

Property Tax Administration

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The property tax is the largest source of tax revenue in Wisconsin. Each December, property owners receive tax bills that are payable in the following year. From determining each property's taxable value to the disbursement of property tax receipts among the governments imposing the tax, the entire property tax process takes more than one year to complete. This paper describes each of the steps in the administration of the property tax.

The property tax is termed an ad valorem tax because it is imposed according to the value of taxable property. Taxable property is comprised of both real property, which includes land and any attached buildings or improvements, and personal property, which includes items that are not fixed to land, such as furniture, equipment, machinery, and fixtures.

Tax bills are calculated by multiplying each property's assessed value by a mill rate. Assessed values are the property values determined by local assessors for individual parcels of real property or items of personal property. Mill rates result from dividing a local government's tax levy by the combined taxable values for all properties within the local government's jurisdiction. The term "mill" means one one-thousandth, so a mill rate equals the amount of taxes that are billed for each \$1,000 in property value. For example, a tax rate of 19 mills is equal to 0.01900 (1.9%) or \$19 per \$1,000 of value.

The sum of the taxes levied on a property by all local taxing jurisdictions (municipalities, counties, school districts, technical college districts, and special purpose districts) produces the gross levy for that property. This is reduced by state property tax credits to produce the property's net levy, which is the amount that the property's owner must pay.

The Wisconsin Constitution's Uniformity Clause

Article VIII, Section 1, of the Wisconsin Constitution requires the uniform taxation of property and reads, in part, "The rule of taxation shall be uniform." Known as the "uniformity clause," this provision was included in the original state constitution, and the clause has since been amended five times. These amendments provide exceptions to the requirement, as it applies to:

- taxes on incomes, privileges, and occupations;
- taxes on forests and minerals;
- methods for paying taxes;
- taxes on merchants' and manufacturers' inventories and farmers' livestock; and
- taxes on agricultural and undeveloped land.

While these exclusions were extended by amending the uniformity clause, a sixth exclusion has been provided by amending the sections of the Wisconsin Constitution that authorize the state lottery and gaming activities. Those provisions have been amended to exclude the use of proceeds from the lottery and gaming activities from the uniformity clause and to provide that the proceeds must be used to extend property tax relief for residents of the state. In response, the lottery and gaming tax credit has been created and extended exclusively to property used as the owner's primary residence.

The uniformity clause has been the subject of numerous court cases, and in 1967, the Wisconsin Supreme Court enumerated six standards that summarize prior case law and that have been applied in successive court cases:

1. For direct taxation of property, there can be but one constitutional class;

2. All property within that class must be taxed on a basis of equality so far as practicable and all property taxed must bear its burden equally on an *ad valorem* basis;

3. All property not included in that class must be absolutely exempt from property taxation;

4. Privilege taxes are not direct taxes on property and are not subject to the uniformity rule;

5. While there can be no classification of property for different rules or rates of property taxation, the Legislature can classify as between property that is to be taxed and that which is to be wholly exempt and the test of such classification is reasonableness; and

6. There can be variations in the mechanics of property assessment or tax imposition so long as the resulting taxation shall be borne with as nearly as practicable equality on an *ad valorem* basis with other taxable property.

These standards strictly limit the ability to provide preferential tax treatment to specified individuals. On one hand, this has prevented the extension of tax relief targeted to certain types of taxpayers. On the other hand, the uniformity clause has prohibited taxation that benefits one taxpayer or group of taxpayers at the expense of others.

**Assessment of Property:
Measuring the Property Tax Base**

Property is valued at two levels within the state. First, local assessors determine the assessed values for individual properties, except for manufacturing property, in each municipality. Assessed values are used for apportioning property taxes on

tax bills to individual properties within municipalities. Second, the state Department of Revenue (DOR) estimates the full market or equalized value of all property in each district. Equalized values are used to apportion the levies of overlying districts (for example, schools and counties) to the municipalities within them and also to distribute certain state aids. The state values are needed because municipalities assess property at varying percentages of market value.

Most assessors value property at some fraction of market value, despite a statutory requirement that property be assessed at full value. A series of court cases, dating back to the nineteenth century, has interpreted the statutes to allow assessed values at a fraction of market value, provided the same fraction applies to all property in the taxation district. As a result, local assessors can assess property at a level below market value without violating the state constitution's requirement of uniform taxation.

The constitution's uniformity clause has been interpreted to permit property tax exemptions as long as entire classes of property are exempted. Currently, a number of property tax exemptions exist. These exemptions include the property of religious, educational, and other nonprofit organizations, governmental property, and most personal property. Additional exemptions have been established for very specific classes of property. Current property tax exemptions are listed alphabetically in Attachment 1 at the end of this document.

The Local Role in Assessing Property

Property in the state is assessed as of January 1 of each year, even though values may increase or decrease during the year. If a building is partially constructed on January 1, its partial value is used as the value for that assessment year. Except for manufacturing property, the assessment function is performed by local assessors, who may be elected or appointed and frequently serve more than one municipality on a part-time basis. Assessors must be certified through an examination administered

by DOR and must meet continuing education requirements.

County Assessor Option. Assessors serve at the municipal level, although state law also permits county assessor systems, if authorized by a 60% vote of the entire membership of the county board. County assessors are appointed and are responsible for valuing property in all towns, villages, and cities in the county. A county may discontinue its county assessor system by a majority vote of the entire membership of the county board. Currently, this system is not being used by any counties, but was employed by Kenosha County between 1974 and 1995.

Assessment Methods. Assessors determine the value of property using one of three methods, depending on the type of property.

a. *Highest and Best Use.* Most property is assessed according to its highest and best use, or that use which will produce the greatest net return to the property owner over a reasonable period of time. The assessor determines that value by employing the sales comparison, cost, or income approaches to valuation. Each approach is intended to produce a value comparable to the property's price if sold, or its full market value. Under the sales comparison method, value is determined by analyzing sales of properties similar in size, age, use, location, and other factors. Under the cost method, the value of the land is estimated and added to the cost of replacing any attached structures. Under the income method, the present value of a property is determined from the estimated future income of the property (for example, rent minus expenses). Although all three are used, the sales method is the preferred approach. The highest and best use method of valuation is used for property classified as residential, commercial, manufacturing, productive forest, other (farm buildings), or personal property.

b. *Fractional Assessment.* Beginning in 2004, property classified as "undeveloped" (previously

called "swamp or waste") or "agricultural forest" is valued at 50% of full market value. Assessors continue to determine these properties' values under the concept of highest and best use, but the values are reduced to half of their original amounts. Case law would categorize this treatment as a partial exemption in violation of the state constitution's uniformity clause. However, amendments to the uniformity clause permit the nonuniform treatment of undeveloped land and forests.

c. *Use Value.* A 1974 amendment to the state constitution's uniformity clause permits agricultural land to be treated differently from other types of property for property tax purposes. Provisions enacted under 1995 Act 27 require land that is "devoted primarily to agricultural use" to be assessed on the basis of that use. Through administrative rule, agricultural use has been defined to include:

- producing crops (growing crops mainly for food and fiber), but not forestry;
- producing livestock (raising or fattening animals for the sale of animals or animal products);
- growing Christmas trees or ginseng;
- maintaining land eligible for enrollment in various federal agriculture programs; and
- maintaining land that was previously in an agricultural use, but is subject to an easement under various state conservation programs.

Because use value assessment is limited to agricultural land, other farm property is valued according to its "highest and best use." This includes the farm operator's homestead, other farm buildings, any residence of the farm operator's spouse, children, parents, or grandparents, the land necessary for the location of those buildings, and private roadways. As previously noted, property on farms classified as agricultural forest land and undeveloped land is valued at half of its full market value.

Prior to 1996, state law required assessors to value agricultural land like all other property, at its highest and best use. When agricultural land was located in areas where nonagricultural activities were also occurring, agricultural land assessments were affected by sales of comparable agricultural properties being converted to other uses. Buyers of those properties often paid more than buyers intending to keep land in an agricultural use. Sales of agricultural land intended for other uses caused increases in the assessments of surrounding agricultural land and higher property taxes, which eroded the land's profitability when used for agricultural purposes.

Under provisions in 1995 Act 27, agricultural land assessments were "frozen" at their 1995 levels in 1996 and 1997. Beginning in 1998, use value assessments began being phased-in over a ten-year period. After two years, the Department of Revenue (DOR) adopted an administrative rule that suspended the phase-in and implemented full use value assessment for agricultural land beginning in 2000. From 2000 through 2003, DOR used a mathematical formula to calculate agricultural land values on a per acre basis for each municipality in the state. Municipal assessors based their assessments on those per acre values, but were allowed to adjust the per acre amounts.

Beginning in 2004, the DOR formula produced negative per acre values due to the declining price of corn and increases in corn production expenses. In response, DOR promulgated an administrative rule suspending the use of the formula and adopting the 2003 per acre value guidelines for use in 2004 and 2005. DOR modified the formula, effective with 2006 assessments, and those modifications are reflected in the following description.

