

WISCONSIN STATE  
LEGISLATURE  
COMMITTEE HEARING  
RECORDS

**2005-06**

(session year)

**Assembly**

(Assembly, Senate or Joint)

**Committee on  
Housing  
(AC-Ho)**

(Form Updated: 11/20/2008)

**COMMITTEE NOTICES ...**

➤ Committee Reports ... CR  
\*\*

➤ Executive Sessions ... ES  
\*\*

➤ Public Hearings ... PH  
\*\*

➤ Record of Comm. Proceedings ... RCP  
\*\*

**INFORMATION COLLECTED BY COMMITTEE  
FOR AND AGAINST PROPOSAL ...**

➤ Appointments ... Appt  
\*\*

Name:

➤ Clearinghouse Rules ... CRule  
\*\*

➤ Hearing Records ... HR (bills and resolutions)

**\*\*05hr\_ab0573\_AC-Ho\_pt01**

➤ Miscellaneous ... Misc  
\*\*

1       **AN ACT** to amend 70.11 (intro.) and 70.11 (4) of the statutes; **relating to:** revision and  
2           elimination of the exemption from the property tax for certain property and the use  
3           of income from certain tax-exempt leased property.

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

**JOINT LEGISLATIVE COUNCIL PREFATORY NOTE:** This bill draft was prepared for the Joint Legislative Council's Special Committee on Tax Exemptions for Residential Property (Columbus Park).

**Revision and Reorganization of s. 70.11 (intro.) and (4), stats.**

Under current law, property owned and used exclusively by certain entities specified under s. 70.11 (4), stats., is exempt from the property tax while such property is used not for profit. This draft reorganizes s. 70.11 (4) to make it more readable and to place the types of property that are exempt under that section into separate statutory subdivisions.

This draft also eliminates the property tax exemption for certain residential property owned by a benevolent association. Specifically, the draft revises the property tax exemption under current s. 70.11 (4) for "property owned by benevolent associations, including benevolent nursing homes and retirement homes for the aged" by setting forth the specific types of property owned by a benevolent association that are exempt from property taxes.

The types of property owned by a benevolent association that are exempt from the property tax under the draft are:

- a. Nursing homes licensed under s. 50.03.
- b. Community based residential facilities licensed under s. 50.03.
- c. Adult family homes certified under s. 50.032 or licensed under s. 50.033.
- d. Residential care apartment complexes registered or certified under s. 50.034.
- e. Domestic abuse shelters.
- f. Shelters for the homeless, including transitional housing facilities.

g. Housing for low-income persons that is operated in compliance with sections 3.01 and 3.02 (1), (2) and (3) of Internal Revenue Service (IRS) revenue procedure 96-32 or that is described in section 4.02 (4) or 4.02 (9) of that revenue procedure. Sections 3.01 and 3.02 (1), (2) and (3) of IRS revenue procedure 96-32 set forth income eligibility limits for federal low-income housing programs. Section 4.02 (4) refers to government housing programs designed to provide affordable housing. Section 4.02 (9) refers to programs designed to provide home ownership opportunities for families that cannot otherwise afford to purchase safe and decent housing.

h. A residential facility that provides alcohol or other drug abuse (AODA) treatment services or housing for persons with or recovering from AODA problems.

i. Residential housing for persons with permanent disabilities.

j. Property that is not residential housing.

Under the draft, property owned by a benevolent association that is residential housing is subject to the property tax if it does not fit within any of the categories described under a. through i., above.

Nonresidential property owned and used exclusively by a benevolent association remains exempt from the property tax.

Under the draft, nonresidential property owned by a church or religious association is exempt from the property tax. Residential property owned by a church or religious association is exempt if it is described in any of the categories listed under a. through i., above, or if it is used for housing for pastors or their ordained assistants, members of religious orders or communities, or ordained teachers.

These provisions first apply to property tax assessments as of January 1, 2007, which are payable in 2008.

#### **Use of Leasehold Income**

Under current law, if property that is exempt from taxation under s. 70.11 is leased, the property retains its tax exemption only if the owner uses all of the leasehold income for maintenance of the leased property or construction debt retirement of the leased property or both. [s. 70.11 (intro.), stats.] This is commonly referred to as the "rent use" requirement".

The draft provides that leasing property described in s. 70.11 (4), stats., as residential housing does not render the property taxable if the property owner uses all of the lease income to further its benevolent or educational activities, or in the case of a church or religious association,

to further the activities of the church or association. In addition, the draft provides that a property owner may not discriminate based on race.

This provision applies retroactively to property tax assessments as of January 1, 2003, which were payable in 2004.

1           **SECTION 1.** 70.11 (intro.) of the statutes is amended to read:

2           **70.11 Property exempted from taxation.** (intro.) The property described in this  
3 section is exempted from general property taxes if the property is exempt under sub. (1), (2),  
4 (18), (21), (27) or (30); if it was exempt for the previous year and its use, occupancy or  
5 ownership did not change in a way that makes it taxable; if the property was taxable for the  
6 previous year, the use, occupancy or ownership of the property changed in a way that makes  
7 it exempt and its owner, on or before March 1, files with the assessor of the taxation district  
8 where the property is located a form that the department of revenue prescribes or if the  
9 property did not exist in the previous year and its owner, on or before March 1, files with the  
10 assessor of the taxation district where the property is located a form that the department of  
11 revenue prescribes. Leasing a part of the property described in this section does not render it  
12 taxable if, except for property described in sub. (4), the lessor uses all of the leasehold income  
13 for maintenance of the leased property or construction debt retirement of the leased property,  
14 or both, and, except for residential housing, if the lessee would be exempt from taxation under  
15 this chapter if it owned the property. Leasing property described in sub. (4) as residential  
16 housing does not render it taxable if the property owner uses all of the leasehold income to  
17 further the benevolent or educational activities of the owner, or, in the case of a church or  
18 religious association, to further the activities of the church or association. Any lessor who  
19 claims that leased property is exempt from taxation under this chapter shall, upon request by  
20 the tax assessor, provide records relating to the lessor's use of the income from the leased  
21 property. Property exempted from general property taxes is:

1           SECTION 2. 70.11 (4) of the statutes is amended to read:

2           70.11 (4) EDUCATIONAL, RELIGIOUS AND BENEVOLENT INSTITUTIONS; WOMEN'S CLUBS;  
3           HISTORICAL SOCIETIES; FRATERNITIES; LIBRARIES. Property owned and used exclusively by  
4           educational any of the entities described in this subsection while such property is used not for  
5           profit. Property that is exempt from taxation under this subsection and is leased remains  
6           exempt from taxation only if, in addition to the requirements specified in the introductory  
7           phrase of this section, the property owner and the lessee do not discriminate on the basis of  
8           race. The amount of land exempt under this subsection may not exceed 10 acres of land  
9           necessary for location and convenience of buildings, except as provided in par. (b). This  
10           subsection does not include property owned by an organization that is organized under s.  
11           185.981 or ch. 611, 613, or 614 and that offers a health maintenance organization as defined  
12           in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3) or by an  
13           organization that is issued a certificate of authority under ch. 618 and that offers a health  
14           maintenance organization or a limited service health organization or by any nonstock,  
15           nonprofit corporation which services guaranteed student loans for others or on its own  
16           account.

17           (a) Educational institutions offering regular courses 6 months in the year; ~~or by~~  
18           ~~churches and educational associations.~~

19           (b) Churches or religious, ~~educational or benevolent~~ associations, including ~~benevolent~~  
20           ~~nursing homes and retirement homes for the aged but not including an organization that is~~  
21           ~~organized under s. 185.981 or ch. 611, 613 or 614 and that offers a health maintenance~~  
22           ~~organization as defined in s. 609.01 (2) or a limited service health organization as defined in~~  
23           ~~s. 609.01 (3) or an organization that is issued a certificate of authority under ch. 618 and that~~  
24           ~~offers a health maintenance organization or a limited service health organization and not~~

1 including property owned by any nonstock, nonprofit corporation which services guaranteed  
2 student loans for others or on its own account, and also including property owned and used  
3 for housing for pastors and their ordained assistants, members of religious orders and  
4 communities, and ordained teachers, whether or not contiguous to and a part of other property  
5 owned and used by such associations or churches; or by women's, but not other types of  
6 residential housing except for the property described in par. (c). Property owned by churches  
7 or religious associations necessary for location and convenience of buildings, used for  
8 educational purposes and not for profit, shall not be subject to the 10-acre limitation but shall  
9 be subject to a 30-acre limitation.

10 (c) Benevolent associations, churches or religious associations if the property is any of  
11 the following:

- 12 1. A nursing home licensed under s. 50.03.
- 13 2. A community based residential facility licensed under s. 50.03.
- 14 3. An adult family home certified under s. 50.032 or licensed under s. 50.033.
- 15 4. A residential care apartment complex registered or certified under s. 50.034.
- 16 5. A domestic abuse shelter.
- 17 6. A shelter for the homeless, including transitional housing facilities.
- 18 7. Housing for low-income persons that is operated in compliance with sections 3.01  
19 and 3.02 (1), (2) and (3) or that is provided as part of a program described in section 4.02 (4)  
20 or 4.02 (9) of Internal Revenue Service revenue procedure 96-32. The property owner shall  
21 provide the assessor an affidavit stating that the property meets this requirement. For the  
22 purposes of this subdivision, "project", when used in Internal Revenue Service revenue  
23 procedure 96-32, includes property located on more than one tax parcel, if the parcels are

1 owned or operated by the same person and are adjacent, separated only by a street or other  
2 public right-of-way, or within the same condominium development.

3 8. A residential facility, the primary purpose of which is to provide alcohol or other drug  
4 abuse treatment or services or housing for persons with, or who are recovering from, alcohol  
5 or other drug abuse problems.

6 9. Residential housing that is occupied by one or more persons with permanent  
7 disabilities, for whom evidence is available that demonstrates that these persons meet the  
8 medical definition of permanent disability used to determine eligibility for programs  
9 administered by the federal social security administration.

10 (cm) Benevolent associations if the property is nonresidential.

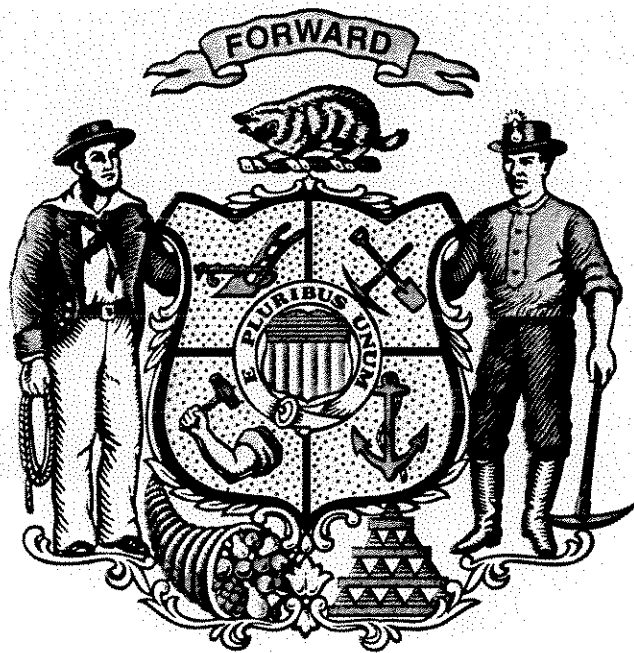
11 (d) Women's clubs; or by domestic;

12 (e) Domestic incorporated historical societies; or by domestic;

13 (f) Domestic incorporated, free public library associations; or by fraternal

14 (g) Fraternal societies operating under the lodge system (except university, college and  
15 high school fraternities and sororities), but not exceeding 10 acres of land necessary for  
16 location and convenience of buildings while such property is not used for profit. Property  
17 owned by churches or religious associations necessary for location and convenience of  
18 buildings, used for educational purposes and not for profit, shall not be subject to the 10-acre  
19 limitation but shall be subject to a 30-acre limitation. Property that is exempt from taxation  
20 under this subsection and is leased remains exempt from taxation only if, in addition to the  
21 requirements specified in the introductory phrase of this section, the lessee does not  
22 discriminate on the basis of race.

