Chapter 1

Overview of the Property Tax

Municipalities are the primary units of property tax administration in Wisconsin. Section 70.045 Wis. Stats., defines a property taxation district as "a municipality, the town, village or city, in which general property taxes are levied and collected."

A separate property tax roll is prepared annually for each municipality (taxation district) in the state. The tax roll is the official record of the amount of taxes levied against property located within the municipality, and the portion of tax which will be paid by state tax credits.

The municipal clerk delivers a new tax roll and tax roll certificate to the treasurer of the municipality each December. The names and property descriptions in the tax roll come from the assessment roll, which is the official record of the taxable value of property within the municipality. These values determine how much of the total general property tax will be charged to each property taxpayer.

The law requires that the assessor assess all property not exempt by law, which has any marketable value. To make an assessment the assessor must first identify the property and be able to distinguish it from other property. The assessor must understand the difference between real and personal property and be thoroughly familiar with the different classes of property.

An assessor provides two major services. The first is to administer the official duties of the office such as preparing assessment rolls, granting exemptions, filing reports, and monitoring assessment performance. The second is to discover, classify, and value property. Successful property assessment requires the assessor to apply professional standards and practices when engaging in administrative and appraisal activity.

Professionally Accepted Appraisal Practices

In 1991, Wisconsin Act 39 changed sec. 70.32 Wis. Stats. to require that property be assessed according to professionally accepted appraisal practices. This language applies directly to Wisconsin's assessment professionals.

The International Association of Assessing Officers (IAAO) also prescribes standards and practices specifically for assessors. The IAAO was one of the founding members of the Appraisal Foundation and continues to be represented by that organization. The efforts of the Appraisal Foundation and the IAAO continue to be in concert, including the importance of providing USPAP standards that govern professional appraisal and assessment practices. The Department of Revenue (DOR) will require assessor compliance with USPAP by the year 2013.

Statutes and Case Law

Although statutes and case law may be thought of as standards, they are not optional in the sense of "attempting to achieve." Rather, they are required.

Two of the primary requirements are contained in secs. 70.32 and 70.05, Wis. Stats. Section 70.32, requires assessors to assess residential, commercial, manufacturing, forest, other, and personal property at full value. Agricultural land must be assessed according to use value guidelines, and undeveloped and agricultural forest must be assessed at 50% of its full value. Section 70.05, Wis. Stats., requires each major class of property, except agricultural, to be assessed within ten percent of full value once in every five-year period.

Performance and Technical Standards

Performance and Technical standards for Wisconsin's assessors are contained primarily in three documents.

- *The Wisconsin Property Assessment Manual* (WPAM).
- International Association of Assessing Officers (IAAO) Technical Standards. (Effective 1-1-12)
- *Uniform Standards of Professional Appraisal Practice* (USPAP). (Effective 1-1-13)

Wisconsin Property Assessment Manual (WPAM)

The *Wisconsin Property Assessment Manual* (WPAM) describes technical, procedural, and administrative practices. It also defines procedures, policies, and assessor performance expectations.

The authority for preparing the *Wisconsin Property Assessment Manual* comes from sec. 73.03, Wis. Stats. This statute requires that the DOR prepare a manual that "shall discuss and illustrate accepted assessment methods, techniques and practices with a view to more nearly uniform and more consistent assessments of property at the local level." It goes on to say "The manual shall be amended by the department from time to time to reflect advances in the science of assessment, court decisions concerning assessment practices, costs, and statistical and other information deemed valuable to local assessors by the department."

The 2010 WPAM prescribed new standards to take effect in 2012 and 2013. The new standards are:

1. Technical Standards from the International Association of Assessing Officers which deal with issues such as mass appraisal, public relations, and sales ratio studies.
2. Uniform Standards of Professional Appraisal Practice from the Appraisal Foundation. These standards focus on practices that promote public trust and on communicating in a manner that is meaningful and not misleading.

IAAO Technical Standards

The International Association of Assessing Officers (IAAO) strives to be the "internationally recognized leader and preeminent source for innovation, education, and research in property appraisal, assessment administration, and property tax policy."

The IAAO accomplishes this, in part, by publishing Technical Standards. These are listed below and are available without charge from the IAAO website at: http://www.iaao.org/

Guide to Assessment Administration Standards (August, 2004)
Standard on Contracting for Assessment Services (February, 2008)
Standard on Oversight Agency Responsibilities (July, 2010)
Standard on Assessment Appeal (July, 2001)
Standard on Automated Valuation Models (AVMs) (September, 2003)
Standard on Digital Cadastral Maps and Parcel Identifiers (January, 2012)
Standard on Facilities, Computers, Equipment, and Supplies (September, 2003)
Standard on Manual Cadastral Maps and Parcel Identifiers (January, 2012)
Standard on Mass Appraisal of Real Property (January, 2012)
Standard on Professional Development (December, 2000)
Standard on Property Tax Policy (January, 2010)
Standard on Public Relations (July, 2011)
Standard on Ratio Studies (January, 2010)
Standard on Valuation of Personal Property (December, 2005)
Standard on the Valuation of Properties Affected by Environmental Contamination (July, 2001)
Standard on Verification and Adjustment of Sales (November, 2010)

Whether or not the IAAO Standards appear in the WPAM, the most current version in effect on January 1 of a given assessment year is incorporated by reference in the manual.

An assessor should review and become familiar with each of the standards. IAAO updates the standards on a random basis, so the assessor should be sure they are using the most current version of the standard. Assessors should recognize that the standards are general in nature and should always check the state statutes for final guidance. A brief synopsis of each standard is below.

Guide to Assessment Administration Standards

This is an index to the IAAO standards. Assessors should use this guide to direct them to the appropriate standard or other document they need.

Standard on Contract for Assessment Services

This standard deals with contracting for assessment services. The standard covers such things as Request for Proposals (RFP), awarding of contracts, monitoring contract performance, considerations by type of service. Municipalities use RFP's to be sure that there is clear understanding as to what they expect to be done. RFP's provide the assessor with clear information as to what is expected so they are able to develop a proposal based on the requirements.

Standard on Oversight Agency Responsibilities

This standard was formerly known as Standard on Administration of Monitoring and Compliance Responsibilities. The standard was updated and renamed in July, 2010. This standard applies more to the Wisconsin Department of Revenue (DOR). DOR has the responsibility of overseeing the assessment process.

Standard on Assessment Appeal

This standard refers to appeals instigated by property owners; it is not intended to cover appeals between taxing districts or governmental agencies.

This standard outlines the procedures for informal appeals to the assessor, appeals to Board of Review (BOR) and appeals to DOR or courts. It also covers the notice of assessment use and timing.

Standard on Automated Valuation Models (AVMs)

This standard provides guidance for both public sector CAMA and private sector AVM systems. It covers the design, preparation, interpretation and use of AVMs for the appraisal of property. The principles addressed in this standard are considered applicable to all appraisals of real property, which are designed to estimate market value. The standard does not address the appraisal of personal property, highly specialized or unique property.

As presented in this standard, the development of an AVM conforms to USPAP Standard 6. The assessor should follow USPAP standards that relate to their assignment.

This standard covers specifications of AVM models, calibration techniques, residential AVMs, commercial and industrial AVMs, land models, AVM testing and quality assurance, and AVM reports.

Standard on Digital Cadastral Maps and Parcel Identifiers

This standard addresses the development and maintenance of digital cadastral maps, parcel data layers in a geographic information system, and parcel identifiers. The standard is meant to be more pertinent to local jurisdictions maintaining in house parcel-mapping systems. Manual systems are dealt with in another standard.

The standard covers topics such as, elements of a digital cadastral mapping system, preparation for a digital cadastral mapping program, digital cadastral map creation, mapping system maintenance, quality control, and parcel identifiers.

Standard on Facilities, Computers, Equipment, and Supplies

This standard provides only general recommendations on facilities, computers, equipment, and supplies. Detailed recommendations are not given as technology changes rapidly, and the exact requirement of any office depends on the specific needs of the assessment office. These needs are determined based on the workload of the office, among other things.

This standard covers office facilities and furniture, office equipment, computers, reference materials, supplies, and forms. Again these are general in nature and every office must determine what is acceptable for their office.

Standard on Manual Cadastral Maps and Parcel Identifiers

This standard provides recommendations for the development and maintenance of manual cadastral maps and parcel identifiers. The standard on digital cadastral mapping should be referred to for detailed information on mapping standards.

