



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-3050/1
EVM:emw

2021 SENATE BILL 434

June 24, 2021 - Introduced by Senators STAFSHOLT, L. TAYLOR, BALLWEG, BEWLEY, JAGLER, NASS and STROEBEL, cosponsored by Representatives MAGNAFICI, DOYLE, DRAKE, DUCHOW, B. MEYERS, MURPHY, NOVAK, PETERSEN, SCHRAA, STEFFEN, STUBBS, TAUCHEN, TITTL, VRUWINK and LOUDENBECK. Referred to Committee on Insurance, Licensing and Forestry.

1 **AN ACT** *to amend* 66.0413 (1) (b) 1. and 66.0413 (1) (c); and *to create* 66.0413
2 (5) of the statutes; **relating to:** municipal raze orders for certain insured
3 dwellings.

Analysis by the Legislative Reference Bureau

This bill limits the authority of a municipality to order the razing of certain insured dwellings.

Under current law, a municipality may issue an order to raze a building that is unfit for human habitation and unreasonable to repair. Current law specifies that if the municipality determines that the cost of repairs of a building would exceed 50 percent of the adjusted assessed value of the building, the repairs are presumed unreasonable. A raze order is issued to the building's owner and, if the owner does not comply with the order within the prescribed time, the municipality may raze the building. The cost of razing may be charged against the real estate upon which the building is located.

The bill limits the authority of a municipality to issue a raze order for an insured dwelling that has incurred damage that is covered under the insurance policy (covered damage). Under the bill, no later than 30 days after real property has incurred damage, an insurer may provide certification to a municipality that the insurer reasonably believes the real property may qualify as an insured dwelling and that a claim has been filed and the insurer reasonably believes the claim may qualify as covered damage. If a municipality receives such a certification, it may not issue a raze order unless the municipality does all of the following:

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1. Provides notice of intent to issue a raze order to the owner of record of the dwelling, the holder of any encumbrance on the dwelling, and the insurer of the dwelling.

2. Accepts and considers certain materials submitted to it that assist in establishing the extent of the damage or the reasonable cost of repairs to the dwelling.

3. Conducts an on-site inspection of the dwelling to assess the extent of covered damage.

4. Determines the estimated cost of repairs for the dwelling.

5. Determines that repair of the dwelling is not reasonable.

The bill also specifies that, for an insured dwelling, if the municipality determines that the estimated cost of repairs of the dwelling does not exceed 70 percent of the insurance policy limits of the dwelling, the repairs are presumed reasonable.

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

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

1 **SECTION 1.** 66.0413 (1) (b) 1. of the statutes is amended to read:

2 66.0413 (1) (b) 1. If Except as provided in sub. (5), if a building is old,
3 dilapidated, or out of repair and consequently dangerous, unsafe, unsanitary, or
4 otherwise unfit for human habitation and unreasonable to repair, order the owner
5 of the building to raze the building or, if the building can be made safe by reasonable
6 repairs, order the owner to either make the building safe and sanitary or to raze the
7 building, at the owner's option.

8 **SECTION 2.** 66.0413 (1) (c) of the statutes is amended to read:

9 66.0413 (1) (c) *Reasonableness of repair; presumption.* Except as provided in
10 ~~sub.~~ subs. (3) and (5), if a municipal governing body, building inspector, or designated
11 officer determines that the cost of repairs of a building described in par. (b) 1. would
12 exceed 50 percent of the assessed value of the building divided by the ratio of the
13 assessed value to the recommended value as last published by the department of

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1 revenue for the municipality within which the building is located, the repairs are
2 presumed unreasonable for purposes of par. (b) 1.

3 **SECTION 3.** 66.0413 (5) of the statutes is created to read:

4 66.0413 (5) RAZING CERTAIN INSURED DWELLINGS. (a) *Definitions.* In this
5 subsection:

6 1. "Cost of repairs" includes the estimated cost of repairs that are necessary to
7 comply with applicable building codes, or other ordinances or regulations, governing
8 the repair or renovation of a dwelling.

9 2. "Covered damage" means damage that is covered by an insurance policy.

10 3. "Insured dwelling" means real property that is covered under an insurance
11 policy and that is owned, occupied, and used primarily as a dwelling by the insured.

12 (b) *Insurer certification.* 1. No later than 30 days after real property has
13 incurred damage, an insurer may provide a certification to a governing body,
14 building inspector, or other designated officer of a municipality stating all of the
15 following:

16 a. That the insurer reasonably believes the real property may qualify as an
17 insured dwelling.

18 b. That the property owner or an insured has filed a claim for covered damage
19 with the insurer and the insurer reasonably believes the claim may qualify as
20 covered damage.

21 2. A certification under this paragraph does not waive or limit any rights of the
22 insurer under an insurance policy.

23 (c) *Municipal assessment.* A governing body, building inspector, or other
24 designated officer of a municipality may not issue a raze order under sub. (1) (b) for
25 an insured dwelling for which an insurer has provided a certification under par. (b)

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1 unless the governing body, building inspector, or other designated officer does all of
2 the following:

3 1. Provides notice of intent to issue a raze order to the owner of record of the
4 insured dwelling, the holder of any encumbrance on the insured dwelling, and the
5 insurer of the insured dwelling. The notice shall include a statement that materials
6 may be submitted to the governing body, building inspector, or other designated
7 officer under subd. 2. Notice under this subdivision shall be served in the manner
8 provided under sub. (1) (d).

9 2. Accepts and considers materials that are submitted by any person entitled
10 to notice under subd. 1., that assist in establishing the extent of the damage or the
11 reasonable cost of repairs to the insured dwelling, and that are received within 30
12 days after provision of the notice under subd. 1. Materials that may be accepted and
13 considered under this subdivision are limited to damage estimates, evaluations of
14 the cost of repairs, and the results of inspections of the property.

15 3. Conducts an on-site inspection of the insured dwelling to assess the extent
16 of the damage.

17 4. Determines the estimated cost of repairs for the insured dwelling.

18 5. Determines that repair of the insured dwelling is not reasonable.

19 (d) *Cost of repair.* A municipal governing body, building inspector, or other
20 designated officer of a municipality shall base its determination of the estimated cost
21 of repairs for the insured dwelling under par. (c) 4. on the materials accepted under
22 par. (c) 2. and similar materials produced by the municipal governing body, building
23 inspector, or designated officer.

24 (e) *Reasonableness of repair.* If a municipal governing body, building inspector,
25 or other designated officer of a municipality determines that the estimated cost of

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1 repairs of an insured dwelling does not exceed 70 percent of the insurance policy
2 limits of the insured dwelling, the repairs are presumed reasonable.

3 **SECTION 4. Initial applicability.**

4 (1) This act first applies to real property that incurs damage on the effective
5 date of this subsection.

6 (END)