

2001 DRAFTING REQUEST

Bill

Received: 09/18/2001

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: John Townsend (608) 266-3156

By/Representing: minette

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax - property

Extra Copies:

Submit via email: NO

Pre Topic:

No specific pre topic given

Topic:

Property tax assessments; local assessment personnel; tax lien foreclosure; adiminstration of computer exemption

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 09/18/2001	wjackson 09/19/2001		_____			S&L
/1			jfrantze 09/21/2001	_____	lrb_docadmin 09/21/2001	lrb_docadmin 10/10/2001	

FE Sent For:

Attnw.

<END>

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1?	jkreye	11 WLj 9/19	9/19	9/19			

FE Sent For:

<END>

9-18-01

Minette — Rep Townsend

draft 01-3130 for Rep Townsend

└ Revenue draft

prepare companion for Sen. Hanson

3802/1

RM not R

2001 BILL

m 9-18-01
SOON

REGEN

1 AN ACT to repeal 70.05 (5) (f) and 73.08; to renumber and amend 70.365; to
 2 amend 20.566 (2) (a), 70.05 (5) (a) 3., 70.05 (5) (d), 70.05 (5) (g), 70.36 (1m),
 3 70.36 (2), 70.75 (1) (a) 1., 73.09 (4) (c), 75.521 (7) (a) 1., 75.521 (10), 75.521 (12)
 4 (a), 75.521 (14a), 79.095 (3) and 79.095 (4); and to create 70.365 (2) of the
 5 statutes; relating to: the notice of changed property tax assessments, the
 6 monitoring of property tax assessments, the filing deadline for property tax
 7 reassessment petitions, the recertification of local assessment personnel, the
 8 procedure for challenging tax lien foreclosures on property that is exempt from
 9 taxation, the administration of the property tax exemption for computers, and
 10 providing a penalty.

Analysis by the Legislative Reference Bureau

PROPERTY TAX ASSESSMENTS

Under current law, the department of revenue (DOR) monitors the property tax assessments in all taxation districts. Under current law, a major class of property is property with an assessed value representing more than 5% of the total assessed value of all property in the taxation district in which the major class of property is

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located. If DOR determines that a major class of property in a taxation district has not been assessed at a value that is within 10% of the full value of such property at least once during the most recent four years, DOR notifies the taxation district that the assessment staff in that district must participate in an assessment education program. Under current law, if DOR determines that a major class of property in the taxation district has not been assessed at a value that is within 10% of the full value of such property in the year that the taxation district's assessment staff participated in an assessment education program and in the following year, DOR must supervise the taxation district's next property tax assessment. Under current law, a class of property includes residential property, commercial property, swampland, and productive forest land.

Under the bill, a major class of property is property with an assessed value representing more than 15% of the total assessed value of all property in the taxation district in which the major class of property is located. Under the bill, if DOR determines that a major class of property in a taxation district has not been assessed at a value that is within 10% of the full value of such property at least once during the most recent three years, DOR notifies the taxation district that DOR may supervise a subsequent taxation district assessment. If DOR determines that a major class of property in the taxation district has not been assessed at a value that is within 10% of the full value of such property in the year after the taxation district receives such notice, DOR must supervise the taxation district's next property tax assessment. Under the bill, the assessment staff of the taxation district does not participate in an assessment education program prior to DOR's supervision of the taxation district assessment.

Under current law, owners of property that have an aggregate assessed value, for property tax purposes, of at least 5% of the assessed value of all the property in the taxation district in which the property is located may petition to review the assessment of the property. DOR may order a reassessment of the owners' property if it finds that the original assessment does not comply substantially with the law or if a reassessment would promote the public interest.

Under current law, there is no deadline for property owners to file a petition for reassessment. Under this bill, property owners must file a petition for reassessment that is postmarked by February 15 of the year following the year of the assessment that the property owners want to have reviewed by DOR.

Under current law, if property is assessed, for property tax purposes, at a value that is different than the value of the property in the previous year, the property tax assessor must notify the property owner of that difference at least 15 days before the meeting of the taxation district's board of review or board of assessors. After the taxation district assessor has completed the property tax assessment roll, which specifies the assessments of all property located in the taxation district, the property tax assessment roll is available for public inspection.