This standard covers elements of a manual mapping system, map content, essentials of design, preparation for a mapping program, parcel map compilation process, digital mapping and interactive graphics, parcel identification systems, and assigning parcel identifiers.

Standard on Mass Appraisal of Real Property

This standard defines requirements for the mass appraisal of real property for ad valorem purposes. It primarily addresses the needs of assessors, assessment oversight agencies, and taxpayers. It addresses procedures to be used for appraisal at market value; it does not address appraisals at use value, acquisition value, base year value, or classification. Section 3 focuses on collecting and maintaining property data; section 4 deals with the three approaches to value; section 5 discusses some managerial considerations.

Standard on Professional Development

This standard contains recommendations for basic guidelines for the professional development, education, and certification of assessing officers. This standard is broad in scope due to the various state requirements. Assessors should be well acquainted with the certification requirements in Wisconsin. Assessors and their staff should be aware of and attend classes and training offered by IAAO, WAAO, and DOR.

Some of the areas this standard covers are certification programs, recommended education, administrative authority and responsibilities, qualifying applicants for employment, certification and education, and continuing education.

Standard on Property Tax Policy

This standard defines the elements of property tax policy and their influence on the equitable distribution of property taxes. It does not address the collection of property taxes.

Some of the areas this standard covers are assessing officer's role in policy formation, tax policy analysis, components of a model property tax system – valuation and taxation, property appraisal vs. property tax, controls on the incidence of property taxation, and controls on the overall property tax system.

Standard on Public Relations

This standard focuses on public relations and what it means to an assessor. A good public relations program is a benefit to the assessor and promotes effective communications between the assessment office and the property owners. It should be an integral part of the assessment office. A well-planned and well-executed public relations program not only shows what an assessment office does, but also how, why and for whom it does it services.

This standard covers topics such as developing a public relations program, developing a procedural manual, public records, printed information and correspondence, media contacts, speaking engagements, contacting other public officials, appeals process, public education and internet web sites.

All assessors, whether in a one person office or a large multi person office, need to take the time to develop a good public relations program.

Standard on Ratio Studies

This standard has two major parts. The first section pertains to the local assessor, while the second section pertains to the oversight agency (DOR). The standard contains many technical details, however, the assessor can refer to *Property Appraisal and Assessment Administration* (IAAO 1990, Chapter 20) and in *Gloudemans* (1999, Chapter 5) for further information. The assessor will use ratio studies more than the oversight agency; however it is a powerful tool that should be used by both. This standard provides useful information on how to set up and use ratio studies.

This standard covers topics related to the assessor such as steps in ratio studies, timing and sample selection, ratio study statistics and analyses, sample size, reconciliation of ratio study performance measures, ratio study standards, and personal property ratios studies. Topics related to the oversight agency include oversight of ratio studies, steps in ratio studies, timing and sample selection, acquisition and analysis of sales data, ratio study statistics and analyses, sample size, appraisal ratio studies, estimating performance for unsold properties, presentation of findings, documentation and training, ratio study standards, and personal property studies.

Standard on Valuation of Personal Property

This standard is intended to provide information pertaining to the defining, discovery, listing, classifying, valuing, verifying and reporting personal property for ad valorem tax purposes. It is not intended to address unique valuation issues associated with personal property of public utilities, telecommunications, railroads or similar properties.

This standard presents methods and techniques that assessors can use to achieve uniform and equitable personal property valuations. Topics covered by this standard include definition of personal property, discovery of personal property, verification and auditing and valuation.

Standard on the Valuation of Properties Affected by Environmental Contamination

This standard provides information and guidance concerning the affect environmental contamination has on the valuation of property for assessment purposes. It also provides valuable reference resources for the assessor who is faced with a contaminated property.

This standard covers several topics including definitions of contaminants, impact on value, specific factors influencing value, approaches to value, other considerations, summary of considerations, and public relations.

Standard on Verification and Adjustment of Sales

This standard addresses two inter-related topics – sales verification and adjustment of sales. It provides guidance to the assessor to be sure that they are only using sales that meet the definition of market value and that have been adjusted for any money not attributable to the real estate when they are developing their estimates of market value. Accuracy is dependent upon proper verification and adjustment of sales data.

Topics covered by this standard include sources of sales data, useful sales information, sales verification, documenting the results of the verification process, and adjustments.

Uniform Standards of Professional Appraisal Practices (USPAP)

The Appraisal Foundation strives to be the "ultimate source of appraisal standards, appraiser qualifications and standards of ethical conduct in all valuation disciplines to assure public trust in the valuation profession." The Appraisal Foundation has codified industry-wide appraisal standards in a document entitled *Uniform Standards of Professional Appraisal Practice* (USPAP).

The Appraisal Foundation's stated purpose for USPAP is to "promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers. It is essential that appraisers develop and communicate their analyses, opinions, and conclusions to intended users of their services in a manner that is meaningful and not misleading."

The Preamble of USPAP states "USPAP does not establish who or which assignments must comply. Neither The Appraisal Foundation nor its Appraisal Standards Board is a government entity with the power to make, judge, or enforce law. Compliance with USPAP is required when either the service or the appraiser is obligated to comply by law or regulation, or by agreement with the client or intended users." Section 70.32 Wis. Stats.,

requires the use of professionally accepted appraisal practices therefore, beginning January 1, 2013, assessments must be conducted in a manner that meets those USPAP standards applicable to assessment practice.

Whether or not those sections of USPAP appear in the WPAM, the most current version in effect on January 1 of a given assessment year is incorporated by reference in this manual, beginning with January 1, 2013 assessments.

The USPAP document is updated every two years and is available for viewing without charge on the Foundation's website (www.appraisalfoundation.org). A printed copy can be ordered from the Foundation's website as well. The USPAP table of contents includes:

Preamble
Ethics Rule
Competency Rule
Scope of Work Rule
Jurisdictional Exception Rule
Record Keeping Rule
Standards and Standards Rules
- Standard 1: Real Property Appraisal, Development
- Standard 2: Real Property Appraisal, Reporting
- Standard 3: Appraisal Review, Development and Reporting
- Standard 4: Real Property Appraisal Consulting, Development
- Standard 5: Real Property Appraisal Consulting, Reporting
- Standard 6: Mass Appraisal, Development and Reporting
- Standard 7: Personal Property Appraisal, Development
- Standard 8: Personal Property Appraisal, Reporting
- Standard 9: Business Appraisal, Development
- Standard 10: Business Appraisal Reporting

USPAP addresses the ethical and performance obligations of appraisers through Definitions, Rules, Standards, Standards Rules and Statements.

- The Definitions establish the application of certain terminology in USPAP
- The Ethics Rule sets forth the requirements for integrity, impartiality, objectivity, independent judgment, and ethical conduct.
- The Competency Rule presents pre-assignment and assignment conditions for knowledge and experience
- The Scope of Work Rule presents obligations related to problem identification, research, and analyses
- The Jurisdictional Exception rule preserves the balance of USPAP if law or regulations of a jurisdiction precludes compliance with any part of USPAP
- The Record Keeping Rule identifies what must be included in a workfile
- The ten Standards establish the requirements for appraisal, appraisal review, and appraisal consulting service and the manner in which each is communicated
    - Standards 1 and 2 establish requirements for the development and communication of a real property appraisal

- Standard 3 establishes requirements for the development and communication of an appraisal review
- Standards 4 and 5 establish requirements for the development and communication of a real property appraisal consulting assignment
- Standard 6 establishes requirements for the development and communication of a mass appraisal
- Standards 7 and 8 establish requirements for the development and communication of a personal property appraisal
- Standards 9 and 10 establish requirements for the development and communication of a business or intangible asset appraisal

- Statements on Appraisal Standards clarify, interpret, explain, or elaborate on a Rule or Standards Rule
- Comments are an integral part of USPAP and have the same weight as the component they address. These extensions of the definitions, rules, and standard rules provide interpretation and establish the context and condition for application

According to USPAP, "In developing a mass appraisal, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques necessary to produce and communicate credible mass appraisals." For example, when reporting a mass appraisal, the appraiser must follow USPAP Standards Rule 6-8 which requires the appraiser to identify the client and other intended users, the intended use of the appraisal, the type and definition of value, the effective date of the appraisal, the characteristics of the properties, and the scope of the work necessary to produce a credible assignment.

