices in the Village of Germantown, Washington County. At the meeting, we discussed the January 22, 2014 letter we sent you and our ongoing review of your 2014 assessment work in the Village of Germantown and other municipalities.

Maintain uniform assessments

We discussed your questions on a maintenance assessment versus an Interim market update, exterior revaluation and full revaluation. As we discussed on December 3, 2013 and January 13, 2015, you are required to maintain uniform assessments according to the Wisconsin Property Assessment Manual (WPAM). Chapters 4 and 7 of the WPAM define uniformity and specify what changes you can make based on the type of assessment. You may not single out specific properties as a result of a sale during a maintenance assessment.

Your responsibility is creating a uniform assessment roll and providing that roll to the Board of Review (BOR) for the appeal process:

- You defend your assessments at the BOR based on the assessment type completed for that year
- As an example, consider a maintenance assessment and a property owner who appeals to the BOR with a sale of the subject. You would:
 - Explain to the BOR and property owner that market updates were not conducted
 - Provide an overview of changes made for maintenance (e.g., classification, annexations, new construction)
 - Identify the year when a revaluation was last conducted and properties were adjusted for market calculations
 - Provide the current overall relationship of assessments to full value, outlining the level of assessment
- BOR has the authority to change the assessment based on the sale price even during a maintenance year

Verify and validate sales

You mentioned changing your practices for sales occurring during 2014 and reporting those changes to DOR by February 13, 2015:

- You stated that you are verifying and validating sales according to Chapter 5 of the WPAM, which includes verifying the characteristics at the time of sale through an interview of the grantor and grantee, and by physically viewing the property
- You mentioned confusion on whether physically viewing requires an interior inspection:
 - Page 14-55 of the WPAM defines actual view as a detailed viewing of the interior and exterior
 - If you are not successful with obtaining access, you must request by mail, the necessary information for completing the property record card and/or evaluating the characteristics at the time of sale

Classification reviews

At the January 13, 2015 meeting, we informed you that we found inaccurate classifications in the Village of Germantown when comparing your records to viewing the properties on-site. After our meeting on January 13, 2015, I received an email from you stating, in part, our meeting was the first time you heard there were classification issues. We discussed classification issues with you during our January 13, 2015, and December 3, 2013, meetings and repeated the importance in our January 22, 2014, letter to you:

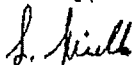
- Classification is based on the assessor's actual view of the property during the prior production season and on the associated January 1 assessment date
- You must attempt an on-site walk-through of the properties
- If an on-site walk-through is not possible, other information can be considered, including: a view from the road, aerial photos and other images available on the Internet

On January 13, 2016, we asked if we would find more of the same classification problems if we conducted more site visits. You stated, "I don't think so." Note: DOR is going to conduct additional on-site reviews of classifications on your property record cards.

It is important you understand that we have enough information on Jim Danielson to file charges with the Secretary of Revenue. The only option DOR has under state assessor certification law is to revoke Jim's certification. Jim has the option to voluntarily relinquish his certification. During Jim's relinquishment, Jim would attend training to become educated on compliance with state law and the WPAM. After Jim's training, Jim may request recertification from DOR.

We will schedule a meeting with you after we collect information from our additional classification reviews.

Sincerely,



Scott R. Shields, Director
Technical & Assessment Services

cc: Claude Lois, Administrator, Division of State and Local Finance



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March 23, 2015

VIA CERTIFIED MAIL

James Danlerson & Lee DeGroot
Accurate Appraisal, LLC
1428 Midway Road
PO Box 415
Menasha, WI 54952-0415

Dear Mr. Danlerson & Mr. DeGroot:

The Wisconsin Department of Revenue (DOR) completed our classification reviews of municipalities you assess and is now ready to meet with you. We will review our findings and provide you with options to consider.

Meeting Information

- Tuesday, April 14, 2015 at 10 a.m. – you are required to attend
- Location – DOR building in Madison
- Stop at the reception desk and we will escort you to the meeting room

Thank you for your cooperation.

Sincerely,

Scott R. Shields, Director
Technical & Assessment Services

cc: Claude Lois, Administrator, Division of State and Local Finance



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otas@revenue.wi.gov

July 9, 2015

Dean Wolter, President
Village of Germantown
N112 W17001 Mequon Road
P.O. Box 337
Germantown, WI 53022

Dear Mr. Wolter:

The Wisconsin Department of Revenue (DOR) is informing you that your assessor, James Danielson of Accurate Appraisal, LLC, will not be certified as an assessor for a minimum of six months effective November 1, 2015.

