



Equalization Bureau

WI Dept of Revenue | State and Local Finance Division
2023 Annual Assessor Meeting



Equalization Agenda



- ▷ Preliminary equalized values
 - Uses of equalized values
 - Purpose of preliminary equalized values
 - Preliminary review process
 - Guidelines for changes
- ▷ Statement of Changes in Equalized Values Report
- ▷ Department of Revenue economic changes and appraisal field studies
- ▷ Major Class Comparison Report



Equalized Values

Equalized Values

- ▶ Provides uniform basis to administer property tax system for levy purposes
 - Fairness and equity between municipalities
- ▶ Apportionment of property tax levy for overlying taxing jurisdictions
 - Counties
 - School districts
 - Technical colleges
 - State reforestation



Equalized Values – Uses

- ▷ Allocation of state aids
- ▷ Debt limit calculation
- ▷ Municipal assessment compliance – sec. 70.05 Wis. Stats.
- ▷ Equating manufacturing property assessments
- ▷ Levy limit calculations – net new construction



Preliminary Values

- ▶ State law (sec. 70.57(1b) Wis. Stats.) requires the Department of Revenue (DOR) to publish preliminary values on or before August 1 each year
 - Equalized values
 - Tax increment finance district (TID) values
 - Municipal net new construction
- ▶ Preliminary value review period is August 1-7 each year
- ▶ Municipal officials, county officials, and assessors should review the reports and contact DOR if they believe a palpable error exists, and if they have questions



Tax Increment Finance Values

- ▷ DOR uses the total assessed value of the TID, as reported by each municipal assessor on the Municipal Assessment Report (MAR), to calculate the TID's current value and increment value
- ▷ DOR equates the assessed value to full value using the municipal aggregate ratio (level of assessment)
- ▷ DOR's full value - TID base value = TID increment



Net New Construction

- ▷ Net new construction (NNC) is the full value of new construction, as of January 1, reduced by the full value of any demolition or destruction of buildings
- ▷ NNC may include corrections to the prior year
- ▷ NNC calculation includes all taxable property in a municipality or county, including property in TIDs
- ▷ Used to determine county and municipal levy limits
- ▷ Used to determine the allowable increase in spending under the expenditure restraint program (ERP)



Preliminary Equalized Values – Process

▷ On or before August 1

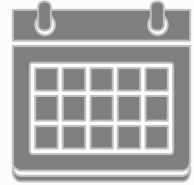
- DOR releases preliminary equalized values for review

▷ August 7

- Deadline to report potential errors to DOR
 - Errors – clerical, arithmetic, transpositional, or similar error representing over or under-valuation of property
 - Error must be equal or greater than 2% of Equalized Value or TID value. If less than 2%, a correction is applied to the next year's value

▷ August 1 – August 8

- DOR reviews potential errors and adjusts values accordingly



Preliminary Equalized Values

Guidelines for Value Changes:

- ▷ State law requires DOR to correct preliminary values if the error meets specific criteria
 - Greater than 2% of the equalized value or TID value – will adjust the preliminary value
 - Less than or equal to 2% of the equalized value or TID value – will apply a correction to the next year's value
 - Municipal Assessment Reports (MAR) filed after the second Monday in June are not subject to correction. Valuation changes resulting from a late, updated MAR will become a correction to the next year's equalized value.
 - If necessary, DOR will contact the municipal assessor to discuss and confirm changes



Preliminary Equalized Values

- ▷ Communication
 - Municipal assessors should review values and communicate with both municipal officials and equalization district office

- ▷ Timely and accurate filings with DOR
 - Sales information (PAD) – mid-February
 - Municipal Assessment Report (MAR) – second Monday in June



Equalized Values – Important Dates

▷ August 15

- DOR releases certified equalized values, TID values, net new construction and apportionment reports

▷ October 15

- Deadline for municipality to appeal equalized values

▷ November 1

- DOR publishes the 70.05 Compliance preliminary Major Class Comparison Report and sends preliminary non-compliance notices to municipalities

▷ December 1

- DOR sends letter to municipal assessor and clerk if Board of Review has adjourned, and final MAR has not been submitted to DOR



Equalized Value Report

Statement of Changes in Equalized Values



Statement of Changes in Equalized Values

- ▷ Released annually on August 15
- ▷ Represents estimated full values by taxation district and county as of January 1
- ▷ State-wide totals are also available
- ▷ Reports is available on DOR's website revenue.wi.gov/Pages/Report/soc-req.aspx
- ▷ Report web page provides information about report contents and definitions of terms (change types)