Since assessors in Wisconsin do mass appraisal work, they must follow the five Rules (Ethics, Competency, Scope of Work, Jurisdictional Exception and Record Keeping) and Standard 6: Mass Appraisal, Development and Reporting as of January 1, 2013. USPAP defines mass appraisal as, "The process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing." A mass appraisal includes:

1. Identifying properties to be appraised
2. Defining market area of consistent behavior that applies to properties
3. Identifying characteristics (supply and demand) that affect the creation of value in that market area
4. Developing a model structure that reflects the relationship among the characteristics affecting value in the market area
5. Calibrating the model structure to determine the contribution of the individual characteristics affecting value
6. Applying the conclusions reflected in the model to the characteristics of the property(ies) being appraised
7. Reviewing the mass appraisal results

There are exceptions to USPAP, which are recognized in the Jurisdictional Exception Rule. This rule states, in part, "If any applicable law or regulation precludes compliance with any part of USPAP, only that part of USPAP becomes void for that assignment." In an assignment involving a jurisdictional exception, USPAP requires the appraiser to:

1. Identify the law or regulation that precludes compliance with USPAP;
2. Comply with that law or regulation;
3. Clearly and conspicuously disclose in the report the part of USPAP that is voided by that law or regulation; and cite in the report the law or regulation requiring this exception to USPAP compliance

The jurisdictional rule goes on to say, "Law includes constitutions, legislative and court-made law, and administrative rules and ordinances." These provisions recognize the need to respect jurisdictional requirements when appraising property for assessment purposes.

The Annual Assessment Report

One of the requirements of USPAP is to complete a report for the client. In Wisconsin the report is called the Annual Assessment Report (AAR). The report explains to your client how you completed the assessment work in the municipality. The report must be completed within 30 days of the final adjournment of the Board of Review. To aid the assessor in completing their AAR, The Department of Revenue (DOR) has developed a template of the AAR that can be downloaded from the DOR website at http://www.revenue.wi.gov/forms/govasst/pr-800.pdf.

Assessors will use the template as a guide and customize their report to reflect the work they have done in their municipality. Ample modifiable notes sections are throughout the report for assessors to explain their unique situations.

The Addenda to the AAR will contain specific information, unique to each municipality. Unlimited attachments may be added to the report and easily transferred to the local DOR Equalization Office using the file transfer site at https://ww2.revenue.wi.gov/FileTransfer/application?PASS_types=30. Among items to be included:

1. Sales used in the analysis (and sales not used)
2. Neighborhood and market area maps and spreadsheets
3. Improved valuation and land models
4. Names and qualifications of those providing significant assistance
5. Copy of contract or work agreement
6. Copy of Notice of Changed Assessment
7. Copy of Assessor's Affidavit

As stated in the current edition of *Completing the Annual Assessment Report – Common Questions*, "For 2013, each statutory assessor must file at least one report. As this is a year of cooperative learning, feedback will consist of suggestions and recommendations only. If possible, you should complete a report for a municipality undergoing a revaluation."

For 2014, you must file a report for every municipality for which you are the statutory assessor.

The Common Questions can be found at:

http://www.revenue.wi.gov/faqs/index-pt.html

Professional Ethics

Ethics serve to guide professional conduct and behavior. Section 19.59 Wis. Stat., defines a code of ethics for local government officials, including assessors. Several portions of the statute are of particular import to municipal assessors. For example, sec. 19.59(1)(a) Wis. Stats. states in part,

> "No local public official may use his or her public position or office to obtain financial gain or anything of substantial value for the private benefit of himself or herself or his or her immediate family, or for an organization with which he or she is associated."

Section 19.59(1)(b), Wis. Stats. states in part, "No person may offer or give to a local public official, directly or indirectly, and no local public official may solicit or accept from any person, directly or indirectly, anything of value if it could reasonably be expected to influence the local public official's vote, official actions or judgment, or could reasonably be considered as a reward for any official action or inaction on the part of the local public official."

Section 19.59(1)(c)1, Wis. Stats. states in part that no local public official may "Take any official action substantially affecting a matter in which the official, a member of his or her immediate family, or an organization with which the official is associated has a substantial financial interest."

In addition to the statutory ethics requirements, the assessor will find ethical considerations related to appraisal practices in the Ethics Rule of USPAP which states, "An appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics."

USPAP's Ethics Rule is divided into three sections: Conduct, Management, and Confidentiality. Although appraisers are responsible to conform to all of these, the parts most applicable to Wisconsin assessors are the Conduct and Confidentiality provisions.

The Conduct provision states in part, "An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests."

The Confidentiality provision states in part, "an appraiser must protect the confidential nature of the appraiser-client relationship. An appraiser must act in good faith with regard to the legitimate interests of the client in the use of confidential information and in the communication of assignment results."

Violation of any ethical code is considered misconduct on the part of certified assessment personnel and is subject to disciplinary action.

Statutes Governing Assessments

For purposes of taxation, property in Wisconsin is divided into general property and exempt property. General property is defined as all property that has not, by law, been exempted from general property taxes. (Chapters 70, 76, and 77 of the Wisconsin Statutes specify the types of property that are exempt.) General property taxes are levied by the state and by local taxing jurisdictions and are charged to a unit of property in the same proportion that the unit's value is to the total property value within the jurisdiction.

General property is divided into two broad categories, real property and personal property. Real property is land, any improvements that have been attached to the land, and all fixtures, rights, and privileges pertaining thereto. Personal property includes all goods, wares, merchandise, chattels, and effects, of any nature or description having any real or marketable value, and not included in real property.

An additional class of property has been added to Section 70.32 under the 2003 Act 33. General real property must, by law, be further divided into the following eight classes, according to its use:

1 Residential
2. Commercial
3. Manufacturing
4. Agricultural
5. Undeveloped Land, formerly swamp, or waste
5m. Agricultural Forest
6. Productive Forest Land
7. Other

There is also a requirement that general personal property must be placed in one of the following categories:

- steam and other vessels
- machinery, tools and patterns
- furniture, fixtures and equipment
- all other general personal property

It is the job of the assessor to estimate the value of property as of January 1 of each year and to record this information in the assessment roll. All real property is recorded in one section of the assessment roll while personal property is recorded in a separate section.

Section 70.32, Wis. Stats., refers to the assessment of real property. Usually, parcels of real property will be 40 acres (a quarter-quarter section) or smaller pieces (blocks or lots, for example) derived from the subdivision of an original 40 acre parcel. Whatever its size, or legal description, every parcel of general real property which is listed separately in the roll must first be classified by use and then be assigned a value for land, and for improvements, if there are any, which will be used in the calculation of the tax to be charged against the property. If a legal description of real property contains different classes of property, the assessor should indicate how much of the parcel's total acreage and value is within each

class (refer to chapter 11 for instructions on how to value agricultural property). The name and address of each owner or other person or company responsible for the tax should also be entered next to the property description.

The law, under sec. 70.30, Wis. Stats., also refers to the assessment of the several items of personal property which are to be separately valued and taxed. The assessor must list the name of each person who will be charged a general tax on personal property, and next to the person's name must be entered the number and value of the several items for which the person will be taxed. Each person listed separately, and the number and value of items charged to that person, are often referred to collectively as an account.

Manufacturing property is assessed by the State. Beginning with the January 1, 2003 manufacturing assessments the DOR will charge municipalities with manufacturing properties. The annual fee will be based on equalized value of the manufacturing property located in the municipality multiplied by a rate determined by the DOR to cover 50% of the budgeted cost associated with administering the assessments. The state assesses manufacturing property at the same time that local assessors are determining the value of non-manufacturing property. The state prepares an assessment roll for the manufacturing property located in a municipality while the local assessor prepares a roll for all other property within the same municipality. Owners of manufacturing property may protest the state-determined values to a state Tax Appeals Commission. Owners of non-manufacturing property may protest the locally determined values to a local Board of Review (BOR).

In each assessment roll, there is one list of separate parcels of real property, and another list of separate personal property accounts. The January 1 value recorded in the assessment roll for each property is the basis used to determine how much of the total general tax levy is to be charged to that real or personal property.

Before the amount of property tax for each individual property can be determined, the amount of money to be spent by each of the various taxing jurisdictions must be known. In Wisconsin, the state, counties, towns, villages, cities, and school districts are all taxing jurisdictions. Each jurisdiction may levy a general property tax on properties located within its legal boundaries for use by the jurisdiction to finance its operations. While the general property tax is the principal source of revenue over which the local units have direct control, the property tax does not supply all revenues that these units need. Certain non-property revenues that are collected by the state are returned to local, school, and county units by sharing the tax collected through aids or credits. Consequently, the property tax has become a supplemental tax which is levied by the local, school, and county units after all other non-property revenues have been estimated. The sum of the tax is the difference between the estimated expenditures to be made by the jurisdiction in the next year, and the estimated non-tax revenues available to the jurisdiction in the next year, such as state aids, shared taxes, and license fees.