Agricultural land assessments are based on the land's use for farming. The procedures used in valuing agricultural land have been adopted by the Farmland Advisory Council, which is staffed by DOR, and promulgated as an administrative rule. Those procedures estimate values on a per acre basis for each municipality containing agricultural

land by dividing the net income that could be generated from the land's rental for an agricultural use by a capitalization rate. The definition of rental income is based on the assumption that the land is used for growing corn.

Net income is measured on a county-by-county basis and equals gross income minus operating expenses. Each of these measures is calculated on a per-acre basis, and both are adjusted to reflect a crop-share lease where income and a portion of the operating expenses are shared equally between the landowner and the farm operator.

Gross income equals the average yield of corn (in bushels) on a per acre basis, multiplied by the average price per bushel of corn. To reflect a crop-share lease arrangement, the result is reduced by one-half. Operating expenses equal the sum of production expenses and management expenses. Production expenses are calculated as the average cost per acre of seed, fertilizer, soil conditioners, manure, chemicals, custom operations, other variable cash expenses, and interest on operating capital. To reflect a crop-share lease arrangement, the result is reduced by one-half. Management expenses are calculated as 7.5% of gross income and are assumed to be borne entirely by the landowner.

The preceding calculations utilize data averaged over a five-year period prior to the assessment year. Averaging these measures is intended to remove short-term fluctuations due to weather and market factors that do not significantly influence buyers' long-term decisions. Data on yields, prices, and expenses is compiled annually by the Wisconsin Agricultural Statistics Service and the U.S. Department of Agriculture.

The capitalization rate equals the sum of two components or 11%, whichever is greater. The first component is the five-year average interest rate on one-year, adjustable-rate, medium-sized agricultural loans extended by federal land credit associations and agricultural credit associations operating in Wisconsin. The second component is the effective property tax rate. A separate tax rate is calcu-

lated for each municipality, equal to the total taxes levied for all purposes within the municipality, net of state property tax credits, divided by the municipality's equalized value, as determined by DOR for the property tax year that is two years prior to the assessment. If the sum of the two amounts is less than 11%, the capitalization rate is set at 11%.

The preceding procedures reflect the calculations for grade 1 cropland. Those values are adjusted based on soil productivity measures to produce the per acre value guidelines for grade 2 and grade 3 cropland. The per acre value guidelines for pastureland are calculated as 30% of the average net income for the three grades of cropland divided by the capitalization rate for the municipality.

Finally, DOR's per acre value guidelines are prohibited from increasing in any year by more than the percentage change in adjusted, statewide equalized values for the two years before the assessment year. Statewide equalized values are adjusted for both years to exclude the value of agricultural land. For the more recent of the two years, the statewide equalized value is also adjusted to exclude the value of new construction. This limitation is intended to prevent dramatic per acre value changes from the "frozen" 2003 values to the per acre values produced under the revised formula for 2006 and beyond. This provision limited the change in DOR's per acre value guidelines to 6.6% for 2006, 6.7% for 2007, 3.7% for 2008, and 1.4% for 2009.

When land that has been taxed as agricultural land is converted to another use and is no longer eligible to be taxed under the use value provisions, a conversion charge is imposed. The charge is based on number of acres sold and the difference between the market value of agricultural land sold in the county and the taxable (equalized) value of agricultural land in the county, both in the prior year. The treasurer of the county where the converted land is located administers the charge with the assistance of the municipal assessor who noti-

fies the treasurer of changes in property classification and of sales of agricultural land. Agricultural land that is converted to another use and is assessed under the undeveloped, agricultural forest, productive forest, or "other" classifications is not subject to the conversion charge.

The State Role in Assessing Property

The Department of Revenue has four major roles in the assessment process. Each is discussed below.

Equalized Values. The total value of taxable property in the state and in each taxing jurisdiction is determined annually by DOR. The Department employs various methods to determine the full, or equalized, value of property, including on-site appraisals and studies that compare actual selling prices with locally-established assessed values. For 2008, DOR determined that the value of all taxable property in the state was \$514.4 billion.

Manufacturing Property. Since 1974, DOR has assessed all manufacturing property in Wisconsin. Before that, manufacturing property was locally assessed. Due to the complex nature of this property, it was believed that more uniform values would result under DOR assessment. Manufacturing property differs from other types of property because it is sold less often and individual properties may have unique characteristics.

By February 15 of each year, DOR informs each municipality of the property in the municipality that it intends to assess as manufacturing property. A final determination of which properties shall be classified as manufacturing property for that tax year is made by March 1, although DOR may include additional property if the property's owner has filed a request to have the property assessed as manufacturing property. Manufacturing property assessments are conducted under a five-year field audit cycle. Once every five years, DOR personnel perform on-site valuations. During the intervening years, values are adjusted based on reports submit-

ted by property owners to the Department by March 1 of each year. Manufacturers may request filing extensions until April 1. Manufacturers who fail to file the forms incur penalties.

Beginning with property assessments for 2003, the state began imposing a fee on municipalities to recover half of DOR's costs related to manufacturing assessment. The fee is imposed on all municipalities containing manufacturing property and is apportioned based on each municipality's manufacturing value as a percent of statewide manufacturing value. Municipalities must recoup the fee through a special charge against all owners of taxable property and cannot impose charges disproportionately on the owners of manufacturing property. If a municipality fails to reimburse DOR for the fee by March 31, the Department may reduce the municipality's state aid payment in July.

Agricultural Land. Since 2000, agricultural land has been valued solely on the basis of its use in farming under use value assessment provisions. While local assessors continue to be responsible for classifying and assessing agricultural land, DOR has a number of administrative duties related to use value assessment. First, DOR's property assessment manual includes instructions for categorizing and valuing agricultural land. Second, DOR annually develops agricultural land values under the use value approach on a per acre basis for each municipality containing agricultural land and publishes the per acre amounts in a supplement to the manual. Local assessors use the per acre values as guidelines in assessing parcels of agricultural land. Third, DOR has adopted administrative rules to implement use value assessment. Fourth, DOR provides staffing to the Farmland Advisory Council, which consists of the DOR Secretary and nine other individuals. The Council assists the Department in administering the use value assessment requirements. Finally, each year DOR calculates the difference between the average sales price and average equalized value of agricultural land in each county that is used for the conversion charge imposed on agricultural land that is converted to another use.

State Oversight of Local Assessment. In addition to the assessor certification program, DOR administers several programs intended to promote uniform local assessments.

a. *Review of Total Local Assessments.* State law requires every municipality to assess property at full value at least once every five years.

b. *Review of Assessments by Class of Property.* Since 1992, the ratio of assessed value to full value for each locally-assessed, major class of property, except agricultural land, must be within 10% of full value at least once every four years. "Major class of property" is defined as any class of property that comprises more than 5% of the municipality's equalized value. For purposes of this requirement, the value of property included under the agricultural forest, productive forest land, undeveloped, and "other" classes are combined and considered a single property classification. Municipalities not meeting the requirement are notified, and if the requirement is not met in the succeeding year, the municipality's assessment staff must participate in a training program sponsored by DOR. The Department must supervise the succeeding year's assessment of any municipality that does not meet the requirement over a six-year period.

c. *Property Assessment Manual.* Each year, DOR publishes or updates a manual for local assessors that includes guidelines and procedures for identifying, classifying, and valuing taxable property. State law instructs local assessors to follow the guidelines and procedures in the manual. The updated material includes recommended per acre values for grades 1, 2, and 3 cropland and for pasture land under use value assessment. Since the values are published as guidelines, local assessors may adopt or modify them.

d. *Tax Bill.* Each property tax bill must show both the property's assessed and full market values. The full market value is calculated by dividing the assessed value by the municipality's assessment ratio. Assessment at full market value is desirable because owners can more easily compare

their property's assessment to that of similar properties and consider those values relative to their knowledge of the real estate market. Agricultural land is excluded from this requirement.

Procedures for Appealing Assessed or Equalized Values

Several procedures exist for appealing assessed or equalized values.

Individual Appeals. To successfully appeal an assessment, property owners must demonstrate that their property's assessed value is substantially different from market value and that their property's assessment level differs from the level for other properties within the municipality.

Each year, individual property owners receive notices if their assessments change. The notice includes the time, date, and place of the meeting of the board of review or board of assessors. Prior to the board of review, the municipality must make the assessment roll open for public inspection. If dissatisfied, taxpayers should contact their local assessor to discuss the procedures used in the assessment, but such a meeting is not required to file an appeal. If an individual remains dissatisfied, the following procedures can be followed:

a. *Board of Assessors/Board of Review.* Assessments can be appealed to the local board of review. In the City of Milwaukee, reviews are conducted initially by a board of assessors, and cities with populations over 39,000 (second class cities) may also elect to use this procedure. Comprised of the municipality's assessment personnel, boards of assessors are empowered to make changes and corrections to assessments. Property owners must receive notification by mail of such changes and have 15 days from that notification to appeal any changes to the municipality's board of review.

The board of review typically consists of local officials, although some municipalities have citizen boards. At least one voting member must be the

municipality's chief executive officer or the officer's designee, who has attended a DOR-approved training session for board of review members within the prior two years. The board of review must schedule its first meeting in the 30 days after the second Monday of May, but may adjourn to a future date if the assessment roll is not complete. A public notice must precede the first meeting by at least 15 days.