Under this bill, if property is assessed, for property tax purposes, at a value that is different than the value of the property in the previous year, the property tax assessor shall not notify the property owner of that difference, if the changed

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assessment is made by the assessor with the property owner's consent and while the property tax assessment roll is available for public inspection.

LOCAL ASSESSMENT PERSONNEL

Under current law, DOR educates and certifies local property tax assessment employees. A local property tax assessment employee certification issued before January 1, 1981, is valid for ten years. A certification issued after December 31, 1980, but before August 15, 1991, expires on the sixth June 1 following the date of certification. A certification issued after August 14, 1991, expires five years from the date of certification.

Under current law, a local property tax assessment employee must apply for recertification by submitting a notarized application for renewal to DOR at least 60 days before the employee's current certification expires. For recertification, an employee must either pass a certification examination or attend at least four of the last five annual meetings for the conference and instruction of all local assessors.

Under this bill, a local property tax assessment employee's application for renewal of certification is not required to be notarized and may be submitted at any time prior to the expiration of the employee's current certification. Under the bill, a local property tax assessment employee may submit an application for renewal up to one year after the expiration of the employee's current certification, if the employee has attended at least four of the last five annual meetings for the conference and instruction of all local assessors.

FORECLOSURE

Under current law, a county may commence an action in court to foreclose a tax lien on property for which taxes are delinquent. A person who has an interest in such property may respond to the county's foreclosure action by alleging that the property was not subject to taxation at the time a tax was levied on the property; that the tax levied on the property was paid; or that the tax lien is barred by the statute of limitations.

Under the bill, a person who responds to the county's foreclosure action by alleging that the property was not subject to taxation at the time a tax was levied because the property was exempt from taxation must also establish that the person filed a claim with the taxation district in which the property is located alleging that the taxation district levied and collected an unlawful tax on the property. However, if the person alleges that the property was exempt from taxation because it was either exempt waste treatment facility property or exempt manufacturing property, the person is not required to establish that the person filed a claim for unlawful taxes.

COMPUTER EXEMPTION

Under current law, computer equipment is exempt from the tax on personal property, if the property owner files a return with the taxation district assessor that provides information about the computer equipment, including the equipment's fair market value. If a person who is required to file a return fails to report information about any exempt computer equipment owned by the person, the person is subject to a penalty of \$10 for every \$100 of value of such equipment and the taxation district collects the penalty.

generally

Handwritten signatures and notes at the bottom of the page.

BILL

Under current law, the state compensates a taxation district for the tax revenue that the district loses as a result of exempting computer equipment from the tax on personal property.

Under this bill, if a person who is required to file a return fails to report information about any exempt computer equipment owned by the person, the person is subject to a penalty of \$10 for every \$1,000 of value of such equipment, and DOR collects the penalty. Under the bill, DOR may audit returns that are related to exempt computer equipment and, as the result of such an audit, adjust the payments made to taxation districts to compensate for the tax revenue that the district loses as a result of exempting computer equipment from the tax on personal property.

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

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

1 SECTION 1. 20.566 (2) (a) of the statutes is amended to read:

2 20.566 (2) (a) *General program operations.* The amounts in the schedule for
3 administration of property tax laws, public utility tax laws and, distribution of state
4 taxes, and administration of general program operations under s. 73.10 and
5 ~~administration of the assessor educational program under s. 73.08.~~

6 SECTION 2. 70.05 (5) (a) 3. of the statutes is amended to read:

7 70.05 (5) (a) 3. "Major class of property" means any class of property that
8 includes more than 5% 15% of the full value of the taxation district.

9 SECTION 3. 70.05 (5) (d) of the statutes is amended to read:

10 70.05 (5) (d) If the department of revenue determines that the assessed value
11 of each major class of property of a taxation district, including 1st class cities, has not
12 been established within 10% of the full value of the same major class of property
13 during the same year at least once during the ~~4-year~~ 3-year period consisting of the
14 current year and the ~~3~~ 2 preceding years, the department shall notify the clerk of the
15 taxation district of its intention to proceed under par. (f) (g) if the taxation district's

BILL

1 assessed value of each major class of property for the subsequent year is not within
2 10% of the full value of the same major class of property. The department's notice
3 shall be in writing and mailed to the clerk of the taxation district on or before
4 November 1 of the year of the determination.