Once the amount of taxes to be levied by each taxing jurisdiction has been determined, the tax levy must be divided among all of the taxation districts that contain territory in the jurisdiction. A state levy, for example, would be apportioned among all of the taxation districts in the state; an individual county's levy among all of the taxation districts in the county; and a school levy among all of the taxation districts in the school district.

All of the values in different municipalities but in the same taxing jurisdiction, must be pulled together to calculate how much of the total levy to apportion to each municipality. The values determined by local assessors cannot be used to apportion levies among different municipalities. To do so would violate the rule of uniformity, because different assessors may value property at different percentages of fair market value; therefore, the state, using various information, converts the assessed values, by municipality, and by taxing jurisdiction, to a uniform level. These uniform values are also called equalized values because all of the various local levels of assessment have been equalized and all of the general property has been valued on an equal basis, namely 100 percent of market value. The equalized values are used by the taxing jurisdictions to apportion their tax levies among municipalities.

While local, school, county, and state units each levy a tax on property, only the local units make the primary assessment and the initial tax collection. This is accomplished in the following manner. The state reforestation tax is billed to each county clerk who, in turn, bills this tax to each town, city, and village within the county.

School boards levy a tax on property after they have estimated their non-property revenues and these taxes are billed by the school clerk to each taxation district, or part of a taxation district, within the school district. Likewise, all taxes levied on property by the county boards are billed by the county clerk to each town, village, and city within the county. All of these bills are apportioned among the various municipalities or school districts within the county, based upon the proportion of full property values that each individual district or municipality bears to the county total full value.

After the levies are apportioned by the taxing jurisdictions, the local clerk totals all of these billings and adds them to the amount, if any, the local unit has levied on property for local needs. The amount of this total tax levy that will be borne by each property is based on the assessed value of each property as established by the local assessor, in relation to the total assessed value of the taxing district. The relationship of each individual assessment to the total assessed value of the taxation district will equal the tax liability for each property in relation to the total tax liability of the tax district.

$$\frac{\textbf{Individual Assessment}}{\textbf{Total Assessed Value}} = \frac{\textbf{Individual Tax Liability}}{\textbf{Total Tax Liability of Taxation District}}$$

To apportion the tax levies among the individual properties in the taxation district, the tax rate is calculated. *The tax rate is the rate that is necessary to raise sufficient money from the property tax to meet the levy.* It is determined by dividing the total assessment of a district into the levy and is often expressed in dollars per hundred or dollars per thousand of assessed value.

$$\textbf{Tax Rate} = \frac{\textbf{Levy}}{\textbf{Total Assessed Value}}$$

Once the tax rate has been established, the amount of property taxes to be borne by an individual property is determined by multiplying the assessed value by the tax rate.

When the town, city, or village treasurer collects the taxes, considerable amounts of money are turned over to the county. The county in turn, keeps the county taxes, but returns the amount of the state reforestation to the State Treasurer.

To summarize, the allocation of school, county, and state taxes to each taxation district is based upon the full value of the entire district, but the amount allocated to each individual taxpayer is based upon the local assessed value of each parcel.

Figure 1-1

Basic property tax functions of the several units of government

Governmental unit	Tax levy or apportionment	Assessment	Review	Tax collection
Local Taxation District: Town Village City	For general government- Fire, Police, Public works, etc. levied by town, village or city board of common council. Tax billed to individual property owners	Made by town, village, city or county assessing officers. Assessed value for each parcel entered in local assessment roll- (Sec. 70.05-70.10, Wis. Stats.) or by the county assessor if under 70.99	Local BOR, Circuit Court, State Supreme Court (Sec. 70.46, Wis. Stats.) and Wisconsin DOR	All collections made by local treasurer in the first instance. Local treasurer remits county & state taxes collected to county treasurer & school taxes to treasurer of school district
Special Purpose District	For general operations, capital improvements and debt retirement; general property tax levied by district commission and apportioned to taxation district clerks, special assessments and charges billed directly to taxpayer.	Made by Wisconsin DOR Secs. 60.306(3), 33.30(3)(c), Wis. Stats.	No specific review per se	All general property tax monies received from taxation district treasurer. Special assessments and charges may be collected by special purpose district treasurer

Basic property tax functions of the several units of government				
Governmental unit	**Tax levy or apportionment**	**Assessment**	**Review**	**Tax collection**
Vocational, Technical and Adult Educational District	For capital improvements, operation maintenance, debt retirement; levied by district boards & apportioned to taxation district clerks by district board secretary (sec. 38.16, Wis. Stats.)	Made by Wisconsin DOR (sec. 38.16, Wis. Stats.)	No specific review per se	None- all property tax monies received from taxation district treasurer.
School District	For school construction & operation; levied by school boards & apportioned to taxation district by clerk of school district. (sec. 120.12, Wis. Stats.)	Made by Wisconsin DOR (sec. 121.06, Wis. Stats.) known as equalized value of school districts.	No specific review per se	None- All property tax monies received from taxation district treasurer.
County	For welfare & highways, etc. Levied by county board and apportioned to taxation districts by county clerk. (sec. 70.63, Wis. Stats.)	Made by Wisconsin DOR. (sec. 70.57, Wis. Stats.) See (1) below	Wisconsin Tax Appeals Commission (sec. 70.64, Wis. Stats.)	County treasurer collects only delinquent taxes and postponed payments, but must keep complete record of all payments over extended period of time.
State	For reforestation purposes levied by state legislature (sec. 70.58, Wis. Stats.) and apportioned to each county by Department of Administration (DOA) & Secretary of State. (sec. 70.60, Wis. Stats.)	Made by Wisconsin DOR (Sec. 70.57, Wis. Stats.). Known as full values or county assessment. The assessment of manufacturing property is also a state function	Wisconsin DOR (sec. 70.57 [2] & [3], Wis. Stats.)	None – State treasurer receives all property tax money due from county treasurer.
(1) County may now be the governmental unit making the primary assessment if provisions of sec. 70.99, Wis. Stats. are adopted.				

Administrative Structure of General Property Tax

The power to tax property was granted to local governments by Article VIII of the Constitution of the State of Wisconsin. This article requires that the taxation of property be uniform. To ensure uniformity in the taxation of property throughout the state, the State Legislature has sole responsibility for all laws pertaining to property tax assessments and tax collection. It has the right to prescribe what shall be taxed and what shall not be taxed, and to classify persons and property for purposes of taxation. To further promote uniformity of local property tax administration, the Wisconsin DOR has been given broad supervisory and regulatory duties that are implemented primarily through the Division of State & Local Finance.

In Wisconsin, the property tax is administered on a widely decentralized basis and touches every level of government. The following outlines the various duties of town, village, city, county, and state governments in regard to the administration of the property tax. This list is by no means complete, but includes the most important areas.

Town, Village, and City Governments

Governing Body, Town Board, Common Council, Board of Trustees

Each municipality must raise the funds needed to operate its own functions in addition to its share of the funds needed for the county and school district operations and the state forestation tax. Property taxes are the major source of revenue for local units, and primary responsibility for assessment and tax collections rests with each town, village and city in the state. The governing units provide for a method of selecting the assessor and assistant assessor. They fill vacancies and unexpired terms of assessing officials, establish the salaries of assessing officials, and provide the operating and capital budgets of the assessor's office (in counties not under the county assessor system). In counties adopting the county assessor system, the assessor is appointed either by the county executive, the county administrator, or the chairman of the county board with the approval of the county board.

Assessor

It is the assessor's duty to discover, list and value all taxable real and personal property within the taxation district. It is the assessor's responsibility to ensure that parcels within the district are valued uniformly. Preparation of the annual assessment roll is the end result of each year's work. The assessor also submits a number of annual reports to the DOR concerning changes to property, which are discovered each year.

By far the largest percentage of assessors are part-time officials. Full-time assessors are found primarily in the more densely populated municipalities and are provided for in counties under the county assessor system authorized by sec. 70.99, Wis. Stats., Personnel of the DOR who value manufacturing property are also referred to as "the assessor.

