Wisconsin Department of Administration
Division of Executive Budget and Finance
DOA-2048 (R07/2000)

Fiscal Estimate - 2001 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **01-4023/1**	Introduction Number **SB-400**

Subject

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

Fiscal Effect

State:

☐ No State Fiscal Effect
☐ Indeterminate
- ☐ Increase Existing Appropriations
- ☐ Decrease Existing Appropriations
- ☐ Create New Appropriations
- ☐ Increase Existing Revenues
- ☐ Decrease Existing Revenues
- ☐ Increase Costs - May be possible to absorb within agency's budget ☐ Yes ☐ No
- ☒ Decrease Costs

Local:

☐ No Local Government Costs
☐ Indeterminate
1. ☐ Increase Costs — ☐ Permissive ☐ Mandatory
2. ☒ Decrease Costs — ☐ Permissive ☒ Mandatory
3. ☐ Increase Revenue — ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue — ☐ Permissive ☐ Mandatory
5. Types of Local Government Units Affected
   ☒ Towns ☒ Village ☒ Cities
   ☐ Counties ☐ Others
   ☐ School Districts ☐ WTCS Districts

Fund Sources Affected

☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOR 2/1/02

LRB Number **01-4023/1**	Introduction Number **SB-400**	Estimate Type **Original**
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Property tax assessments; local assessment personnel; tax lien foreclosure; administration 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

Wisconsin Department of Administration
Division of Executive Budget and Finance
DOA-2047 (R07/2000)

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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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.	$See text of fiscal note.
NET CHANGE IN REVENUE	$	$

Agency/Prepared By	**Authorized Signature**	**Date**
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