



**Fiscal Estimate Narratives**  
**DOR 3/4/2003**

LRB Number	<b>03-1568/1</b>	Introduction Number	<b>AB-92</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Property tax assessments					

**Assumptions Used in Arriving at Fiscal Estimate**

Under current law, property tax assessments are subject to review by a local board of review.

Under current law, owners of at least 5% of all taxable property in any taxation district may petition the Department of Revenue (DOR) for a reassessment of all property in the taxation district. To determine the merits of the petition, DOR conducts field investigations of assessment equity, assessment levels and basic assessment practices. This involves physical inspection and valuation of properties in the entire district, not just the properties owned by petitioners. Upon investigation, DOR may do one of the following: 1) order a reassessment of all property for the tax year in question; 2) order a supervised assessment in the subsequent year; 3) find that the taxation district is in substantial compliance and deny the petition; or 4) dismiss the petition if the governing body declares an assessment emergency and hires expert help to aid in making the assessments comply with the law.

Under the bill, DOR may dismiss a petition for reassessment if, prior to the mailing of the property tax bills, the taxation district reconvenes the board of review and the board or review corrects the assessment of the property so that it is in substantial compliance with the law.

Thus, the bill allows the board of review to serve as the expert help in making assessments comply with the law. While the board of review would be required to base any correction on sworn oral expert testimony, it would not be subject to the DOR-prescribed specifications required for assessments performed by expert help.

It is unlikely that the board of review would have sufficient time, resources or expertise to review and correct assessments of the entire district. To the extent that DOR must consider the assessment equity, assessment levels and basic assessment practices related to all properties in the district, it is unlikely that DOR will dismiss many petitions due to corrections made by boards of review.

However, to the extent that boards of review reconvene in order to correct assessments, the bill may result in a delay in DOR determinations of petitions. This may result in increased costs to the extent that DOR would be required to perform additional sample appraisals and statistical analysis to determine whether assessments had improved and were in substantial compliance with the law as a result of actions of the board of review.

To the extent that the board of review replaces expert assistance in correcting assessments and DOR dismisses the petition, the bill may reduce local government assessment costs. On the other hand, if DOR does not dismiss the petition, the bill will result in increased local assessment costs related to the reconvening of the board of review, since these costs would be in addition to costs associated with a DOR-ordered reassessment or the hiring of expert help.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>03-1568/1</b>		Introduction Number <b>AB-92</b>	
<b>Subject</b>			
Property tax assessments			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
	NET CHANGE IN COSTS	\$See text of fiscal note.	\$See text of fiscal note.
	NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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