



## 1995 ASSEMBLY BILL 176

March 2, 1995 - Introduced by Representatives LEHMAN, KLUSMAN, COLEMAN, GOETSCH, JENSEN, HARS DORF, ALBERS, SKINDRUD, FREESE, NASS, HUTCHISON, MUSSER, SILBAUGH, OTT, SCHNEIDERS, BRANDEMUEHL, OTTE, KREIBICH, ZUKOWSKI, WARD, HAHN, OWENS, LADWIG, OLSEN, GUNDERSON, GROTHMAN and F. LASEE, cosponsored by Senators A. LASEE, PANZER, HUELSMAN, ANDREA, SCHULTZ and DRZEWIECKI. Referred to Committee on Ways and Means.

1     **AN ACT** *to repeal* 70.32 (1r), 70.32 (2) (b) and 70.32 (2m); *to amend* 70.05 (5) (a)  
2           1m., 70.32 (2) (a) (intro.), 70.47 (7) (a), 73.03 (2a), 76.125 (1), 77.84 (2) (c), 452.05  
3           (1m) (a) 2. and 895.52 (6) (d) 3.; *to repeal and recreate* 70.32 (2) (c) 1. and 70.57  
4           (3); and *to create* 70.32 (2) (a) 5. to 7., 70.32 (2r) and 73.03 (49) of the statutes;  
5           **relating to:** the assessment of agricultural land, requiring recommendations  
6           and granting rule-making authority.

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### *Analysis by the Legislative Reference Bureau*

Under this bill, parcels of land that are used for agricultural purposes are assessed for property taxes on the basis of the rental income that they could produce for agricultural use. DOR is required to propose to the joint committee on finance (JCF) a capitalization rate for agricultural land. If JCF does not schedule a meeting to review the proposal, the rate is certified.

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

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

7           **SECTION 1.** 70.05 (5) (a) 1m. of the statutes is amended to read:  
8           70.05 (5) (a) 1m. "Class of property" means residential under s. 70.32 (2) (a) 1.  
9           or (b) 1.; commercial under s. 70.32 (2) (a) 2. or (b) 2.; personal property; or the sum  
10          of agricultural under s. 70.32 (2) (a) 4. or (b) 4., swamp or waste under s. 70.32 (2)

1 ~~(b) (a) 5. and, productive forest land under s. 70.32 (2) (b) (a) 6. and other under s.~~  
2 70.32 (2) (a) 7.

3 **SECTION 2.** 70.32 (1r) of the statutes is repealed.

4 **SECTION 3.** 70.32 (2) (a) (intro.) of the statutes is amended to read:

5 70.32 (2) (a) (intro.) ~~In cities and villages, the~~ The assessor shall segregate into  
6 the following classes on the basis of use and set down separately in proper columns  
7 the values of the land, exclusive of improvements, and, except for subds. 5. and 6.,  
8 the improvements in each class:

9 **SECTION 4.** 70.32 (2) (a) 5. to 7. of the statutes are created to read:

10 70.32 (2) (a) 5. Swamp or waste.

11 6. Productive forest land.

12 7. Other.

13 **SECTION 5.** 70.32 (2) (b) of the statutes is repealed.

14 **SECTION 6.** 70.32 (2) (c) 1. of the statutes is repealed and recreated to read:

15 70.32 (2) (c) 1. "Agricultural land" means land, exclusive of buildings and  
16 improvements, that is devoted primarily to agricultural use, as defined in s. 91.01  
17 (1).

18 **SECTION 7.** 70.32 (2m) of the statutes is repealed.

19 **SECTION 8.** 70.32 (2r) of the statutes is created to read:

20 70.32 (2r) Notwithstanding sub. (1), agricultural land shall be valued based  
21 on the income that can be generated from its rental for agricultural use, as defined  
22 in s. 91.01 (1) according to the guidelines in the assessment manual under s. 73.03  
23 (2a). Improvements to agricultural land shall be valued under sub. (1).

24 **SECTION 9.** 70.47 (7) (a) of the statutes is amended to read:

