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# Wisconsin Legislative Council

## AMENDMENT MEMO

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**Contact:** Scott Grosz, Principal Attorney

### 2021 Assembly Bill 610

### Senate Substitute Amendment 1

## BACKGROUND

Current law governs the manner in which real property is valued by an assessor. Very briefly, an assessor is required to determine value on the basis of three considerations: (1) recent arm's-length sales of a property; (2) recent arm's-length sales of reasonably comparable property; and (3) all factors that affect the value of the property.

Current law requires the Department of Revenue (DOR) to publish a manual and requires an assessor to value real property in the manner specified in the manual.

## 2021 ASSEMBLY BILL 610

Assembly Bill 610 prohibits an assessor from using or considering certain information when determining the value of real property. Specifically, the bill prohibits an assessor from doing the following:

- Using a mortgage or bank appraisal, or any portion thereof.
- Using projected rents and other future or anticipated benefits.
- Using list or asking prices, or list or asking rents.
- Using price trends in order to increase the assessed value of multiple properties by a general amount or percentage.
- Considering the value of a club house, swimming pool, or other amenity that is part of a multi-family property if the club house receives minimal or no rental income.

The bill also provides that if an inconsistency or ambiguity exists between statute and the DOR manual, then statute controls the practices of the assessor.

## SENATE SUBSTITUTE AMENDMENT 1

As amended by Senate Substitute Amendment 1, Assembly Bill 610 would do the following:

- Codify the principle of statutory interpretation that if an inconsistency or ambiguity exists between statute and the DOR manual, then statute controls the practices of the assessor.
- Effective for property tax assessments as of January 1, 2023, prohibit an assessor from using list or asking prices, or list or asking rents, to determine fair market value.

## **BILL HISTORY**

The Wisconsin Assembly adopted Assembly Amendment 1 and passed Assembly Bill 610 on October 26, 2021. On January 10, 2022, Senator Feyen introduced Senate Substitute Amendment 1. On February 9, 2022, the Senate Committee on Housing, Commerce and Trade recommended adoption of Senate Substitute Amendment 1, and concurrence in Assembly Bill 610, as amended, on votes of Ayes, 3; Noes, 2.

SG:jal