

Fiscal Estimate Narratives

DOR 10/17/2013

LRB Number	13-2736/1	Introduction Number	AB-0415	Estimate Type	Original
Description Changing the method by which a municipality may collect the costs of razing a building from a property owner					

Assumptions Used in Arriving at Fiscal Estimate

CURRENT LAW

Under current law, the following definitions apply:

A "general property tax" means an amount entered in the tax roll against a parcel of real property or a personal property account for their share of the taxes to be raised for the state, county, school district, technical college district, municipality, and special district.

A "special assessment" means an amount entered in the tax roll against a parcel of real property to compensate for all or part of the cost of public work or improvements which benefit the property.

A "special charge" means an amount entered in the tax roll against a parcel of real property to compensate for all or part of the cost to a public body of providing services to the property.

A "special tax" means an amount entered in the tax roll which is not a general property tax, a special assessment, or a special charge.

A municipal board, building inspector, or other designated official may issue an order to raze a dilapidated, dangerous, or unsanitary building if the costs of repair are such that it would be unreasonable to do the repair. The raze order is issued to the owner of the building. If the owner does not comply with the order within the prescribed time, the municipality may proceed to raze the building. The cost of the razing may be entered on the tax roll against the real estate upon which the building is located as a "special tax".

Amounts levied against property on the tax roll are generally collected either in two installments (January installment collected by the municipality and July installment collected by the county) or in three or more installment (all installments collected by the municipality). In either case, after the last installment is due, the tax roll is turned over to the county for collection. On or before August 20, the county treasurer is required to pay in full to the proper treasurer all "general property taxes" and any "special tax" included in the tax roll that has not been paid. A county board may, by resolution, direct the county treasurer to also pay in full all "special assessments" and "special charges" included in the tax roll which have not previously been paid. The procedures under current law for the county to recover unpaid "general property taxes" also apply to any "special tax", "special assessment", or "special charge" for which the county pays to its municipalities.

Because tax roll entries related to a raze order are deemed a "special tax", any unpaid amounts must be settled in full by the county treasurer to the municipality as part of the August 20 settlement.

PROPOSED LAW

Under the bill, the cost of the razing may be entered on the tax roll against the real estate upon which the building is located as a "special charge". By designating this amount to be a "special charge", a county treasurer will not be required to settle in full for any unpaid amounts unless the county board has passed a resolution directing the county treasurer to settle in full for all "special assessments" and "special charges".

"Special assessments", "special charges", and "special taxes" are reported to the Department of Revenue (DOR) on the Statement of Taxes (SOT) filed annually by municipalities. The attached table shows the special taxes that were placed on the tax rolls for the 2010/11, 2011/12, and 2012/13 property tax years. The list includes only those municipalities for which a clearly specified amount was charged for either razing or demolition.

A total of about \$2.14 million was placed on the tax rolls as a "special tax" for razing in the past 3 years. Under the bill, for a municipality located in a county where the county board has not directed the county treasurer to settle in full for unpaid special assessments and special charges, collection of unpaid razing charges will occur at a later date than under current law. The DOR does not have information to permit it to estimate the amount of the special taxes for raze orders that are unpaid at the time of the August 20

settlement by county treasurers. The DOR also does not have information on which counties have passed resolutions directing the county treasurer to settle in full for unpaid special assessments and special charges. However, since the amount involved in an individual raze order can be quite large, any delay in the recovery of these costs could create a financial hardship for the municipality that issued the raze order.

Long-Range Fiscal Implications

Municipalities Reporting Razing/Demolition on the Statement of Taxes

Municipalities are shown only if a definitive amount was specified.