The assessor may not be a member of the board of review, but is required to attend the board's first meeting. Assessors typically attend other meetings where objections to assessments are presented, and assessors provide the board the information used to determine contested valuations. Although state law directs boards of review to presume that the assessor's valuation is correct, the assessor must present evidence in support of the valuation. Likewise, property owners present evidence supporting their opinion of value. Testimony must be provided under oath, and generally, appeals must be made in person and evidence provided in writing.

After hearing the evidence, the board determines whether the assessment should be changed. Boards must provide written notice of their decisions to taxpayers who have filed appeals.

b. *Department of Revenue.* Taxpayers may ask DOR to review board of review decisions and revalue their property. Requests must be submitted within 20 days of a board determination (30 days if there is no return receipt of the letter notifying the taxpayer of the decision) and be accompanied by a \$100 filing fee. If the Department does not change the assessment, revaluation costs are borne by DOR. Revaluation costs of up to \$300 are borne by the assessment district if the assessment is changed. This procedure does not apply to manufacturing property or parcels exceeding \$1,000,000 in value.

Also, owners representing 5% or more of a municipality's assessed value may petition DOR to

reassess the municipality. If the Department finds that the assessment is not in substantial compliance with the law and that the public interest will be promoted by a reassessment, state law directs DOR to appoint a person or persons to perform a reassessment. The Department may conduct the reassessment itself, or it may appoint a third party. In lieu of a reassessment, DOR can direct the municipality to utilize expert assessment help for either of the two succeeding assessments. Under this procedure, the municipality employs an "expert appraiser," as certified by DOR, to assist the municipal assessor in performing the assessment duties. Through the certification process, expert appraisers adhere to assessment standards, as specified by DOR, and expert appraisers are hired through a standard contract form that DOR prescribes. The municipality bears the cost of the reassessment. This procedure does not apply to the City of Milwaukee.

c. *Circuit Court.* Property owners may appeal board of review or Department of Revenue decisions to circuit court.

Manufacturing Appeals. Between March and June, manufacturing property owners and municipalities receive manufacturing assessment notices and have sixty days to appeal these determinations. A \$45 filing fee must accompany the appeal.

a. *Board of Assessors.* Each appeal is investigated by DOR staff, other than the assessor who made the original assessment. Then, the appeal is reviewed by the state Board of Assessors, comprised of DOR employees appointed by the Department's Secretary. The Board can increase, decrease, or sustain the original assessment, and is empowered to determine whether property is taxable or exempt. State law directs the Board to decide appeals by April 1 of the year following the assessment year.

b. *Tax Appeals Commission.* Decisions of the Board of Assessors may be appealed to the Tax Appeals Commission. The Commission is composed of three commissioners appointed by the

Governor, with Senate approval, for staggered, six-year terms. The Commission also hears appeals related to various state taxes.

c. *Circuit Court.* Tax Appeals Commission decisions can be appealed to the Dane County Circuit Court.

Refunds of Property Taxes Paid. If an appeal is not complete when the tax roll is prepared, taxes are calculated on the original assessed value. If the value is subsequently reduced, the owner receives a refund with interest on the excess property taxes. In addition to appeals for lower assessments, tax refunds can result from clerical errors and taxes incorrectly levied on exempt property. The refund is paid by the municipality. However, if the reduction is for manufacturing property or affects the municipality's equalized value, the municipality can charge the overlying taxing jurisdictions (school districts, counties, and technical college districts, for example) for their proportionate share of the refunded taxes. As of July 1, 2006, municipalities may charge the state for 20% of the interest that accrues up to the date of the Tax Appeals Commission decision with regard to refunds of manufacturing taxes. Other interest costs related to refunds are borne by the municipality. Interest on refunds is calculated at a rate based on the average, annual discount rate on six-month U.S. treasury bills.

Appeals of Equalized Value. Municipalities and counties can appeal their equalized value.

a. *Department of Revenue Data.* State law directs DOR to make available to each municipality a list of property sales within that municipality and to indicate which sales were used in setting the municipality's equalized value. Also, DOR must inform a municipality if lack of sales in the municipality caused DOR to use sales from other municipalities in setting the original municipality's equalized value. By resolution, counties and municipalities can ask DOR to review their equalized value.

b. *Tax Appeals Commission.* A municipality or county may appeal its equalized value directly to the Tax Appeals Commission. This procedure is described in s. 70.64 of the statutes. The steps include: (1) the governing body authorizes the appeal by order or resolution; (2) the district files the appeal with the Tax Appeals Commission on or before October 15; (3) other counties or municipalities enter petitions in support of, or opposition to, the appeal within 30 days; and (4) the Tax Appeals Commission holds a hearing on the appeal and makes a determination. If the Commission decides that the assessment results in "substantial injustice" it may revalue any or all of the taxation districts in the county.

c. *Corrections Procedure.* If an equalized value is changed, the value of the taxation district or county is adjusted to correct for the change. The correction can be made to the value for the subsequent year. For example, if a municipality's equalized value was \$10 million too high in 2008, its 2009 value would be reduced by \$10 million.

then reducing that total by anticipated amounts from other revenue sources. The remaining amount represents the property tax levy.

Each property is located in a single municipality, county, school district, and technical college district and may be located in one or more special purpose districts. The municipality acts as the billing and collection agent for these other jurisdictions. After they determine their levies, they notify the municipality of the amount that must be paid by property owners in that municipality. The jurisdictions apportion their levies to the municipality based on the municipality's share of each jurisdiction's equalized value. The municipality spreads its tax levy and the municipality's share of the other jurisdictions' apportioned levies to individual properties according to their assessed values.

Table 1 illustrates how the total levy within a hypothetical municipality with an equalized value of \$20 million is determined. Because the municipality is self-contained, 100% of the municipal levy of \$90,000 would be collected within the municipality. However, the county, school district, and technical college district contain more than one municipality, so the municipality would be responsible for collecting only a portion of those jurisdictions' tax levies. For example, because the municipality's value comprises 2.0% of the county's value, the municipality would be responsible for collecting \$70,000, or 2%, of the county's \$3.5 million tax levy. Similarly, 1.6% of the school district's levy and 1.0% of the technical college district's levy would be apportioned to the municipality for col-

Establishing the Property Tax Levy

Determination of the Levy Amount

The property tax is a residual revenue source. Each fall, local units of government determine the amount of their property tax levy by first budgeting their expenditures for the following year and

Table 1: Determination of Total Levy for Hypothetical Municipality

	Municipal Value		District Value		Municipal % of District		District Levy		Levy Apportioned to Municipality
Municipal	\$20,000,000	÷	\$20,000,000	=	100.0%	X	\$90,000	=	\$90,000
County	20,000,000	÷	1,000,000,000	=	2.0%	X	3,500,000	=	70,000
School	20,000,000	÷	1,250,000,000	=	1.6%	X	10,750,000	=	172,000
Technical College	20,000,000	÷	2,000,000,000	=	1.0%	X	2,800,000	=	<u>28,000</u>
Total									\$360,000

lection. Total property taxes to be levied within the municipality would equal \$360,000.

State Property Tax Credits

Tax credits are paid to local governments in their capacity as property tax administrators and must be used to reduce the property tax levy. In this regard, they differ from state aids, which local governments anticipate in setting the succeeding year's spending level. The total tax levy is offset by three state tax credits: a school levy credit; a lottery and gaming credit; and a first dollar credit.

For 2007(08), the statutes authorized a funding level of \$672,400,000 for the school levy credit, but state law has increased annual funding for the credit to \$747,400,000, beginning in 2008(09). Funding for following years will stay at this amount unless the Legislature establishes a new funding level.

Funding for the lottery and gaming credit is based on the estimated amount of the net proceeds from lottery revenues, exclusive of a reserve equal to 2% of gross lottery revenues and the amount needed to fund the farmland tax relief credit. Also, tax and net regulatory revenues from bingo, raffles, crane games, and pari-mutuel racing activities have been earmarked as funding sources since 1999(00). For 2008(09), an estimated \$120.0 million in lottery and gaming proceeds is available for distribution. The first dollar credit was created by 2007 Wisconsin Act 20 and its initial distribution is set for the 2008(09) property tax year. The credit's annual funding level is \$75,000,000.

Each municipality receives a school levy credit based on its share of statewide school taxes levied over the three preceding years. Distributions of lottery and gaming credits and first dollar credits are based on the amount of credits that the municipality extends on tax bills. The two credits are calculated on tax bills in a nearly identical manner, where an eligible property's school tax rate is multiplied by a base value. However, due to different

funding levels, base values, and eligibility criteria, distributions of the two credits will differ.

The Department of Revenue provides municipalities with the information necessary to calculate tax credits by December 1 of each year, after most local governments have established their budgets. Municipalities prepare tax bills after they receive the tax credit notice. (For additional information, see the Legislative Fiscal Bureau's informational paper entitled, "State Property Tax Credits.")

Tax Billing and Collection Procedures

Computation of Tax Bills

In December, municipal officials combine the tax levy information with assessed values and prepare individual property tax bills. This process involves two steps, which are illustrated in Table 2.