23 **SECTION 3. Initial applicability.**







WISCONSIN LEGISLATIVE COUNCIL  
PROPOSED REPORT TO THE LEGISLATURE

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SPECIAL COMMITTEE ON  
TAX EXEMPTIONS FOR  
RESIDENTIAL PROPERTY  
(COLUMBUS PARK)

April 22, 2005

PRL 2005-09

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## **Special Committee on Tax Exemptions for Residential Property (Columbus Park)**

Prepared by:  
Laura Rose, Deputy Director, and Mary Matthias, Senior Staff Attorney  
April 22, 2005

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### **CONTENTS**

<b>PART I - KEY PROVISIONS OF COMMITTEE RECOMMENDATION.....</b>	<b>3</b>
WLC: 0186/2, Relating to Revision and Elimination of the Exemption From the Property Tax for Certain Property and the Use of Income From Certain Tax-Exempt Leased Property .....	3
<b>PART II - COMMITTEE ACTIVITY .....</b>	<b>5</b>
Assignment.....	5
Summary of Meetings .....	5
<b>PART III - RECOMMENDATION INTRODUCED BY THE JOINT LEGISLATIVE COUNCIL .....</b>	<b>9</b>
Background.....	9
Description .....	10
Appendix 1 - Committee and Joint Legislative Council Votes.....	13
Appendix 2 - Lists of Joint Legislative Council Members .....	15
Appendix 3 - List of Committee Members.....	17
Appendix 4 - Committee Materials List.....	19

**PART I**

**KEY PROVISIONS**

**OF COMMITTEE RECOMMENDATION**

The Special Committee on Tax Exemptions for Residential Property (Columbus Park) recommends the following proposal to the Joint Legislative Council for introduction in the 2005-06 Session of the Legislature.

**WLC: 0186/2, Relating to Revision and Elimination of the Exemption From the Property Tax for Certain Property and the Use of Income From Certain Tax-Exempt Leased Property**

WLC: 0186/2 does all of the following:

- Revises the property tax exemption for residential property owned by a benevolent association by eliminating the general exemption for this type of property and, instead, specifying that the following types of residential property owned by a benevolent association are exempt from property taxes:
  - Nursing homes.
  - Community-based residential facilities.
  - Adult family homes.
  - Residential care apartment complexes.
  - Domestic abuse shelters.
  - Homeless shelters and transitional housing.
  - Low-income housing.
  - Alcohol and other drug abuse facilities.
  - Housing for the disabled.
- Provides that all other residential property owned by a benevolent association is subject to the property tax.
- Provides that nonresidential property owned by a benevolent association remains exempt from property taxes as under current law.
- Revises the "rent use" provision in current law which requires that to maintain its tax-exempt status, when tax-exempt property is leased, the lease income must be used for maintenance of the leased property, construction debt retirement, or both. The draft provides that for residential housing leased by a benevolent or religious association or a church, the lease income may be used to further the benevolent or religious activities of the association or church. This provision applies retroactively to property tax assessments as of January 1, 2003.

## PART II

### COMMITTEE ACTIVITY

#### Assignment

The Joint Legislative Council established the Special Committee on Tax Exemptions for Residential Property (Columbus Park) and appointed the chairperson by a May 21, 2004 mail ballot. The committee was directed to study issues surrounding the property tax exemption for property leased as residential housing, including: (1) the impact of *Columbus Park Housing v. City of Kenosha*, 267 Wis. 2d 59 (2003) on the exemption; (2) the effect of the exemption on: municipalities, property taxpayers, residents of tax-exempt housing, the availability of financing for development of low-income housing, and benevolent activities of tax-exempt organizations; and (3) any other issues the committee considers relevant. The committee was directed to develop and recommend legislation relating to these issues as it finds appropriate.

Membership of the Special Committee, appointed by July 21 and September 10, 2004 mail ballots, consisted of two Senators, five Representatives, and nine public members. A list of committee members is included as **Appendix 3** to this report.

#### Summary of Meetings

The Special Committee held five meetings in Madison on the following dates:

September 28, 2004	January 14, 2005
November 8, 2004	April 11, 2005
December 20, 2004	

A working group of the Special Committee held two meetings in Madison on the following dates:

February 10, 2005  
February 28, 2005

At the September 28, 2004 meeting of the Special Committee, Terry Anderson, Director, Legislative Council Staff, welcomed the committee members and thanked them for serving. He also went over logistical issues such as voting and travel reimbursement. The committee heard testimony from the following individuals:

- **Lawrence Nines, Executive Director, Wisconsin Health and Educational Facilities Authority (WHEFA).** Mr. Nines provided background on WHEFA's role providing capital financing assistance to tax-exempt providers of residential facilities for elderly and disabled persons, primarily health-care providers such as hospitals, nursing homes, and community-based residential facilities.
- **Audra Brennan, Administrator, Division of Research and Policy, and Dennis Collier, Director, Bureau of Tax and Fiscal Policy, Department of Revenue.** Mr. Collier provided background on the genesis of 2003 Wisconsin Act 195; described the work of the Benevolent Retirement Home for the Aged Task Force, created by 1997 Wisconsin Act 27, which addressed issues similar to those in the Special Committee's charge, but failed to agree on a recommendation; and discussed the limited data available on the value of exempt housing in the state. For 2002, the estimated value of exempt housing, not

including nursing, retirement, or religious housing, is \$862 million, which represents about \$17.7 million in foregone property taxes.

- **Marty Evanson, Director, Bureau of Housing, Department of Commerce.** Mr. Evanson discussed the bureau's role in increasing housing opportunities for persons of moderate income, which he defined as those earning 80% or less of the county median income. Mr. Evanson said the lack of affordable rental housing is a serious problem in Wisconsin which would be made worse by imposing property taxes on currently exempt properties. He stressed the importance of mixed-income and mixed-use projects, in which revenues earned on higher-cost portions of the development are used to subsidize the lower-income residents.
- **William Perkins, Executive Director, Wisconsin Partnership for Housing Development.** Mr. Perkins described the work of the Wisconsin Partnership. He said the property tax exemption is an important means of ensuring affordability of low-income housing because the Internal Improvements Clause in the Wisconsin Constitution prohibits the state from contracting for debt for, or being a party in carrying out, works of internal improvements. Mr. Perkins pointed out that low-income housing tax credits are available only to for-profit entities. He stated that the tax exemption is especially important for non-profit entities that build and rehabilitate housing, because there have been cutbacks in federal funding for housing programs.
- **Antonio Riley, Executive Director, Wisconsin Housing and Economic Development Authority (WHEDA).** Mr. Riley described WHEDA's involvement in supporting quality affordable housing. He expressed concern that eliminating the property tax exemption could have negative ramifications for affordable housing, especially for preservation of existing affordable housing. Mr. Riley stated that without the exemption, residents of nonprofit housing would see a rent increase of between \$150 and \$300 per month and that implementing full taxation on affordable housing projects would create an immediate annual cash need of \$3 million for those developments.
- **Curt Witynski, Assistant Director, League of Wisconsin Municipalities, Ed Huck, Executive Director, Wisconsin Alliance of Cities, and Mike Higgins, City Assessor, City of Kenosha.** Mr. Witynski said that in 1970, homeowners paid 50% of all property taxes in Wisconsin, but in 2004, they will pay 70% of the total property taxes. He said the exemption for housing operated by benevolent associations has been applied in a much broader way than the Legislature originally intended. Mr. Huck explained that tax-exempt properties are concentrated in cities, which creates higher taxes for other city residents, which in turn contributes to flight to the suburbs, further exacerbating the tax situation in the city, and stratifying the community. Mr. Higgins discussed the history of the *Columbus Park* case.
- **Rev. Daniel Risch, Chief Executive Officer, Lincoln Lutheran of Racine, and Stephen Seybold, Executive Director, Homme Home of Wittenberg.** Mr. Risch and Mr. Seybold described the facilities and services provided by their organizations to needy populations. Mr. Risch said the social benefits provided by nonprofit providers justifies their tax-exempt status. He asserted that without nonprofits serving the elderly, the government and taxpayers would have the burden of serving these citizens.
- **Rita Kidd, Mayor, Richland Center.** Mayor Kidd said that in her city there is an increasing number of tax-exempt properties being built and proposed, which creates a serious problem for the average taxpayer.
- **Kyran Clark, Executive Director, Marquardt Village, Watertown.** Mr. Clark described Marquardt Village, a housing facility for elderly and disabled persons. He noted that every dollar generated by his tax-exempt organization is put back into meeting its

benevolent mission of serving the elderly and handicapped. He explained that his facility makes annual voluntary payments to the city for municipal services provided to the facility.

At the November 8, 2004 meeting, **Dennis Collier, Department of Revenue**, presented information on several fiscal items, and stated that an estimated \$16.2 million in property taxes are shifted to taxable property by operation of the property tax exemption for benevolent retirement homes. He also discussed the fiscal effect of increasing the homestead tax credit.

Mr. Collier provided a description of the Internal Revenue Service's (IRS's) rationale for providing a federal income tax exemption for nonprofit retirement homes, and the qualifications which must be satisfied in order to receive that exemption.

- **Don Bezruki, Legislative Audit Bureau (LAB)**, described the function and structure of the LAB. He said that it would be possible for the LAB to perform an audit for the committee, and that it would take about a year. The audit would be designed to ascertain the value of residential properties in the state that are exempt from property taxation in order to determine the amount of revenue that would be derived if the property was subject to the property tax.
- **Rick Olin, Legislative Fiscal Bureau (LFB)**, joined Mr. Bezruki. He noted three general reasons for the increase in the percentage of total property taxes paid by residential property owners.

Finally, Mary Matthias and Laura Rose briefly described the suggestions outlined in Memo No. 1, *Recommendations Made to the Special Committee*, dated November 2, 2004.

At the December 20, 2004 meeting, **Kathie Isleb, Assessor, City of Wauwatosa, and member of the WAAO Executive Board, and Jenny Katzner-Wyssling**, distributed a written statement describing a proposal for a State Board of Tax Exemptions developed by the WAAO at the request of Mark Bugher, a former Secretary of the Department of Revenue.

The committee discussed several bill drafts, including a draft that would require a benevolent association to apply each year for a property tax exemption; a draft that would require certain tax-exempt properties to make municipal service payments; a draft that would change current law regarding the use of leasehold income; and a draft that presented three alternative definitions of "benevolent retirement home for the aged" that would be exempt from property taxation.

Committee members discussed the advisability of incorporating into Wisconsin statutes references to IRS revenue rulings and procedures and the U.S. Code and Code of Federal Regulations.

The committee discussed the 10-acre limitation in current law, how it is implemented in various parts of the state, and the pros and cons of retaining the requirement.

At the January 14, 2005 meeting, the committee discussed two bill drafts. The first draft, WLC: 0086/1, reorganized s. 70.11 (4), the statute that provides a property tax exemption to certain residential housing. The reorganized statute would list specific types of housing that would be eligible for a property tax exemption. For housing not falling into one of the listed categories, the benevolent association would be required to apply for the exemption each year and would also be required to make a payment for municipal services if granted an exemption from property taxes. Finally, the draft revised current law relating to the use of leasehold income to provide that leasehold income could be used to further the benevolent purposes of the organization.

The second bill draft, WLC: 0090/1, discussed by the committee reorganized s. 70.11 (4), Stats., but did not include the provision under which an owner of housing not included in the list of exempt property could apply for the exemption and, if granted the exemption, would be required to make

payments for municipal services. Instead, housing not included in the list would be subject to the property tax. The second bill draft also contained the revision relating to the use of leasehold income.

After discussion of how the work of the committee was to proceed, Representative Fitzgerald appointed a working group to try to reach a compromise on various issues and report back to the full committee with its recommendations.

The working group consisted of: Representatives Fitzgerald and Gottlieb; and Public Members Mohs, Reavey, Sauer, Hagopian, Ruf, Radelet, and Hoffman.

At the February 10, 2005 working group meeting, the working group discussed two amendments. WLC: 0116/1 amended WLC: 0086/1, discussed at the committee's prior meeting, by changing the criteria used to determine when housing would be considered low-income housing. WLC: 0120/1 amended WLC: 0090/1, discussed at the committee's prior meeting, by deleting the provision that exempted residential housing that is equally available to any applicant without requiring a showing of the person's income or economic assets. The amendment replaced that provision with a category of property that includes any residential housing that is not described under subs. 1. through 7. of the draft, if the assessed value of the housing does not exceed the maximum of the mortgage amount limit established for that type of housing in the county by the Federal Housing Administration. A third bill draft proposed to eliminate many categories of property that were listed as exempt from the property tax in prior drafts and instead raised the homestead tax credit income limits.

At the February 28, 2005 working group meeting, the working group heard a presentation from the Department of Health and Family Services regarding residential care apartment complexes. The working group also reviewed a bill draft, WLC: 0133/1, which combined elements of WLC: 0086/1 and 0090/1, which were discussed at the full committee's January meeting. The working group also discussed several amendments to the bill draft.

Once the deliberations of the working group were completed, the committee held its final meeting on April 11, 2005. At that meeting, Representative Fitzgerald discussed WLC: 0186/1, a draft that staff had prepared at his request. He stated that this draft was different from WLC: 0133/1, the draft that the working group had discussed, because it did not include a property-value based exemption for residential housing that did not fall under any other exempt categories. Instead, the draft simply eliminates the exemption for all residential property not included in one of the exempt categories. Accordingly, the draft also deleted all provisions for payments for municipal services by owners of exempt property. The committee voted to approve this draft, with two amendments, for presentation to the Joint Legislative Council.

