



# Alberta Darling

Wisconsin State Senator  
Member, Joint Committee on Finance

## Senate Bill 414 Property Tax Assessment Testimony

Thank you Senator Tiffany and committee members

Senate Bill 414 is an attempt to make the property tax assessment process more fair and open for all property owners in Wisconsin. Many property owners, especially businesses, find it difficult to respond in time if they wish to contest a new and higher assessment of their property. .

Currently, when an assessor changes an assessment from a previous year, the assessor must provide written notice of the new assessment at least 15 days before the next meeting of the board of review. Senate Bill 414 gives the property owner more time, changing the timeline to 60 days before the meeting of the board of review.

Right now, the property owner or representative of that owner must appear before the board of review hearing to testify under oath about their objection to the property tax assessment. This bill permits a property owner, to submit written statements, under oath, instead of appearing at the hearing.

Under the current review process, the board of review must presume that the assessor's assessment is correct. The property owner can rebut that, by showing sufficiently that the assessment is wrong. Senate Bill 414 changes that process by allowing the property owner to rebut the presumption that the assessment is correct if they show the preponderance of the evidence that the assessment is incorrect.

Finally, under current law, a property owner may file a claim for an excessive assessment with the taxation district where the property is located. If the taxation district disallows the claim, the property owner may commence an action in circuit court to recover the amount of the disallowed claim. Under this bill, if the assessment exceeds \$1,000,000, the property owner may commence an action with the tax appeals commission rather than in the circuit court.

Thank you for the opportunity to testify on Senate Bill 414, I would be glad to answer any questions the committee may have.



*Scott Walker*  
Governor

*Richard G. Chandler*  
Secretary of Revenue

January 15, 2013

**DOR Testimony on Senate Bill 414**  
**Senate Committee on Workforce Development, Forestry, Mining, and Revenue**

Chairman Tiffany and members of the Senate Committee on Workforce Development, Forestry, Mining, and Revenue, thank you for the opportunity to provide comment on Senate Bill 414, which makes several changes to the board of review process.

In my testimony, I will describe the current timeline for the assessment process and identify how the changes proposed in SB 414 would fit in to that process.

Under the current statutory requirements, assessors assign a value to property based on the condition of the property as of January 1. All assessors are required to abide by state law and the standards of DOR's annually published Wisconsin Property Assessment Manual. Since assessing an entire municipality's property is a considerable undertaking, assessors take several months to complete their work.

Assessors begin the process in January by collecting sales data from the prior year. Statements of personal property are due on March 1. Assessment must be completed by the first Monday in April. After assessments are completed notices of changed assessments are sent to property owners. In late May and early June, municipalities hold an "open book" where property owners are able to review the assessor's work and ask questions.

The Board of Review is required by statute to meet during the 30 day period following the second Monday in May. Fifteen days prior to the first meeting the Board of Review must notice the hearing. The Board of Review must be in session for two hours to allow taxpayers to review the assessment roll and make objections. The Board of Review then schedules a hearing for each objection. Hearings on objections before the Board of Review provide taxpayers the opportunity to appeal assessments before the assessor's cumulative report, or assessment roll, is final. Once the Board of Review has finalized its hearings on objections, the assessor can finalize the assessment report.

The assessor transmits a report to DOR around the statutory deadline of the second Monday in June. However, some assessors may not be able to complete an assessment by that time because the Board of Review work is not completed, so they send DOR a preliminary report (Municipal Assessment Report). In order to meet DOR's statutory deadline of August 15 for equalized values, DOR must rely on the reports filed by the second Monday in June.

State law requires DOR to publish equalized values for all 1,851 municipalities on August 15 each year. Once DOR publishes those values, they are final and cannot be amended. If changes are necessary because of new information from the municipality, errors in reporting from the local assessor, or any other reason, such as Board of Review decisions made after the second Monday in June, adjustments are made in the following year through the 70.57 process.