First, gross taxes are calculated by multiplying the property's assessed value by a tax rate. In Table 2, a single tax rate is calculated for all taxing jurisdictions, but in practice, the municipality computes separate rates for each taxing jurisdiction and the resulting tax amounts are summed on the tax bill. The tax rate equals the tax levy divided by the assessed value of all property subject to the tax.

Based on the hypothetical municipality from Table 1 and assuming an assessment level of 95% (95% of \$20 million in equalized value = \$19 million in assessed value), the municipality's gross tax rate would equal \$18.95 per \$1,000 of assessed value ($\$360,000 / \$19,000,000 = .01895$), and the gross tax on a property with an assessed value of \$163,400 would equal \$3,096 ($.01895 \times \$163,400$).

Second, gross taxes are offset by state tax credits. Each property's school levy tax credit is calculated similarly to the calculation of gross taxes. The municipality's credit allocation is divided by the

Table 2: Determination of the 2007(08) Property Tax Bill for a Property with a \$163,400 Assessed Value in a Hypothetical Municipality

Assumptions	
Assessed Value of Municipality	\$19,000,000
Equalized Value of Municipality	\$20,000,000
Municipality's Assessment Ratio	95%
Total Levy	\$360,000
School Levy	\$172,000
School Levy Credits	\$29,000
Lottery and Gaming Credit Base	\$9,000
First Dollar Credit Base	\$3,900

Tax Computation	
<i>I. Gross Taxes</i>	
$\$163,400 \times$ Gross Tax Rate	
$\$163,400 \times$ (Total Levy / Assessed Value)	
$\$163,400 \times$ ($\$360,000 / \$19,000,000$)	
$\$163,400 \times .01895 =$	\$3,096
<i>II. State Tax Credits</i>	
School Levy Credit	
$\$163,400 \times$ Credit Rate	
$\$163,400 \times$ (School Levy Credits / Assessed Value)	
$\$163,400 \times$ ($\$29,000 / \$19,000,000$)	
$\$163,400 \times .00153 =$	\$250
Lottery and Gaming Credit	
Adjusted Credit Base \times School Rate	
(Credit Base \times Assessment Ratio) \times	
(School Levy / Assessed Value)	
$(\$9,000 \times 95\%) \times (\$172,000 / \$19,000,000)$	
$\$8,550 \times .00905 =$	\$77
First Dollar Credit	
Adjusted Credit Base \times School Rate	
(Credit Base \times Assessment Ratio) \times	
(School Levy / Assessed Value)	
$(\$3,900 \times 95\%) \times (\$172,000 / \$19,000,000)$	
$\$3,705 \times .00905 =$	\$34
<i>III. Net Taxes</i>	
Gross Taxes	\$3,096
- School Levy Credit	-250
- Lottery and Gaming Credit	-77
- First Dollar Credit	-34
Net Property Taxes	<u>\$2,735</u>

municipality's total assessed value to determine a credit rate, and the rate is multiplied by individual assessed values. Prior to 1996(97), the school levy tax credit was reported separately on tax bills as a

reduction against gross taxes levied for all purposes. Since 1996(97), the credit has been applied as a reduction to school district tax levies, so that net school levies are reflected on the tax bill. The levies of other taxing jurisdictions are reflected as gross taxes. The school levy tax credit is no longer explicitly listed as a reduction against gross taxes although it continues to have that effect. The credit for the current year is reported separately in a box on the tax bill's upper, right-hand corner.

The municipality's school levy credit of \$29,000 would result in a credit rate of \$1.53 per \$1,000 of assessed value ($\$29,000 / \$19,000,000 = .00153$), and the credit for a property with a \$163,400 assessment would equal \$250 ($.00153 \times \$163,400$).

The lottery and gaming credit and the first dollar credit are subtracted from gross taxes to yield the net tax bill for each property owner eligible for the credit. To be eligible for the lottery and gaming credit, the property must be used as the owner's primary residence. To be eligible for the first dollar credit, the property must be real property and include an improvement (structure). The lottery and gaming credit is determined by multiplying the school tax rate by the adjusted credit base. By December 1 of each year, DOR must notify municipalities of the credit base, which equaled \$10,100 in 2007(08) and \$9,000 in 2008(09). The credit base is adjusted by multiplying it by the municipality's assessment ratio. The first dollar credit is calculated similarly to the lottery and gaming credit. First, DOR certifies a credit base; second, the credit base is adjusted based on the municipality's assessment ratio; and third, the adjusted base is multiplied by the property's school tax rate. The first dollar credit was enacted as part of 2007 Wisconsin Act 20 and first extended to eligible properties on tax bills issued in December, 2008. For 2008(09), DOR set the credit base at \$3,900.

In Table 2, the lottery and gaming credit would equal \$77 and would be calculated by multiplying the school tax rate of .00905 by the municipality's adjusted credit base of \$8,550 ($\$9,000 \times 95\%$). The

first dollar credit would be calculated identically, except for a lower credit base ($\$3,900 \times 95\% = \$3,705$), and would equal \$34 ($\$3,705 \times .00905$). The net tax of \$2,735 would equal the gross tax minus the three tax credits.

By state law, property tax bills must be mailed by the third Monday in December and must show both the assessed and full market values of the subject property. The full market value is determined by dividing the assessed value by the assessment ratio. For example, the full market value of the property in Table 2 would be \$172,000 ($\$163,400 / 95\%$).

The tax bill must show: (1) the amount of school taxes allocable to the property (net of the school levy tax credit) for the prior year and the current year and the percent change between the years; (2) the amount of gross tax allocable to the property levied by each other taxing jurisdiction for the prior year and the current year and the percent change between the years; (3) the sum of the tax amounts allocated for each taxing jurisdiction, displayed for the prior year and the current year and the percent change between the years; (4) the lottery and gaming credit, if applicable, displayed for the prior year and the current year and the percent change between the years; (5) the first dollar credit, if applicable, displayed for the prior year and the current year and the percent change between the years; (6) the net property tax due, displayed for the prior year and the current year and the percent change between the years; (7) the net tax rate after distribution of the school levy tax credit; (8) the description of the property shown on the tax roll or an abbreviation of the description; (9) the amount of assessment issued by a drainage board or an indication that no assessment was issued, if the property is in a drainage district; (10) an indication of whether there are delinquent taxes on the property; (11) a notice of tax credits that may be available to taxpayers (homestead, farmland preservation, farmland tax relief, and school property tax); (12) a notice that taxpayers may request a copy of the tax receipt; (13) an explanation

of when taxes are due and to whom they must be paid; and (14) estimated state aid payments to the county, municipality, school district, and technical college district for the prior year and current year.

An example of a real estate tax bill is appended to this paper as Attachment 2. The attached tax bill measures 8.5 inches by 11 inches, but a smaller tax bill, measuring 5.5 inches by nine inches, may also be used.

Payment and Collection Procedures

Chapter 74 of the statutes establishes property tax payment and collection procedures, which are described below.

Payment Schedules. Property tax bills mailed in December do not become payable until the following year.

a. *Basic Payment Schedule.* Section 74.11 of the statutes establishes the basic payment schedule. Real property taxes are either paid in full by January 31 or in two installments on or before January 31 and July 31. Each installment equals half of the net tax bill.

Special assessments must be paid in full by January 31, unless the local government has adopted an ordinance authorizing installment payments. Personal property taxes, special charges, and special taxes must be paid in full by January 31. An exception is provided for improvements on leased land, which are assessed as personal property, and owners of that property may make payments on the same schedule as for real property.

Under the basic payment schedule, all payments made on or before January 31 are sent to the local municipal treasurer, as are subsequent payments of delinquent personal property taxes. Payments made after January 31 are sent to the county treasurer, although counties and municipalities may enter into agreements where the county collects all the taxes.

Property Taxes and Special Assessments Payment Schedules and Due Dates

	Single Payment	Multiple Payments for Taxes on Real Estate and Special Assessments if Authorized
Basic payment schedule	January 31	Two equal payments on or before January 31 and July 31.
Multiple installment schedule (except City of Milwaukee) adopted by local ordinance	January 31	Three or more installments due on the last day of each month. First payment due January 31. One-half due by April 30 and the remainder by July 31.
City of Milwaukee	January 31	Ten installments due on the last day of each month from January through October.

b. *Multiple Installments Payment Schedule.* Section 74.12 of the statutes permits municipal governments to adopt an ordinance allowing for the payment of property taxes in multiple installments. Taxes on real property and improvements on leased land, or special assessments, or both those taxes and assessments, may be paid in full by January 31 or in three or more installments, with payments due on the last day of each month designated by the ordinance.

Under the installment procedure, the first payment is due January 31, one-half of the total amount due must be paid by April 30, and any remaining amount due must be paid by July 31. Personal property taxes and special assessments not included in the installment ordinance, as well as special charges and special taxes, must be paid in full by January 31. Any payments made on or before July 31 are sent to the local treasurer. Subsequent payments are made to the county treasurer.

c. *City of Milwaukee.* Under s. 74.87 of the statutes, taxpayers in the City of Milwaukee may pay real and personal property taxes and special assessments and charges of the City in full by January 31 or in 10 installments with payments due on the last day of each month from January through October. State and county taxes and special charges included on the county portion of the property tax roll and taxes levied by the metropolitan sewerage district may be paid in seven equal installments

with payments due on the last day of each month from January through July. Non-City taxes on personal property must be paid by January 31.