5 **SECTION 4.** 70.05 (5) (f) of the statutes is repealed.

6 **SECTION 5.** 70.05 (5) (g) of the statutes is amended to read:

7 70.05 (5) (g) If, in both the year after the year in which a the clerk of a taxation
8 district's assessment staff participates in the program under s. 73.08 and in the next
9 year district receives notice from the department under par. (d), the department of
10 revenue determines that the assessed value of each major class of property is not
11 within 10% of the full value of the same major class of property, the department shall
12 order special supervision under s. 70.75 (3) for that taxation district for the
13 succeeding year's assessment. That order shall be in writing and shall be mailed to
14 the clerk of the taxation district on or before November 1 of the year of the
15 determination.

16 ~~**SECTION 6.** 70.36 (1m) of the statutes is amended to read.~~

17 ~~70.36 (1m) Any person, firm, or corporation that fails to include information~~
18 ~~on property that is exempt under s. 70.11 (39) on the report under s. 70.35 shall forfeit~~
19 ~~pay to the department of revenue a penalty of \$10 for every \$100 \$1,000 or major~~
20 ~~fraction thereof that is not reported.~~

21 **SECTION 7.** 70.36 (2) of the statutes is amended to read:

22 70.36 (2) It is hereby made the duty of the district attorney of any county, upon
23 complaint made to the district attorney by the assessor or by a member of the board
24 of review of the assessment district in which it is alleged that property has been so
25 withheld from the knowledge of such assessor or board of review, or not included in

INSERT 5-15 ↓

BILL**SECTION 7**

1 any return required by s. 70.35, to investigate the case forthwith and bring an action
2 in the name of the state against the person, firm, or corporation so complained of.
3 ~~All~~ Except as provided in sub. (1m), forfeitures collected under the provisions of this
4 section shall be paid into the treasury of the taxation district in which such property
5 had its situs for taxation.

6 **SECTION 8.** 70.365^f of the statutes is renumbered 70.365 (1) and amended to
7 read:

8 70.365 (1) When Except as provided under sub. (2), when the assessor assesses
9 any taxable real property, or any improvements taxed as personal property under s.
10 77.84 (1), and arrives at a different total than the assessment of it for the previous
11 year, the assessor shall notify the person assessed if the address of the person is
12 known to the assessor, otherwise the occupant of the property. The notice shall be
13 in writing and shall be sent by ordinary mail at least 15 days before the meeting of
14 the board of review or before the meeting of the board of assessors in 1st class cities
15 and in 2nd class cities that have a board of assessors under s. 70.075 and shall
16 contain the amount of the changed assessment and the time, date, and place of the
17 meeting of the local board of review or of the board of assessors. However, if the
18 assessment roll is not complete, the notice shall be sent by ordinary mail at least 15
19 days prior to the date to which the board of review has adjourned. The assessor shall
20 attach to the assessment roll a statement that the notices required by this section
21 have been mailed, and failure to receive the notice shall not affect the validity of the
22 changed assessment, the resulting changed tax, the procedures of the board of review
23 or of the board of assessors, or the enforcement of delinquent taxes by statutory
24 means. The secretary of revenue shall by rule prescribe the form of the notice

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1 required under this section. The form shall include information notifying the
2 taxpayer of the procedures to be used to object to the assessment.

3 **SECTION 9.** 70.365 (2) of the statutes is created to read:

4 70.365 (2) An assessor shall not send a notice under sub. (1), if the change of
5 assessment is made by the assessor with the property owner's consent and while the
6 assessment roll is available for examination under s. 70.45.

7 **SECTION 10.** 70.75 (1) (a) 1. of the statutes is amended to read:

8 70.75 (1) (a) 1. The owners of taxable property in any taxation district, other
9 than an assessment district within the corporate limits of any 1st class city, whose
10 property has an aggregate assessed valuation of not less than 5% of the assessed
11 valuation of all of the property in the district according to the assessment that is
12 sought to be corrected, may submit to the department of revenue a written petition
13 concerning the assessed valuation of their property that is postmarked by February
14 15 of the year following the year of the assessment that is sought to be corrected.
15 Subject to subd. 2. and sub. (1m), if the department finds that the assessment of
16 property in the taxation district is not in substantial compliance with the law and
17 that the interest of the public will be promoted by a reassessment, the department
18 may order a reassessment of all or of any part of the taxable property in the district
19 to be made by one or more persons appointed for that purpose by the department.