DOR completed a review of Mr. Danielson's assessment practices in response to a *Petition for Revocation of Assessor Certification* filed by a Village of Germantown property owner. Our January 22, 2014 letter to you explained the misconduct we discovered during 2013 of the 2012 assessment practices of Mr. Danielson. We provided Mr. Danielson with direction on how to correct practices for the 2014 assessment. During the early months of 2015, we reviewed Mr. Danielson's 2014 assessment practices. Mr. Danielson did not correct his practices.

Certification Relinquishment

Effective on November 1, 2015 James Danielson will relinquish his State of Wisconsin Assessor Certification for a minimum of six months. During this period of relinquishment, Mr. Danielson will not be able to perform assessment work in the State of Wisconsin.

Certification Reinstatement

Mr. Danielson will be eligible to request reinstatement of his assessor certification after May 1, 2016. DOR will grant reinstatement of Mr. Danielson's certification if Mr. Danielson completes the following:

1. Provide DOR with information for municipalities Accurate Appraisal, LLC assesses to determine compliance with state law and the Wisconsin Property Assessment Manual (WPAM)
2. Attend training specified by DOR
3. Implement measures and practices to ensure Accurate Appraisal, LLC training and processes are consistent and in agreement with state law and the WPAM
4. Inform staff of an assessor's annual requirements, including on-site classification reviews

Municipal Assessor

Assessment work occurs throughout the year. If you choose to maintain Accurate Appraisal LLC as your assessor during the period of Mr. Danielson's relinquishment then Accurate Appraisal LLC must assign a new certified individual for your municipality.

Feel free to contact us with any questions.

Sincerely,

Scott R. Shields, Director
Technical and Assessment Services

cc: Barbara K. D. Goeckner, Clerk, Village of Germantown
James Danielson, Accurate Appraisal, LLC
Claude Lols, Administrator, Division of State and Local Finance
Tonya Buchner, Director, Equalization Bureau
Pat Chaneske, Supervisor of Equalization, Milwaukee District



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July 9, 2015

VIA CERTIFIED MAIL

James Danielson
Accurate Appraisal, LLC
1428 Midway Road
PO Box 415
Menasha, WI 54952-0415

Dear Mr. Danielson:

The Wisconsin Department of Revenue (DOR) received the relinquishment of your Assessor 2 Level of Certification, WI54620CA.

Certification Relinquishment

On November 1, 2015 your relinquishment is effective for a minimum of six months. During this period of relinquishment, you are not able to perform assessment work in the State of Wisconsin.

Certification Reinstatement

You will be eligible to request reinstatement of your assessor certification after May 1, 2016. DOR will grant reinstatement of your certification if you complete the following:

1. Provide DOR with information for municipalities Accurate Appraisal, LLC assesses to determine compliance with state law and the Wisconsin Property Assessment Manual (WPAM)
2. Attend training specified by DOR
3. Implement measures and practices to ensure Accurate Appraisal, LLC training and processes are consistent and in agreement with state law and the WPAM
4. Inform staff of an assessor's annual requirements, including on-site classification reviews

We expect you to take this time and correct your practices moving forward. Contact us with any questions.

Sincerely,

Scott R. Shields, Director
Technical and Assessment Services

cc: Claude Lois, Administrator, Division of State and Local Finance
Tonya Buchner, Director, Equalization Bureau



It is unclear what effect the punishment will have on Accurate's clients — the company's website lists 97 cities, towns and villages around the state.

Danielson and Accurate's owner, Lee De Groot, declined to be interviewed for this story, but issued a statement through a public relations company saying:

"We stand by our company's core values to always put our clients first, with the best possible service in a professional way. The temporary voluntary relinquishment of partner Jim Danielson's license will not slow us down from delivering on that promise."

Accurate's contract with the Village of Germantown lasts through Dec. 31. The Village Board's president, Dean Wolter, and administrator, David Schornack, did not return calls or emails seeking comment.

The state started investigating Accurate's assessment practices in the Village of Germantown after a property owner filed a complaint against the company in 2013. That year, the department examined the assessor's 2012 work and found misconduct. According to the department, Danielson failed to validate property sales according to the state's assessment manual, and changed values of individual properties during a maintenance year when property owners presented sales information about their properties.

Changing the value of one property during a maintenance year, a time when most values should not change, upsets uniformity and can unfairly lower one property's assessment and taxes, shifting the tax burden to other property owners.

