



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRBs0333/2  
JK:lmk:rs

ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO 2005 ASSEMBLY BILL 573

January 5, 2006 - Offered by Representatives GOTTLIEB and BERCEAU.

1     **AN ACT** *to renumber and amend* 70.11 (4); *to amend* 70.11 (intro.), 70.32 (1)  
2             and 70.44 (1); and *to create* 70.11 (4) (c), 70.11 (4) (d), 70.11 (4) (i) and 70.32 (1b)  
3             of the statutes; **relating to:** revision and elimination of the exemption from the  
4             property tax for certain property and the use of income from certain tax-exempt  
5             leased property.

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

6             **SECTION 1.** 70.11 (intro.) of the statutes is amended to read:

7             **70.11 Property exempted from taxation.** (intro.) The property described  
8             in this section is exempted from general property taxes if the property is exempt  
9             under sub. (1), (2), (18), (21), (27) or (30); if it was exempt for the previous year and  
10            its use, occupancy or ownership did not change in a way that makes it taxable; if the  
11            property was taxable for the previous year, the use, occupancy or ownership of the  
12            property changed in a way that makes it exempt and its owner, on or before March 1,

1 files with the assessor of the taxation district where the property is located a form  
2 that the department of revenue prescribes or if the property did not exist in the  
3 previous year and its owner, on or before March 1, files with the assessor of the  
4 taxation district where the property is located a form that the department of revenue  
5 prescribes. Leasing a part of the property described in this section does not render  
6 it taxable if, except for property described in sub. (4), the lessor uses all of the  
7 leasehold income for maintenance of the leased property or construction debt  
8 retirement of the leased property, or both, and, except for residential housing, if the  
9 lessee would be exempt from taxation under this chapter if it owned the property.  
10 Leasing property described in sub. (4) as residential housing does not render it  
11 taxable if the property owner uses all of the leasehold income to support the  
12 benevolent or educational activities of the owner, or in the case of a church or  
13 religious association, to support the activities of the church or association, and the  
14 activities are undertaken in the county where the tax-exempt property is located.  
15 In addition, leasing property described in sub. (4) (c) 7. or (i) as residential housing  
16 does not render it taxable if the property owner uses all of the leasehold income to  
17 support the provision of similar housing anywhere in this state. Any lessor who  
18 claims that leased property is exempt from taxation under this chapter shall, upon  
19 request by the tax assessor, provide records relating to the lessor's use of the income  
20 from the leased property. Property exempted from general property taxes is:

21 **SECTION 2.** 70.11 (4) of the statutes is renumbered 70.11 (4) (intro.) and  
22 amended to read:

23 70.11 (4) (intro.) Property owned and used exclusively by ~~educational~~ any of the  
24 entities described in this subsection while such property is used not for profit.  
25 Property that is exempt from taxation under this subsection and is leased remains

1 exempt from taxation only if, in addition to the requirements specified in the  
2 introductory phrase of this section, the property owner and the lessee do not  
3 discriminate on the basis of race. The amount of land exempt under this subsection  
4 may not exceed 10 acres of land necessary for location and convenience of buildings,  
5 except as provided in par. (b). This subsection does not include property owned by  
6 an organization that is organized under s. 185.981 or ch. 611, 613, or 614 and that  
7 offers a health maintenance organization as defined in s. 609.01 (2) or a limited  
8 service health organization as defined in s. 609.01 (3) or by an organization that is  
9 issued a certificate of authority under ch. 618 and that offers a health maintenance  
10 organization or a limited service health organization or by any nonstock, nonprofit  
11 corporation which services guaranteed student loans for others or on its own account.  
12 The property of the following entities is exempt from taxation under this subsection.

13 (a) Educational institutions offering regular courses 6 months in the year; or  
14 by churches and educational associations, if the property is used exclusively for the  
15 purposes of the educational institution or association.

16 (b) Churches or religious, educational or benevolent associations, including  
17 benevolent nursing homes and retirement homes for the aged but not including an  
18 organization that is organized under s. 185.981 or ch. 611, 613 or 614 and that offers  
19 a health maintenance organization as defined in s. 609.01 (2) or a limited service  
20 health organization as defined in s. 609.01 (3) or an organization that is issued a  
21 certificate of authority under ch. 618 and that offers a health maintenance  
22 organization or a limited service health organization and not including property  
23 owned by any nonstock, nonprofit corporation which services guaranteed student  
24 loans for others or on its own account, and also if the property is used exclusively for  
25 church or religious purposes, including property owned and used for housing for

1     pastors and their ordained assistants, members of religious orders and communities,  
2     and ordained teachers, whether or not contiguous to and a part of other property  
3     owned and used by such associations or churches; ~~or by women's, but not other types~~  
4     of residential housing except for the property described in par. (c). Property owned  
5     by churches or religious associations necessary for location and convenience of  
6     buildings, used for educational purposes and not for profit, shall not be subject to the  
7     10-acre limitation under this subsection but shall be subject to a 30-acre limitation.

8             ~~(e) Women's clubs; or by domestic,, if the property is used exclusively for the~~  
9     purposes of the club.

10            ~~(f) Domestic incorporated historical societies; or by domestic,, if the property~~  
11     is used exclusively for the purposes of the historical society.

12            ~~(g) Domestic incorporated, free public library associations; or by fraternal, if~~  
13     the property is used exclusively for the purposes of the library association.