20 **SECTION 11.** 73.08 of the statutes is repealed.

21 **SECTION 12.** 73.09 (4) (c) of the statutes is amended to read:

22 73.09 (4) (c) Recertification is contingent upon submission of ~~a notarized~~ an
23 application for renewal, at least 60 days before the expiration date of the current
24 certificate, attesting to the completion of the requirements specified in par. (b). The
25 department of revenue may, for good cause, accept an application for renewal up to

BILL**SECTION 12**

1 one year after the expiration date of the current certificate, if the applicant has
2 satisfied the meeting-attendance requirements specified in par. (b). Persons
3 applying for renewal on the basis of attendance at the meetings called by the
4 department under s. 73.06 (1) and by meeting continuing education requirements
5 shall submit a \$20 recertification fee with their applications.

6 **SECTION 13.** 75.521 (7) (a) 1. of the statutes is amended to read:

7 75.521 (7) (a) 1. That the lands in which such person is interested, described
8 in such list of tax liens, were not liable to taxation, special assessment, special
9 charge, or special tax at the time the tax, special assessment, special charge, or
10 special tax for the nonpayment of which the tax lien arises, was levied and, for an
11 allegation that lands were exempt from taxation, except an allegation that the lands
12 were exempt under s. 70.11 (21) (a) or (27), that the person complied with s. 74.35
13 with respect to the lands.

14 **SECTION 14.** 75.521 (10) of the statutes is amended to read:

15 75.521 (10) CONTESTED ISSUES AND TRIAL THEREOF. If a duly verified answer is
16 served upon the county treasurer within the period mentioned in sub. (7), the court
17 shall hear and determine the issues raised by the petition and answer in the same
18 manner and under the same rules as it hears and determines civil actions, except as
19 in this section otherwise provided. Upon such trial, proof that such tax, special
20 assessment, special charge, or special tax, together with any interest or penalty
21 which may have been due was paid; or that the property was not subject to tax,
22 special assessment, special charge, or special tax, and, for property that is alleged
23 to be exempt from taxation, except property that is alleged to be exempt under s.
24 70.11 (21) (a) or (27), that the answering defendant complied with s. 74.35 with
25 respect to the property; or that such tax lien is barred by the statute of limitations,

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1 shall constitute a complete defense. Whenever an answer is interposed as herein
2 provided, there shall be a severance of the proceeding as to any parcel or parcels of
3 land in which such answering defendant has any right, title, or interest as alleged
4 in his or her answer, and as to the other parcels in such list, the proceeding shall
5 proceed as provided in sub. (8).

6 **SECTION 15.** 75.521 (12) (a) of the statutes is amended to read:

7 75.521 (12) (a) The county need not plead or prove the various steps,
8 proceedings, and notices for the assessment and levy of the taxes, assessments, or
9 other lawful charges against the lands set forth in the list of tax liens and all such
10 taxes, assessments, or other lawful charges and the lien thereof shall be presumed
11 to be valid. A defendant alleging any jurisdictional defect or invalidity in the tax,
12 special assessment, special charge, or special tax, because of which said land was not
13 liable to taxation, special assessment, or other lawful charge, must particularly
14 specify in the defendant's answer such jurisdictional defect or invalidity and must
15 affirmatively establish such defense and, for a defendant alleging that lands are
16 exempt from taxation, except lands that are alleged to be exempt under s. 70.11 (21)
17 (a) or (27), must particularly specify such allegation and affirmatively establish
18 compliance with s. 74.35 with respect to the lands.