## PART III

### RECOMMENDATION INTRODUCED BY THE JOINT LEGISLATIVE COUNCIL

This part of the report provides background information on, and a description of, the draft as recommended by the Special Committee on Tax Exemptions for Residential Property (Columbus Park).

#### **Background**

Currently, there are numerous exemptions from the property tax for both real and personal property, which are set forth throughout ch. 70, Stats. The exemption that was the subject of study by the Special Committee is set forth in s. 70.11 (intro.) and (4), Stats., which generally exempts property owned and used exclusively by educational institutions, churches, and religious, educational or benevolent associations, including benevolent nursing homes and retirement homes for the aged, women's clubs, historical societies, and certain library associations and fraternal societies.

Prior to the to enactment of 2003 Wisconsin Act 195 (2003 Act 195), s. 70.11 (intro.) and (4) provided that if property that was exempt from the property tax under s. 70.11 (4), Stats., was leased, the property retained its tax exemption only if three requirements were met:

- The lessee (the person to whom the property is leased) would be exempt from paying property tax if the lessee owned the property. [s. 70.11 (intro.), Stats.] This requirement is commonly referred to as the "lessee identity" requirement.
- The lessor (the person who owns the property) uses all of the leasehold income for maintenance of the leased property or construction debt retirement of the leased property, or both. [s. 70.11 (intro.), Stats.] This requirement is commonly referred to as the "rent use" requirement.
- The lessee does not discriminate on the basis of race. [s. 70.11 (4), Stats.]

In 2003, the Wisconsin Supreme Court decided *Columbus Park Housing Corporation v. City of Kenosha*, 267 Wis. 2d 59, 671 N.W.2d 633 (2003) ("*Columbus Park*"). In that case, a dispute arose over whether the Columbus Park Housing Corporation (the Housing Corporation), was exempt from property taxes under s. 70.11 (4), Stats.

The City of Kenosha agreed that the Housing Corporation was a benevolent association within the meaning of s. 70.11 (4), Stats., but argued that the statutes nevertheless required it to meet the rent use requirement and the lessee identity condition in order to maintain its tax exemption when it leased property to low-income families. Apparently, until the City of Kenosha raised the issue, those requirements were generally not imposed upon tax-exempt property leased to an individual by a benevolent association and property taxes were not assessed against property utilized in that manner.

The Court held that the rent use and lessee identity conditions do apply to tax-exempt property leased to individuals. Specifically, the Court stated that property owned by the Housing Corporation was not entitled to the exemption because it did not meet the "lessee identity" requirement. In other words, because the low-income tenants would not be entitled to the exemption if they owned the property themselves, the property was not entitled to the exemption when it was leased to the tenants.



Although the Court also found that the rent use requirement applied to the property as well, it was not necessary for the Court to analyze whether the Housing Corporation met that requirement once it concluded that it failed to meet the lessee identity requirement.

In response to the Court's decision, 2003 Senate Bill 512 was introduced on March 1, 2004 by Senators Roessler and Stepp. The bill, as originally introduced, did the following:

- Exempted residential housing from the "lessee identity" requirement.
- Imposed a sunset for the exemption described above, to take effect on January 1, 2006. On that date, the changes made by the bill were to be repealed and prior law, as interpreted by the Court in *Columbus Park*, was to be reinstated.
- Directed the Legislative Council staff to study the effect of *Columbus Park* on property tax exemptions for property that is leased, pursuant to s. 70.11 (intro.), 2001 Stats., and as affected by the bill. The bill required the Legislative Council staff to report its findings, conclusions, and recommendations to the Legislature no later than December 15, 2004.

2003 Senate Bill 512 was subsequently amended to eliminate the sunset provision and was enacted as 2003 Wisconsin Act 195.

2003 Act 195 did not amend the "rent use" requirement. Therefore, tax-exempt property that is leased as residential housing remains subject to the statutory requirement that all of the lease income must be used for "maintenance of the leased property, construction debt retirement of the leased property, or both."

## **Description**

### **Revision and Reorganization of s. 70.11 (intro.) and (4), Stats.**

Under current law, property owned and used exclusively by entities specified under s. 70.11 (4), Stats., is exempt from the property tax while such property is used not for profit. The draft reorganizes s. 70.11 (4) to make it more readable and to place the types of property that are exempt under that section into separate statutory subdivisions. This draft also eliminates the property tax exemption for certain residential property owned by a benevolent association. Specifically, the draft revises the property tax exemption under current s. 70.11 (4) for "property owned by benevolent associations, including benevolent nursing homes and retirement homes for the aged" by setting forth the specific types of property owned by a benevolent association that are exempt from property taxes. The types of property owned by a benevolent association that are exempt from the property tax under the draft are:

- a. Nursing homes licensed under s. 50.03.
- b. Community-based residential facilities licensed under s. 50.03.
- c. Adult family homes certified under s. 50.032 or licensed under s. 50.033.
- d. Residential care apartment complexes registered or certified under s. 50.034.
- e. Domestic abuse shelters.
- f. Shelters for the homeless, including transitional housing facilities.
- g. Housing for low-income persons that is operated in compliance with sections 3.01 and 3.02 (1), (2), and (3) of IRS Revenue Procedure 96-32 or that is described in section 4.02 (4) or (9) of that Revenue Procedure. Sections 3.01 and 3.02 (1), (2), and (3) of IRS Revenue

Procedure 96-32 set forth income eligibility limits for federal low-income housing programs. Section 4.02 (4) refers to government housing programs designed to provide affordable housing. Section 4.02 (9) refers to programs designed to provide home ownership opportunities for families that cannot otherwise afford to purchase safe and decent housing.

- h. A residential facility that provides alcohol or other drug abuse (AODA) treatment services or housing for persons with or recovering from AODA problems.
- i. Residential housing for persons with permanent disabilities.
- j. Property that is not residential housing.

Under the draft, property owned by a benevolent association that is residential housing is subject to the property tax if it does not fit within any of the categories described under items a. through i., above. Nonresidential property owned and used exclusively by a benevolent association remains exempt from the property tax.

The draft also provides that residential property owned by a church or religious association is exempt if it is described in any of the categories listed under items a. through i., above, or if it is used for housing for pastors or their ordained assistants, members of religious orders or communities, or ordained teachers. Nonresidential property owned by a church or religious association remains exempt from the property tax as under current law.

These provisions first apply to property tax assessments as of January 1, 2007, which are payable in 2008.

### **Use of Leasehold Income**

Under current law, if property that is exempt from taxation under s. 70.11 is leased, the property retains its tax exemption only if the owner uses all of the leasehold income for maintenance of the leased property or construction debt retirement of the leased property or both. [s. 70.11 (intro.), Stats.] This is commonly referred to as the "rent use" requirement.

The draft provides that leasing property described in s. 70.11 (4), Stats., as residential housing does not render the property taxable if the property owner uses all of the lease income to further its benevolent or educational activities, or in the case of a church or religious association, to further the activities of the church or association. In addition, the draft provides that a property owner may not discriminate based on race. This provision applies retroactively to property tax assessments as of January 1, 2003, which were payable in 2004.

## **Appendix 1**

### **Committee and Joint Legislative Council Votes**

WLC: 0186/2 was recommended by the Special Committee on Tax Exemptions for Residential Property (Columbus Park) to the Joint Legislative Council for introduction in the 2005-06 Session of the Legislature.

#### **Special Committee Votes**

The Special Committee voted to recommend WLC: 0186/2, as amended, to the Joint Legislative Council for introduction in the 2005-06 Session of the Legislature. The vote on the draft was as follows:

- WLC: 0186/2, as amended, relating to revision and elimination of the exemption from the property tax for certain property and the use of income from certain tax-exempt leased property: Ayes, 11 (Reps. Fitzgerald, Berceau and Gottlieb; Sens. Lassa and Stepp; and Public Members Hagopian, Jones, Mohs, Radelet, Reavey, and Ruf); Noes, 5 (Reps. Nischke and Vukmir; and Public Members Hoffman, Sauer, and Thayer).

## Appendix 2

### Joint Legislative Council

*[Joint Legislative Council Members Who Selected and Appointed Committee and Its Membership]*

#### **Co-Chair**

**ALAN LASEE**

*Senate President*

2259 Lasee Road  
De Pere, WI 54115

#### **Co-Chair**

**STEVE WIECKERT**

*Representative*

1702 S. Irma Street  
Appleton, WI 54915

#### **SENATORS**

**RONALD W. BROWN**

1112 Violet Avenue  
Eau Claire, WI 54701

**MICHAEL G. ELLIS**

1752 County Road GG  
Neenah, WI 54956

**MARY E. PANZER**

*Majority Leader*

635 Tamarack Drive West  
West Bend, WI 53095

**G. SPENCER COGGS**

3732 North 40th Street  
Milwaukee, WI 53216

**JON ERPENBACH**

*Minority Leader*

2385 Branch St.  
Middleton, WI 53562

**FRED A. RISSER**

5008 Risser Road  
Madison, WI 53705

**ALBERTA DARLING**

1325 West Dean Road  
River Hills, WI 53217

**SHEILA HARSDORF**

N6627 County Road E  
River Falls, WI 54022

**ROBERT WELCH**

*President Pro Tempore*

P.O. Box 523  
Redgranite, WI 54970

**RUSSELL DECKER**

6803 Lora Lee Lane  
Schofield, WI 54476

#### **REPRESENTATIVES**

**STEVEN M. FOTI**

*Majority Leader*

351 Lisbon Road  
Oconomowoc, WI 53066

**JIM KREUSER**

*Minority Leader*

3505 14th Place  
Kenosha, WI 53144

**DAN SCHOOFF**

1955 Pebble Drive  
Beloit, WI 53511

**STEPHEN J. FREESE**

*Speaker Pro Tempore*

310 East North Street  
Dodgeville, WI 53533

**MICHAEL LEHMAN**

1317 Honeysuckle Road

Hartford, WI 53027

**JOHN TOWNSEND**

297 Roosevelt Street  
Fond du Lac, WI 54935

**JOHN GARD**

*Speaker*

481 Aubin Street, P.O. Box 119  
Peshtigo, WI 54157

**MARLIN D. SCHNEIDER**

3820 Southbrook Lane  
Wisconsin Rapids, WI 54494

**DAVID TRAVIS**

5440 Willow Road  
Waunakee, WI 53597

**DEAN KAUFERT**

1360 Alpine Lane  
Neenah, WI 54956

This 22-member committee consists of the majority and minority party leadership of both houses of the Legislature, the co-chairs and ranking minority members of the Joint Committee on Finance, and 5 Senators and 5 Representatives appointed as are members of standing committees. [s. 13.81, Stats.]

## Joint Legislative Council

[Current Joint Legislative Council Members Receiving Committee Report]

### Co-Chair

**ALAN LASEE**  
*Senate President*  
2259 Lasee Road  
De Pere, WI 54115

### Co-Chair

**STEVE WIECKERT**  
*Representative*  
1 Weatherstone Drive  
Appleton, WI 54914

### SENATORS

**RONALD W. BROWN**  
1112 Violet Avenue  
Eau Claire, WI 54701

**DAN KAPANKE**  
1610 Lakeshore Drive  
La Crosse, WI 54603

**DALE SCHULTZ**  
*Majority Leader*  
515 N. Central Avenue  
Richland Center, WI 53581

**RUSSELL DECKER**  
6803 Lora Lee Lane  
Schofield, WI 54476

**MARK MILLER**  
4903 Roigan Terrace  
Monona, WI 53716

**DAVID ZIEN**  
*President Pro Tempore*  
1716 63<sup>rd</sup> Street  
Eau Claire, WI 54703

**SCOTT FITZGERALD**  
N4692 Maple Road  
Juneau, WI 53039

**FRED A. RISSER**  
5008 Risser Road  
Madison, WI 53705

**GLENN GROTHMAN**  
111 South 6<sup>th</sup> Avenue  
West Bend, WI 53095

**JUDY ROBSON**  
*Minority Leader*  
2411 E. Ridge Road  
Beloit, WI 53511

### REPRESENTATIVES

**JOHN AINSWORTH**  
W6382 Waukechon Road  
Shawano, WI 54166

**DEAN KAUFERT**  
1360 Alpine Lane  
Neenah, WI 54956

**MARLIN D. SCHNEIDER**  
3820 Southbrook Lane  
Wisconsin Rapids, WI 54494

**STEPHEN J. FREESE**  
*Speaker Pro Tempore*  
310 East North Street  
Dodgeville, WI 53533

**JIM KREUSER**  
*Minority Leader*  
3505 14th Place  
Kenosha, WI 53144

**DAVID TRAVIS**  
5440 Willow Road  
Waunakee, WI 53597

**JOHN GARD**  
*Speaker*  
481 Aubin Street, P.O. Box 119  
Peshtigo, WI 54157

**ANN NISCHKE**  
202 W. College Avenue  
Waukesha, WI 53186

**MICHAEL HUEBSCH**  
*Majority Leader*  
419 West Franklin  
West Salem, WI 54669

**MARK POCAN**  
309 North Baldwin St.  
Madison, WI 53703

This 22-member committee consists of the majority and minority party leadership of both houses of the Legislature, the co-chairs and ranking minority members of the Joint Committee on Finance, and 5 Senators and 5 Representatives appointed as are members of standing committees. [s. 13.81, Stats.]