Methods of Selection

Section 70.05(1), Wis. Stats., requires that each taxation district have an assessor. "There shall be elected at the spring election one assessor for each taxation district not subject to assessment by a county assessor under sec. 70.99, Wis. Stats. if election of the assessor is provided." The election of assessors, whether in a town, village, or city, is held biennially in odd numbered years. An elected assessor must be an elector of the taxation district, and holds office for a term of two years.

As an alternative to an elected assessor, the law makes provision for the appointment of assessors. Whenever an assessor is appointed, the requirement that the assessor be an elector of the taxation district does not apply. If a corporation is appointed as the assessor, the corporation shall designate the person in its employ who will be responsible for the assessment
.
An assessor, whether elected or appointed, must be currently certified by the DOR. Certification of assessors is discussed in more detail later in this chapter.

Aside from these basic requirements, the statutory provisions for selecting the assessor vary somewhat for towns, villages, and cities; therefore, each will be discussed separately.

Towns

Section 60.30, Wis. Stats., outlines the election of assessors in towns. This section provides for the election of an assessor biennially, in the odd numbered years, as described above. Elected assessors in towns must take and file the official oath of office within five days before June 1, even though the assessor is elected in the April election. This is done so that when the BOR meets in May the newly elected assessor has not yet taken office, and therefore, is not put in the awkward position of having to defend assessments made by the previous assessor.

The law also provides methods of appointing town assessors. There are two different ways that a town may change from an elected assessor to an appointed assessor. One way is through a referendum, the other is by a vote of the electors at the town meeting. The provisions for appointing assessors are listed in sec. 60.307 Wis. Stats. This section also provides that no assessor may hold the office of treasurer and assessor at the same time. In addition, it allows the electors of a town, by referendum held at a regular or special election, to vote to combine the offices of the assessor and clerk, to take effect at the expiration of the current terms of both officers.

Villages

Section 61.19, Wis. Stats., governs the selection of assessors for villages. It provides for the election of an assessor in each village in odd-numbered years, except as otherwise provided. This section also provides that the method of selection or tenure of any office may be changed in accordance with the provisions of sec. 66.01, Wis. Stats.

Section 66.01, Wis. Stats., applies to both villages and cities, and deals with home rule and the manner of enacting, amending, or repealing a city or village charter. As it applies to the assessor, this section provides that an ordinance, which could change the method of selection or tenure of an assessor, can be passed by a two-thirds vote of the governing body. Such an ordinance cannot take effect until 60 days after its passage and publication and may be submitted to a referendum vote initiated by either the electors or the governing body.

Section 61.34(2), Wis. Stats., provides for the joint employment of an assessor through a cooperative arrangement among villages or cities. It states that "The village board, in behalf of the village, may join with other villages or cities in a cooperative arrangement for executing any power or duty in order to attain greater economy or efficiency, including joint employment of appointive officers and employees." This enables cooperating districts to employ a full-time, non-resident, professional assessor.

The law requires that in villages, the assessor's oath must be administered and filed within five days after notice of appointment is given and for elected assessors within five days before June 1.

Cities

For cities, the selection of the assessor is outlined in sec. 62.09, Wis. Stats. This section provides for selection of city officials either by appointment or through election by voters. It also states that officers shall continue to be selected in the manner prevailing until changed in accordance with the provisions of sec. 66.01, Wis. Stats. The requirements of this section were discussed previously in regard to the selection of assessors in villages. The same provisions also apply to cities.

There are special provisions for the selection of assessors in first class cities. Section 70.06, Wis. Stats., governs the process and provides that the assessment of property be under the direction of the commissioner of assessments. The commissioner of assessments is responsible for dividing the city into tax districts and appointing one assessor for each district. The assessors must be residents of the city, are full-time employees, and hold office in accordance with the civil service laws. With the approval of the common council, the commissioner of assessments also has the authority to appoint a chief assessor, chief appraisers, supervising assessors, supervising appraisers, property appraisers, and other expert technical personnel as necessary for the valuation of the city to be made in accordance with law.

In cities, appointed assessors must take and file the official oath within ten days after notice of the appointment. Elected assessors must take and file the oath within five days before June 1.

Assistant Assessors

The law also makes provision for the appointment of assistant assessors. Section 70.05(2), Wis. Stats., provides that the governing body of any town, city or village not subject to county assessment under sec. 70.99 Wis. Stats., may provide for the selection of one or more

assistant assessors to assist in the discharge of the assessor's duties. The word "assistant" means one who acts as a subordinate helper. Many municipalities hire appraisal firms under this section to aid the assessor in performing a revaluation. In such cases, much of the assessment work may be performed by the appraisal firm; however the assessor still has final responsibility for the assessments. Assistant assessors hired under this section are not required to be residents of the taxation district.

Expert Help

Section 70.055, Wis. Stats., provides a means by which the governing body of a municipality may employ expert help to work with the assessor in completing an equitable assessment in compliance with the law. This section states "If the governing body of any town, village or city not subject to assessment by a county assessor under Section 70.99 Wis. Stats., determines that it is in the public interest to employ expert help to aid in making an assessment in order that the assessment may be equitably made in compliance with law, the governing body may employ such necessary help from persons currently certified by the Department of Revenue." This section is used when a municipality determines that an equitable and uniform assessment cannot be made without a revaluation of the entire municipality. Therefore, expert help is hired to work with the assessor to perform a revaluation. When hired, the expert help has the same powers and duties as the regular assessor. The local assessor is not relieved of any responsibility when an expert appraiser is hired to aid in making the assessments. When appointed, the expert help acts together with the assessor as an assessment board in exercising the powers and duties of the assessor. All persons appointed under this section must file the official oath prior to beginning the duties of office.

Vacancies

In addition to methods of selecting assessors for a full term, the law also provides a means for filling vacancies in that office. Sections 17.23 through 17.25, Wis. Stats., outline the procedure for cities, villages, and towns.

If a vacancy occurs in a city where the assessor is elected, the law provides for a temporary appointment by the appointive power until a successor is elected and qualifies. The elected successor would remain in office for the remainder of the unexpired term. In cities where the assessor is appointed, vacancies are filled in the same manner as the original appointment for the remainder of the unexpired term.

For vacancies in villages where the assessor is elected, the law provides for a temporary appointment by a majority of the village board for the remainder of the unexpired term, or until a special election can be held. If the assessor is an appointed position, the vacancy is filled in the same manner as the original appointment. In towns, a vacancy in the office of an elected assessor is filled by appointment by the town board for the remainder of the unexpired term. In towns where the assessor is appointed, vacancies are filled by appointment for the remainder of the unexpired term by the appointive power in the same manner as the original appointment.

Certification

All assessors and assessment personnel performing assessment work in the state must be currently certified in compliance with law and the administrative rules prescribed by the DOR. Section 70.05(1), Wis. Stats., provides that no person may assume the office of town, village, or city assessor unless certified by the DOR as qualified to perform the functions of the office of assessor. If a person who has not been certified is elected to the office, the office shall be vacant and the appointing authority shall fill the vacancy from a list of persons so certified by the DOR. The law further provides that assistant assessors and expert help must also be certified as specified in sec. 70.05(4), Wis. Stats., which states: "All assessment personnel … appointed under this section shall have passed an examination and have been certified by the Department of Revenue as qualified for performing the functions of the office" and in sec. 70.055(1), Wis. Stats., which requires that applicants for certification as expert appraisers submit satisfactory evidence that they possess the necessary qualifications for certification by successfully completing an examination given by the DOR.

The DOR, under sec. 73.09, Wis. Stats., is granted the authority to establish by rule, the level of certification, continuing education requirements, examinations, and the requirements for and responsibilities associated with temporary certification for all assessors and assessment personnel of each local unit of government and for county assessor systems. The Assessor Certification Program is discussed in more detail in Chapter 2. Information regarding the Assessor Certification Program can be found on the DOR web site at the following address: www.revenue.wi.gov/training/assess/index.html

Compensation

The statutes provide for compensation for assessors, but except for the county assessor, leave the amounts up to the judgment of the employer. Salaries for the assessor and other appraisal positions should be competitive with other appraisal positions, and not based on the salaries of other local officials. Competitive salaries are necessary to retain a competent assessor and other appraisal staff. For the county assessor, the Office of State Human Resources Management recommends a reasonable salary range based upon pay for comparable work or qualifications in the county.

Liability/Causes for Removal

It has been determined by the courts that an assessment made in good faith cannot be questioned in a court of equity, and that the assessor's duties are quasi-judicial, which relieves the assessor from personal liability for errors in the performance of the duties of office. This does not, however, include intentional misconduct or fraud. The law provides that any assessor who willfully or intentionally violates or fails to perform the duties imposed on that office by law, is subject to a state fine, civil liability, or removal from office.