19 **SECTION 16.** 75.521 (14a) of the statutes is amended to read:

20 75.521 (14a) DAMAGES. Any person who was the owner of any right, title, or
21 interest in land which was lost by judgment of foreclosure as provided in this section
22 may within 2 years from the date of entry of such judgment, in the cases hereinafter
23 mentioned other than fraud and within 6 years in the case of fraud, commence an
24 action in the circuit court against the county to recover the fair market value of the
25 person's interest therein at the date of entry of said judgment of foreclosure in rem.

BILL**SECTION 16**

1 If the court determines that such person's right, title, and interest in said land was
2 unjustly foreclosed and lost because said person's interest in such lands was not
3 subject to taxation, special assessment, special charge, or special tax at the time of
4 the levy of the tax, assessment, or charge, for nonpayment of which said lands were
5 foreclosed and, for lands that were exempt from taxation, except lands that were
6 exempt under s. 70.11 (21) (a) or (27), the person complied with s. 74.35 with respect
7 to the lands, or that in fact such tax, special assessment, special charge, or special
8 tax was paid by said owner, or that the tax lien upon which the judgment of
9 foreclosure in rem was based was barred by the statute of limitations, or if such
10 person lost said property through fraud without fault on his or her part, the court
11 shall determine the fair market value of said land or of said person's interest therein
12 as hereinabove set forth. The fair market value shall not exceed the amount arrived
13 at by dividing the assessed valuation of such lands in the year in which such
14 judgment in rem was entered by the percentage ratio of real estate assessments
15 prevailing for the taxing district in which the lands were located as set forth in the
16 equalization for state tax purposes of the same year. The court shall award judgment
17 to such plaintiff in such amount, together with reasonable attorney fees to be fixed
18 by the court, and the plaintiff's costs and disbursements of such action. The amount
19 awarded the plaintiff shall be reduced by the total amount due, as of the date of entry
20 of such judgment, for all current taxes and upon all tax certificates held by the county
21 on such date that the court shall find were valid. Upon payment of the judgment the
22 county may charge back as a tax to any taxing district the amount ~~which~~ that such
23 district received from the county in payment of taxes and interest on said land either
24 by distribution of proceeds of sale thereof by the county or through other payment
25 by the county to the extent that it exceeds the amount distributable to such district

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1 had the same been based upon the payment of the taxes and interest found by the
2 court to be properly payable at the time of the entry of the judgment of foreclosure
3 and applied in reduction of the amount awarded to the plaintiff hereunder.

4 **SECTION 17.** 79.095 (3) of the statutes is amended to read:

5 ~~79.095 (3) REVIEW BY DEPARTMENT. The department shall adjust each rate
6 reported under sub. (2) (b) to a full-value rate. The department shall review and
7 correct the information submitted under sub. (2) (a), shall determine the full value
8 of all of the computers reported under sub. (2) (a) and of all the computers under s.
9 70.995 (12r), and, on or before October 1, shall notify each taxing jurisdiction of the
10 full value of the computers that are exempt under s. 70.11 (39) and that are located
11 in the jurisdiction. To review and correct the information submitted under sub. (2)
12 (a), the department may audit returns that are submitted under s. 70.35 regarding
13 computers that are exempt under s. 70.11 (39). The department shall adjust the full
14 value that is reported to taxing jurisdictions under this subsection in the year after
15 an error occurs or a value has been changed due to an appeal. All disputes between
16 the department and municipalities about the value of the property reported under
17 sub. (2) (a) or of the property under s. 70.995 (12r) shall be resolved by using the
18 procedures under s. 70.995 (8).~~

19 **SECTION 18.** 79.095 (4) of the statutes is amended to read:

20 ~~79.095 (4) PAYMENT. The department shall calculate the payments due each
21 taxing jurisdiction under this section by multiplying the full value as of the January
22 1 of the preceding year of the computers that are exempt under s. 70.11 (39) and that
23 are located in the jurisdiction by the full-value gross tax rate of the jurisdiction for
24 the preceding year. The department shall adjust the payments due each taxing
25 jurisdiction under this section to reflect the results of an audit under sub. (3). The~~

BILL

1 ~~department shall certify the amount of the payment due each taxing jurisdiction to~~
2 ~~the department of administration, which shall make the payments on or before the~~
3 ~~first Monday in May.~~

SECTION 19. Initial applicability.