The Journal Sentinel analysis of 2013 statewide property sales data also found that among the state's three largest assessment firms, Accurate had the highest percentage of assessments matching sales prices, a practice known as "chasing the sale." While an arm's-length sale price is a key



In 2013, the department directed Danielson to "correct" his assessment practices, but did not levy any punishment against him or Accurate, citing no prior instances of misconduct. The department also advised Danielson it would be reviewing his work on the 2014 property assessments.

When it did, it found some of the same problems and threatened to move forward with the revocation process.

"While we attempt to work with assessors and do not want to take away anyone's livelihood, if they fail to properly assess property values, we will take enforcement action against them," Marquis wrote. "It is what property owners expect."

Danielson will have to relinquish his certification Nov. 1, and will not be able to perform assessments for at least six months, the letter states. To get the certification reinstated, the assessor will have to complete training specified by the department and continue to provide the department with information on assessments showing compliance with state law.

Read The Investigation

To read the Trouble with Taxes investigation into shortcomings with the assessment process, go to jsonline.com/troublewithtaxes



About Kevin Crowe

Kevin Crowe is a data journalist who crunches numbers on employment, demographics, campaign finance and your tax dollars.

🐦 @kcrowebasspro ✉ kcrowe@journalsentinel.com 📞 414-224-2572



About Raquel Rutledge

Raquel Rutledge is an investigative reporter. Her work has been recognized with numerous national awards, including a 2010 Pulitzer Prize for exposing rampant fraud in Wisconsin's child-care subsidy program.

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Shovers, Marc

From: Radcliffe, Mark
Sent: Wednesday, April 03, 2019 1:06 PM
To: Shovers, Marc
Cc: Cosh, Bill
Subject: Bill Draft Request - Biennial Budgeting Option for Local Governments

Hi Marc,

Rep. Gundrum would like to have legislation drafted that allows local governments (cities, counties, villages and towns) to voluntarily adopt a biennial budgeting process, which would provide an alternative to the annual budgeting process that currently applies to political subdivisions.

The specific sections of the statutes we would be seeking to modify in creating this mechanism are s. 65.90 (the budgeting procedure for all cities, counties, villages and towns outside of the City of Milwaukee and Milwaukee County), s. 59.60 (the budgeting procedure for Milwaukee County) and ss. 65.01-65.20 (the budgeting procedure for the City of Milwaukee).

In addition to providing a biennial budgeting option in the aforementioned sections of the statutes, we would like to provide a budget reconciliation/repair period in the second year of the biennium, to accommodate for the fact that the property tax levy would still need to be adopted annually. We would like this budget amendment period to apply to October and November of the even-numbered year, with adjustments to appropriation or revenue amounts being allowed through a simple majority vote of the governing body. This provision would be similar to language found in Section 63 of 2017 Senate Bill 777 (Page 38, Lines 13-24 – paragraph (f)).

Next, we would like to specify that the governing body of a local government that adopts a biennial budget may, at any time, decrease an appropriation amount. Alternatively, the governing body may designate a committee (e.g., the finance or executive committee) to decrease appropriation amounts in the biennial budget.

We would also like to allow local governments who adopt a biennial budget procedure to return to an annual budget procedure through a two-thirds vote of the governing body, via resolution/ordinance.

Sen. Kooyenga will be taking the lead on this legislation in the Senate, which is why I have copied his staff member, Bill Cosh, to this email. Therefore, we will eventually be instructing you to draft the Senate companion for Sen. Kooyenga's office.

Please do not hesitate to let me know if you need additional clarification on any of the instructions I have provided.

Thank you in advance,

Mark Radcliffe

Office of Rep. Rick Gundrum
58th Assembly District | Room 304 North
608.264.8486



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

*SA
Xref
Pwf*

in lited 4-3
due Thursday
4-4

Gen

1 **AN ACT ...; relating to:** prohibiting an assessor from increasing the valuation of
2 property based solely on a recent sale of the property.

Analysis by the Legislative Reference Bureau

Current law requires that, to determine a property's value for property tax purposes, the assessor consider recent arm's-length sales of the property to be assessed if according to professionally acceptable appraisal practices those sales conform to recent arm's-length sales of reasonably comparable property. This bill prohibits an assessor from increasing the assessed value of a property based solely on the recent arm's-length sale of the property unless the assessed values of comparable unsold properties in the same geographic area are also increased using the same sales data or the increased assessed value corrects a previous assessment based on incorrect information about the physical characteristics of the property.

