

2019 DRAFTING REQUEST**Assembly Amendment (AA-ASA1-AB56)**

For: **Gordon Hintz (608) 266-2254** Drafter: **elunder**
 By: **Dave** Secondary Drafters:
 Date: **6/20/2019** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email: **Rep.Hintz@legis.wisconsin.gov**
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Pre Topic:

No specific pre topic given

Topic:

Dark property and leased property tax assessments

Instructions:

Add Dark Store provisions on LFB Summary, p. 388 #5

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	elunder 6/20/2019	anienaja 6/20/2019			
/P1			mbarman 6/20/2019		
/1			dwalker 6/24/2019	dwalker 6/24/2019	

FE Sent For:

<END>



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb0495/? (PI)
EKL:...

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 56

1 At the locations indicated, amend the substitute amendment as follows:

2
INS 1-3 →
3
INS 1-4 →
4
INS 1-5 →
5

- 1. Page 376, line 7: after that line insert:
- 2. Page 376, line 20: after that line insert:
- 3. Page 506, line 8: after that line insert:

(END)

prohibit competition, and the property being assessed is not dark property or subject to similar restrictions. The bill defines "dark property" as property that is vacant or unoccupied beyond the normal period for property in the same real estate market segment.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

INS 1-3

①

827m

SECTION 1. 70.03 (1) of the statutes is amended to read:

2

70.03 (1) In chs. 70 to 76, 78, and 79, "real property," "real estate," and "land"

3

include not only the land itself but all buildings and, fixtures, improvements thereon,

4

and all fixtures and, leases, rights, and privileges appertaining thereto, including

5

assets that cannot be taxed separately as real property, but are inextricably

6

intertwined with the real property, enable the real property to achieve its highest and

7

best use, and are transferable to future owners, except as provided in sub. (2) and

8

except that for the purpose of time-share property, as defined in s. 707.02 (32), real

9

property does not include recurrent exclusive use and occupancy on a periodic basis

10

or other rights, including, but not limited to, membership rights, vacation services,

11

and club memberships. In this subsection, "lease" means a right in real estate that

12

is related primarily to the property and not to the labor, skill, or business acumen of

13

the property owner or tenant. In this subsection, "highest and best use" has the

14

meaning given in s. 70.32 (1).

END
INS 1-3

④

INS 1-4

⑤

829m

SECTION 2. 70.32 (1) of the statutes is amended to read:

16

70.32 (1) Real property shall be valued by the assessor in the manner specified

17

in the Wisconsin property assessment manual provided under s. 73.03 (2a) at its

18

highest and best use from actual view or from the best information that the assessor

19

can practicably obtain, at the full value which could ordinarily be obtained therefor

1 at private sale. In determining the value, the assessor shall consider recent
2 arm's-length sales of the property to be assessed if according to professionally
3 acceptable appraisal practices those sales conform to recent arm's-length sales of
4 reasonably comparable property; recent arm's-length sales of reasonably
5 comparable property; and all factors that, according to professionally acceptable
6 appraisal practices, affect the value of the property to be assessed. In this subsection,
7 "arm's-length sale" means a sale between a willing buyer and willing seller, neither
8 being under compulsion to buy or sell and each being familiar with the attributes of
9 the property sold. In this subsection, "highest and best use" means the specific use
10 of the property as of the current assessment date or a higher use to which the
11 property can be expected to be put before the next assessment date, if the use is
12 legally permissible, physically possible, not highly speculative, and financially
13 feasible and provides the highest net return. When the current use of a property is
14 the highest and best use of that property, value in the current use equals full market
15 value. In this subsection, "legally permissible" does not include a conditional use
16 that has not been granted as of the assessment date.

17 (830m) SECTION 3. 70.32 (1b) of the statutes is created to read:

18 70.32 (1b) In determining the value of real property under sub. (1), the assessor
19 shall consider, as part of the valuation under sub. (1), any lease provisions and actual
20 rent pertaining to a property and affecting its value, including the lease provisions
21 and rent associated with a sale and leaseback of the property, if all such lease
22 provisions and rent are the result of an arm's-length transaction involving persons
23 who are not related, as provided under section 267 of the Internal Revenue Code for
24 the year of the transaction. In this subsection, an "arm's-length transaction" means

1 an agreement between willing parties, neither being under compulsion to act and
2 each being familiar with the attributes of the property.