4
5 (1) The treatment of section 70.05 (5) (d) and (g) of the statutes first applies to
6 the property tax assessments as of January 1, 2004.

7 (2) The treatment of section 70.75 (1) (a) 1. of the statutes, the renumbering and
8 amending of section 70.365 of the statutes, and the creation of section 70.365 (2) of
9 the statutes first apply to the property tax assessments as of January 1, 2001.

10 (3) The treatment of section 73.09 (4) (c) of the statutes first applies to
11 certifications that expire on January 1, 2002.

12 (4) The treatment of section 75.521 (7) (a) 1., (10), (12) (a), and (14a) of the
13 statutes first applies to petitions that are filed on the effective date of this subsection.

14 (5) The treatment of sections 70.36 (1m) and (2) and 79.095 (3) and (4) of the
15 statutes first applies to the payments to taxing jurisdictions that are due on or before
16 the first Monday in May 2002.

17 (END)

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3802/?ins
JK:.....

Insert 5 - 15

1 SECTION ~~4~~ 70.36 (1m) of the statutes, as affected by 2001 Wisconsin Act 16, is
2 amended to read:

3 70.36 (1m) Any person, firm or corporation that fails to include information on
4 property that is exempt under s. 70.11 (39) and (39m) on the report under s. 70.35
5 shall ~~forfeit~~ pay to the department of revenue \$10 for every \$100 \$1,000 or major
6 fraction thereof that is not reported.

History: 2001 a. 16.

Insert 11 - 3

7 SECTION ~~4~~ 79.095 (3) of the statutes, as affected by 2001 Wisconsin Act 16, is
8 amended to read:

9 79.095 (3) REVIEW BY DEPARTMENT. The department shall adjust each rate
10 reported under sub. (2) (b) to a full-value rate. The department shall review and
11 correct the information submitted under sub. (2) (a), shall determine the full value
12 of all of the property reported under sub. (2) (a) and of all the property under s. 70.995
13 (12r) and, on or before October 1, shall notify each taxing jurisdiction of the full value
14 of the property that is exempt under s. 70.11 (39) and (39m) and that is located in the
15 jurisdiction. To review and correct the information submitted under sub. (2) (a), the
16 department may audit returns that are submitted under s. 70.35 regarding property
17 that is exempt under s. 70.11 (39) and (39m). The department shall adjust the full
18 value that is reported to taxing jurisdictions under this subsection in the year after
19 an error occurs or a value has been changed due to an appeal. All disputes between
20 the department and municipalities about the value of the property reported under
21 sub. (2) (a) or of the property under s. 70.995 (12r) shall be resolved by using the
22 procedures under s. 70.995 (8).

History: 2001 a. 16.

1 SECTION 3. 79.095 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is
2 amended to read:

3 79.095 (4) PAYMENT. The department shall calculate the payments due each
4 taxing jurisdiction under this section by multiplying the full value as of the January
5 1 of the preceding year of the property that is exempt under s. 70.11 (39) and (39m)
6 and that is located in the jurisdiction by the full-value gross tax rate of the
7 jurisdiction for the preceding year. The department shall adjust the payments due
8 each taxing jurisdiction under this section to reflect the results of an audit under sub.
9 (3). The department shall certify the amount of the payment due each taxing
10 jurisdiction to the department of administration, which shall make the payments on
11 or before the first Monday in May.

History: 2001 a. 16.



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
5TH FLOOR
MADISON, WI 53701-2037

STEPHEN R. MILLER
CHIEF

LEGAL SECTION: (608) 266-3561
LEGAL FAX: (608) 264-6948

September 21, 2001

MEMORANDUM

To: Representative Townsend

From: Joseph T. Kreye, Legislative Attorney

Re: LRB-3802/1 Property tax assessments; local assessment personnel; tax lien foreclosure; administration of computer exemption

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

JACKET FOR ASSEMBLY JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 266-2263 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.

Barman, Mike

From: Kreye, Joseph
Sent: Wednesday, October 10, 2001 2:52 PM
To: Barman, Mike
Subject: Jacket request for 3802/1

Hi Mike,

I got a call from Minette in Rep. Townsend's office requesting that 3802/1 be jacketed. She said she would send the request sheet for jacketing, but I'd thought I'd let you know. Thanks.