State Fine

Section 70.501, Wis. Stats., provides that any assessor who intentionally violates or fails to perform any of the duties imposed by law shall be subject to a fine of $50 to $250. It states "Any assessor, or person appointed or designated under Sections 70.055 or 70.75, Wis.

Stats. who intentionally fixes the value of any property assessed at less or more than the true value thereof prescribed by law for the valuation of the same, or intentionally omits from assessment any property liable to taxation in the assessment district, or otherwise intentionally violates or fails to perform any duty imposed by law relating to the assessment of property for taxation, shall forfeit to the state not less than $50 nor more than $250."

Civil Liability

Section 70.503, Wis. Stats., provides that an assessor found guilty of any violation or omission of duty is liable in damages to any person sustaining loss or injury as a result. It says "If any assessor or person appointed or designated under Sections 70.055 or 70.75, Wis. Stats. is guilty of any violation or omission of duty. Such persons shall be liable in damages to any person who may sustain loss or injury thereby, to the amount of such loss or injury; and any person sustaining such loss or injury shall be entitled to all the remedies given by law in actions for damages for tortious or wrongful acts."

Removal

Section 17.14(1), Wis. Stats., provides that any assessor, in addition to being removable as otherwise provided, may be removed by the circuit court for the county for one or more of the following causes:

a. Willful or intentional assessment of property at other than its true cash value with the intent to subject the property to more or less than its lawful share of taxes.

b. Willful or intentional omission of taxable property from the assessment roll with intent to permit the same to escape taxation.

c. Willful or intentional assessment of the property of one person at a lower value than the property of another or others whereby favoritism or discrimination between taxpayers in the district is shown.

d. Solicitation or receipt of any favor, reward, money, or other thing of value from the owner of any taxable property in the assessment district for the assessment or valuation of property at other than its true cash value.

e. Solicitation or demand by any assessor, of any owner of property liable to assessment in the assessment district, to aid, assist, or promote the business or interests of the assessor so that by means and virtue of the office, the assessor gains or receives pecuniary profit or advantage that could not otherwise have been gained or received.

f. Any violation of law in the valuation or assessment of property in the assessment district.

g. Failure to use the WPAM provided under sec. 73.03(2a), Wis. Stats. and as required by secs. 70.32(1) and 70.34, Wis. Stats.

Board of Review

In municipalities not served by a county assessor, Boards of Review meet annually to inspect the assessment rolls for errors, omissions, and duplications. In addition, they hear complaints by taxpayers and may make warranted adjustments on assessed values based solely upon sworn oral testimony before the Board. Boards of Review for those counties under the county assessor system meet at specified dates in the various municipalities starting with the statutory date for all Boards of Review. Otherwise they function similarly to other Boards of Review.

Municipal Attorney

Municipal attorneys research and pass upon questions of property tax law put to them by the assessors. They act as counsel for the municipalities during the BOR proceedings. In the performance of these tasks municipal attorneys may seek legal advice from the Office of General Counsel of the DOR.

Clerk

The clerks add the assessment rolls, examine and correct all double assessments, imperfect descriptions and other apparent errors, and make all corrections to the assessment roll ordered by the BOR. They annually report assessed values (which should reflect the value of annexations and detachments prior to the date of assessment) to other governmental agencies. They calculate the tax rates and extend taxes against each parcel of real estate and personal property in the tax roll. Clerks also execute warrants for collections and deliver the tax rolls to the treasurers.

Treasurer

The local treasurers collect taxes, as entered in the tax roll, in the month of January each year. The treasurer collects the first installment of postponed real estate taxes during January. The second installment is collected by the county treasurer. In February, settlement is made with the county treasurer including a list of delinquent taxes. In cities the amounts and number of installment payments are determined in the city charter.

County Government

Clerks

The county clerks purchase and distribute assessment rolls, tax rolls, and other necessary forms needed by local units for assessment and tax collections. These forms are prescribed or approved by the DOR. County clerks also apportion county taxes, state reforestation tax (and state special charges) to each town, village, or city in the county based upon the full valuations determined by the DOR pursuant to sec. 70.57, Wis. Stats.

Real Property Lister

All counties have established this function. The Lister keeps maps and records of all real property ownerships and prints the name of the owner and legal description of each parcel as of the assessment date of each year, in the assessment rolls, tax rolls and property records. Most major cities in Wisconsin do these items at their own expense. The information supplied by Lister to local assessors should be reviewed for correctness, but all changes must be made by the Lister. All valuation issues are the responsibility of the assessor.

County Treasurer

The county treasurers keep complete records of all taxes paid, postponed, or delinquent. They take collection of postponed and delinquent taxes over an extended period and eventually take tax deeds to parcels on which taxes remain delinquent. County treasurers also make settlement with local treasurers and eventually charge back to local units all taxes that are uncollectible.

County Assessor System

Section 70.99, Wis. Stats., provides that a county assessor system may be established for any county by passage of a resolution or ordinance adopting such a system by an approving vote of 60% of the entire membership of the county board. After passage of an enabling resolution or ordinance by the county board, the county executive or administrator, or the chairperson of the county board, with the approval of the county board, appoints a county assessor from a list of candidates provided by the DOR, who have passed an examination and have been certified by the DOR as qualified for performing the functions of the office. Once appointed, the county assessor is responsible for the assessment of all towns, villages, and cities in the county.

After being appointed, the county assessor may select deputies and assistant assessors. The DOR shall establish levels of proficiency for all appraisal personnel to be employed in offices of the county assessor.

Any person appointed as a county assessor or assistant assessor, shall have permanent tenure after successfully serving the probationary period in effect for that county, and may be removed or suspended only for the reasons named in sec. 17.14(1), Wis. Stats., or for such cause as would sustain the suspension or removal of a state employee under state civil service rules. Employees of the assessor shall be incorporated into the civil service program of the county if one exists.

Any assessment made by the county assessor shall be performed as required of a local assessor. There are, however, several different procedures under the county assessor system.

In making the first assessment of any city, town, or village, the county assessor shall equalize (adjust to a common level) the assessment of property within each taxation district. Each subsequent year, the county assessor shall revalue as many taxation districts

within the county as staffing permits to bring and maintain each district at full value. All districts must be revalued within four years.

There is one BOR for each county under the county assessor system. It shall have five to nine members, no more than two of whom may reside in the same city, town, or village, and are appointed by the county executive, if there is one, otherwise by the county board chairperson. In either case, appointments are subject to county board confirmation. Members serve staggered five-year terms.

To prevent the BOR from being overburdened, a county board may establish a county Board of Assessors (BOA) to investigate objections and to eliminate those of a minor nature such as obvious errors, misunderstandings, etc. The BOA is comprised of the assessor or the deputy, and other members of the assessor's staff as the county assessor may designate.

Upon adoption of a county assessor system, each town, village, and city assessor duly appointed or elected continues in office for the current year's assessment, but as soon as the current year's assessment is completed all assessment records, books, maps, aerial photographs, appraisal cards, and any other data must be turned over to the county assessor. The local assessor is divested of all authority in respect to the jurisdiction of the county assessor.

County Board

The county boards receive a report on the full value of each town, village, and city in the county directly from the DOR. The county board uses the full value of each town, village, and city for the purpose of apportionment of county and state reforestation taxes.

District Attorney

In property tax administration, district attorneys are concerned with assisting local treasurers with the collection of delinquent personal property taxes. They also assist the DOR in the commencement and prosecution of actions and proceedings for penalties, forfeitures, removals, and punishment for violations of property tax law.

State Government

Department of Revenue

The Wisconsin DOR is responsible for the administration of all state tax laws, establishment of equalized values for local governments, the supervision of property tax implementation, and the administration of several local aid and property tax relief programs. The DOR is organized into six major divisions - State and Local Finance; Income, Sales, and Excise Taxes; Research and Policy; Enterprise Services, Lottery, Processing and Customer Services. In addition to these divisions the Office of General Counsel reports to the Secretary of Revenue.

Secretary of Revenue

The Secretary of Revenue is appointed by the Governor, confirmed by the Senate, and serves at the Governor's pleasure. The Secretary is the head of the DOR, and through division personnel administers the full range of tax, inspection, and supervision laws contained in the Wisconsin Statutes. The Secretary of Revenue, upon appeal and adjudication, orders reassessments, supervised assessments and revaluation of individual assessments established by municipal Boards of Review.