## Appendix 3

### Tax Exemptions for Residential Property (Columbus Park)

Representative Jeff Fitzgerald, **Chair**  
910 Sunset  
Horicon, WI 53032

Representative Mark Gottlieb  
1205 Noridge Trail  
Port Washington, WI 53074

Representative Ann M. Nischke  
202 W. College Avenue  
Waukesha, WI 53186

Representative Leah Vukmir  
2544 North 93rd Street  
Wauwatosa, WI 53226

Paul Hoffman  
Hoffman Corporation  
N434 Greenville Center  
Appleton, WI 54914

Frederic E. Mohs  
Mohs, MacDonald, Widder & Paradise  
20 North Carroll Street  
Madison, WI 53703

Mary Reavey  
City of Milwaukee  
200 East Wells Street, 507 City Hall  
Milwaukee, WI 53202

John Sauer  
WAHSA  
204 South Hamilton Street  
Madison, WI 53703

Representative Terese Berceau  
4181 Cherokee Drive  
Madison, WI 53711

Senator Julie M. Lassa  
1900 Clark Street  
Stevens Point, WI 54481

Senator Cathy Stepp  
14520 50th Road  
Sturtevant, WI 53177-1034

Gregg Hagopian  
City of Milwaukee  
200 East Wells St., 800 City Hall  
Milwaukee, WI 53202-3551

Robert Jones  
WISCAP  
1310 Mendota Street, Suite 107  
Madison, WI 53714-1039

Timothy J. Radelet  
Foley & Lardner LLP  
P.O. Box 1497  
Madison, WI 53701-1497

Fritz Ruf  
Wisconsin Housing Preservation  
Corp.  
2 East Mifflin Street, Suite 401  
Madison, WI 53703

Earl R. Thayer  
5210 Fairway Drive  
Madison, WI 53711

**STUDY ASSIGNMENT:** The committee is directed to study issues surrounding the property tax exemption for property leased as residential housing, including: (1) the impact of *Columbus Park Housing v. City of Kenosha*, 267 Wis. 2d 59 (2003) on the exemption; (2) the effect of the exemption on: municipalities, property taxpayers, residents of tax-exempt housing, the availability of financing for development of low-income housing, and benevolent activities of tax-exempt organizations; and (3) any other issues the committee considers relevant. The committee shall develop and recommend legislation relating to these issues as it finds appropriate

**16 MEMBERS:** 2 Senators, 5 Representatives, and 9 Public Members.

**LEGISLATIVE COUNCIL STAFF:** Laura Rose, Deputy Director, Mary Matthias, Senior Staff Attorney, and Kelly Mautz, Support Staff.

## Appendix 4

### Committee Materials List

(Copies of documents are available at [www.legis.state.wi.us/lc](http://www.legis.state.wi.us/lc))

#### April 11, 2005 Meeting

- WLC: 0133/2, relating to revision and elimination of the exemption from the property tax for certain property, the use of income from certain tax-exempt leased property, and payments for municipal services provided to certain tax-exempt residential housing.
- Memorandum with enclosures from Mary Matthias, Senior Staff Attorney (3-24-05)
  - DOR Average Residential Values, by County, 2004
  - Memorandum from Rick Olin, Legislative Fiscal Bureau (3-2-05)
- WLC: 0186/1, relating to revision and elimination of the exemption from the property tax for certain property and the use of income from certain tax-exempt leased property.
- Letter from Allan R. Wheeler (4-5-05)

#### February 28, 2005 Working Group Meeting

- WLC: 0133/1, relating to requests for exemption from the property tax for certain residential housing, the use of leasehold income, and payments for municipal services provided to certain tax-exempt residential housing
- WLC: 0134/1, an amendment to WLC: 0133/1
- WLC: 0135/1, an amendment to WLC: 0133/1
- WLC: 0136/1, an amendment to WLC: 0086/2
- WLC: 0137/1, an amendment to WLC: 0090/1
- WLC: 0139/1, an amendment to WLC: 0090/2
- WLC: 0140/1, an amendment to WLC: 0086/2
- Overview, Residential Care Apartment Complex
- Table submitted by Department of Revenue
- Letter from Gregg Hagopian (2-22-05)
- Letter from Jim Guidry (2-28-05)

#### February 10, 2005 Working Group Meeting

- Letter from Bob Jones (2-4-05)

- WLC: 0116/1, an amendment to WLC: 0086/1
- WLC: 0119/1, Public Member Mohs Draft
- WLC: 0120/1, an amendment to WLC: 0090/1

### **January 14, 2005 Meeting**

- WLC: 0086/1, relating to requests for exemption from the property tax for certain residential housing, the use of rent proceeds, and payments for municipal services provided to certain tax-exempt residential housing
- WLC: 0090/1, relating to eliminating the property tax exemption for certain residential property and the use of leasehold income by a benevolent association, church, or religious association that leases residential property for certain purposes
- Letter, from John Sauer, Executive Director, Wisconsin Association of Homes and Services for the Aging, Inc. (1-4-05)
- Hagopian Memo No. 4, *New Law Suggestions* (1-6-05)
- WLC: 0099/1, amendment to WLC: 0090/1
- WLC: 0100/1, substitute amendment to WLC: 0086/1
- Hagopian Memo No. 5, *Legis. Council Drafts 0086/1 and 0090/1* (1-14-05)
- Letter from Wisconsin Association of Assessing Officers (1-11-05)
- Letter from Fred Mohs (1-14-05)
- Memorandum from John Sauer, WAHSA

### **December 20, 2004 Meeting**

- WLC: 0076/P1, relating to requests for exemption from the property tax by benevolent associations
- WLC: 0077/P1, relating to payment for municipal services
- WLC: 0078/P1, relating to rent use
- WLC: 0082/P1, relating to defining benevolent retirement home for the aged
- Hagopian Memo No. 3, *PILOT's; Appraisals From Benevolents Exempt Under 70.11(4); Other States; Statutory Changes; Ten Acres* (11-30-04)
- Handout submitted by Gregg Hagopian
- Letter from Fred Mohs
- Memorandum from Dennis Collier, DOR



- Letter from Allan Wheeler
- Proposal by the Board of Tax Exemption, Wisconsin Association of Assessing Officers
- Letter from the Wisconsin Housing Preservation Corp.

## **November 8, 2004 Meeting**

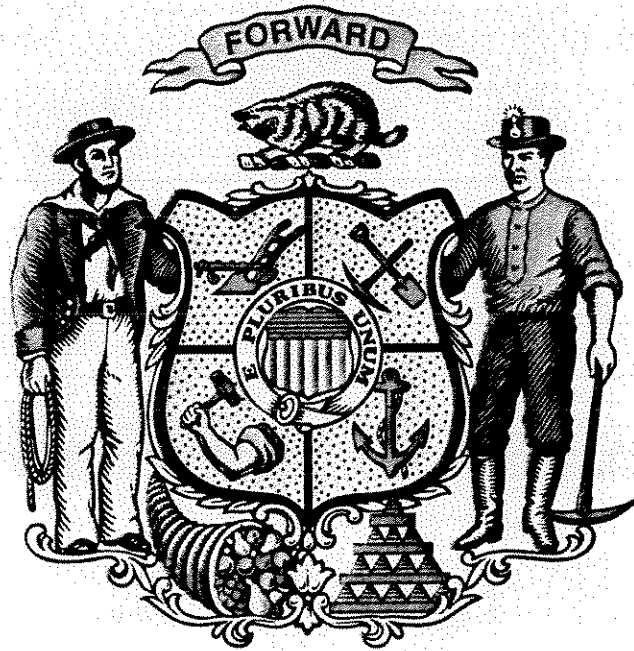
- Memo No. 1, Recommendations Made to the Special Committee (11-2-04)
  - Enclosure to Memo No. 1
- Letter from John Sauer (10-7-04)
- Legislative Chronology of the Benevolent Retirement Home for the Aged Issue, submitted by John Sauer (1-4-00)
- Benevolent Retirement Home for the Aged Task Force: the Not-For-Profit Perspective, submitted by John Sauer (7-00)
- Benevolent Retirement Home for the Aged Legislative Task Force: Government - 5 Report, submitted by John Sauer (2004)
- Charities and Non-Profits, Internal Revenue Service, submitted by John Sauer (7-15-00)
- IRS Revenue Ruling 72-124, submitted by John Sauer (1972)
- Senior Housing Exemption Issues: A Historical Perspective, submitted by John Sauer (5-23-00)
- Chapter 64Z, Stats., submitted by John Sauer
- Clarification of Columbus Park Decision, submitted by John Sauer (12-16-03)
- OAG 12-90, submitted by John Sauer (4-4-90)
- Principles to be Considered When Thinking About the Issue of Residential Real Estate Tax Exemptions, submitted by Fred Mohs
- Letter from Fred Mohs (10-11-04)
- Letter from Fred Mohs (10-12-04)
- Outlook for Continuing Care Retirement Communities -- 2003, submitted by John Sauer (2-12-03)
- 2003 Outlook for Nonprofit Nursing Homes, submitted by John Sauer (2-12-03)
- Foundation leaders' salaries rise with assets, submitted by Mary Reavey (10-12-04)
- Non-profit agencies following corporations' lead in paying executives, submitted by Mary Reavey (10-11-04)
- Hagopian Memo No. 1, submitted by Greg Hagopian (10-20-04)
- Hagopian Memo No. 2, submitted by Greg Hagopian (10-12-04)

- Attachment to Hagopian Memo No. 2
- Letter from Tim Radelet (10-31-04)
- Memorandum from John Sauer (10-26-04)
- Legislative Fiscal Bureau Memorandum, submitted by Rick Olin (10-26-04)
- Suggestions for Agenda of Next Meeting, submitted by Earl Thayer
- Property Tax Exemption of Retirement Homes for the Aged, submitted by Earl Thayer
- Memorandum submitted by the Department of Revenue (11-4-04)

## September 28, 2004 Meeting

- Staff Brief 04-5, Tax Exemptions for Residential Property (Columbus Park) (9-17-04)
- Section 70.11 (intro.) and (4), Stats.
- Columbus Park Housing Corporation v. City of Kenosha, 267 Wis. 2d 59, 671 N.W.2d 633 (2003)
- 2003 Senate Bill 512
- Senate Amendment 1 to 2003 Senate Bill 512
- 2003 Wisconsin Act 195
- 2003 Assembly Bill 963
- 2003 Assembly Bill 947
- 2003 Senate Bill 527
- Testimony submitted by Larry Nines, Executive Director, Wisconsin Health & Educational Facilities Authority.
  - Brochure, Wisconsin Health and Educational Facilities Authority
  - Report, 2003 Annual Report, Wisconsin Health and Educational Facilities Authority
- Testimony submitted by Audra Brennan and Dennis Collier, Department of Revenue
- Testimony submitted by Marty Evanson, Department of Commerce
- Testimony submitted by Antonio Riley, Executive Director, Wisconsin Housing and Economic Development Authority
  - Property Tax Exemption Issue Raised by Columbus Park Housing Corporation v. City of Kenosha
- Testimony submitted by William C. Perkins, Executive Director, The Wisconsin Partnership for Housing Development, Inc.
- Testimony submitted by Curt Witynski, Assistant Director, League of Wisconsin Municipalities

- Article, Curtail Tax Exemptions, Wisconsin State Journal
- Testimony submitted by Michael Higgins, City Assessor, City of Kenosha
- Testimony submitted by The Rev. Daniel R. Risch, CEO, Lincoln Lutheran of Racine
- Testimony submitted by Stephen Seybold, Executive Director, Homme Home of Wittenberg and Forest Park Village
- Testimony submitted by Kyran Clark, Executive Director, Marquardt Village, Watertown
- Letter submitted by Tom Barrett, Mayor, City of Milwaukee
- Letter submitted by Senator Carol Roessler
- Letter submitted by Frederic Mohs, Mohs, MacDonald, Widder & Paradise



**Becher, Scott**

---

**From:** Krieser, Steve  
**Sent:** Friday, April 29, 2005 8:51 AM  
**To:** Becher, Scott  
**Subject:** FW: Possible Amendment to WLC: 0186/2

FYI.