Statement of Changes in Equalized Values

- ▷ Displays the previous year's equalized values by property class and categorizes current valuation changes by change type
- ▷ Includes details of any correction and or compensation of prior year equalized values made under state law (sec. 70.57, Wis. Stats.)
 - **Current year correction**
 - Corrects the prior year's over or under-valuation in the current year Equalized Value and carries forward into future years
 - **Current year compensation**
 - One-time adjustment to compensate the municipality for any over or under-valuation of the prior year's Equalized Value
 - Adjustment is removed the following



WISCONSIN DEPARTMENT OF REVENUE
2023 STATEMENT OF CHANGES IN EQUALIZED VALUES BY CLASS AND ITEM

STATE TOTALS														
REAL ESTATE	2022 RE Equalized Value	Removal of Prior Year Compensation	% Change	\$ Amount of Economic Change	% Change	\$ Amount of New Constr	% Change	Correction & Compensation	% Change	\$ Amount of All Other Changes	% Change	2023 RE Equalized Value	Total \$ Change in R.E. Value	% Change
Residential														
Land	137,565,794,900	-17,353,200	0%	17,537,966,800	13%	569,096,100	0%	21,232,100	0%	-1,496,900	0%	155,675,239,800	18,109,444,900	13%
Imp	400,636,467,600	-101,520,600	0%	50,175,922,900	13%	6,437,679,100	2%	219,221,400	0%	844,908,500	0%	458,212,678,900	57,576,211,300	14%
Total	538,202,262,500	-118,873,800	0%	67,713,889,700	13%	7,006,775,200	1%	240,453,500	0%	843,411,600	0%	613,887,918,700	75,685,656,200	14%
Commercial														
Land	30,832,242,800	-67,112,000	0%	2,452,676,000	8%	234,942,500	1%	-16,579,200	0%	59,318,200	0%	33,495,488,300	2,663,245,500	9%
Imp	116,488,618,100	-248,672,300	0%	9,117,382,200	8%	5,148,227,400	4%	-28,766,900	0%	-228,164,300	0%	130,248,624,200	13,760,006,100	12%
Total	147,320,860,900	-315,784,300	0%	11,570,058,200	8%	5,383,169,900	4%	-45,346,100	0%	-168,846,100	0%	163,744,112,500	16,423,251,600	11%
Manufacturing														
Land	2,606,620,000	3,856,000	0%	198,554,600	8%	0	0%	-211,800	0%	36,923,500	1%	2,845,742,300	239,122,300	9%
Imp	15,248,421,100	33,121,500	0%	869,320,500	6%	519,021,200	3%	26,760,200	0%	452,579,900	3%	17,149,224,400	1,900,803,300	12%
Total	17,855,041,100	36,977,500	0%	1,067,875,100	6%	519,021,200	3%	26,548,400	0%	489,503,400	3%	19,994,966,700	2,139,925,600	12%
Agricultural														
Land/Total	2,532,777,800	3,758,500	0%	276,518,200	11%	0	0%	-5,046,400	0%	-6,466,900	0%	2,801,541,200	268,763,400	11%
Undeveloped														
Land/Total	2,256,894,100	-4,314,400	0%	145,442,000	6%	0	0%	-1,214,600	0%	-8,594,700	0%	2,388,212,400	131,318,300	6%
Ag Forest														
Land/Total	3,678,950,500	-6,195,200	0%	325,158,300	9%	0	0%	13,044,600	0%	5,256,400	0%	4,016,214,600	337,264,100	9%
Forest														
Land/Total	8,366,389,400	-13,164,900	0%	691,502,300	8%	0	0%	-31,539,400	0%	15,741,300	0%	9,028,928,700	662,539,300	8%
Other														
Land	2,002,562,100	2,660,900	0%	118,290,800	6%	0	0%	-3,467,500	0%	6,792,200	2%	2,126,838,500	124,276,400	6%
Imp	12,138,036,900	13,323,100	0%	1,200,593,400	10%	220,625,200	2%	-48,074,200	0%	217,939,300	2%	13,742,443,700	1,604,406,800	13%
Total	14,140,599,000	15,984,000	0%	1,318,884,200	9%	220,625,200	2%	-51,541,700	0%	224,731,500	2%	15,869,282,200	1,728,683,200	12%
Total Real Estate														
Land	189,842,231,600	-97,864,300	0%	21,746,109,000	11%	804,038,600	0%	-23,782,200	0%	107,473,100	0%	212,378,205,800	22,535,974,200	12%
Imp	544,511,543,700	-303,748,300	0%	61,363,219,000	11%	12,325,552,900	2%	169,140,500	0%	1,287,263,400	0%	619,352,971,200	74,841,427,500	14%
Total	734,353,775,300	-401,612,600	0%	83,109,328,000	11%	13,129,591,500	2%	145,358,300	0%	1,394,736,500	0%	831,731,177,000	97,377,401,700	13%
PERSONAL PROPERTY	Non-Mfg Personal Property			Manufacturing Personal Property			Total of All Personal Property							
	2022	2023	% Change		2022	2023	% Change		2022 Total	2023 Total	Tot. \$ Chg in PP	% Change		
Watercraft	15,358,700	15,487,900	1		5,423,700	5,005,400	-8%		20,782,400	20,493,300	-289,100	-1%		
Machinery Tools & Patterns	0	0	N/A		2,131,011,500	2,316,234,800	9%		2,131,011,500	2,316,234,800	185,223,300	9%		
Furniture Fixtures & Equip	4,461,377,000	4,941,765,700	11		694,580,700	736,548,700	6%		5,155,957,700	5,678,314,400	522,356,700	10%		
All Other	2,464,588,200	2,457,322,600	0		390,604,100	407,463,900	4%		2,855,192,300	2,864,786,500	9,594,200	0%		
Prior Year Compensation	65,019,200	55,556,900			-4,983,000	-12,909,900			60,036,200	42,647,000	-17,389,200			
Total Personal Property	7,006,343,100	7,470,133,100	7%		3,216,637,000	3,452,342,900	7%		10,222,980,100	10,922,476,000	699,495,900	7%		
TOTAL EQUALIZED VALUE	2022 Total			2023 Total			Total \$ Chg in PP				% Change			
Real Estate & Personal Property	744,576,755,400								842,653,653,000	98,076,897,600		13%		

