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## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

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**2007 Senate Bill 403**

**Senate Amendments 1 and 2**

*Memo published:* February 1, 2008

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*Current law* provides in part that property exempt from the property tax will retain its exemption if it is leased and the leasehold income is used for maintenance of the leased property or for construction debt retirement.

*Senate Bill 403* provides that low-income housing owned by churches or religious, educational, or benevolent associations will retain property tax-exempt status if the leasehold income from the project is used for statutorily described expenditures. Low-income housing is part of a low-income housing project in which at least 75% of the occupied residential units are occupied by low-income or very low-income persons. As part of the process by which the property owner verifies that certain property is a low-income housing project, the property owner must file with the property tax assessor a copy of the federal Department of Housing and Urban Development or federal Department of Agriculture, Rural Development contract involved with the project.

Senate Bill 403 *takes effect retroactively* on January 1, 2006. The purpose of the effective date is to avoid the possible application of s. 70.44, Stats., to low-income housing that was not assessed property taxes for the two years prior to passage of the bill.

Section 70.44 (1), Stats., provides as follows:

**70.44 Assessment; property omitted.** (1) Real or personal property omitted from assessment in any of the 2 next previous years, unless previously reassessed for the same year or years, shall be entered once additionally for each previous year of such omission, designating each such additional entry as omitted for the year of omission and affixing a just valuation to each entry for a former year as the same should then have been assessed according to the assessor's best judgment, and taxes shall be apportioned, using the net tax rate as provided in s. 70.43, and collected on

the tax roll for such entry. This section shall not apply to manufacturing property assessed by the department of revenue under s. 70.995.

*Senate Amendment 1* provides that:

1. The expenditures for which the leasehold income derived from a low-income project may be used must be reasonable.
2. A low-income project is one in which at least 75% of the units are occupied by low-income or very low-income persons or are vacant and available only to low-income or very low-income persons.
3. Each year the owner of the property housing a low-income project must submit a copy of an appropriate federal contract, if applicable.

*Senate Amendment 2* changes the effective date of the bill to January 1, 2009, and creates a nonstatutory provision that exempts low-income housing from the provisions of s. 70.44, Stats. The effect of this provision is to prevent an assessor from assessing property taxes against low-income properties that they “omitted” from taxation either of the two years before the bill takes effect.

#### **Legislative History**

On January 31, 2008, the Senate adopted Senate Amendments 1 and 2 on voice votes. On the same day, the Senate passed Senate Bill 203 on a vote of Ayes, 32; Noes, 0.

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