In order for a taxpayer in the City of Milwaukee to use the installment method, the first installment payment must be made on or before January 31. A taxpayer may make one late payment without forfeiting the installment option, although interest and penalty charges accrue on the delayed amount. If a second installment is not paid when due, the installment option is forfeited, and the full amount of taxes plus interest and penalty accruing from February 1 become due.

Delinquent Taxes. State law extends a five-day grace period for the payment of taxes in installments. Consequently, if taxpayers wish to pay in installments, they do not forfeit that option if a payment is late by five days or less. A five-day grace period extends to personal property tax payments, as well. This provision does not apply in the City of Milwaukee.

If the first tax installment is not paid on or before January 31, the entire amount of unpaid taxes is delinquent as of February 1. If the second or any subsequent installment is not paid by the due date, the entire amount of unpaid taxes is delinquent as of the first day of the month after the payment is due. If special assessments are not paid by the due date, the entire amount of remaining unpaid spe-

cial assessments is delinquent as of the first day of the month after the payment is due. Special charges, special taxes, and personal property taxes not paid by January 31 are delinquent as of February 1.

Taxes, special assessments, and special charges that become delinquent accrue interest charges at the rate of 1% a month from the preceding February 1, as opposed to the day on which they become delinquent. In addition, counties may impose a penalty charge of up to 0.5% a month. If taxes remain unpaid for two or more years, the property can be sold to pay the taxes.

Settlement Process. Distributing collected property taxes to the taxing jurisdictions is called the "settlement process." Municipalities and counties share this responsibility.

a. *Real property taxes, special assessments, special charges, and special taxes.* Real property taxes, special assessments, special charges, and special taxes must be settled on or before January 15, February 20, and August 20. In municipalities that have adopted a multiple installment option, additional tax settlements must occur by the 15th day of each month in March through August after an installment payment is due. The January and February settlements are the responsibility of the local treasurer. In municipalities with the multiple installment payment option, the local treasurer collects and settles for taxes through the final installment. In all other municipalities, the county treasurer collects and settles for the final (July) payment.

The county treasurer is required to settle in full for all real property taxes and special taxes by August 20. Thus, counties "buy out" the delinquent taxes by advancing to all other taxing jurisdictions their share of unpaid property taxes. Therefore, the settlement process is concluded in August. By resolution adopted by the county board, the county treasurer may settle in full for special assessments and special charges. This procedure does not apply to the City of Milwaukee.

At each settlement date, collections of special assessments, special charges, and special taxes are dispersed first, and then the remaining general property taxes are divided on a proportional basis among the taxing jurisdictions. If 45% of the total levy in the municipality was for the school district, the municipality pays the school district 45% of the property taxes collected to date. Similar payments based on shares of the gross levy are made to the county, technical college district, and any special purpose districts. The municipality retains its proportionate share of the collections.

b. *Personal property taxes.* Except for taxes on improvements on leased land, personal property taxes must be paid by January 31 and municipalities buy out unpaid personal property taxes at the February 20 settlement. Because taxes on improvements on leased land may be paid in installments, those taxes are settled in proportion to the amounts paid until August, when municipalities buy out any unpaid amounts. However, one year after the settlement, municipalities may charge each jurisdiction for its proportionate share of any amounts that remain delinquent.

ATTACHMENT 1

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Agricultural Society	Property owned and used exclusively by any state or county agricultural society, or by any other domestic corporation formed to encourage agricultural and industrial fairs and exhibitions and necessary for fair-grounds or for exhibition and sale of agricultural and dairy property, not exceeding 80 acres. The use of such property for celebrations or as places of amusement shall not render it taxable.	Not exceeding 80 acres	All	s. 70.11 (5)	1858
Aircraft	Every aircraft.	--	All	s. 70.112(6)	1953
Animals	Farm poultry, farm animals, bees and bee equipment and fur-bearing animals under four months of age and the hides and pelts of all farm and fur-bearing animals in the hands of the grower.	--	All	s. 70.111 (2)	1911
Archaeological Sites	Archaeological sites and contiguous lands identified under s. 44.02 (23), Stats., provided that the property's features are protected through easement, covenant or similar restriction held by the state historical society or its designee.	All	--	s. 70.11 (13m)	1987
Art Gallery, Public	Property of any public art gallery, if used exclusively for art exhibits and for art teaching, if public access to such gallery is free not less than three days in each week.	All	All	s. 70.11 (14)	1889
Benevolent Institutions	Property owned and used exclusively by benevolent associations, but not exceeding 10 acres of land necessary for location and convenience of buildings while such property is not used for profit. Nonstock, non-profit corporations that service guaranteed student loans are specifically excluded from the exemption.	Not exceeding 10 acres	All	s. 70.11 (4)	1849
Bible Camps	All real property not exceeding 30 acres and the personal property situated therein, of any Bible camp conducted by a religious nonprofit corporation organized under the laws of this state, so long as the property is used for religious purposes and not for pecuniary profit of any individual.	Not exceeding 30 acres	All if located upon the exempt real estate	s. 70.11 (11)	1947

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Boy Scouts, Boys' Clubs, Girl Scouts or Camp Fire Girls	<p>1. Property owned by the Boy Scouts of America, Boys' Clubs of America, the Girl Scouts or Camp Fire Girls or by any person as trustee for them organized in this state that is used for the purpose of those organizations, provided no pecuniary profit results to any individual owner or member.</p> <p>2. Real property not exceeding 40 acres and the personal property located thereon owned by the Boy Scouts of America, Boy's Clubs of America, the Girls Scouts or Camp Fire Girls, but not organized in this state. No such unit which is not organized in this state may claim an exemption for more than a total of 80 rods of shoreline on lakes, rivers and streams.</p>	All	All	s. 70.11 (12)	1929
Buildings at Wisconsin Veterans Homes	All buildings, equipment and leasehold interests in lands of the Wisconsin veterans homes.	All	All	s. 70.11 (3a)	1953
Camping Trailers, Recreational Mobile Homes, and Recreational Vehicles	Camping trailers and recreational vehicles as defined under the state's motor vehicle code, and recreational mobile homes, defined as prefabricated structures no larger than 400 square feet or certified by the manufacturer as complying with code ANSI A119.5, as promulgated by the American National Standards Institute, and that are designed to be towed and used primarily as temporary living structures for recreational, camping, travel or seasonal purposes.	--	All	s. 70.111 (19)	1981
Camps for Mentally or Physically Disabled Persons	Land, not exceeding 50 acres, and the buildings on that land used as a residential campground exclusively for mentally or physically disabled persons and their families as long as the property is used for that purpose and not for pecuniary profit of any individual.	Not exceeding 50 acres	--	s. 70.11 (33)	1985
Camps for Persons with Disabilities	Lands not exceeding 10 acres and the buildings thereon owned by the Wisconsin Easter Seal Society for Crippled Children and Adults, Incorporated, and known as Camp Wawbeek, used for camps for children and adults with orthopedic impairments and not to exceed 371 acres of wooded and meadowland adjacent thereto used in connection therewith, excluding a caretaker's home and 10 acres of land in connection therewith, so long as the property is used solely for such purposes and not for pecuniary profit of any individual.	See description	--	s. 70.11 (22)	1961
Cash Registers and Fax Machines	Cash registers and fax machines, but not including fax machines that are also copiers, if the owner files a return annually reporting the value of that property.	--	All	s. 70.111 (39m)	2001

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Cemetery Authorities	Land owned by cemetery authorities that is used exclusively as public burial grounds and tombs and monuments therein, and privately owned burial lots; land adjoining such burial grounds, owned and occupied exclusively by the cemetery authority for cemetery purposes; personal property owned by any cemetery authority and necessary for the care and management of burial grounds; burial sites and cataloged contiguous lands.	All	All	s. 70.11 (13)	1871
Churches	Property owned and used exclusively by churches or religious associations and the land necessary for location and convenience of buildings, if not used for profit. Property owned and used for housing for pastors and their ordained assistants, members of religious orders and communities and ordained teachers, whether or not contiguous to and a part of other property owned and used by such associations or churches.	Not exceeding 30 acres	All	s. 70.11 (4)	1849
Colleges and Universities	1. Grounds of any incorporated college or university, not exceeding 80 acres. 2. The fact that college or university officers, faculty members, teachers, students or employees live on the grounds does not render them taxable. The leasing of land by a university or college, for educational or charitable purposes, shall not render it liable to taxation provided the income derived therefrom is used for the maintenance of the institution or for charitable purposes. 3. Property leased to a nonprofit corporation for the construction of dormitories, stadiums and similar buildings is also exempt.	Not exceeding 80 acres	All	s. 70.11 (3)	1871
Computers	Mainframe computers, minicomputers, personal computers, networked personal computers, servers, terminals, monitors, disk drives, electronic peripheral equipment, tape drives, printers, basic operational programs, systems software and prewritten software, if the owner files a return annually reporting the value of that property.	All	All	s. 70.11 (39)	1997