1           70.47 (7) (a) Objections to the amount or valuation of property shall first be  
2 made in writing and filed with the clerk of the board of review prior to adjournment  
3 of public hearings by the board. Objections to the valuation of property may be made  
4 based on a claim that the property is agricultural land, as defined in s. 70.32 (2) (c)  
5 1., but that the property was not assessed as agricultural land under s. 70.32 (2r).  
6 If the board is in session 5 days, including its first meeting and any adjourned  
7 meetings, all objections shall be filed within such time unless failure to file within  
8 such time is waived by the board upon a showing of good cause for such failure. The  
9 board may require such objections to be submitted on forms approved by the  
10 department of revenue. Persons who own land, other than agricultural land that is  
11 assessed according to its use, and improvements to that land may object to the  
12 aggregate valuation of that land and improvements to that land, but no person who  
13 owns land, other than agricultural land that is assessed according to its use, and  
14 improvements to that land may object only to the valuation of that land or only to the  
15 valuation of improvements to that land. No person shall be allowed in any action or  
16 proceedings to question the amount or valuation of property unless such written  
17 objection has been filed and such person in good faith presented evidence to such  
18 board in support of such objections and made full disclosure before said board, under  
19 oath of all of that person's property liable to assessment in such district and the value  
20 thereof. The requirement that it be in writing may be waived by express action of  
21 the board.

22           **SECTION 10.** 70.57 (3) of the statutes is repealed and recreated to read:

23           70.57 (3) In determining the value of agricultural land under sub. (1), the  
24 department shall fulfill the requirements under s. 70.32 (2r).

25           **SECTION 11.** 73.03 (2a) of the statutes is amended to read:

1           73.03 (2a) To prepare, have published and distribute to each county having a  
2 county assessor system under s. 70.99 and to each town, city and village in the state  
3 for the use of assessors, assessment personnel and the public detailed assessment  
4 manuals, except that if an assessor is hired by more than one county, town, city or  
5 village the department shall provide that assessor with only one cost component of  
6 the manual rather than providing the cost component of the manual to each county,  
7 town, city or village that hires that assessor. The manual shall discuss and illustrate  
8 accepted assessment methods, techniques and practices with a view to more nearly  
9 uniform and more consistent assessments of property at the local level. The manual  
10 shall be amended by the department from time to time to reflect advances in the  
11 science of assessment, court decisions concerning assessment practices, costs, and  
12 statistical and other information deemed valuable to local assessors by the  
13 department. The manual shall incorporate standards for the assessment of all types  
14 of renewable energy resource systems used in this state as soon as such systems are  
15 used in sufficient numbers and sufficient data exists to allow the formulation of valid  
16 guidelines. The manual shall incorporate standards, which the department of  
17 revenue and the state historical society of Wisconsin shall develop, for the  
18 assessment of nonhistoric property in historic districts and for the assessment of  
19 historic property, including but not limited to property that is being preserved or  
20 restored; property that is subject to a protective easement, covenant or other  
21 restriction for historic preservation purposes; property that is listed in the national  
22 register of historic places in Wisconsin or in this state's register of historic places and  
23 property that is designated as a historic landmark and is subject to restrictions  
24 imposed by a municipality or by a landmarks commission. The manual shall  
25 incorporate general guidelines about ways to determine whether property is taxable

1 in part under s. 70.11 (8) and examples of the ways that s. 70.11 (8) applies in specific  
2 situations. The manual shall state that assessors are required to comply with s.  
3 70.32 (1g) and shall suggest procedures for doing so. The manual or a supplement  
4 to it shall specify per acre value guidelines for each municipality for various kinds  
5 of agricultural land based on the rental value of the kind of land for agricultural use,  
6 as defined in s. 91.01 (1) and the capitalization rates under s. 73.03 (49). The manual  
7 shall include guidelines for classifying land as agricultural land, as defined in s.  
8 70.32 (2) (c) 1. The cost of the development, preparation, publication and distribution  
9 of the manual and of revisions and amendments to it shall be borne by the  
10 assessment districts and requesters at an individual volume cost or a subscription  
11 cost as determined by the department. All receipts shall be credited to the  
12 appropriation under s. 20.566 (2) (hi). The department shall, on the 4th Monday in  
13 August, certify past-due accounts and include them in the next apportionment of  
14 state special charges to counties and municipalities under s. 70.60. If the  
15 department provides an assessment manual to an assessor who is hired by more than  
16 one unit of government, those units of government shall each pay an equal share of  
17 the cost of that manual. The department may provide free assessment manuals to  
18 other state agencies or exchange them at no cost with agencies of other states or of  
19 the federal government for similar information or publications.

20 **SECTION 12.** 73.03 (49) of the statutes is created to read:

21 73.03 (49) To report to the cochairpersons of the joint committee on finance  
22 annually on or before July 15 the capitalization rate, before adjustments to reflect  
23 aggregate net tax rates for the taxation districts in which agricultural land is located,  
24 for the use valuation of agricultural land to be included in the assessment manual  
25 under s. 73.03 (2a) that the department determines. If the cochairpersons of the

1 committee do not notify the department that the committee has scheduled a meeting  
2 for the purpose of reviewing the proposed capitalization rate within 14 working days  
3 after the date on which the department's report is received, the department may  
4 certify the rate. If, within 14 working days after the date on which the department's  
5 report is received, the cochairpersons of the committee notify the department that  
6 the committee has scheduled a meeting for the purpose of reviewing the proposed  
7 rate, the department shall not certify the rate without the approval of the committee.