14            ~~(h) Fraternal societies operating under the lodge system (except university,~~  
15     ~~college and high school fraternities and sororities), but not exceeding 10 acres of land~~  
16     ~~necessary for location and convenience of buildings while such property is not used~~  
17     ~~for profit. Property owned by churches or religious associations necessary for~~  
18     ~~location and convenience of buildings, used for educational purposes and not for~~  
19     ~~profit, shall not be subject to the 10-acre limitation but shall be subject to a 30-acre~~  
20     ~~limitation. Property that is exempt from taxation under this subsection and is leased~~  
21     ~~remains exempt from taxation only if, in addition to the requirements specified in the~~  
22     ~~introductory phrase of this section, the lessee does not discriminate on the basis of~~  
23     ~~race, except university, college, and high school fraternities and sororities, if the~~  
24     property is used exclusively for the purposes of the fraternal society.

25            **SECTION 3.** 70.11 (4) (c) of the statutes is created to read:

1           70.11 (4) (c) Benevolent associations, churches, or religious associations, if the  
2 property is used exclusively for benevolent purposes as any of the following:

- 3           1. A nursing home licensed under s. 50.03.
- 4           2. A community-based residential facility licensed under s. 50.03.
- 5           3. An adult family home certified under s. 50.032 or licensed under s. 50.033.
- 6           4. A residential care apartment complex registered or certified under s. 50.034  
7 if at least 25 percent of the residents receive, on a daily basis, nursing services, as  
8 defined in s. HFS 89.13 (24), Wis. Adm. Code, or personal services, as defined in s.  
9 HFS 89.13 (25), Wis. Adm. Code, pursuant to a written service agreement between  
10 the resident and the residential care apartment complex.
- 11          5. A domestic abuse shelter.
- 12          6. A shelter for the homeless, including transitional housing facilities.
- 13          7. Housing for low-income persons that is operated in compliance with sections  
14 3.01 and 3.02 (1), (2), and (3), or that is provided as part of a program described in  
15 section 4.02 (4) or 4.02 (9), of the Internal Revenue Service revenue procedure 96–32.  
16 In order to claim the exemption under this subdivision, the property owner shall  
17 provide the assessor an affidavit stating that the property meets the requirements  
18 under this subdivision. For the purposes of this subdivision, “project”, as used in  
19 Internal Revenue Service revenue procedure 96–32, includes property located on  
20 more than one tax parcel, if the parcels are owned or operated by the same person  
21 and are adjacent, separated only by a street or other public right-of-way, or within  
22 the same condominium development.
- 23          8. A residential facility, the purpose of which is to provide alcohol or other drug  
24 abuse treatment or services or housing for persons with, or who are recovering from,  
25 alcohol or other drug abuse problems.

1           9. Residential housing in which at least 75 percent of the housing units are  
2 occupied by one or more persons with permanent disabilities, for whom evidence is  
3 available that demonstrates that these persons meet the medical definition of  
4 permanent disability used to determine eligibility for programs administered by the  
5 federal social security administration.

6           **SECTION 4.** 70.11 (4) (d) of the statutes is created to read:

7           70.11 (4) (d) Benevolent associations, if the property is not residential and is  
8 used exclusively for benevolent purposes.

9           **SECTION 5.** 70.11 (4) (i) of the statutes is created to read:

10          70.11 (4) (i) All property owned by an eligible sponsor, as defined in s. 234.01  
11 (5), and used exclusively to provide housing for persons and families of low and  
12 moderate income.

13          **SECTION 6.** 70.32 (1) of the statutes is amended to read:

14          70.32 (1) ~~Real~~ Except as provided in sub. (1b), real property shall be valued by  
15 the assessor in the manner specified in the Wisconsin property assessment manual  
16 provided under s. 73.03 (2a) from actual view or from the best information that the  
17 assessor can practicably obtain, at the full value which could ordinarily be obtained  
18 therefor at private sale. In determining the value, the assessor shall consider recent  
19 arm's-length sales of the property to be assessed if according to professionally  
20 acceptable appraisal practices those sales conform to recent arm's-length sales of  
21 reasonably comparable property; recent arm's-length sales of reasonably  
22 comparable property; and all factors that, according to professionally acceptable  
23 appraisal practices, affect the value of the property to be assessed.

24          **SECTION 7.** 70.32 (1b) of the statutes is created to read:

1           70.32 (1b) With regard to determining the value of residential property owned  
2           by a benevolent association, church, or religious association, if information on the  
3           sale of reasonably comparable property, as described under sub. (1), is not available  
4           to the taxation district assessor, the assessor shall determine the value of such  
5           property by using the income approach specified in the Wisconsin property  
6           assessment manual provided under s. 73.03 (2a).

7           **SECTION 8.** 70.44 (1) of the statutes is amended to read:

8           70.44 (1) Real or personal property omitted from assessment in any of the 2  
9           next previous years, unless previously reassessed for the same year or years, shall  
10          be entered once additionally for each previous year of such omission, designating  
11          each such additional entry as omitted for the year of omission and affixing a just  
12          valuation to each entry for a former year as the same should then have been assessed  
13          according to the assessor's best judgment, and taxes shall be apportioned, using the  
14          net tax rate as provided in s. 70.43, and collected on the tax roll for such entry. This  
15          section shall not apply to manufacturing property assessed by the department of  
16          revenue under s. 70.995 or to property previously omitted from assessment solely on  
17          the basis of the property owner's failure to comply with the leased property  
18          provisions under s. 70.11 (intro.) during the years for which the property was  
19          omitted.

20          **SECTION 9. Initial applicability.**

21          (1) The renumbering and amendment of section 70.11 (4) of the statutes and  
22          the creation of section 70.11 (4) (c), (d), and (i) of the statutes first apply to property  
23          tax assessments as of January 1, 2011.

24          **SECTION 10. Effective date.**

(1) The renumbering and amendment of section 70.11 (4) of the statutes and the creation of section 70.11 (4) (c), (d), and (i) of the statutes take effect on January 1, 2011.

**(END)**