Municipality	County	Tax Year	Amount
Almena - village	Barron	2010/11	390.88
Fox Lake - village	Dodge	2010/11	2,884.70
Superior - city	Douglas	2010/11	28,060.45
Eau Claire - city	Eau Claire	2010/11	6,742.61
North Fond du Lac - village	Fond du Lac	2010/11	13,933.49
Montfort - village	Grant	2010/11	9,064.50
Mauston - village	Juneau	2010/11	52.13
Salem - town	Kenosha	2010/11	15,785.57
Kenosha - city	Kenosha	2010/11	226,825.01
Bemont - village	Lafayette	2010/11	7,965.38
Oxford - village	Marquette	2010/11	12,896.40
Milwaukee - city	Milwaukee	2010/11	112,364.70
New London - city	Outagamie	2010/11	164,036.78
Janesville - city	Rock	2010/11	30,849.39
La Valle - village	Sauk	2010/11	10,691.95
Sheboygan - town	Sheboygan	2010/11	5,507.70
Sharon - village	Walworth	2010/11	23,500.00
North Prairie - village	Waukesha	2010/11	10,523.38
Brookfield - city	Waukesha	2010/11	9,815.00
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Total for the year	*****	2010/11	691,890.02
Almena - village	Barron	2011/12	3,693.94
Superior - city	Douglas	2011/12	480,646.79
Muscoda - village	Grant	2011/12	11,213.89
Boscobel - city	Grant	2011/12	8,537.04
Waterloo - city	Jefferson	2011/12	2,640.00
Salem - town	Kenosha	2011/12	34,627.00
Somers - town	Kenosha	2011/12	14,282.37
Kenosha - city	Kenosha	2011/12	60,281.15
Onalaska - city	La Crosse	2011/12	12,095.24
Greendale - village	Milwaukee	2011/12	15,308.57
Milwaukee - city	Milwaukee	2011/12	237,994.28
Rochester - village	Racine	2011/12	20,300.74
Janesville - city	Rock	2011/12	14,756.24
Merrimac - village	Sauk	2011/12	27,443.16
Draper - town	Sawyer	2011/12	5,218.81
Sheboygan - town	Sheboygan	2011/12	355.50
Geneva - town	Walworth	2011/12	18,850.00
Sharon - village	Walworth	2011/12	11,112.89
North Prairie - village	Waukesha	2011/12	10,059.11
Brookfield - city	Waukesha	2011/12	12,172.95
New London - city	Waupaca	2011/12	9,006.00
Saratoga - town	Wood	2011/12	4,411.44
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Total for the year	*****	2011/12	1,015,007.11

Municipalities Reporting Razing/Demolition on the Statement of Taxes

Municipalities are shown only if a definitive amount was specified.

Municipality	County	Tax Year	Amount
Verona - city	Dane	2012/13	13,324.75
Watertown - city	Dodge	2012/13	20,513.30
Superior - city	Douglas	2012/13	47,101.62
Blue River - village	Grant	2012/13	49,186.90
Boscobel - city	Grant	2012/13	29,733.50
Arena - village	Iowa	2012/13	9,400.00
Watertown - city	Jefferson	2012/13	15,267.08
Salem - town	Kenosha	2012/13	16,793.98
Kenosha - city	Kenosha	2012/13	72,618.15
Merrill - city	Lincoln	2012/13	43,898.22
Milwaukee - city	Milwaukee	2012/13	274,210.37
Spring Valley - village	Pierce	2012/13	6,517.50
Stevens Point - city	Portage	2012/13	6,638.46
Orfordville - village	Rock	2012/13	21,000.00
Woodland - town	Sauk	2012/13	1,355.75
Rock Springs - village	Sauk	2012/13	11,990.00
Tigerton - village	Shawano	2012/13	17,449.12
Plymouth - city	Sheboygan	2012/13	1,705.44
La Farge - village	Vernon	2012/13	5,606.00
East Troy - village	Walworth	2012/13	375.05
Williams Bay - village	Waukesha	2012/13	12,444.00
North Prairie - village	Waukesha	2012/13	9,594.84
Wisconsin Rapids - city	Wood	2012/13	23,632.28
Total for the year	*****	2012/13	710,356.31
Total for all 3 years	*****	*****	2,417,253.44