8 **SECTION 13.** 76.125 (1) of the statutes is amended to read:

9 76.125 (1) Using the statement of assessments under s. 70.53 and the  
10 statement of taxes under s. 69.61, the department shall determine the net rate of  
11 taxation of commercial property under s. 70.32 (2) (a) 2. ~~and (b) 2.~~, of manufacturing  
12 property under s. 70.32 (2) (a) 3. ~~and (b) 3.~~ and of personal property under s. 70.30  
13 as provided in subs. (2) to (6). The department shall enter that rate on the records  
14 of the department.

15 **SECTION 14.** 77.84 (2) (c) of the statutes is amended to read:

16 77.84 (2) (c) In 1992 and each 5th year thereafter, the department of revenue  
17 shall adjust the amounts under pars. (a) and (b) by multiplying the amount specified  
18 by a ratio using as the denominator the department of revenue's estimate of the  
19 average statewide tax per acre of property classes under s. 70.32 (2) (b) 4., 1993 stats.,  
20 s. 70.32 (2) (b) 5., 1993 stats., and s. 70.32 (2) (b) 6., 1993 stats., for 1986 and, as the  
21 numerator, the department of revenue's estimate of the average tax per acre for the  
22 same classes of property for the year in which the adjustment is made.

23 **SECTION 15.** 452.05 (1m) (a) 2. of the statutes is amended to read:

24 452.05 (1m) (a) 2. "Commercial real property" means real property that is  
25 classified as commercial under s. 70.32 (2) (a) 2. ~~or (b) 2.~~

1           **SECTION 16.** 895.52 (6) (d) 3. of the statutes is amended to read:

2           895.52 **(6)** (d) 3. Property within 300 feet of a building or structure on land that  
3 is classified as ~~mereantile~~ commercial or manufacturing under s. 70.32 (2) ~~(b)~~ (a) 2.  
4 or 3.

5           **SECTION 17. Nonstatutory provisions; public instruction.**

6           (1) EQUALIZED VALUATION OF SCHOOL DISTRICTS. Notwithstanding section  
7 121.004 (2) of the statutes, the computation of general equalization aid payable to  
8 each school district in the 1997-98 school year under section 121.08 of the statutes  
9 shall be based on the equalized valuation of the school district in 1997.

10          **SECTION 18. Nonstatutory provisions; revenue.**

11          (1) RULES. On or before January 1, 1996, the department of revenue shall  
12 submit to the legislative council staff under section 227.15 (1) of the statutes  
13 proposed rules, developed in consultation with members of the Wisconsin  
14 Association of Assessing Officers, to implement use value assessment of agricultural  
15 land. The rules shall designate categories of per-acre values of agricultural land  
16 based upon soil productivity and location. The rules shall also include guidelines to  
17 be used by property tax assessors in classifying land as agricultural land, including  
18 guidelines on ways to distinguish, particularly with respect to small acreage parcels,  
19 land devoted primarily to agricultural use from land devoted primarily to  
20 residential, recreational or commercial use. After they are promulgated, the rules  
21 shall be incorporated into the assessment manual under section 73.03 (2a) of the  
22 statutes.

23          (2) REPORT ON ESTIMATES. On or before June 15, 1997, the department of  
24 revenue shall provide to the department of public instruction estimates of the values

1 under section 70.57 of the statutes for the purpose of complying with the general aid  
2 estimates required under section 121.15 (4) of the statutes.

3 (3) SHARED REVENUE MAXIMUM PAYMENTS. For 1998 shared revenue calculations,  
4 a municipality or county is excluded from the maximum payment provisions of  
5 section 79.06 (2) of the statutes if the reduction in value between 1996 and 1997 due  
6 to the valuation methods under section 70.32 (2r) of the statutes, as created by this  
7 act, exceeds 10% of the municipality's or county's equalized value for 1996.

8 **SECTION 19. Effective dates.** This act takes effect on the day after  
9 publication, except as follows:

10 (1) The treatment of sections 70.05 (5) (a) 1m., 70.32 (1r), (2) (a) (intro.) and 5.  
11 to 7., (b) and (c) 1., (2m) and (2r), 70.47 (7) (a), 70.57 (3), 73.03 (2a), 773.03 (50), 76.125  
12 (1), 77.84 (2) (c), 452.05 (1m) (a) 2. and 895.52 (6) (d) 3. of the statutes takes effect  
13 on January 1, 1997.

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(END)