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Crops	Growing and harvested crops and the seed, fertilizer and supplies used in their production or handling, in the hands of the grower, including nursery stock and trees growing for sale as such, medicinal plants, perennial plants that produce an annual crop and plants growing in greenhouses or under hotbeds, sash or lath. This exemption also applies to trees growing for sale as Christmas trees.	All	All	s. 70.111 (4)	1871
Cultural and Architectural Landmarks	Property designated in an executive order as a valued historical landmark and architectural masterpiece and adjacent tourist centers. The exemption is intended to apply only to a complex of buildings in Spring Green designed and constructed by Frank Lloyd Wright.	All	--	s. 70.11 (35)	1991
Digital Broadcasting Equipment	Digital broadcasting equipment owned and used by a radio station, television station, or video service network.	--	All	s. 70.111 (25)	1999
Educational Institutions or Associations	Property owned and used exclusively by educational institutions offering regular courses six months in the year, but not exceeding 10 acres of land necessary for location and convenience of buildings while such property is not used for profit.	Not exceeding 10 acres	All	s. 70.11 (4)	1931
Educational Property, Leased	Property owned or leased by a corporation, organization or association that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code if all of that property is leased or subleased to a school district for no or nominal consideration for use by an educational institution that offers regular courses for six months in a year.	All	All	s. 70.11 (2m)	1997
Family Supplies	Provisions and fuel to sustain the owner's family; but no person paying board shall be deemed a member of a family.	--	All	s. 70.111 (5)	1868

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Farm Machinery and Equipment	Tractors and machines; including accessories, attachments, fuel and repair parts for them; whether owned or leased, that are used exclusively and directly in farming; including dairy farming, agriculture, horticulture, floriculture and custom farming services; but not including personal property that is attached to, fastened to, connected to or built into real property or that becomes an addition to, component of or capital improvement to real property and not including buildings or improvements to real property, regardless of any contribution that the personal property makes to the production process in them and regardless of the extent to which that personal property functions as a machine.	--	All	s. 70.111 (10)	1911
Farmers' Temples	Property owned and used exclusively for social and educational purposes and for meetings by any corporation, all of whose members are farmers; provided no pecuniary profit results to any member.	All	All	s. 70.11 (17)	1929
Feed	Feed and feed supplements owned by the operator or owner of a farm and used in feeding on the farm and not for sale.	--	All	s. 70.111 (6)	1937
Fire Company	Property of any fire company used exclusively for its purposes.	All	All	s. 70.11 (6)	1871
Forest Crop Lands	After compliance with forest crop law. Special tax imposed.	All	--	s. 77.04	1927
Fox River Navigational System Authority	All property owned by the Fox River Navigational System Authority, provided that use of the property is primarily related to the purposes of the Authority.	All	All	s. 70.11 (41)	2001
Fraternal Societies	Property owned and used exclusively by fraternal societies operating under the lodge system (except universities, college and high school fraternities and sororities) but not exceeding 10 acres of land necessary for location and convenience of buildings, while such property is not used for profit. The exemption does not extend to property of cooperative sickness care associations, domestic stock and mutual insurance corporations, service insurance corporations, fraternal or mutual benefit societies and nondomestic insurers that offer a health maintenance organization or a limited service health organization.	Not exceeding 10 acres	All	s. 70.11 (4)	1911

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Furnishings (Household)	Personal ornaments and jewelry, family portraits, private libraries, musical instruments other than pianos, radio equipment, household furniture, equipment and furnishings, apparel, bicycles and firearms, if such items are kept for personal use by the owner and pianos if they are located in a residence.	--	All	s. 70.111 (1)	1871
Ginseng Structures	Any temporary structure in the hands of a grower of ginseng used or designed to be used to provide shade for ginseng plants.	--	All	s. 70.111 (21)	1985
Goodwill Industries	<p>1. Property owned by Goodwill Industries or by any person as trustee for them organized in this state, not exceeding 10 acres in any municipality, which is used for the purpose of the organization, provided no pecuniary profit results to any individual owner or member.</p> <p>2. Real property not exceeding 40 acres and the personal property located thereon owned by Goodwill Industries, but not organized in this state. No such unit which is not organized in this state may claim an exemption for more than a total of 80 rods of shoreline on lakes, rivers and streams.</p>	Not exceeding 10 acres in any municipality	All	s. 70.11 (12)	2005
Health Insurance Risk-Sharing Plan Authority	All property owned by the Health Insurance Risk-Sharing Plan Authority, provided that the use of the property is primarily related to the purposes of the authority.	Groups not organized in state limited to 40 acres and 80 rods of shoreline	All if located upon the exempt real estate	s. 70.11 (41m)	2005
High Density Sequencing Systems	High density sequencing systems that by mechanical or electronic operation move printed materials from one place to another within the production process, organize the materials for optimal staging, or store and retrieve the materials to facilitate their production or assembly.	--	All	s. 70.111 (26)	2007

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Historical Properties	Real property all of which fulfills the following requirements: 1. Is listed on the National Register of Historic Places in Wisconsin or the State Register of Historic Places. 2. Is a public building. 3. Is owned or leased by an organization that is exempt from taxation under sec. 501 of the Internal Revenue Code, as amended to December 31, 1986. 4. Is used for civic, governmental, cultural or educational purposes. 5. Is subject to an easement, covenant or similar restriction running with the land that is held by or approved by the State Historical Society or by an entity approved by the State Historical Society that protects the historic features of the property and that will remain effective for at least 20 years after January 1, 1989.	All	--	s. 70.11 (34)	1987
Historical Societies	Property owned and used exclusively by domestic, incorporated historical societies but not exceeding 10 acres of land necessary for location and convenience of buildings while such property is not used for profit.	Not exceeding 10 acres	All	s. 70.11 (4)	1929
Horses	All horses, mules, wagons, carriages, sleighs and harnesses.	--	All	s. 70.111 (7)	1931
Hospitals	Nonprofit hospitals, 10 beds or more, used exclusively for hospital purposes. Any portion of the property that is used for commercial purposes, such as a doctor's office, a for-profit pharmacy, or as a health and fitness center, is not exempt. Nor does the exemption extend to health maintenance organizations and limited service health organizations that are organized as cooperatives. Exempt property includes dormitories of one or more units that house student nurses enrolled in a state accredited school of nursing affiliated with the hospital.	All except that used for commercial purposes, a health and fitness center or a doctor's office	All except that used for commercial purposes, a health and fitness center or a doctor's office	s. 70.11 (4m)	1957
Housing Authorities, Public	Property of housing authorities as defined under state law.	All	All	s. 70.11 (18)	1949
Hub Facility	Property owned by an air carrier company that operates a hub facility in this state, if the property is used in the operation of the air carrier company.	All	All	s. 70.11 (42)	2001

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Humane Societies	Property owned and operated by a humane society organized primarily for the care and shelter of homeless, stray or abused animals, on a nonprofit basis, no part of the net income of which inures to the benefit of any member, officer or shareholder, if the property is used exclusively for the primary purposes of the humane society.	All	All	s. 70.11 (28)	1977
Industrial Development Agencies	All real and personal property owned by an industrial development agency formed under s. 59.071, Stats. Property subject to a contract of sale or lease shall be taxed as personal property to the vendee or lessee thereof.	All	All	s. 70.11 (26)	1967
Institutions and Centers for Dependent Children and Persons With Developmental Disabilities	State-licensed residential care centers for dependent or neglected children or delinquent juveniles, while property is used for such purpose. Property of any nonprofit institution that is subject to state examination and that has a full-time population of at least 150 individuals who have developmental disabilities, while property is used for that purpose.	All	All	s. 70.11 (19)	1889
Labor Temples	Property owned and used exclusively by any labor organization or by any domestic corporation whose members are workmen associated according to crafts, trades or occupations or their authorized representatives or associations composed of members of different crafts, trades or occupations; provided no pecuniary profit results to any member.	All	All	s. 70.11 (16)	1925
Library Associations	Property owned and used exclusively by domestic incorporated, free public library associations, but not exceeding 10 acres of land necessary for location and convenience of buildings while such property is not used for profit.	Not exceeding 10 acres	All	s. 70.11 (4)	1849
Lions Foundation Camps for Children with Visual Impairments	Lands not exceeding 40 acres and the buildings thereon owned by the Wisconsin Lions Foundation and used as camps for children with visual impairments, so long as the property is used for such purposes and not for pecuniary profit of any individual.	Not exceeding 40 acres	--	s. 70.11 (10m)	1959