**Steven Krieser**

*Office of State Representative Steve Wieckert*

(608) 266-3070

---

**From:** Schmidt, Jane E. [mailto:JSchmidt@foley.com] **On Behalf Of** Radelet, Timothy J.  
**Sent:** Thursday, April 28, 2005 4:27 PM  
**To:** joe.kreye@legis.state.wi.us  
**Cc:** Rep.Wieckert; bjones@charterinternet.com  
**Subject:** Possible Amendment to WLC: 0186/2

Hello Joe. Yesterday I met with Representative Wieckert, and then later in the day Representative Wieckert and I spoke by telephone with Peter Grant. They asked me to write you and give you my thoughts on a possible amendment to WLC: 0186/2. My understanding is that Representative Wieckert would like you to draft an amendment based on these comments.

For your background, I served on the Special Committee on Tax Exemptions for Residential Property (Columbus Park) which was formed by the Joint Legislative Council.

During the second to the last meeting of the Special Committee, WLC: 0133/2 was under consideration. That draft included a category of residential housing which would be eligible for property tax exemption which is not included in WLC: 0186/2. That category was numbered in WLC: 0133/2 as 70.11(4)(c)10. That category would have picked up certain elderly housing developments which are not described in the categories of exemptions that appear in WLC: 0186/2.

I would like to see WLC: 0186/2 amended to add another category for exemption, which would be a housing "project," using the definition in Sub. (c)7., that satisfies the following:

(a) at least 90% of the residential units are occupied or available for occupancy by households which include at least one person who is at least age 65; and

(b) at least 20% of the units are occupied or available for occupancy by households with an annual income not in excess of 50% of the area median income for households of the same size; or

(c) at least 40% of the units are occupied or are available for occupancy by households with an annual income not in excess of 60% of the area median income for households of the same size.

In computing income, the rules should apply which are set forth in IRS Revenue Procedure 96-32, which is referenced in WLC: 0186/2 page 5, line 20. The word "project" should have the meaning beginning in WLC: 0186/2 page 5, line 22.

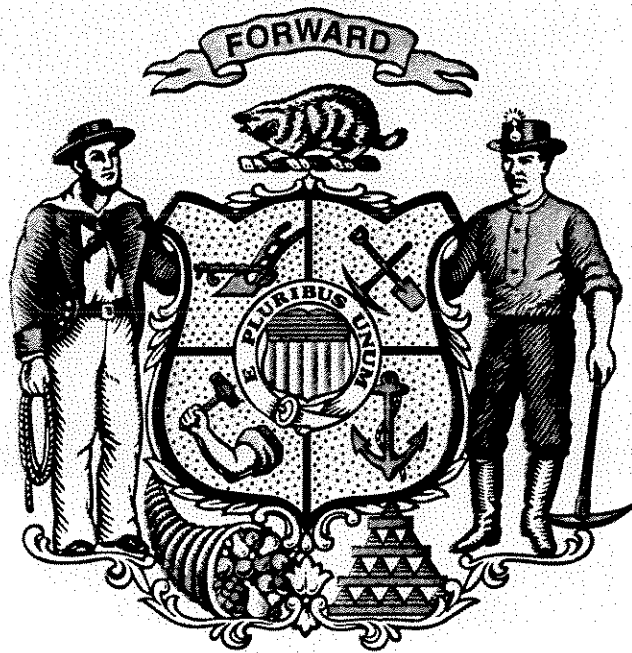
I suggest that housing described in this new category should be exempt, but the owners should be required to pay a payment in lieu of taxes ("PILOT"). I recognize the legal issues involved in describing and imposing a PILOT, but in WLC: 0133/2 there is some language that might be a good starting point found on page 8 beginning at line 19 and continuing on page 9 through line 7. In short, the municipality in which the property is located should be able to charge the owner of the property for reimbursement of expenses of offering services to the property in an annual amount not to exceed the portion of property taxes that would be collected by the municipality if the property were included on the property tax rolls.

Finally, Representative Wieckert and I discussed his concern about immediately subjecting to property taxation properties which have been exempt under the existing law. Therefore, it would be good if the amendment could provide that property which is exempt under the current law will continue to be exempt for the next five to eight years or so. This would give property owners and residents time to plan ahead for property taxation. However, property which is currently not exempt, but would be exempt under the new law, should be entitled to the exemption effective January 1, 2005.

When you have had the chance to review this memo, please give me a call to discuss your thoughts.

Timothy J. Radelet  
Foley & Lardner LLP  
150 East Gilman Street  
P.O. Box 1497  
Madison, WI 53701-1497  
Direct Dial: (608) 258-4219  
Facsimile: (608) 258-4258  
Email: tradelet@foley.com

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## Becher, Scott

---

**From:** Hoffman, Paul [phoffman@hoffman.net]  
**Sent:** Friday, April 29, 2005 2:33 PM  
**To:** SAGE (John Sauer); Becher, Scott  
**Cc:** Rep.Wieckert; Rose, Laura  
**Subject:** RE: Prop Tax Amendment

Good job, John! Paul

-----Original Message-----

**From:** John Sauer [mailto:jsauer@wahsa.org]  
**Sent:** Fri Apr 29 14:17:32 2005  
**To:** scott.becher@legis.state.wi.us  
**Cc:** rep.wieckert@legis.state.wi.us; 'Rose, Laura'; Hoffman, Paul  
**Subject:** Prop Tax Amendment

Scott,

Rep. Wieckert asked that we provide his office with our proposed amendment to the Legislative Council's Special Committee's property tax exemption bill.

Our amendment is attached and we thank your office for considering this amendment for next week's meeting.

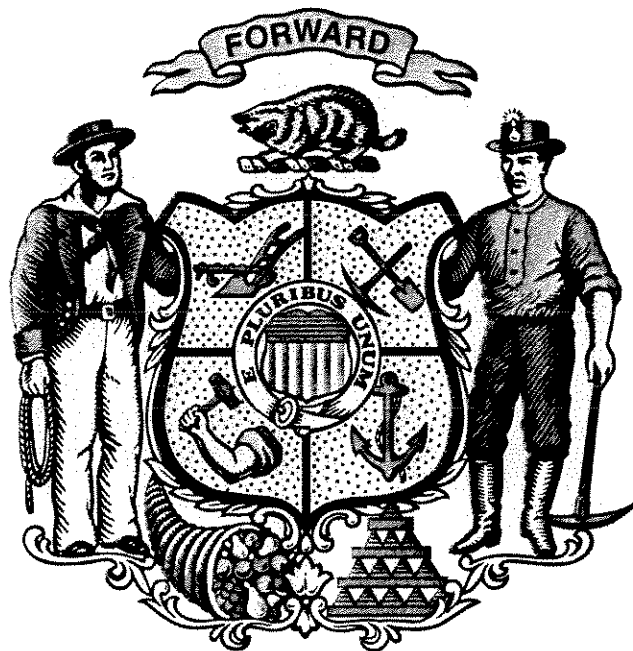
I have taken the liberty of forwarding the amendment to Laura Rose at the Council.

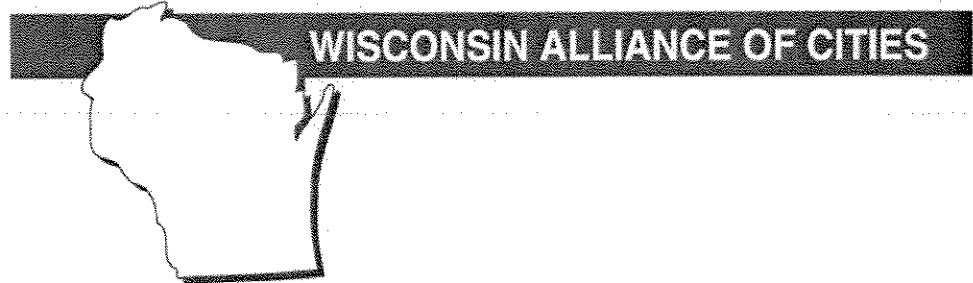
Please give me or Tom Ramsey a call at our office (255-7060) should you have any questions about this draft.

Thank You.

EMAIL NOTICE: The information contained in this electronic mail message [and all attachments thereto] is intended for the personal and confidential use of the designated recipient(s). If the reader of this message is NOT the intended recipient or an agent authorized to receive personal and confidential messages directed to the intended recipient(s), you are hereby notified that you have received this message in error, and that any review, dissemination, distribution, copying or any other use of this message is strictly prohibited.







Date: May 2, 2005

To: Members of the Joint Legislative Council

From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities  
Edward J. Huck, Executive Director, Wisconsin Alliance of Cities

**Re: Support for Legislative Proposal Recommended by the Special Committee on Tax Exemptions for Residential Property (Columbus Park)**

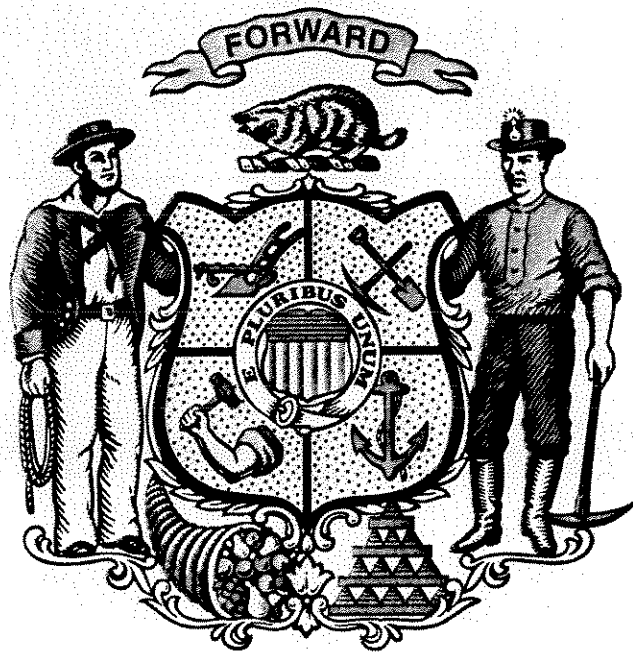
The League of Wisconsin Municipalities and the Wisconsin Alliance of Cities support the legislative proposal, WLC: 0186/2, recommended for introduction by the Special Committee on Tax Exemptions for Residential Property (Columbus Park).

The proposal is intended to narrow the property tax exemption applicable to residential property owned by "benevolent associations." Specifically, it has the effect of placing independent living facilities serving middle class or affluent elderly on the property tax rolls.

The proposal begins to address a key concern of municipalities -- the growing number of tax exempt residential housing facilities owned by benevolent associations being located in municipalities and shifting more of the property tax burden onto residential homeowners. Over the years, the courts have interpreted the benevolent association tax exemption to be much broader than the legislature originally intended. The courts have ruled that the exemption applies not only to non-profit associations providing housing to the poor but also to independent living facilities providing high-end housing to affluent elderly. Some of the housing facilities that are currently eligible for the tax exemption require residents to pay initial endowments as high as \$400,000 or greater.

To help illustrate the implications for municipalities, the tax shift that occurs annually in the City of Milwaukee as a result of this tax exemption is \$8 million. The portion of the \$8 million that goes to non-profit organizations providing housing to low income tenants is very small -- roughly \$500,000. The rest of the \$7.5 million in tax exemptions goes to independent living facilities providing high-end housing for middle and upper-middle income residents.

We urge you to vote in support of the legislative proposal recommended by the Special Committee. While it is not a perfect proposal and may need some tweaking, the intent is to narrow a tax exemption that needs narrowing. Thanks for considering our comments.



**AMENDMENT ,  
TO WLC: 0186/2**

1 At the locations indicated, amend the draft as follows:

2 **1.** Page 6, line 9: after that line insert:

3 “10. A housing project in which at least 90% of the residential units are occupied by  
4 households which include at least one person who is at least 65 years of age and that meets  
5 the requirements of either subp. a. or b. of this subdivision. In this subdivision, “project”  
6 includes property located on more than one tax parcel, if the parcels are owned or operated  
7 by the same person and are adjacent, separated only by a street or other public right-of-way,  
8 or within the same condominium development. “Project” does not include property described  
9 under subds. 1. through 9.

10 a. At least 20% of the units are occupied by households with an annual income not in  
11 excess of 50% of the area median income for households of the same size, as determined by  
12 the U.S. department of housing and urban development; or

13 b. At least 40% of the units are occupied by households with an annual income not in  
14 excess of 60% of the area median income for households of the same size, as determined by  
15 the U.S. department of housing and urban development.”.