For further information see the **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:

3 **SECTION 1.** 70.32 (1) of the statutes is amended to read:
4 70.32 (1) Real property shall be valued by the assessor in the manner specified
5 in the Wisconsin property assessment manual provided under s. 73.03 (2a) from

1 actual view or from the best information that the assessor can practicably obtain, at
2 the full value which could ordinarily be obtained therefor at private sale. In
3 determining the value, the assessor shall consider recent arm's-length sales of the
4 property to be assessed if according to professionally acceptable appraisal practices
5 those sales conform to recent arm's-length sales of reasonably comparable property;
6 recent arm's-length sales of reasonably comparable property; and all factors that,
7 according to professionally acceptable appraisal practices, affect the value of the
8 property to be assessed. An assessor may not increase the assessed value of a
9 property based solely on the recent arm's-length sale of the property unless the
10 assessed values of comparable unsold properties in the same geographic area are
11 also increased using the same sales data or the increased assessed value corrects a
12 previous assessment based on incorrect information about the physical
13 characteristics of the property.

History: 1973 c. 90; 1977 c. 29, 418; 1979 c. 34; 1981 c. 20, 390; 1983 a. 36; 1983 a. 275 s. 15 (8); 1983 a. 410; 1985 a. 54, 153; 1991 a. 39, 316; 1993 a. 337; 1995 a. 27, 201, 227; 1999 a. 9; 2001 a. 109; 2003 a. 33, 230; 2009 a. 177, 235, 276, 401; 2013 a. 80; 2017 a. 115.

Cross-reference: See also ch. Tax 18, Wis. adm. code.

****NOTE: The phrase "same geographic area" leaves some room for interpretation.

It could refer to the state, county, or municipality where the property is located. It could also refer to a much smaller geographic area. Please let me know if you would like to have this provision be more specific.

14 SECTION 2. Initial applicability.

15 (1) This act first applies to the property tax assessments as of January 1, 2020.

16 (END)

Kreye, Joseph

From: Schaefer, Christopher
Sent: Wednesday, May 22, 2019 8:57 AM
To: Kreye, Joseph
Subject: LRB 2651

Hello, Joe:

I have one minor change that we would like made to LRB 2651 relating to: prohibiting an assessor from increasing the valuation of property based solely on a recent sale of the property.

We would like to make the following change: Page 2, line twelve, change: "same geographic area" to "same market area."

If you have any additional questions, do not hesitate to contact me.

Thank you, Joe.

Christopher

Mr. Christopher Schaefer, M.A.
Legislative Assistant,
Office of Representative Rob Brooks
60th Assembly District
(608) 267-2369
Christopher.Schaefer@legis.wisconsin.gov



P2

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SAR
Pwf

Today
5-22

Regen

1 **AN ACT to amend 70.32 (1) of the statutes; relating to:** prohibiting an assessor
2 from increasing the valuation of property based solely on a recent sale of the
3 property.

market

Analysis by the Legislative Reference Bureau

Current law requires that, to determine a property's value for property tax purposes, the assessor consider recent arm's-length sales of the property to be assessed if according to professionally acceptable appraisal practices those sales conform to recent arm's-length sales of reasonably comparable property. This bill prohibits an assessor from increasing the assessed value of a property based solely on the recent arm's-length sale of the property unless the assessed values of comparable unsold properties in the same geographic area are also increased using the same sales data or the increased assessed value corrects a previous assessment based on incorrect information about the physical characteristics of the property.

For further information see the **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:

4 **SECTION 1.** 70.32 (1) of the statutes is amended to read:

Kreye, Joseph

From: Shovers, Marc
Sent: Thursday, October 10, 2019 4:45 PM
To: Kreye, Joseph
Subject: FW: Bill draft

From: Schaefer, Christopher <Christopher.Schaefer@legis.wisconsin.gov>
Sent: Thursday, October 10, 2019 3:28 PM
To: Shovers, Marc <Marc.Shovers@legis.wisconsin.gov>
Subject: Bill draft

Marc:

Could we have 2651 P2 incorporated into 4317 P2? We would also like the following change made to the 2651 bill draft:

“An assessor may not change the assessed value of a property based solely on the recent arm’s length sale of the property unless the change in assessed value updates a previous assessment based on incorrect or outdated information about the property characteristics. This provision does not limit the assessor’s ability to change the assessed value of a property using a recent arm’s length sale of the property as part of a revaluation or interim market update of the assessment jurisdiction, nor does it limit the ability of a board of review to change the assessment based solely on the recent arm’s length sale of the property.”