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Local Cultural Arts District	Property of a local cultural arts district, as created under state law. The exemption does not include: (a) Property that is not part of the physical structure of a cultural arts facility, if that property is used for a retail business or a restaurant, unless the retail business or restaurant is operated by the local cultural arts district or by a corporation, organization or association described under section 501(c)(3) of the Internal Revenue Code and is exempt under section 501(c)(3). (b) A parking lot or parking structure that is not used to support the operation of a cultural arts facility.	All	All	s. 70.11(40)	1999
Local Exposition District	The property of a local exposition district as created under state law.	All	All	s. 70.11 (37)	1993
Local Governments	Property owned by any county, city, village, town, school district, technical college district, public inland lake protection and rehabilitation district, metropolitan sewerage district, municipal water district, joint local water authority, long-term care district or town sanitary district. Lands belonging to cities of any other state used for public parks. Land tax-deeded to any county or city before January 2. Any residence located upon property owned by the county for park purposes which is rented out by the county for a nonpark purpose shall not be exempt from taxation. Except as to land acquired under s. 59.965 (2) (d), Stats., this exemption shall not apply to land conveyed after August 17, 1961, to any such governmental unit or for its benefit while the grantor or others for his or her benefit are permitted to occupy the land or part thereof in consideration for the conveyance. Leasing the property, regardless of the lessee and the use of the leasehold income, does not render the property taxable.	All	All	s. 70.11 (2)	1849
Logging Equipment	All equipment used to cut trees, to transport trees in logging areas or to clear land of trees for the commercial use of forest products.	--	All	s. 70.111 (20)	1983
Managed Forest Lands	After compliance with managed forest lands laws. Special tax imposed.	At least 10 acres	--	s. 77.84	1985

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Manufacturing Machinery and Specific Processing Equipment	Manufacturing machinery and specific processing equipment, exclusively and directly used in the production process in manufacturing tangible personal property. "Production process" means the activities starting with conveyance of raw materials from inventory to a work point in the same plant and ending with conveyance of the finished product to storage. "Machinery" means a structure or assemblage of parts that transmits forces, motion or energy from one part to another in a predetermined way by electrical, mechanical, or chemical means. "Specific processing equipment" means containers for chemical action, mixing or temporary holding of work in process, process piping, tools, implements and quality control equipment. "Manufacturing" means the activities described under state law that are subject to assessment by the state.	--	All	s. 70.11 (27)	1973 1991 Repealed and Recreated
Manure Storage Facilities	Liquid manure storage tanks used by a farmer whether classified as real or personal property.	All	All	s. 70.11 (15)	1969
Medical Research Foundation	Property owned and operated by a corporation, voluntary association, foundation or trust, no part of the net earnings of which inure to the benefit of any shareholder, member, director or officer thereof, which property is used exclusively for the purposes of: 1. Medical and surgical research the knowledge derived from which is applied to the cures, prevention, relief and therapy of human diseases; 2. Providing instruction for practicing physicians and surgeons, promoting education, training, skill and investigative ability of physicians, scientists and individuals engaged in work in the basic sciences which bear on medicine and surgery; or 3. Providing diagnostic facilities and treatment for deserving destitute individuals not eligible for assistance from charitable or governmental institutions. Such corporation, voluntary association, foundation or trust must have received a certificate under sec. 501 (c) (3) of the Internal Revenue Code as a nonprofit organization exempt for income tax purposes.	All	All	s. 70.11 (25)	1967

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Memorial Halls	All memorial halls and the real estate upon which the same are located, owned and occupied by any organization of the United States war veterans organized pursuant to act of Congress and domicated in this state, containing permanent memorial tablets with the names of former residents of any given town, village, city or county, who lost their lives in the military or naval service of the state or the United States in any war inscribed thereon, and all personal property owned by such organizations, and all buildings erected, purchased or maintained by any county, city, town or village as memorials. The renting of such halls or buildings for public purposes shall not render them taxable, provided that all income derived therefrom be used for the upkeep and maintenance thereof. Where such hall or building is used in part for exempt purposes and in part for pecuniary profit, it shall be assessed for taxation to the extent of such use for pecuniary profit.	All	All	s. 70.111 (9)	1909
Merchants' Stock-In-Trade; Manufacturers' Materials and Finished Products	Merchants' stock-in-trade, manufacturers' materials and finished products and livestock.	--	All	s. 70.111 (17)	1977
Military Organizations	Land owned by military organizations and used for armories, public parks or monument grounds, but not used for private gain.	All	--	s. 70.111 (7)	1889
Milkhouse Equipment	Milkhouse equipment used by a farmer, including mechanical can coolers, bulk tanks and hot water heaters. This exemption shall apply whether such equipment is deemed personal property or is so affixed to the realty as to be classified in the category of real estate.	All	All	s. 70.111 (14)	1957
Mobile Homes	Every mobile home subject to a monthly parking fee under s. 66.0435.	--	All, if subject to monthly parking fee.	s. 70.112(7)	1953
Money and Intangible Personal Property	Money and all intangible personal property, such as credit, checks, share drafts, other drafts, notes, bonds, stocks, and other written instruments.	--	All	s. 70.111(1)	1911
Motion Picture Theatre Equipment	Projection equipment, sound systems and projection screens that are owned and used by a motion picture theatre.	--	All	s. 70.111 (24)	1999

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Motorized Vehicles	Every automobile, motor bicycle, motor bus, motorcycle, motor truck, moped, road tractor, school bus, snowmobile, truck tractor, or other similar motor vehicle, or trailer or semitrailer used in connection therewith.	--	All	s. 70.112(5)	1931
Nonprofit Radio Stations	Property owned by a radio station that is exempt from taxation under sec. 501 of the Internal Revenue Code as amended to December 31, 1980, if the property is used for the purposes for which the exemption was granted.	All	All	s. 70.11 (29)	1981
Nursing and Retirement Homes	Benevolent nursing homes and retirement homes for the aged, but not exceeding 10 acres of land necessary for the location and convenience of buildings while such property is not used for profit.	Not exceeding 10 acres	All	s. 70.11 (4)	1849
Olympic Ice Training Center	Property owned by a nonprofit corporation that operates an Olympic Ice Training Center on land purchased from the state, if the property is located or primarily used at the center. The exempt property includes property leased to a nonprofit entity, regardless of the use of the leasehold income and up to 6,000 square feet of property leased to a for-profit entity, regardless of the use of the leasehold income.	All	All	s. 70.11 (44)	2007
Property Used to Preserve Certain Features	All real and personal property owned by or held in trust for any nonprofit organization and used for the purposes of preserving the native wild plant or animal life, or Indian mounds or other works of ancient persons, or geological or geographical formations of scientific interest, or such part thereof as shall be held or used for such purpose, provided that such property is open to the public subject to reasonable restrictions and no pecuniary profit results from the use or holding or otherwise from any real or personal property herein exempted to any individual owner or member thereof or any associate of any owner or member. This exemption shall not be granted unless and until the county board of the county in which such property is located has approved thereof.	All	All	s. 70.11 (20)	1949
Public Utility Property	All special property assessed under ss. 76.01 to 76.26 and property of any light, heat, and power company taxed under s. 76.28, car line company, and electric cooperative association that is used and useful in the operation of the business of such company or association.	All	All	s. 70.112(4)	1854

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Railroad Historical Societies	Right-of-way and rolling stock owned by railroad historical societies.	All	All	s. 70.11 (31m)	1985
Rehabilitation Property	Real property held by a nonprofit organization if the property is held for rehabilitation or construction and subsequent sale at no interest to low income-persons, who participate in the property's rehabilitation or construction.	All	--	s. 70.11 (4g)	1997
Rented Personal Property	Personal property held for rental for periods of one month or less to multiple users for their temporary use, if the property is not rented with an operator, if the owner is not a subsidiary or affiliate of any other enterprise which is engaged in any business other than personal property rental, if the owner is classified in Group Number 735, Industry Number 7359, of the "1987 Standard Industrial Classification Manual," published by the U.S. Office of Management and Budget and, if the property is equipment, including construction equipment but not including automotive and computer-related equipment, television sets, video recorders and players, cameras, photographic equipment, audiovisual equipment, photocopying equipment, sound equipment, public address systems and video tapes; party supplies; appliances; tools; dishes; silverware; tables or banquet accessories.	--	All	s. 70.111 (22)	1989
Salvation Army	1. Property owned by the Salvation Army or by any person as trustee for them organized in this state that is used for the purpose of the organization, provided no pecuniary profit results to any individual owner or member. 2. Real property not exceeding 40 acres and the personal property located thereon owned by the Salvation Army, but not organized in this state. No such unit which is not organized in this state may claim an exemption for more than a total of 80 rods of shoreline on lakes, rivers and streams.	All	All	s. 70.11 (12)	1997
Secondary Containment Structures	Secondary containment structures used to prevent leakage of liquid fertilizer or pesticides.	All	All if located upon the exempt real estate	s. 70.11 (15m)	1987

