

Fiscal Estimate Narratives

DOR 3/27/2019

LRB Number	19-2029/1	Introduction Number	SB-130	Estimate Type	Original
Description property tax assessments regarding leased property and assessments based on comparable sales and market segments					

Assumptions Used in Arriving at Fiscal Estimate

Under the bill, for property tax purposes, real property includes any leases, rights, and privileges pertaining to the property, including assets that cannot be taxed separately as real property, but are inextricably intertwined with the real property. The bill also provides sales considerations for assessors under generally accepted appraisal methods to use when determining the value of property. The bill defines "real estate market segment" and "dark property."

The fiscal estimate is indeterminate as the department lacks parcel level data on different market segments of commercial property and cannot determine the scale and scope of changes in property assessments as a result of the bill. In *Walgreens v. City of Madison*, the City of Madison's contract lease based appraisal resulted in property appraisals 54 percent higher than market lease rates used in Walgreen's appraisals. To the extent the assessment standards result in higher assessments for affected property, the bill will shift a higher portion of the property tax levy to those properties.

The impact on tax increments is indeterminate and dependent upon the location of properties that may be assessed at higher levels as a result of the bill.

Long-Range Fiscal Implications