16 **2.** Page 6, line 22: after that line insert:

17 “SECTION 2m. 70.116 of the statutes is created to read:

1           **70.116 Payments for municipal services; certain benevolent associations. (1)**

2           DEFINITIONS. In this section: (a) "Municipality" means a city, village, or town or special  
3           purpose district under s. 79.095 (1) (bm).

4           (b) "Municipal services" means solid waste management, as defined in s. 287.01 (13),  
5           law enforcement and fire protection, street construction, repair and maintenance, traffic  
6           control, street lighting, and snow and ice removal and all eligible cost items under s. 86.303  
7           (6) (a) through (c), public library services, and any administrative or debt service costs  
8           associated with the provision of these services.

9           (2) PAYMENTS. On or before January 31 of each year, the owner of any property  
10           described in s. 70.11 (4) (c) 10. of the statutes shall pay as a special charge an amount  
11           determined by the municipality as sufficient to defray the costs, including administrative costs  
12           and debt service costs, of making municipal services available to the property and to residents  
13           of the property in the previous year. The amount charged by a municipality under this section  
14           may not exceed the amount that would be levied as the annual tax of the municipality upon  
15           the property.

16           (3) ADMINISTRATION. The authority of a municipality to require payments under this  
17           section is in addition to any other authority provided by law to a municipality. Payments under  
18           this section are subject to s. 74.11, stats.

19           SECTION 2r. 74.11 (1) of the statutes is amended to read:

20           **74.11 Dates for payment of taxes, special assessments and special charges. (1)**

21           APPLICABILITY. General property taxes, special assessments, special charges, and special taxes  
22           collectible under this chapter and payments under s. 70.116 are payable as provided in this  
23           section, except as provided in ss. 74.12, 74.125, and 74.87.".

24           **3.** Page 7, line 4: after that line insert:

1           “(3) The treatment of sections 70.116 and 74.11 of the statutes first applies to municipal  
2 services provided on and after January 1, 2007.”.

3           **4.** Page 7, line 7: after that line insert:

4           “(3) The treatment of sections 70.116 and 74.11 of the statutes takes effect on January  
5 1, 2007.”.

**NOTE:** 1. Creates, as s. 70.11 (4) (c) 10., stats., a new category of property that is exempt from property taxes. Under the amendment, a housing project is tax-exempt if at least 90% of the units are occupied by households which include at least one person who is at least 65 years old, and, in addition, one of the following requirements is met:

- At least 20% of the units are occupied by households with an annual income not in excess of 50% of the area median income for households of the same size; or
- At least 40% of the units are occupied by households with an annual income not in excess of 60% of the area median income for households of the same size.

Under the amendment, “project” includes property located on more than one tax parcel, if the parcels are owned or operated by the same person and are adjacent, separated only by a street or other public right-of-way, or within the same condominium development. “Project” does not include any property that is exempt from property taxes under s. 70.11 (4) (c) 1. through 9., stats.

Under the draft, all changes to the tax-exempt status of residential property first apply to property tax assessments as of January 1, 2007, which are payable in 2008.

2. Requires the owner of property that is exempt under s. 70.11 (4) (c) 10., stats., described under item 1., above, to make an annual payment to the municipality for services provided to the property and to residents of the property. “Municipality” is defined as a city, village, or town or special purpose district (town sanitary district, metropolitan sewerage district, or public inland lake protection and rehabilitation district).

The amount of payment required by a municipality may not exceed the amount that would be levied as the annual tax of the municipality upon the property. Payments for municipal services are subject to s. 74.11, stats., which sets forth dates for payments of taxes, special assessments, and special charges.

05/02/2005

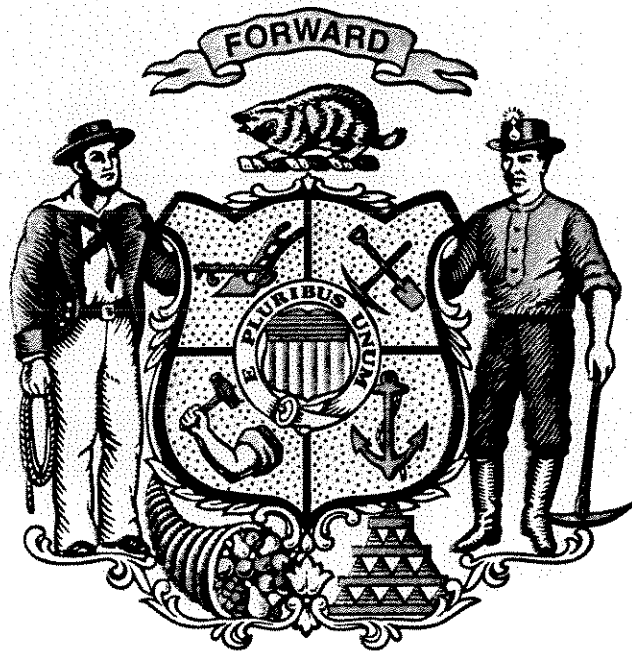
- 4 -

WLC: 0205/1

Under the amendment, payments are first required for services provided on or after January 1, 2007, payable in 2008.

1

(END)



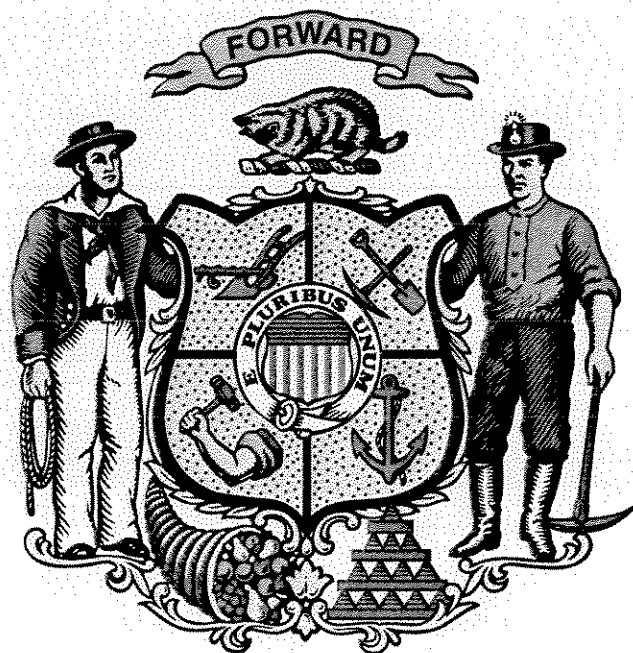


# IMPORTANT MESSAGE

For Scott  
Day 5/03/05 Time 1:10 A.M.  
M Liz Schumacher  
Of Mentor  
Phone 608 219 6940  
FAX Area Code Number Extension  
MOBILE Area Code Number Extension

Telephoned	<input checked="" type="checkbox"/> Returned your call	<input type="checkbox"/> RUSH	
Came to see you	<input type="checkbox"/> Please call	<input checked="" type="checkbox"/> Special attention	
Wants to see you	<input type="checkbox"/> Will call again	<input type="checkbox"/> Caller on hold	

Message \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Signed \_\_\_\_\_





FOLEY & LARDNER LLP  
ATTORNEYS AT LAW

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150 EAST GILMAN STREET  
MADISON, WISCONSIN 53703-1481  
POST OFFICE BOX 1497  
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### FACSIMILE TRANSMISSION

Total # of Pages 3 (including this page)

<b>TO:</b>	<b>PHONE #:</b>	<b>FAX #:</b>
Scott		282-3657

**From :** Timothy J. Radelet  
**Date :** May 3, 2005  
**Client/Matter No :** 999400-1653  
**User ID No :** 0610

**MESSAGE:**

If there are any problems with this transmission or if you have not received all of the pages, please call 608.258.4252.

<b>Operator:</b>	<b>Time Sent:</b>	<b>Return Original To:</b> Timothy J. Radelet
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CFL

Earl R. Thayer  
5210 Fairway Drive

Phone: 608-271-9701

Madison, WI 53711-1037

E-Mail: ethayer@chorus.net  
April 29, 2005

Rep. Steve Wieckert  
Sen. Alan Lasee  
Co-Chairs, Wisconsin Legislative Council  
State Capitol, Madison, WI 53703

Re: WLC Special Committee on  
Tax Exemptions for Residential  
Property (Columbus Park)...Bill  
Draft WLC:0186/2

Dear Rep. Wieckert and Sen. Lasee:

As a member of this Special Committee of the Legislative Council, chaired by Rep. Jeff Fitzgerald, I am writing to **STRONGLY OPPOSE** the Council forwarding WLC:0186/2 as a bill to the full Legislature. These are my reasons:

Draft WLC:0186/2, as it affects retirement homes for the aged, has three parts: (a) use of leasehold income, sometimes called "rent use," (b) a specific list of tax exempt properties owned by benevolent associations, and (c) full property taxes for independent living units not exempt by the list in (b). Draft WLC:0186/2 very sensibly resolves the first two: rent use and specific properties eligible for tax exemption. But it then links those solutions to an oppressive and damaging full property tax on all unlicensed senior housing except that for certain low income persons.

This is a huge injustice to thousands of elderly in Wisconsin retirement homes for the aged who do not qualify as "low income," but whose age and accompanying infirmities prompt them to seek housing in non-profit, benevolent homes providing continuing care services. On balance these are persons who by no stretch of imagination can be termed "rich" or even well to do. They mostly represent hard working, blue collar, often former public employees, and professionals who have reluctantly traded their long held homes for independent living or life lease units in a place where the health care needs they have or anticipate can be met on campus.

Far from being unfair to those who pay full property tax while remaining in their private residences, the present tax exemption for such independent living units has for decades made Wisconsin an envied pioneer in the development of continuing care facilities which respect the special needs of the elderly by combining housing with direct access to strong wellness, preventive and palliative care services. This official public policy has been undeniably effective in achieving an appropriate public good:

- A. The elderly in such facilities covenant that they will not divest themselves of assets to go on Medicaid. In return, the facility covenants that it will continue to house and care for them as long as they live, even if they run out of money. Recently, a couple at Oakwood Village in Madison said on TV that this plan is the "one thing that lets them sleep at night." They echo the thoughts of thousands.

Page 2:

B. A few days ago (April 25) Associated Press reported that the nation's governors want to "take aim at the common practice of seniors giving away their assets so the government pays for nursing home care." On any given day at Oakwood Village, where I am a volunteer, between 75-80 seniors are being supported in their housing and health care by Oakwood benevolence because they do not have the funds to do it themselves. With Medicaid already busting its budget, it only makes sense to encourage, not discourage, the Oakwoods of Wisconsin to continue to protect the State's interest at the same time that they serve the needs of the elderly.

C. Typically such facilities extend their benevolent reach far beyond the borders of their campuses. Oakwood West not only offers 30 HUD units for seniors, but its 2004 community wide benevolence exceeded \$2,000,000, or 7.25% of its gross revenue. This does not include another \$1,000,000 in financial support for the re-development of South Madison and now the troubled Allied Drive area, all through the efforts of Oakwood or its employees.

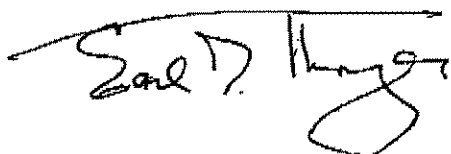
D. Although some for-profit homes for the aged seek to emulate Oakwood, developers of commercial senior housing make no such pledges. Do they continue to house elders who can't pay their rent? No. Do they provide health care services on site? No. Do they keep them in housing and assisted living when seniors run out of funds. No. That means those persons go on Medicaid. That is exactly the unique difference between the two types of housing....and that is why Wisconsin has offered, and should continue, tax exemption to non-profit, benevolent independent living housing-health care for our elderly.

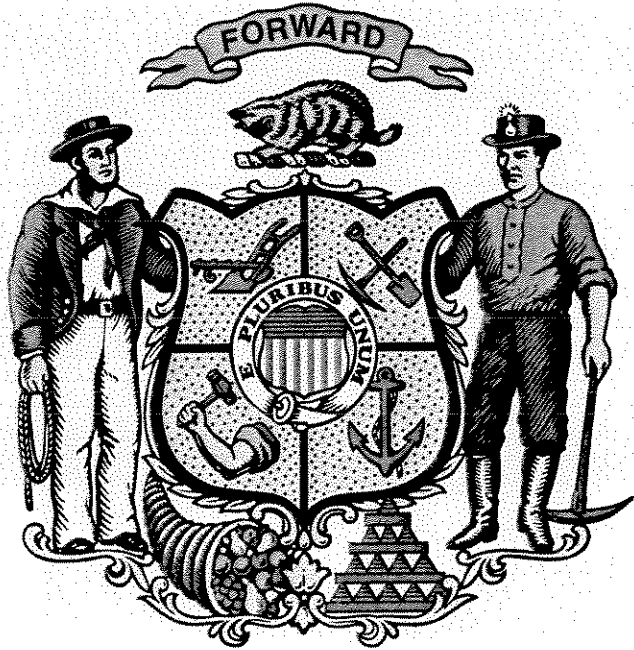
Finally, WLC:0186/2 is itself a product of a flawed approach to fixing the tax exemption policies of Wisconsin. It unfairly and unjustly attacks non-profit retirement homes for the aged while ignoring the great bulk of other tax exempt properties. Milwaukee allegedly has tax exempted 30% of its property....only 3% of which involve retirement facilities. Of the 4,000-plus tax exempt parcels in Madison, only 13 relate to retirement homes. In Dane County we tax-exempt everything from manure tanks to the \$200-Million Overture Center. Both are desirable facilities, but do they merit property tax exemption more than non-profit homes for frail elderly?