Office of General Counsel

The Chief Counsel and staff attorneys provide legal advice and opinions to officials of the DOR, and also represent the DOR in the trial of cases before the Tax Appeals Commission.

State and Local Finance

The Division of State and Local Finance underwent a re-organization in 2011 resulting in a streamlined Division. The Bureau of Property Tax has been eliminated. The Sections of Equalization, Manufacturing and Utility Assessments, and Local Government Services have been replaced with the Equalization Bureau, Manufacturing & Utility Bureau, and Local Government Services Bureau. The Bureau of Assessment Practices will now be the Office of Assessment Practices.

Office of Assessment Practices (OAP)

The Office of Assessment Practices (OAP) within the DOR is charged with developing uniform assessment standards and practices. The OAP maintains the *Wisconsin Property Assessment Manual* which serves to define those standards and provides guidance for Wisconsin property assessment professionals in the valuing of real and personal property. The OAP proposes legislation to improve equity and uniformity in assessment.

The OAP is also responsible for certifying local assessors and assessment personnel. It develops and administers examinations for the various levels of certifications, establishes continuing education and recertification requirements, and administers the program for recertifying assessment professionals who meet established criteria. As part of this process, the OAP reviews and approves training programs for assessors, develops seminars and training materials, and contributes to training activities for municipal assessors through the statewide vocational system, annual assessor conferences, the League of Wisconsin Municipalities, the Wisconsin Association of Assessors, and other professional organizations. The OAP is responsible for developing and enforcing disciplinary procedures for assessment professionals and for conducting investigations related to potential disciplinary actions

The OAP also develops publications to assist property owners, assessors, members of the BOR, business owners, and others to understand the assessment process and Wisconsin's property tax system. The OAP provides assistance to assessors seeking guidance in best practices and responds to questions posed by property owners related to the assessment and appeals process.

Equalization Bureau

The Equalization Bureau provides direct supervision and assistance to local units of government by meeting annually with local assessors in each of the counties for the purpose of instruction in assessment laws and techniques. Other functions of this Bureau include the following: (1) processing of petitions submitted by property owners to seek re-assessment of entire municipalities provided by sec. 70.75, Wis. Stats. (2) supervising municipal revaluations under sec. 70.055, Wis. Stats. and (3) administrating individual assessment appeals under sec. 70.85, Wis. Stats. and (4) the real estate transfer return program.

Manufacturing & Utility Bureau

The Manufacturing & Utility Bureau is responsible for the annual market value assessment of all taxable real and personal manufacturing and telephone company property in the state pursuant to sec. 70.995, Wis. Stats. Municipal assessors with manufacturing property in their districts are notified prior to February 15th of each year which parcels will be assessed by the DOR for the next assessment year. All objections to manufacturing assessments and exempt computer values are investigated by the State BOA. The State BOA is chaired by the Manufacturing and Utility Bureau Director. Other members of the Board are the Manufacturing and Utility Bureau central and district managers. Under sec. 70.995(14), Wis. Stats. each municipality with manufacturing property pays a fee for the services provided by the Manufacturing & Utility Bureau.

The Manufacturing & Utility Bureau is responsible for auditing utility and special taxes. Until 1854 all railroad and public utility property was assessed and taxed locally as general property. Local assessment created serious problems because local assessors were unable to assess the property on a uniform basis. This was because much of the property extended beyond the boundaries of the municipality or even the county.

Since local governments were unable to cope with these problems, the state assumed the administration of railroad taxes in 1854, and since that time has also assumed the taxation of most other public utilities such as light, heat, and power companies. The assessment of the property of utility companies is the joint responsibility of both the Bureau and the various local assessors because the law provides that all property of utility companies which is not used for utility business purposes is to be assessed locally, while property used for utility purposes is to be assessed by the DOR. In addition, structures used in part for the operation of a public utility and in part for non-operating purposes, are assessed in part by the local assessor and in part by the DOR. The local assessor assesses the portion of the structure that represents the extent of its use for non-utility purposes. The DOR values the portion used for utility purposes. Since it is not always obvious which property is devoted to utility versus non-utility purposes, or what percentage of a structure is used for non-operating purposes, local assessors frequently need to make inquiry to the Bureau if they are in doubt as to the proper tax jurisdiction.

Railroad, telegraph, airline, pipeline, conservation, and regulation companies are by law assessed and taxed according to an ad valorem method while light, heat, power, carline

companies, and rural electric associations are by law taxed on a gross revenue method. Ad valorem taxes are based on the value of the property and the tax rate applied is the average state full value property tax rate. This rate is determined by the DOR and is computed by dividing the total general property taxes levied by all units of government by the full value of all general property in the state. Under the gross revenue method, taxes are based on receipts, and the various tax rates are statutorily specified.

All state assessed utility tax revenues are designated as state funds, except revenue from airline and railroad companies, which is earmarked for use by the State Department of Transportation (DOT), and certain taxes paid by railroad companies and attributable to terminal properties, which are turned over to the municipalities in which the terminal is located.

Local Government Services Bureau (LGS)

Rapid growth in government services and the resultant growth in property taxes have resulted in the need for more effective central data gathering and processing. Control of public spending, sound land use, administration of local assistance programs, and stimulation of economic growth, are all policy areas affected by several interrelated units of government - federal, state, county, municipal, and special districts. The services provided in a given locality may receive support financially by various governmental units, in the form of state shared revenue payments, school aids, local license fees, etc. that an evaluation either locally or statewide of each local government unit's fiscal status is difficult without the compilation of accurate and timely information. The Local Government Services Bureau (LGS) was created to assist in the collection, verification, and certification of fiscal information.

Certification of fiscal information is an important function of the LGS Bureau and directly affects every owner of general taxable property in the state. The LGS certifies annually to the Department of Public Instruction (DPI) the full valuation of general property of school districts for the apportioning of general taxes for school purposes. The certification of the full value of school districts must be completed on or before October 1. The State Superintendent of Public Instruction then certifies the appropriate full values to each school district clerk. The apportionment of the general property tax portion of the school budget is based upon the full value of each municipality, or part of a municipality, which is located within the school district. The school district clerks then apportion the levies to the municipalities involved.

Annually, the LGS produces a certification of the general property full valuations for Wisconsin Technical College Districts that is used in apportioning the general property tax portion of their budgets to the underlying municipalities. This Bureau also certifies the full value of town sanitary districts, metropolitan sewerage districts, and lake protection and rehabilitation districts.

The LGS determines the amounts of general property tax relief, including school levy tax credits and the lottery and gaming credit pursuant to sec. 79.10 Wis. Stats. The maximum property value eligible for the lottery and gaming credit payment is certified and forwarded to clerks and in March of each year the actual payments due to each municipality is

forwarded to the Department of Administration (DOA). The DOA in turns prepares and forwards the payments to municipalities.

The LGS also determines and certifies the individual municipal and county amounts of shared revenues. These shared revenues were historically distributed according to population and tax effort and are derived from state tax collections. Payments are distributed twice a year, 15% in July and 85% in November.

State aids to municipalities and counties for exempt computers due to the exemption of specified computer equipment from the general property tax are determined and certified by LGS.

The State Average Full Value Rate is determined and certified by the LGS for purposes of ad valorem taxation of certain utility and railroad properties. LGS provides to the DNR annually each August an adjustment factor based on the change in equalized values and the level of assessment. This certification facilitates DNR's administration of the Payment in Lieu of Taxes (PILOT) on Stewardship lands. The Section also makes numerous other certifications that permit borrowing by towns, villages, cities, school districts and other special purpose districts.

Department of Administration

The Department of Administration calculates the state reforestation tax and apportions the same to each county clerk. It receives the warrant rolls of amounts of tax credits and shared revenues and other aids payable to each town, village, city, or county treasurer from the DOR. The State Treasurer makes the actual disbursement.

Attorney General

The Attorney General's office receives requests for legal opinions and consultations from the Office of General Counsel of the DOR, and represents the DOR in certain actions.

Courts

In addition to the various governmental agencies listed above, certain matters regarding property tax administration are also brought to the attention of the circuit courts of Wisconsin and the State Supreme Court.