Wisconsin is unique in its approach to assessment. In Wisconsin, assessment is done at the local level, as opposed to the county level, which is the case in most states. This provides more local control and accountability to the assessment process. However, this also means that the

timeline on the process varies greatly across the state. Accounting for this unique approach is important when considering changes to the assessment process.

ASK STEWGER  
The proposal to move the notice requirement from 15 days to 60 days will likely disrupt the assessment and Board of Review process. For assessments completed near the deadline of the first Monday in April, the Board of Review could be held no earlier than the first Monday in June (60 days later). This would only give the Board of Review one week to complete the hearings on objections before the assessor would be required to file the preliminary report to DOR. Most likely, the Board of Review would not be finalized and an amended report would trigger 70.57 corrections on the subsequent year's tax bill.

This past November, there were still nearly 300 boards of review that had not finalized their review for 2013. If 45 days had been added to their timelines this year, they would have been unable to complete their review before tax bills were due in the second week of December. Based on DOR experience, any change to the notice requirement must take into consideration the administrative challenges for the local boards of review. To accommodate the proposed change, assessors would be forced to complete their work in a shorter time or the Board of Review would meet later. In either instance, the June report to DOR, upon which equalized values are based, would be more likely to not include final numbers because the Board of Review hearings would not be completed. Lacking final numbers, a subsequent amended report would be filed from the assessor, which would result in several more 70.57 corrections.

Allowing assessments greater than \$1 million to be appealed to the Tax Appeals Commission (TAC) would overburden the TAC. Currently, the TAC hears numerous types of tax appeals, but only hears property tax appeals from manufacturing property assessed by the state. The commissioners do not have experience reviewing local assessments of residential or commercial property. Furthermore, the TAC is already overburdened with appeals, and the added caseload proposed by this bill would need to include additional appropriations for the TAC and at least one additional commissioner. With the additional local property tax appeals, the TAC appeals process will likely take longer than appealing in the circuit court.

Lastly, any changes to the assessment process could not reasonably be implemented and go into effect until the 2016 assessment year.

Thank you again for the opportunity to discuss SB 414.

ARE THERE MORE APPEALS?

January 15, 2014

Senate Committee on Workforce Development, Forestry, Mining, and Revenue  
Wisconsin State Capitol  
Room 400 Southeast  
Madison, WI 53707

RE: Target Corporation Testimony for SB 414

Mr. Chairman and Members of the Committee:

My name is Chris Peterson, and I am a Senior Group Manager of Tax for Target. I oversee Target's real estate tax function. As a member of the Alliance of Wisconsin Retailers, we support Senate Bill 414. I appreciate the opportunity to give Target's perspective on the property tax process in Wisconsin.

By way of background, Target has had a presence in Wisconsin for over forty years – with our first Wisconsin store in Wauwatosa. Today, Target operates 39 stores and a distribution center in the state, employing over 7,000 team members. Target remains committed to providing a superior guest and team member experience in Wisconsin. On a personal level, I grew up in New Richmond and still have family there today.

We are not here to ask for a special tax credit or appropriation – we are here to support some improvements in Wisconsin's property tax process. This bill is not intended to provide tax relief. Instead, the changes proposed in this legislation are intended to make the process more efficient for not only taxpayers, but also local jurisdictions. Target has stores in 49 states, and we experience different property tax assessment procedures in each state we operate. I am also involved with the Council on State Taxation's property tax committee, where we provide recommendations on best practices in property tax. My goal is to provide you with some perspective on best practices and where some improvements would help make Wisconsin an even better state in which to do business.

We support SB 414 and are willing to find a consensus with you and local government authorities to improve the current assessment process for both the taxpayer and the assessor community. We are here as a resource to you as you deliberate this proposal.

#### Notice Period

As a multistate taxpayer with multiple locations throughout Wisconsin, the current assessment process provides challenges we typically do not see in other states. The most significant challenge relates to the short period of time where we can appeal an assessment after receiving an assessment notice. Under Wisconsin law, while Boards of Review must meet in May, many jurisdictions adjourn the Board of Review until the assessment is completed. Presently, it is difficult to understand exactly when we will receive an assessment notice.