I would urge the Council to halt WLC: 0186/2 in its tracks. Then, restore property tax exemption for qualified non-profit retirement homes for the elderly, and junk the tax proposed by 0186/2. If the Council cannot do that, at least make both options available to the full Legislature. Let the people decide whether to tax or exempt non-profit homes for the aged.

While I was disappointed that our Special Committee could not agree on the latter, I very much appreciated the opportunity to serve the Council on this extremely important issue of public policy. I will continue to seek the sensible alternative to full taxation that many of us on the Special Committee believe is there.

Sincerely,





# Dan Kapanke

Wisconsin State Senator - 32nd District



## MEMO

TO: Members of the Joint Legislative Council Committee

FROM: Sen. Dan Kapanke

DATE: May 3, 2005

RE: Amendment to WLC: 0186/2 (Columbus Park)

---

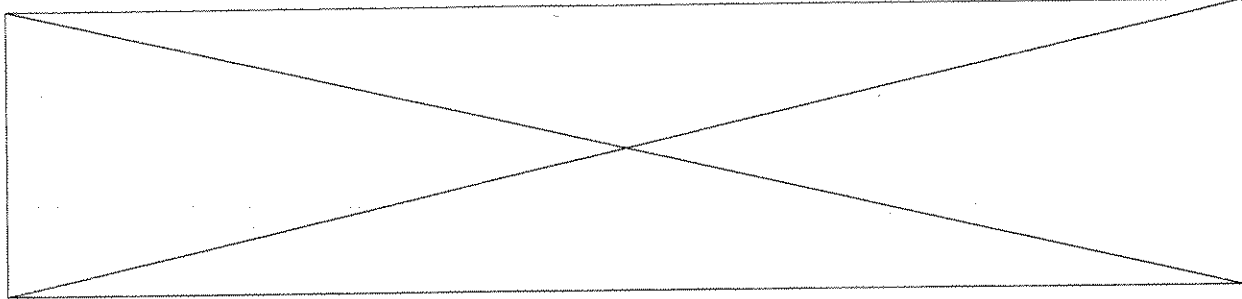
In recognition of the valuable services provided to the state by benevolent housing associations that offer a continuum of care environment for older citizens, I respectfully request your support for an amendment to WLC: 0186/2, relating to the revision and elimination of the exemption from the property tax for certain property and the use of income from certain tax-exempt property. Specifically, this amendment would retain the current property tax exemption for housing provided by benevolent associations to older individuals if the residence is affiliated with a not-for-profit nursing home or other type of establishment that provides care to residents in the same county.

WLC: 0204/1 will ensure the continued availability of affordable housing to senior citizens in the state. Imposing property taxes on all independent living types of senior housing will result in significantly higher charges to residents and jeopardize the ability of benevolent associations to subsidize housing for lower-income residents and seniors requiring health care services. Many providers, including Bethany-St. Joseph Corporation of La Crosse, already negotiate a Payment in Lieu of Taxes (PILOT) agreement with resident communities to help pay for public services provided to a housing complex. Since federal tax law requires benevolent associations to continue to house even those residents who no longer can afford services, an additional property tax requirement would jeopardize the ability of some providers to remain solvent.

A copy of this amendment is attached for your review. Please call my office at 266-5490 if you have any questions or concerns about this proposal.

This amendment is supported by the Wisconsin Association for Homes and Services for the Aging.

Thank you for your attention to this matter.



**AMENDMENT ,**

**TO WLC: 0186/2**

At the locations indicated, amend the bill as follows:

**1.** Page 6, line 9: after that line insert:

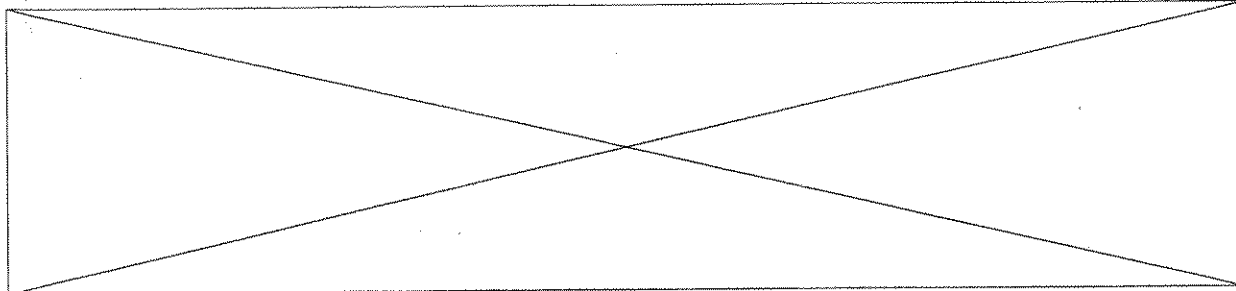
“10. Housing for older persons as defined in s. 106.50 (1m) (m) that satisfies the requirements under s. 106.50 (5m) (a) and which is affiliated with a nursing home licensed under s. 50.03, a community-based residential facility licensed under s. 50.03, or a residential care apartment complex registered or certified under s. 50.034, any one of which is located within the same county. Housing for older persons will be considered affiliated if it meets the definition of an affiliate under s. 180.0103 and the affiliated entity is not-for-profit.”

**NOTE:** This amendment adds certain housing for older persons as a category of property, which, if owned and used exclusively by a benevolent association, is exempt from property taxes. Housing for older persons, as defined in s. 106.50 (1m) (m), stats., that satisfies the requirements under s. 106.50 (5m) (a), stats., would be exempt from the property tax provided it is affiliated with a nursing home, community-based residential facility, or residential care apartment complex located within the same county.

Housing for older persons is defined in s. 106.50 (1m) (m), stats., as any of the following:



05/03/2005



1. Housing provided under any state or federal program that the secretary of the department of workforce development determines is specifically designed and operated to assist elderly persons, as defined in the state or federal program.

2. Housing solely intended for, and solely occupied by, persons 62 years of age or older.

3. Housing primarily intended and primarily operated for occupancy by at least one person 55 years of age or older per dwelling unit. Section 106.50 (5m) (a), stats., provides that Wisconsin's open housing law does not prohibit discrimination based on age or family status with respect to housing for older persons. Housing primarily intended and primarily operated for occupancy by at least one person 55 years of age or older per dwelling unit may qualify as housing for older persons only if the owner of the housing maintains records containing written verification that all of the following factors apply to the housing:

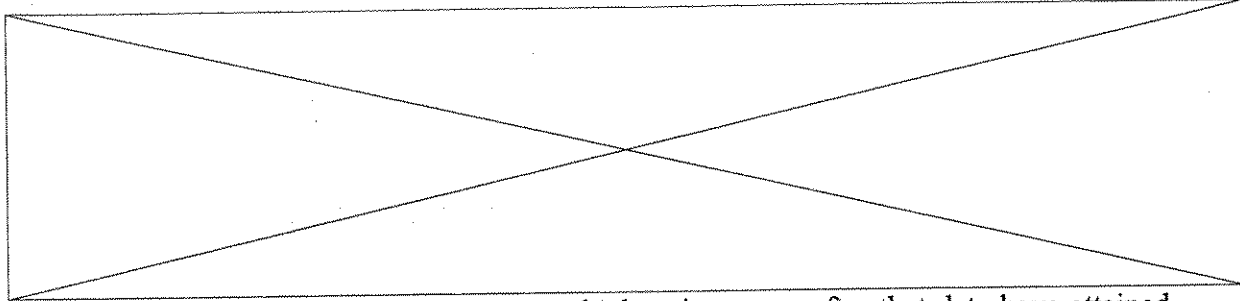
1. At least 80% of the dwelling units in housing that is primarily intended and primarily operated for occupancy by at least one person 55 years of age or older per dwelling unit, are occupied by at least one person 55 years of age or older.

2. Policies are published and procedures are adhered to that demonstrate intent by the owner or manager to provide housing for persons 55 years of age or older. The owner or manager may document compliance with this requirement by maintaining records containing written verification of the ages of the occupants of the housing.

In addition, under s. 106.50 (5m) (a), stats., no person may discriminate by refusing to continue renting to a person living in housing for older persons that is housing primarily intended and primarily operated for occupancy by at least one person 55 years of age or older per dwelling unit who is subject to a hardship condition.

Finally, under s. 106.50 (5m) (a), stats., housing may qualify as housing for older persons with respect to persons first occupying the housing on or after September 1, 1992, regardless of whether a person who had not attained the age of 62 resided in the housing on that date or regardless of whether one or more dwelling units were unoccupied on that date, if the

05/03/2005



persons who first occupy the housing on or after that date have attained the age of 62.

“Affiliate” is defined under s. 180.0103 (1), stats., as “a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, another person. Section 180.0103 (11m), stats., defines “person” to include “an individual and an entity”. Section 180.0103 (8), stats., defines “entity” to include a domestic corporation; a foreign corporation; a limited liability company; a nonstock corporation; a stock or nonstock cooperative association; a profit or nonprofit, unincorporated association; a business trust; an estate; a partnership; a trust; 2 or more persons having a joint or common economic interest; a state or an agency, commission, department, authority, bureau, or other instrumentality of a state; a governmental subdivision; the United States; and a foreign government.

(END)



**BETHANY ST. JOSEPH CORPORATION**

2501 SHELBY ROAD LA CROSSE, WISCONSIN 54601 (608) 788-5700, FAX 788-4030

May 2, 2005

TO: Senator Dan Kapanke  
Fax 608-267-5173  
Attn: Melissa Gilbert

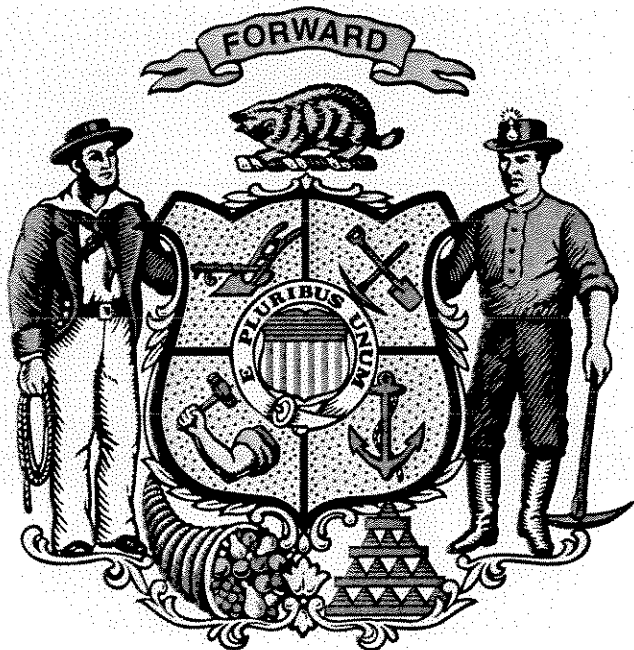
FROM: Tom Rand, Executive Director

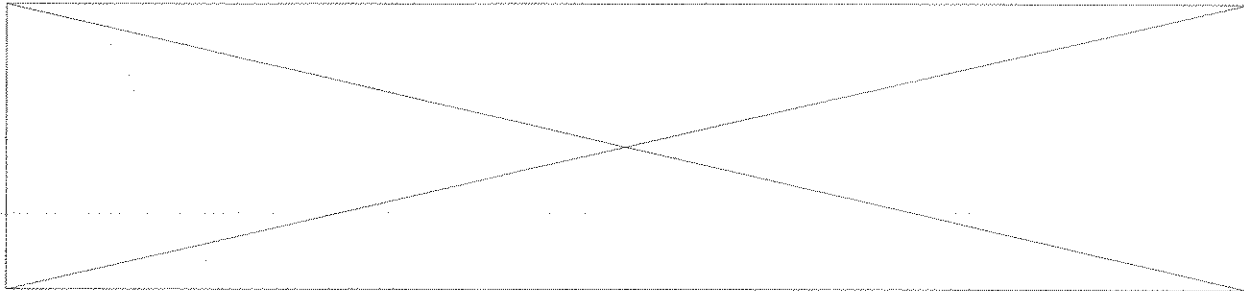
RE: Proposed Amendment to WLC: 0186/2

As a mission driven not for profit long term care organization, we can and do support the proposed amendment to WLC: 0186/2. This amendment would allow us to continue to provide affordable housing to seniors on low and fixed incomes.

