

2003 DRAFTING REQUEST

Bill

Received: **02/13/2003**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Sheryl Albers (608) 266-8531**

By/Representing: **scott**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax - property**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Albers@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Taxation of economically unviable land

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 02/13/2003	wjackson 02/13/2003		_____			S&L Tax
/1			rschluet 02/14/2003	_____	sbasford 02/14/2003	sbasford 02/19/2003 sbasford 02/19/2003	

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

A+ intro.

<END>

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Handwritten note:
Per phone call
from Rep Albers
office

FE Sent For:

<END>

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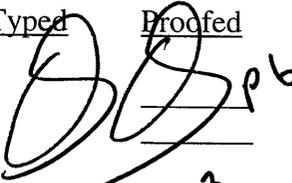
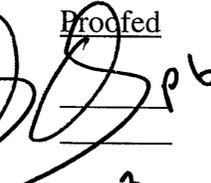
Topic:

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Instructions:

See Attached

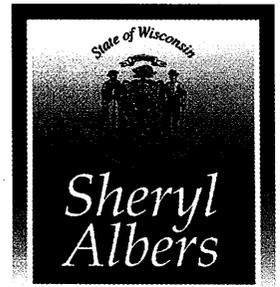
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/?	jkreye	/1 Wlj 2/13					

2-13-03

FE Sent For:

<END>



JK

To: LRB – Drafting
From: Representative Sheryl K. Albers

Date: February 12, 2003
Subject: Economically Unviable Land – Property Tax Exemption

Please re-draft 1999 AB 738 (enclosed) as a 2003 bill with the following modification:

- Add a sub. (d) on page 2 after line 14, adding an additional condition that the land is not a wetlands created by a landowner (i.e. a self-imposed hardship).

Please contact Attorney Scott Harold Southworth in my office with any questions. Thank you.

1999 ASSEMBLY BILL 738

February 10, 2000 - Introduced by Representatives ALBERS, MUSSER, OWENS, AINSWORTH, SKINDRUD and REYNOLDS, cosponsored by Senators WELCH and SCHULTZ. Referred to Joint survey committee on Tax Exemptions.

1 AN ACT *to amend* 70.05 (5) (a) 1m.; and *to create* 70.097 and 70.11 (41) of the
2 statutes; **relating to:** property taxation of land adjusted in value by state laws
3 or local ordinances or local resolutions.

Analysis by the Legislative Reference Bureau

This bill requires that a portion of a parcel of property that has no economically viable use because of restrictions on the use of that property that are imposed by state laws or local ordinances or local resolutions be entered on the property tax assessment roll separately from the rest of the original parcel. The bill exempts from the property tax those portions of parcels that are not economically viable.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

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:

4 SECTION 1. 70.05 (5) (a) 1m. of the statutes is amended to read:
5 70.05 (5) (a) 1m. "Class of property" means residential under s. 70.32 (2) (a) 1.;
6 commercial under s. 70.32 (2) (a) 2.; personal property; or the sum of swamp or waste

ASSEMBLY BILL

1 under s. 70.32 (2) (a) 5., productive forest land under s. 70.32 (2) (a) 6., property that
2 is exempt under s. 70.11 (41) and other under s. 70.32 (2) (a) 7.

3 **SECTION 2.** 70.097 of the statutes is created to read:

4 **70.097 Economically unviable property. (1)** In this section, “economically
5 unviable property” means a portion of a parcel of real property that meets all of the
6 following conditions:

7 (a) It cannot be used to build or place a structure that has a value greater than
8 \$1,000 because of use restrictions imposed by state law, local ordinance or local
9 resolution.

10 (b) It cannot be used for agricultural purposes under s. 70.32 (2) (c) 1., except
11 as pasture land, because of use restrictions imposed by state law, local ordinance or
12 local resolution.

13 (c) It is not being used, and has not been used in the previous taxable year, for
14 recreational or educational purposes that generate income.

15 (2) (a) An owner of economically unviable property may submit an affidavit to
16 the clerk of the taxation district where the property is located that identifies the
17 economically unviable property and that specifies why the property is economically
18 unviable property under sub. (1).

19 (b) Within 10 days from the receipt of an affidavit under par. (a), the clerk of
20 the taxation district shall submit the affidavit to the taxation district’s board of
21 review or board of assessors. If the taxation district’s board of review or board of
22 assessors is unable to meet within 60 days from the date that the clerk receives the
23 affidavit, the clerk shall submit the affidavit to the taxation district’s governing body.

24 (c) The taxation district’s board of review, board of assessors or governing body
25 shall consider the affidavit submitted under par. (b) at its next scheduled meeting

ASSEMBLY BILL

1 and shall determine whether the property identified in the affidavit is economically
2 unviable property. If the taxation district's board of review, board of assessors or
3 governing body determines that the portion of the parcel of real property specified
4 in the affidavit is economically unviable property under sub. (1), the clerk of the
5 taxation district shall enter the economically unviable property and the remainder
6 of the parcel of real property separately on the assessment roll for the current taxable
7 year, and the economically unviable property shall be exempt from property taxes
8 under s. 70.11 (41).

9 (d) The clerk of the taxation district shall notify the property owner, by certified
10 mail, of the determination under par. (c) within 15 days from the date of that
11 determination. A property owner aggrieved by a determination under par. (c) may
12 appeal that determination under s. 74.35.