Once we receive an assessment notice, we have 15 days in which to appeal the assessment. A 15-day period is simply not enough time for us to review and prepare sufficient evidence for the assessor. This period is also frenzied and burdensome for the assessor, as the assessor is preparing for the Board of Review. The process is further complicated when many jurisdictions issue assessment notices at different, unpredictable times of the year.

We have a couple of examples to illustrate where the current process breaks down.

1. We received an assessment notice from one jurisdiction on July 18 that was dated July 11. The Board of Review was scheduled for July 24 – giving us fewer than four days to review the assessment, engage in a dialogue with the assessor, and timely file a notice of intent to file to the board of review. In cases like this, our immediate reaction is to quickly file the required notice of intent which may later be withdrawn – which would unnecessarily burden the assessor and Clerk's office to schedule our hearing.

2. In another example, we received an assessment notice on September 13, dated August 24, where the first objection hearing was on September 12. Under Wisconsin law, we forfeited our appeal rights.

We believe that a longer notice period would assist both the taxpayer and the assessor in allowing additional time for dialogue. I am not here today to say that SB 414 provides a perfect solution – but it provides a framework for a needed improvement. The proposed 60-day notice period is consistent with the Council on State Taxation’s (COST) best practices for property tax assessment procedures. According to COST, taxpayers seeking to file a property tax appeal should have at least 60 days from the formal written notice of the assessed value of the disputed property. Currently, COST gives Wisconsin an “F” grade for the current 15-day notice period. Most states provide at least 30 days and sometimes 90 days for appealing property tax assessments.

You may hear concerns today about extending the notice period and other changes to the Board of Review process. The changes proposed in this legislation are not intended to upend the state’s property tax system. We understand concerns about the extended notice period, and in particular, challenges this could place on the current interactions between the assessors and Department of Revenue. We are happy to explore alternatives to address this concern. The ultimate goal is to resolve disputes informally.

### Tax Appeals Commission

While the best case scenario involves a settlement between the taxpayer and assessor informally, there are times where the taxpayer and assessor agree to disagree about the proposed value. This leads to another proposal in SB 414 that we support.

In today’s world, Wisconsin law allows for taxpayers to obtain a fresh review only by filing an unlawful assessment claim in circuit court. We support the ability to have a fresh review after the Board of Review – and this is considered good practice by COST. However, most surrounding states have an alternative to circuit court. For example, Minnesota has a Tax Court; Michigan has a Tax Tribunal; Illinois has a Property Tax Appeal Board; Iowa has a Property Assessment Appeal Board. These tribunals regularly hear property tax cases and have developed specific expertise in handling these matters. Because of the inherent expertise, hearings can be much more efficient than in county circuit courts. For surrounding states, we have found that hearings can be completed in a matter of hours when they are truly needed. In contrast, we have seen at least one Wisconsin matter in circuit court that has progressed for over eight days. I think we can all agree that this does not present the most efficient use of time and resources.

We support SB 414 providing certain taxpayers an option to go to the Tax Appeals Commission rather than Circuit Court. Today, the Tax Appeals Commission already has jurisdiction over centrally assessed manufacturing property. While we agree there is potential for an increase to the Tax Appeals Commission workload under this option, we believe that the overall court workload, when one combines the TAC and circuit court workload with property tax matters would decrease because the TAC would be more efficient. As a result, we believe that both taxpayers and the assessing jurisdictions would win with reduced costs and time. Additionally, we believe that by extending the notice period, we may not even get to this level. Allowing certain property tax cases to be appealed to the Tax Appeals Commission would also be consistent with COST’s best practices.

Thank you for allowing me to testify here today – Target is committed to finding common ground in solutions to improve the current process. I am happy to answer questions that you may have.

Chris Peterson  
Senior Group Manager, Tax  
Target