We will continue, as we have for years, to make voluntary Payments in Lieu of Tax (PILOT) on our senior housing facilities to the cities of La Crosse and Onalaska.

Thank you for your continuing support on issues important to seniors. Please contact me if I can be of resource to you on long term care issues.





**AMENDMENT ,  
TO WLC: 0186/2**

At the locations indicated, amend the bill as follows:

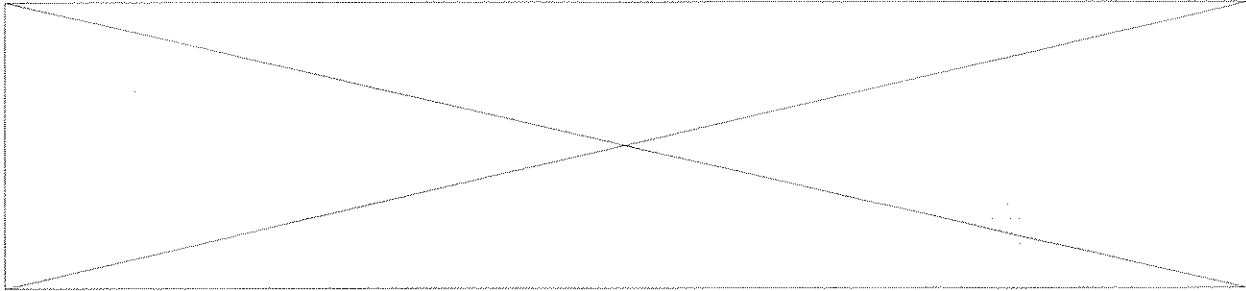
**1.** Page 6, line 9: after that line insert:

“10. Housing for older persons as defined in s. 106.50 (1m) (m) that satisfies the requirements under s. 106.50 (5m) (a) and which is affiliated with a nursing home licensed under s. 50.03, a community-based residential facility licensed under s. 50.03, or a residential care apartment complex registered or certified under s. 50.034, any one of which is located within the same county. Housing for older persons will be considered affiliated if it meets the definition of an affiliate under s. 180.0103 and the affiliated entity is not-for-profit.”

**NOTE:** This amendment adds certain housing for older persons as a category of property, which, if owned and used exclusively by a benevolent association, is exempt from property taxes. Housing for older persons, as defined in s. 106.50 (1m) (m), stats., that satisfies the requirements under s. 106.50 (5m) (a), stats., would be exempt from the property tax provided it is affiliated with a nursing home, community-based residential facility, or residential care apartment complex located within the same county.

Housing for older persons is defined in s. 106.50 (1m) (m), stats., as any of the following:

05/03/2005



1. Housing provided under any state or federal program that the secretary of the department of workforce development determines is specifically designed and operated to assist elderly persons, as defined in the state or federal program.

2. Housing solely intended for, and solely occupied by, persons 62 years of age or older.

3. Housing primarily intended and primarily operated for occupancy by at least one person 55 years of age or older per dwelling unit. Section 106.50 (5m) (a), stats., provides that Wisconsin's open housing law does not prohibit discrimination based on age or family status with respect to housing for older persons. Housing primarily intended and primarily operated for occupancy by at least one person 55 years of age or older per dwelling unit may qualify as housing for older persons only if the owner of the housing maintains records containing written verification that all of the following factors apply to the housing:

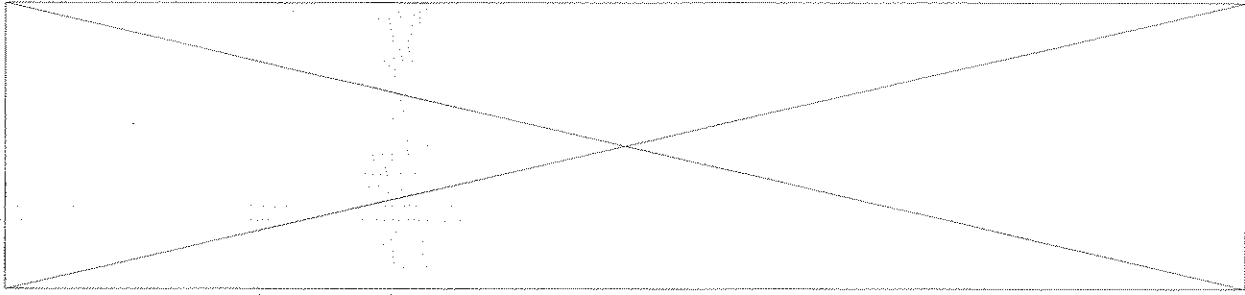
1. At least 80% of the dwelling units in housing that is primarily intended and primarily operated for occupancy by at least one person 55 years of age or older per dwelling unit, are occupied by at least one person 55 years of age or older.

2. Policies are published and procedures are adhered to that demonstrate intent by the owner or manager to provide housing for persons 55 years of age or older. The owner or manager may document compliance with this requirement by maintaining records containing written verification of the ages of the occupants of the housing.

In addition, under s. 106.50 (5m) (a), stats., no person may discriminate by refusing to continue renting to a person living in housing for older persons that is housing primarily intended and primarily operated for occupancy by at least one person 55 years of age or older per dwelling unit who is subject to a hardship condition.

Finally, under s. 106.50 (5m) (a), stats., housing may qualify as housing for older persons with respect to persons first occupying the housing on or after September 1, 1992, regardless of whether a person who had not attained the age of 62 resided in the housing on that date or regardless of whether one or more dwelling units were unoccupied on that date, if the

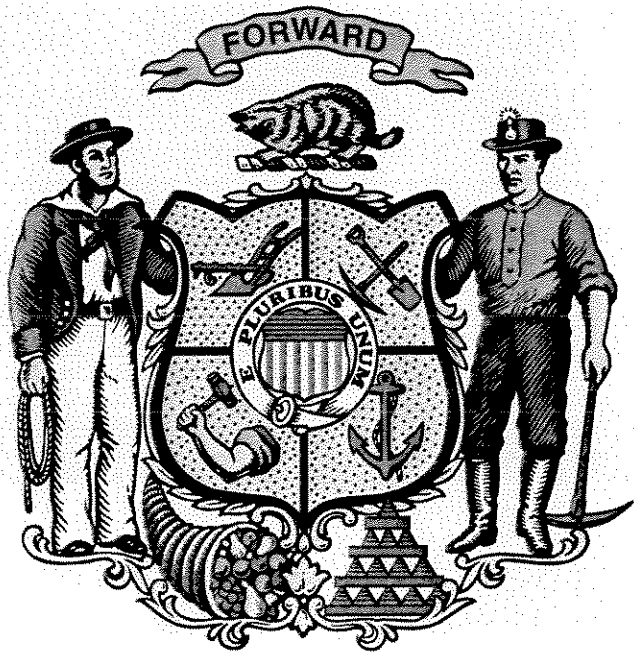
05/03/2005



persons who first occupy the housing on or after that date have attained the age of 62.

“Affiliate” is defined under s. 180.0103 (1), stats., as “a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, another person. Section 180.0103 (11m), stats., defines “person” to include “an individual and an entity”. Section 180.0103 (8), stats., defines “entity” to include a domestic corporation; a foreign corporation; a limited liability company; a nonstock corporation; a stock or nonstock cooperative association; a profit or nonprofit, unincorporated association; a business trust; an estate; a partnership; a trust; 2 or more persons having a joint or common economic interest; a state or an agency, commission, department, authority, bureau, or other instrumentality of a state; a governmental subdivision; the United States; and a foreign government.

(END)







# WISCONSIN ASSOCIATION OF ASSESSING OFFICERS

[www.waao.org](http://www.waao.org)

President	Mark Schlafer	LaCrosse	(608) 789-7525	<a href="mailto:schlaferm@cityoflacrosse.org">schlaferm@cityoflacrosse.org</a>
President Elect	Melvin Raatz	Oconto Falls	(920) 846-4250	<a href="mailto:rrassessing@ez-nef.com">rrassessing@ez-nef.com</a>
Vice President	James Siebers	Mequon	(262) 239-2923	<a href="mailto:jsiebers@ci.mequon.wi.us">jsiebers@ci.mequon.wi.us</a>
Secretary	Pam Hennessey	Madison	(608) 274-6842	<a href="mailto:PamHennessey@charter.net">PamHennessey@charter.net</a>
Treasurer	Joan Spencer	Marshfield	(715) 384-3856	<a href="mailto:joan@ci.marshfield.wi.us">joan@ci.marshfield.wi.us</a>
Past President	Michael Higgins	Kenosha	(262) 653-2805	<a href="mailto:amikeh@kenosha.org">amikeh@kenosha.org</a>

May 27, 2005

Representative Steve Wieckert, Co-Chair  
Wisconsin Legislative Council

Dear Representative Wieckert,

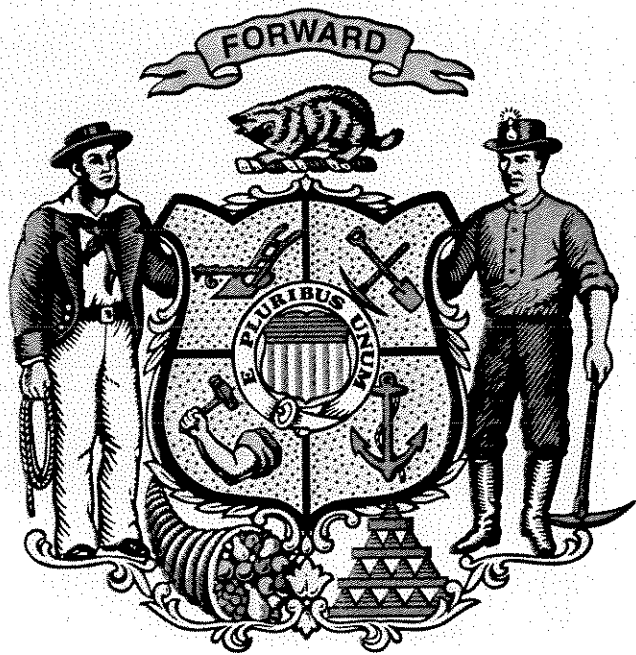
I am writing to you as President of the Wisconsin Association of Assessing Officers (WAAO), a professional organization of statewide assessors. I am asking you to forward the proposal before your committee as drafted by the Special Committee on Tax Exemptions for Residential Property.

The special committee's efforts should not be nullified by taking no action. The Supreme Court decision in the Columbus Park case highlighted the disparity in residential property tax exemptions for the "poorest of the poor" and the high-end living centers housing independent seniors. The special committee's study of the public policy regarding these exemptions resulted in a clearer definition of which properties should have their exemptions continued.

This is a matter of utmost importance to our members and their respective jurisdictions. Again, I urge you to pass the draft bill that is currently before you without amendment. While refinements may be needed, it is more important not to allow the current proposal to be "watered down" or voided by inaction or clever amendments.

Sincerely,

Mark Schlafer  
President, WAAO



*Village of Rio*  
PO Box 276 - Rio WI 53960  
Ph. 920-992-5454  
Fax 920-992-6108

MAY 27 2005

Rep. Steve Wieckert  
Senator Alan Lasee  
Members of the Wisconsin Legislative Council  
Wisconsin State Legislature  
Madison, Wisconsin

**RE: WLC: 0186/2 Tax Exemptions for Residential Property**

Dear Sir,

We write to express our support for the above-referenced bill. We understand that it is intended to narrow the property tax exemption allowed for residential property owned by benevolent associations.

We do not object to the exemption for properties like the one in our community. In addition to providing modest housing for persons of limited income, the facility makes an annual payment in lieu of taxes (PILOT). We are very concerned, however, that the exemption has been expanded, allowing properties which serve middle class or affluent elderly to avoid property taxes.

The municipal financial base has already been substantially eroded by legislative action such as manufacturing exemptions, reduced state shared revenue, the method of assessing agricultural land (which has the effect of shifting the tax burden to cities and villages), unfunded mandates, and, potentially, the imposition of tax limits.

**We hope the State Legislature will continue to consider options for giving property tax relief but we urge you to repeal the current exemption for benevolent associations which can afford to pay under the existing tax system.**

Sincerely,



Rio Village Board  
Bonnie Pribbenow, President  
May 24, 2005