Mr. Christopher Schaefer, M.A.
Legislative Assistant,
Office of Representative Rob Brooks
60th Assembly District
(608) 267-2369
Christopher.Schaefer@legis.wisconsin.gov



183

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Today 10-11

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1 **AN ACT to amend** 70.32 (1) of the statutes; **relating to:** prohibiting an assessor
2 from increasing the valuation of property based solely on a recent sale of the
3 property.

changing

Analysis by the Legislative Reference Bureau

Current law requires that, to determine a property's value for property tax purposes, the assessor consider recent arm's-length sales of the property to be assessed if according to professionally acceptable appraisal practices those sales conform to recent arm's-length sales of reasonably comparable property. This bill prohibits an assessor from increasing the assessed value of a property based solely on the recent arm's-length sale of the property unless the assessed values of comparable unsold properties in the same market area are also increased using the same sales data or the increased assessed value corrects a previous assessment based on incorrect information about the physical characteristics of the property.

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

change in

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

4 **SECTION 1.** 70.32 (1) of the statutes is amended to read:

Insert 2 - 15

1 **SECTION 1.** 70.32 (1) of the statutes is renumbered 70.32 (1) (a).

2 **SECTION 2.** 70.32 (1) (b) of the statutes is created to read:

3 ~~70.32 (1)~~ (b) An assessor may not change the assessed value of a property based
4 solely on the recent arm's length sale of the property unless the change in assessed
5 value updates a previous assessment based on incorrect or outdated information
6 about the property characteristics. This paragraph does not limit the assessor's
7 ability to change the assessed value of a property using a recent arm's length sale of
8 the property as part of a revaluation or interim market update of the taxation
9 district, nor does it limit the ability of a board of review to change the assessment
10 based solely on the recent arm's length sale of the property.

Kreye, Joseph

From: Schaefer, Christopher
Sent: Tuesday, November 19, 2019 4:31 PM
To: Kreye, Joseph
Cc: Gibbs, Adam
Subject: LRB 2651

Hello, Joe:

Could we get a slash one version of LRB 251/P3 drafted and jacketed? Also, could we have the senate companion drafted and jacketed as well? I included Senator Craig's office in this email.

Thank you, Joe.

Christopher

Mr. Christopher Schaefer, M.A.
Legislative Assistant,
Office of Representative Rob Brooks
60th Assembly District
(608) 267-2369
Christopher.Schaefer@legis.wisconsin.gov



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-2651/P8 1
JK:amn

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 AN ACT *to renumber* 70.32 (1); and *to create* 70.32 (1) (b) of the statutes;
2 **relating to:** prohibiting an assessor from changing the valuation of property
3 based solely on a recent sale of the property.

Analysis by the Legislative Reference Bureau

Current law requires that, to determine a property's value for property tax purposes, the assessor consider recent arm's-length sales of the property to be assessed if according to professionally acceptable appraisal practices those sales conform to recent arm's-length sales of reasonably comparable property. This bill prohibits an assessor from changing the assessed value of a property based solely on the recent arm's-length sale of the property unless the change in assessed value corrects a previous assessment based on incorrect information about the physical characteristics of the property.

For further information see the *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:

4 **SECTION 1.** 70.32 (1) of the statutes is renumbered 70.32 (1) (a).

5 **SECTION 2.** 70.32 (1) (b) of the statutes is created to read:

Walker, Dan

From: LRB.Legal
To: Rep.Rob.Brooks@legis.wisconsin.gov
Subject: Draft review: LRB -2651/1
Attachments: 19-2651/1

State of Wisconsin - Legislative Reference Bureau
One East Main Street - Suite 200 - Madison

The attached draft was prepared at your request. Please review it carefully to ensure that it satisfies your intent. If you have any questions concerning the draft or would like to have it redrafted, please contact Joseph T. Kreye, Legal Services Manager, at (608) 504-5857, at joseph.kreye@legis.wisconsin.gov, or at One East Main Street, Suite 200.

We will jacket this draft for introduction in the Assembly.

If a jacket is needed immediately, please let us know in your response e-mail so we know to immediately jacket the proposal for you.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will submit a request to DOA when the draft is introduced. You may obtain a fiscal estimate on the draft prior to introduction by contacting our program assistants at LRB.Legal@legis.wisconsin.gov or at (608) 266-3561. If you requested a fiscal estimate on an earlier version of this draft and would like to obtain a fiscal estimate on the current version before it is introduced, you will need to request a revised fiscal estimate from our program assistants.

Please call our program assistants at (608) 266-3561 if you have any questions regarding this email.