13 **SECTION 3.** 70.11 (41) of the statutes is created to read:

14 **70.11 (41) ECONOMICALLY UNVIABLE PROPERTY.** A portion of a parcel of real
15 property that is economically unviable property under s. 70.097.

16 **SECTION 4. Initial applicability.**

17 (1) This act first applies to the property tax assessment as of January 1, 2001.

18 (END)

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-1455/6
INTRODUCTION # AB 738
Admin. Rule #

Subject
Property Tax Exemption for Economically Unviable Property

Fiscal Effect

State: <input type="checkbox"/> No State Fiscal Effect Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation <input type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriation <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriation	<input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
---	--

Local: No Local Government Costs **see text of fiscal note**

1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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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"/> SEG-S	Affected Ch. 20 Appropriations
---	---------------------------------------

Assumptions Used in Arriving at Fiscal Estimate:

The bill exempts from the property tax "economically unviable property", defined as a portion of a parcel of real property that:

1. Cannot be used to build a structure with a value greater than \$1,000 because of restrictions imposed by state law, local ordinance or local resolution,
2. Cannot be used for agricultural purposes, except pasture, because of restrictions imposed by state law, local ordinance or local resolution, and
3. Is not being used, and was not used in the prior taxable year, for recreational or educational purposes that generate income.

Under the bill, an owner of economically unviable property may submit an affidavit to the taxation district clerk identifying such property and explaining its economic unviability. The Board of Review, Board of Assessors or governing body of the taxation district determines whether the property is economically unviable. If the property is determined to be economically unviable, the clerk enters the exempt property separately on the assessment roll. If property is determined not to be economically unviable, the bill allows the owner to appeal the determination as an unlawful tax.

Data are not available to reliably estimate the number or value of economically unviable properties.

The bill creates a property tax exemption for a portion of a parcel of real estate. However, the underlying considerations which determine the fair market value of the parcel will not change under the bill. In some cases, the assessed value of the taxable portion of the parcel may increase such that the total assessment is unaffected and there is no change in the property tax. In other cases, the assessment is calculated based on an average per acre value, and the total assessment of a parcel would decrease by the average

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Blair P. Kruger, (608) 266-1310	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700	Date 3/2/00
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FISCAL ESTIMATE FORM

AB 738

Page 2

per acre value times the number of exempt acres. As a result, taxes would be shifted to other taxable property in the taxing jurisdiction.

Taxation districts would incur administrative costs to process affidavits, make determinations and revise assessment rolls under the bill. Taxation districts would also incur legal costs to defend determinations.

YCB 3/2/00

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-1455/6
INTRODUCTION # AB 738

Admin. Rule #

Subject

Property Tax Exemption for Economically Unviable Property

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 State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
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, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ see text of fiscal note
NET CHANGE IN REVENUES	\$ _____	\$ _____

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Blair P. Kruger, (608) 266-1310	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	3/2/00

2043/1

JK:WLJ

1999 ASSEMBLY BILL 738

in 2-13-03

SOON

February 10, 2000 - Introduced by Representatives ALBERS, MUSSER, OWENS, AINSWORTH, SKINDRED and REYNOLDS, cosponsored by Senators WELCH and SCHULTZ. Referred to Joint survey committee on Tax Exemptions.

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Please proof w/ stats.

ASSEMBLY BILL 738

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22 assessors is unable to meet within 60 days from the date that the clerk receives the
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(d) It is not a wetland created by the person who owns the parcel of real property.

ASSEMBLY BILL 738

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18 (END)

2003



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 266-5648

STEPHEN R. MILLER
CHIEF

April 10, 2003

MEMORANDUM

To: Representative Albers

From: Joseph T. Kreye, Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2003 AB-168** (LRB -2043/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

March 27, 2003

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on AB 168 – Taxation of Economically Unviable Land

The department has several concerns related to the bill.

First, the bill amends sec. 70.05(5)(a)1m, Wis. Stats., to include exempt economically unviable property in the definition of "class of property". The inclusion of exempt property in sec. 70.05(5) is inappropriate to the extent that this section relates to the compliance requirement that each major class of property be assessed within 10% of fair market value. Such a requirement is for taxable property only; exempt property is not assessed.

Second, the bill requires property owners to submit an affidavit to the local board of review or local governing body that would determine whether the property meets the conditions. The bill states that the board or review is to consider the affidavit at its next scheduled meeting. However, the first meeting of the board of review typically is scheduled for some time in May, which is after the March 1 deadline required for exemption applications under sec. 70.11. The author may wish to consider imposing a deadline for filing the affidavit to ensure the timely consideration of the request. Otherwise, there may be a conflict with the application procedures required under sec. 70.11 and the requirement under the bill that the clerk "enter the economically unviable property and the remainder of the parcel of real property separately on the assessment roll for the current taxable year".

A related concern is that the process and timeframe by which the taxable portion of the property is to be valued in cases where the governing body determines that a portion of a parcel is economically unviable and exempt is unclear. The author may wish to clarify the process by which the assessor places a value on the taxable portion.

Finally, the author may wish to change the initial applicability from January 1, 2003 to January 1, 2004, since no exemptions could be granted for the 2003 tax year at this point in the year.

If you have questions regarding this technical memorandum, please contact Rebecca Boldt at 266-6785.