Joe

Joseph T. Kreye
Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

Barman, Mike

From: Uecker, Deborah
Sent: Monday, February 11, 2002 9:24 AM
To: Barman, Mike
Subject: AB 755 subject line misspelled

DOR contacted me to say that "administration" was misspelled on the subject field for AB-755. The whole estimate was done and processed by LRB as a completed estimate. This lady finds the estimates on the legislature's websites and saves them as PDF files in DOR's systems. I changed the misspelled words, but she would like a copy spelled correctly as a PDF file which she says she can only get from the legislature's website. Could the original estimate that's spelled correctly be put on the legislature's website?

Deborah A. Uecker

Executive Policy and Budget Analyst
State Budget Office
Email: deborah.uecker@doa.state.wi.us
Phone: 608-267-0371
Fax: 608-267-0372

02-11-2001
Talked to Ken at ACC
→ said it was OK to just replace FE (LRB and 3 copy)
→ corrected FE not needed.
9MB → do not need to reprint.
→ updated in folio

LRB

Misspelled

Fiscal Estimate - 2001 Session

Original Updated Corrected Supplemental

LRB Number 01-3802/1	Introduction Number AB-755
Subject Property tax assessments; local assessment personnel; tax lien foreclosure; adiminstration of computer exemption	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input checked="" type="checkbox"/> Decrease Costs	
Local:	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input checked="" type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Affected Ch. 20 Appropriations	
Agency/Prepared By DOR/ Rebecca Boldt (608) 266-6785	Authorized Signature Brian Pahnke (608) 266-2700
Date 2/1/02	



Fiscal Estimate Narratives

DOR 2/1/02

LRB Number	01-3802/1	Introduction Number	AB-755	Estimate Type	Original
Subject					
Property tax assessments; local assessment personnel; tax lien foreclosure; adiminstration of computer exemption					

Assumptions Used in Arriving at Fiscal Estimate

The bill changes definitions and requirements related to property assessments, assessor requirements, foreclosure limitations and computer penalties.

Property Assessments.

Under current law, a major class of property for property tax purposes is defined to be any class of property that includes more than 5% of the full value of the taxation district. Agriculture is not, by definition, a class of property.

Under current law, property is to be valued at full value at least once every five years. If the assessed value of each major class of property is not within 10% of its full value at least once during the most recent four years, the Department of Revenue (DOR) notifies the taxation district that it is out of compliance. If the district does not achieve compliance in the subsequent year (year 5), the taxation district's assessment staff is required to attend DOR training in the following year. If the taxation district continues to be out of compliance in the year of the training (year 6) and the following year (year 7), DOR orders special supervision of the next year's assessment. DOR hires and supervises the assessor in charge of valuing the property, the cost of which is borne by the taxation district. Thus, a taxation district must be out of compliance with the requirement that property of each major class be valued within 10% of its full value for seven years before a revaluation is mandated.

Under the bill, a major class of property is changed from 5% of full value to 15% of full value. The bill also reduces the time a taxation district may be out of compliance with the requirement that each major class of property be within 10% of its full value. Under the bill, if a taxation district is out of compliance for three years, DOR shall notify the taxation district that it is out of compliance. If the taxation district is not in compliance in the following year (year 4), DOR shall order a special assessment of the taxation district's property. Thus, the bill reduces by two years the time allowed for a municipality to be out of compliance with the full value requirement before a revaluation is required—one year less before a non-compliance notice is sent and one year less than is allowed for training under current law.

Fiscal Effect.

The change in the definition of a major class of property from 5% of a taxation district's full value to 15% will result in DOR monitoring fewer classes of property. Based on 2000/01 data, approximately 350 taxation districts would no longer have swamp and waste as a major class to the extent that swamp and waste make up between 5% and 14% of the districts' full value. Similarly, approximately 335 taxation districts would no longer have residential property as a major class as a result of the bill, and approximately 365 would no longer have commercial property as a major class. As a result, these classes of property would not be subject to the requirement that they be within 10% of full value at least once every four years.

In 2001, 170 taxation districts received notice that at least one major class was not in compliance with the 10% requirement. The bill would result in fewer taxation districts receiving non-compliance notices to the extent that fewer classes would be subject to the 10% requirement.