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Solar Energy Systems	Equipment that directly converts and then transfers or stores solar energy into useable forms of thermal or electrical energy. This does not exempt equipment or components that would be present as part of a conventional energy system or a system that operates without mechanical means.	--	All	s. 70.111 (18)	1979
Sports and Entertainment Facilities	Real and personal property consisting of or contained in a sports and entertainment facility, including related or auxiliary structures, constructed by a nonprofit corporation for the purpose of donation to the state or to an instrumentality of the state, if the state indicates by legislative or executive action that it will accept the facility. This exemption shall apply during construction and operation if the facility is owned by a nonprofit corporation, the state or an instrumentality of the state.	All	All	s. 70.11 (31)	1985
Stadiums, Professional Sports and Entertainment Home (Other than football)	Property consisting of or contained in a sports and entertainment home stadium, except a football stadium, of a professional athletic team that is a member of a league that contains teams with home stadiums in other states. The exemption also extends to parking lots, garages, restaurants, parks, concession facilities, entertainment facilities, transportation facilities and other facilities.	All	All	s. 70.11 (36)(a)	1991
Stadiums, Professional Sports and Entertainment Home (Football)	Property consisting of or contained in a football stadium and related facilities and structures while they are being built or constructed, primarily used by a professional football team and the land, including parking lots, on which that stadium and those facilities and structures are located. Using the property for garages, restaurants, parks, concession facilities, entertainment facilities, transportation facilities or other functionally related or auxiliary facilities does not render the property taxable.	Related facilities and structures are limited to improvements that share common structural supports with the stadium or are physically attached to the stadium.	All	s. 70.11 (36)(b)	1999
State of Wisconsin	Property owned by this state except land contracted to be sold by the state, including property owned by the state and leased to a private, nonprofit corporation that operates an Olympic ice training center. This exemption shall not apply to land conveyed after September, 1933, to this state or for its benefit while the grantor or others for his benefit are permitted to occupy the land or part thereof in consideration for the conveyance. Nor shall it apply to land devised to the state while another person is permitted by will to occupy.	All	All	s. 70.11 (1)	1849

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
State Medical Society	Terms of incorporation by territorial Legislature in 1841 provided that its property "shall be forever exempt from taxation."	All	All	--	1841
Theater, Nonprofit	All of the property owned or leased by a corporation, organization or association exempt from taxation under sec. 501 (c) (3) of the Internal Revenue Code, if all of the property is used for the purposes for which the exemption was granted, the property includes one or more buildings listed on the National Register of Historic Places, the property includes one or more theaters for performing theater arts which have a total seating capacity of not less than 800 persons and the corporation, organization or association operates the theater or theaters.	All	All	s. 70.11 (29m)	1985
Tools, Machinery	The tools of a mechanic if those tools are kept and used in the mechanic's trade and garden machines and implements and farm, orchard and garden tools if those machines, implements and tools are owned and used by any person in the business of farming or in the operation of any orchard or garden.	--	All	s. 70.111 (9)	1911
University of Wisconsin Hospitals and Clinics Authority	All property owned by the University of Wisconsin Hospitals and Clinics Authority and all property leased to the University of Wisconsin Hospitals and Clinics Authority that is owned by the state, provided that the use of the property is primarily related to the purpose of the Authority.	All	All	s. 70.11 (38)	1995
Vending Machines	All machines that automatically dispense soda water beverages and items included as a food or beverage, upon the deposit in the machines of specified coins or currency, or insertion of a credit card, in payment for the soda water beverages, food or beverages.	--	All	s. 70.111 (23)	1989
Waste Treatment Facility and Pollution Abatement Equipment	All property purchased or constructed as a waste treatment facility used exclusively and directly to remove, store, or cause a physical or chemical change in industrial waste or air contaminants for the purpose of abating or eliminating pollution of surface waters, the air or waters of the state if that property is not used to grow agricultural products for sale.	All	All	s. 70.11 (21) (am)	1953

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Watercraft	Watercraft employed regularly in interstate traffic, watercraft laid up for repairs, all pleasure watercraft for recreational purposes, commercial fishing boats and equipment that is used by commercial fishing boats, charter sailboats and charter boats, other than sailboats, that are used for tours. Motorboats, and the equipment used on them, that are regularly employed in carrying persons for hire for sport fishing in and upon the outlying waters and the rivers and tributaries as specified under state law, if the owners and all operators are licensed guides under state law and licensed by the U.S. Coast Guard to operate the boat for this purpose.	--	All	s. 70.111 (3) s. 70.111 (3m)	1961 1987
Wind Energy Systems	Equipment that converts and then transfers or stores energy from the wind into useable forms of energy. Equipment that would be present as part of a conventional energy system is not exempt.	--	All	s. 70.111 (18)	1979
Wisconsin Aerospace Authority	All property owned or leased by the Wisconsin Aerospace Authority, provided that the use of the property is primarily related to the purposes of the authority.	All	All	s. 70.11 (38m)	2005
Women's Clubs	Property owned and used exclusively by women's clubs, but not exceeding 10 acres of land necessary for location and convenience of buildings while such property is not used for profit.	Not exceeding 10 acres	All	s. 70.11 (4)	1931
Woodlands	After compliance with woodland tax law. Special tax imposed.	10 acres or more	--	s. 77.16	1953
Young Men's Christian Associations or Young Women's Christian Associations	1. Property owned by the YMCA, the YWCA or by any person as trustee for them organized in this state which is used for the purposes of those organizations, provided no pecuniary profit results to any individual owner or member. 2. Real property not exceeding 40 acres and the personal property located thereon owned by YMCA or YWCA units that are not organized in this state. No such unit that is not organized in this state may claim an exemption for more than a total of 80 rods of shoreline on lakes, rivers and streams.	Not exceeding 10 acres located in a city or village and 40 acres in a town Groups not organized in state limited to 40 acres and 80 rods of shoreline on lakes, rivers and streams	All All if located upon the exempt real estate	s. 70.11 (12)	2001

Owner or Type of Property	Statutory Description	Amount of Property Exempt		Statute Creating Exemption	Session of Legislature in Which Exemption was Created
		Real	Personal		
Youth Hockey Association (Nonprofit)	Land not exceeding 13 acres, the buildings on that land and personal property if the land is owned or leased by, and the buildings and personal property are owned by, and all the property is used exclusively for the purposes of, a nonprofit youth hockey association, except that the exemption does not apply to the property of a nonprofit youth hockey association if any of its property was funded in whole or in part by industrial revenue bonds, unless that association's facilities were placed in operation after January 1, 1988. Leasing all or a portion of the property does not render that property taxable if all of the leasehold income is used for maintenance of the leased property.	All	All	s. 70.11 (32)	1985

ATTACHMENT 2

Real Estate **STATE OF WISCONSIN**
PROPERTY TAX BILL FOR 2008
 TOWN OF BADGER
 AMERICA CO.

IMPORTANT: Correspondence should refer to tax number
 See reverse side for Important Information

Be sure this description covers your property. This description is for
 property tax bill only and may not be a full legal description.

LEGAL DESCRIPTION
 PART OF THE FIRST ADDITION
 TO THE SECOND ADDITION
 CONSISTING OF 1 LOT

BILL AND SUE HOMEOWNER
 RR 9
 BADGER, WI 58425

PARCEL # 12-116-0029-0000

Assessed Value Land 49,020	Ass'd. Value Improvements 114,380	Total Assessed Value 163,400	Ave. Assmt. Ratio 95.000%	Net Assessed Value Rate (Does NOT reflect credits) .0177997
Est. Fair Mkt. Land 51,600	Est. Fair Mkt. Improvements 120,400	Total Est. Fair Mkt. 172,000	<input type="checkbox"/> A Star in This Box Means Unpaid Prior Year Taxes	School taxes reduced by School levy tax credit \$249.40

Taxing Jurisdiction	2007 Est. State Aids Allocated Tax Dist.	2008 Est. State Aids Allocated Tax Dist.	2007 Net Tax	2008 Net Tax	% Tax Change
STATE OF WI			28.90	29.19	1.0%
AMERICA CO	114,180	121,270	587.89	602.00	2.4%
TOWN OF BADGER	331,955	379,995	752.92	774.00	2.8%
SCH. DIST. #1234	1,586,779	1,742,324	1,205.70	1,229.80	2.0%
TECH. COLLEGE #56	61,285	59,915	234.70	240.80	2.6%
SANITARY DIST.#7			32.55	32.68	0.4%
Total	2,094,199	2,303,504	2,842.66	2,908.47	2.3%
	First Dollar Credit		00.00	33.54	
	Lottery & Gaming Credit		85.14	77.40	-9.1%
	Net Property Tax		2,757.52	2,797.53	1.5%

Make Check Payable To: JANE DOE TREAS. TOWN OF BADGER RR 9, P.O. BOX 6890 BADGER, WI 58425	Full Payment Due on or Before January 31, 2009 \$ 3,156.55	Net Property Tax \$2,797.53
	Or First Installment Payment Due On or Before January 31 \$ 1,757.79	GARBAGE 359.02
And Second Installment Payment Payable To: JOHN SMITH, CO TREAS. AMERICA CO COURTHOUSE BADGER, WI 58425	And Second Installment Payment Due on or Before July 31 \$ 1,398.77	

Check For Billing Address Change.

BILL AND SUE HOMEOWNER
 RR 9
 BADGER, WI 58425

TOTAL DUE FOR FULL PAYMENT
PAY BY JANUARY 31, 2009
 \$ 3,156.55
<small>Warning: If not paid by due dates, installment option is lost and total tax is delinquent subject to interest and if applicable, penalty. (See reverse)</small>