Statement of Changes in Equalized Values

▷ Definitions of terms

- ***Removal of prior year compensation*** – removes value applied to the prior year's Equalized Value to compensate for over or under-valuation in the second prior year (Sec. 70.57, Wis. Stats.)
- ***Amount of economic change***
 - Includes changes due to market conditions, based on analysis of the prior year sales
 - Agricultural acreage reported at it's use value
 - Undeveloped and Agricultural Forest classes are valued at 50 percent of market value
- ***Amount of new construction***
 - Land value changes due to higher utility
 - Improvement value changes due to construction of new buildings



Statement of Changes in Equalized Values

▷ Definitions of terms

○ *70.57 Correction and Compensation*

- **Current Year Correction** – corrects the prior year's over or under-valuation in the current year equalized value and carries forward into future years
- **Current Year Compensation** – one-time adjustment to compensate the municipality for any over or under-valuation of the prior year's Equalized Value; the adjustment is removed the following year

○ *Amount of all other changes* – may include any or all the following:

- WI DOR field studies
- Demolition or destruction of buildings or other improvements
- Change in exemption status
- Change in classification of property
- Annexation gains or losses



DOR's Economic Changes & Field Review Studies



Assessor Request for Preliminary Economics

- ▷ Equalization analyzes sales data and establishes Economics during May and early June each year
- ▷ Assessor's sales stratification
 - May 1 – deadline to submit stratification information to DOR
 - Provides more accurate measure of economic (market value) change for a property class
 - Stratification worksheets are on the DOR website revenue.wi.gov/Documents/stratfrm.xls
- ▷ Timing to request economic information from DOR
 - Preliminary data is available in late May
 - If economic information is needed earlier, to obtain assessment compliance, contact equalization district office to discuss timing for DOR to provide information



DOR's Preliminary Economic Data

- ▷ Preliminary unit values
 - Agricultural land
 - Undeveloped land
 - Agricultural forest
 - Productive forest
 - Class 7 land

- ▷ Preliminary economic projections (percent change)
 - Residential
 - Commercial
 - Class 7 improvements



DOR Field Review

- ▷ Field review is an appraisal study of sample properties for the following property classes
 - Residential
 - Commercial
 - Other improvements
- ▷ Assessor's property record card data is used as a basis for improved properties that are part of the field review project



DOR Field Review

- ▷ Supplements economic analysis in areas with limited sales data to achieve a more accurate equalized value
- ▷ Results in a positive or negative adjustment to the equalized value
- ▷ Adjustment is applied to the equalized value prior to determining current year economic changes
- ▷ Assessors should be mindful of municipalities where the DOR conducts field reviews to be aware of potential changes to the equalized value in addition to economic changes
 - Especially important when conducting a revaluation



Major Class Comparison



Major Class Comparison Report

- ▷ Annual report providing municipal assessment compliance status
- ▷ Preliminary report posted November 1. Compliance status will be included if DOR has the following by the first Monday in October:
 - Final Municipal Assessment Report (MAR)
 - Error free Statement of Assessment (SOA)
- ▷ If compliance data was not included in the preliminary report, DOR can provide a compliance update, when requested, after November 1 if the Final MAR and SOA have been submitted
- ▷ Final compliance is issued in mid-February of the next year