Currently, nearly all taxation districts bring their assessments into compliance before a DOR-supervised assessment is required. For example, of the 73 taxation districts that received noncompliance notices in 1997, only two resulted in a DOR-supervised assessment in 2001. The reduced time before a supervised assessment is required under the bill may result in a few more districts being subject to a supervised assessment, particularly in the initial years. Over time, however, the bill is not expected to significantly affect the number of supervised assessments.

The bill would result in reduced DOR costs due to the elimination of training provided by DOR and to less printing, postage and staff time related to noncompliance monitoring. The savings would be minor.

Other Property Assessment Changes.

Under current law, assessors are required to notify property owners of any change in valuation from the prior year at least 15 days before the meeting of the board of review. The bill eliminates this notice requirement if the changed assessment is made by the assessor with the property owner's consent and while the property tax assessment roll is available for public review.

Under current law, owners of property that have an aggregate assessed value of at least 5% of the assessed value of all property in the taxation district may petition DOR to review the assessment of the property. There is no deadline for the filing of the petition. Under the bill, property owners must file the petition no later than February 15 of the year following the year of assessment.

Fiscal Effect.

The bill would reduce the time required before boards of review can convene to the extent that the 15-day notice of changed assessment would no longer be required for changes made during the public inspection period and with the consent of the taxpayer. As a result, the bill would expedite the completion of the assessment rolls. The bill would result in a minor reduction in local costs associated with printing and postage for assessment notices no longer required.

The deadline imposed under the bill for petitioning DOR for assessment review would allow a more timely and expedited review. This, in turn, would reduce the need for corrections to property tax bills and would reduce municipal interest costs paid on any necessary refunds.

Assessor Requirements.

Under current law, property tax assessors must be certified by DOR. Certifications issued after 1980 are valid for five years. Assessors must apply for recertification by submitting a notarized application at least 60 days before the current certification expires. The bill eliminates the requirement that the application be notarized and allows an application to be submitted at any time prior to the expiration of the current certification. The bill also allows DOR to accept, for good cause, an application for recertification up to one year after the current certification expires if the applicant has attended the required number of assessor meetings.

Fiscal Effect.

The bill would reduce DOR costs associated with staff time, printing and postage of second reminder notices sent to assessors. The department annually sends approximately 200 letters giving assessors a second reminder that the recertification application is due 60 days prior to expiration of their current certification. Minor cost savings would result from reductions in these mailings.

Foreclosure Limitation.

Under current law, a property owner may contest the foreclosure of a tax lien on tax delinquent property by alleging that the property was not subject to taxation at the time the tax was levied, or that the tax levied was paid, or that the tax lien is barred by the statute of limitations. The bill requires that when a property owner alleges that the property was not subject to taxation because it was exempt, the property owner must establish that he or she filed a claim with the taxation district for unlawful taxes and complied with all the requirements under s. 74.35.

Fiscal Effect.

This provision in the bill has no significant fiscal effect.

Computer Penalties.

Under current law, computer equipment is exempt from property taxes. However, owners of computer property are required to report the value of the property to the local assessor. An owner who fails to file the required report is subject to a penalty of \$10 for every \$100 of value of the equipment. The bill reduces the penalty to equal \$10 per every \$1,000 of computer value.

Fiscal Effect.

Data are not available on the amount of computer penalties collected statewide; however, it is not expected to be significant.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-3802/1		Introduction Number AB-755	
Subject			
Property tax assessments; local assessment personnel; tax lien foreclosure; adiminstration of computer exemption			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$See text of fiscal note.
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Rebecca Boldt (608) 266-6785		Brian Pahnke (608) 266-2700	2/1/02

Barman, Mike

From: Barman, Mike
Sent: Monday, February 11, 2002 10:45 AM
To: Rep. Townsend
Subject: FE to AB-755 by DOR - w/misspelling corrected ("administration" in the subject area)



01-3802feDORo
rg

Mike Barman

Mike Barman - Senior Program Asst. (PH. 608-266-3561)
(E-Mail: mike.barman@legis.state.wi.us) (FAX: 608-264-6948)

State of Wisconsin
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