3 **SECTION 4.** 70.32 (1d) of the statutes is created to read:

4 70.32 (1d) (a) To determine the value of property using generally accepted
5 appraisal methods, the assessor shall consider all of the following as comparable to
6 the property being assessed:

7 1. Sales or rentals of properties exhibiting the same or a similar highest and
8 best use, as defined in sub. (1), with placement in the same real estate market
9 segment.

10 2. Sales or rentals of properties that are similar to the property being assessed
11 with regard to age, condition, use, type of construction, location, design, physical
12 features, and economic characteristics, including similarities in occupancy and the
13 potential to generate rental income. For purposes of this subdivision, such
14 properties may be found locally, regionally, or nationally.

15 (b) For purposes of par. (a), a property is not comparable if any of the following
16 applies:

17 1. At or before the time of sale, the seller places any deed restriction on the
18 property that changes the highest and best use, as defined in sub. (1), of the property,
19 or prohibits competition, so that it no longer qualifies as a comparable property
20 under par. (a) 1. or 2. and the property being assessed lacks such a restriction.

21 2. The property is dark property and the property being assessed is not dark
22 property. In this subdivision, "dark property" means property that is vacant or
23 unoccupied beyond the normal period for property in the same real estate market
24 segment. For purposes of this subdivision, what is considered vacant or unoccupied
25 beyond the normal period may vary depending on the property location.

1 (c) For purposes of par. (a), "real estate market segment" means a pool of
 2 potential buyers and sellers that typically buy or sell properties similar to the
 3 property being assessed, including potential buyers who are investors or
 4 owner-occupants. For purposes of this paragraph, and depending on the type of
 5 property being assessed, the pool of potential buyers and sellers may be found locally,
 6 regionally, nationally, or internationally.

7 (d) The department of revenue shall assist local assessors with implementing
 8 and applying this subsection.

END
INS 1-4

9 **SECTION 9337. Initial applicability; Revenue.**

INS 1-5

END
INS 1-5

10 (1) REAL PROPERTY TAX ASSESSMENTS. The treatment of ss. 70.03 (1) and 70.32
 11 (1), (1b), and (1d) first applies to the property tax assessments as of January 1, 2020.

12

(END)



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb0495/P1
EKL:amn

No
Changes

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
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TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 56

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 376, line 7: after that line insert:

3 **"SECTION 827m.** 70.03 (1) of the statutes is amended to read:

4 70.03 (1) In chs. 70 to 76, 78, and 79, "real property," "real estate," and "land"
5 include not only the land itself but all buildings and, fixtures, improvements thereon,
6 and all fixtures and, leases, rights, and privileges appertaining thereto, including
7 assets that cannot be taxed separately as real property, but are inextricably
8 intertwined with the real property, enable the real property to achieve its highest and
9 best use, and are transferable to future owners, except as provided in sub. (2) and
10 except that for the purpose of time-share property, as defined in s. 707.02 (32), real
11 property does not include recurrent exclusive use and occupancy on a periodic basis

1 (b) For purposes of par. (a), a property is not comparable if any of the following
2 applies:

3 1. At or before the time of sale, the seller places any deed restriction on the
4 property that changes the highest and best use, as defined in sub. (1), of the property,
5 or prohibits competition, so that it no longer qualifies as a comparable property
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12 (c) For purposes of par. (a), "real estate market segment" means a pool of
13 potential buyers and sellers that typically buy or sell properties similar to the
14 property being assessed, including potential buyers who are investors or
15 owner-occupants. For purposes of this paragraph, and depending on the type of
16 property being assessed, the pool of potential buyers and sellers may be found locally,
17 regionally, nationally, or internationally.

18 (d) The department of revenue shall assist local assessors with implementing
19 and applying this subsection."

20 **3.** Page 506, line 8: after that line insert:

21 "(1p) REAL PROPERTY TAX ASSESSMENTS. The treatment of ss. 70.03 (1) and 70.32
22 (1), (1b), and (1d) first applies to the property tax assessments as of January 1, 2020."

23 (END)