Wisconsin's Equalized Values

Property tax is a topic that we can all relate to, but few of us can explain in any detail. What we do know is that it creates questions at many levels. Every year, each parcel of taxable real estate or item of personal property generates a tax bill. We always wonder what will happen to our tax bill when our municipality announces that it plans on a revaluation of all properties for the coming year. As the municipality works out its budget, the newspapers report on the changes to the tax rate. We know that the December tax bill can have a large impact on our own budgets; however, we often don't understand how we can effectively correct, change, or impact those tax bills.

It is the local assessor's responsibility to discover, list, and value each taxable real estate parcel and each taxable personal property account. That value is what the local clerk uses to determine the share of the property tax that is borne by the property. We count on the assessor's estimate to reflect our property's market value (we want accuracy). We also count on everyone else's assessment being equally accurate (we want uniformity). What we really hope for is that the property tax system is administered fairly. We are willing to pay our **fair share**. That would mean that our share of the local taxes to be collected is the same as our percentage of the total taxable property. That is the purpose of the locally assessed values.

We typically assume the market value of our property changes with each year's inflation (or deflation). Even though there is a new assessment roll every year, most assessors don't review and revalue the assessments yearly. That means in a year without a revaluation, the assessed value does not reflect the property's market value.

If each municipality has a separate assessor, and they do revaluations in different years, how can we compare the values between municipalities? Why do we care? Remember, the school districts, the county, the vocational schools and special districts like lake rehabilitation districts also collect part of their budgets from the local property tax. These overlying taxing jurisdictions need to collect the levy they need from each of the municipalities they lie within. The municipality's share of those budgets will be passed on to each property owner. Fairness demands that the DOR compare "apples to apples," by making sure that we use one consistent standard in estimating the taxable value of each municipality. Then those overlying tax levies can be fairly apportioned to each municipality. That is a primary reason for the Equalized Value.

The need for these estimates began even before Wisconsin became a State in 1848. A historical summary of the property tax states: "Many of the residents of the territory lived on farms, and others lived in buildings where they also produced goods or services for sale. That is, much of the property created income, and the value of the property reflected that income, which could be used to pay taxes. Because of the close relation between the value of property and the income created by it, the Territory of Wisconsin followed the centuries-old practice and imposed a property tax. ...It was also clear then that property tax assessments were likely to be inaccurate. ...One cause of that problem was that assessors were elected at that time and, thus, perhaps tempted to please certain constituents. ...Because of these assessment inaccuracies, the county boards were directed to compare the assessments of the property in the county's towns and then adjust them to approximate equality, a process called 'equalization' " [1]

Over the years the responsibility evolved from the County Board level to a board comprised of high level government officials (in 1854 it included the governor, lieutenant governor, the state's secretary of state, treasurer, attorney general, superintendent of public instruction and the bank comptroller). Although more objective, they were no better trained for the job, nor were they as familiar with all the property they were determining value for. In 1901,

1 Stark, Jack, "Property Tax and Tax Relief in Wisconsin", *State of Wisconsin Blue Book 1991-1992*, Wisconsin Legislative Reference Bureau, (Madison:1991), 103 1-16

the task of administering the property tax, including estimating Equalized Value, was given to the Tax Commission (now DOR).

This section describes one of the main functions of DOR in its property tax administration, the development of the Equalized Value. Additional DOR publications are available on DOR's website. DOR also provides property tax commonly asked questions at http://www.revenue.wi.gov/faqs/index-pt.html. In this section, the definition, the methods of development, and the uses of the Equalized Value will be addressed.

Definition of Equalized Value

The Equalized Value is the estimated value of all taxable real and personal property in each taxation district, by class of property, as of January 1, and certified by DOR on August 15 of each year.

General property is divided into two broad categories, real property and personal property. Real property is land, any improvements that have been attached to the land, and all fixtures, rights, and privileges pertaining thereto. Personal property includes all goods, wares, merchandise, chattels, and effects, of any nature or description having any real or marketable value, and not included in real property.

General real property in the State must, by law, be divided into the following eight classes, according to use:

Residential	Undeveloped Land
Commercial	Agricultural Forest
Manufacturing	Productive Forest Land
Agricultural	Other (Farm Sites & Farm Buildings

The statutes also require that general personal property be placed in one of the following categories:

Steam & Other Vessels	Furniture, Fixtures & Equipment
Machinery Tools & Patterns	All Other General Personal Property

The Equalized Value is an estimate of the market value of all residential, commercial, manufacturing, productive forest, other (farm sites and farm buildings), and personal property. The Equalized Value also estimates the use-value of agricultural land; 50% of the market value of undeveloped land; and 50% of the market value of agricultural forest land. It is computed independently from the estimate of the local assessor. While both the local assessor and DOR make estimates, the local assessor estimates the value of ***each parcel***; DOR estimates the value of the ***entire*** town, village, or city.

We refer to the 'taxable' property because originally ***all*** property was subject to the property tax. Over time changes occurred where specific items, like churches, merchants inventories, or manufacturer's processing machinery and equipment, have been exempted from property tax altogether. In other instances, it is exempted from the property tax because it pays other taxes, like automobiles (license fees) or railroads (gross receipts taxes). Also, certain classes of property, while remaining taxable, are not valued at market value, but at some percentage thereof.

The value is needed for each taxation district, which includes every town, village and city plus those portions that are located in an adjacent county. As of January 1, 2008, there were 1851 municipalities and 1908 taxation districts.

The detail in the local assessment roll, showing the assessed value of land, improvements and their total, for 8 classes of real property and 4 classes of personal property, is also the breakdown required of the Equalized Values. Each local assessor values all classes of property except property classified as 'manufacturing'. Since 1974, the DOR has assessed manufacturing property at its market value, by revaluing annually. The market value assessments developed by the DOR as the primary assessor for manufacturing property become part of the Equalized Value.

All value estimates need to be made as of a specific time. In Wisconsin, that is as of the close of January 1 of each year. In effect, this would mean that if a building burned to the ground on January 1, it would not be included in the assessed value, or generate a tax. If the fire started after midnight, and burned on January 2, it technically existed on January 1 and would be included in the Assessed Value and the Equalized value, and would receive a tax bill later that year in December.

State laws recognize the difficulty in maintaining assessments at the value standard (market, use value, or 50% of market). In most cases individual property assessments are at different levels than the value standard. However, the Equalized Value is always at the value standard. The relationship between a municipality's Equalized Value and its total assessment is referred to as the aggregate level of assessment.

Just as the statutes provide for the time the assessor should finish the assessment roll (it should be done by the first Monday in April), DOR must also finish its estimate of the Equalized Value timely. It is made available to each county, each municipality, and the public on August 15 of each year.

Our constitution required that the property tax should be uniform. That has been interpreted by the Supreme Court to mean the 'taxable class' should bear its tax burden based on its value as a percentage of the total value. Wisconsin residents voted to change the 'uniformity' clause in the constitution in 1974 to allow for non-uniform taxation of agricultural land and undeveloped land. Our laws changed in the 1995-97 Budget Act 27 to implement the constitutional change impacting agricultural land. By the January 1, 2000 assessments, the valuation of agricultural land was fully implemented based on its potential to generate agricultural income, rather than its most likely sale price.

The statutes were modified again in the 2003-04 Budget Act 33, which changed the name of the 'swamp and waste' class of property to 'undeveloped', and added the 'agricultural forest' class of property. Effective for January 1, 2004 assessments, these two classes of property are to be valued at 50% of their market value, and Equalized at the same percentage.

What is discussed in this paper is the process of estimating a municipality's total value in a standardized fashion; calculating the Equalized Value. Its purpose is to ***guarantee the fairness in distribution of the tax burden***. If a city has 30% of the total value in the

county, the city taxpayers should pay 30% of the taxes to be collected for the county costs. **No more; no less.**

Development of Equalized Values

The annual Equalized Value of each municipality represents DOR's estimate of the total value of all taxable property. Changes in the Equalized Value from year to year are caused by many things; increases or decreases in market prices, annexation gains or losses, new construction, demolition of buildings, relocation of businesses, taxable status of property, and statutory changes in the basis for valuation in various classes of property.

In addition to establishing the total Equalized Value for each town, village, and city, DOR must list the value by various eight classes of real property and four classes of personal property. Whereas, the values of individual real estate parcels or personal property accounts within the classes are determined by local assessors, not by DOR.

The exception to this is the assessment of the manufacturing class of property, where DOR is the assessor. DOR estimates a market value assessment each year for each manufacturing property, and adds these values to the other class totals at market value for the final Equalized Value. However, since the manufacturing values are at full market value on an annual basis, the values must be equated to the local level of assessment. This process is guarantees the taxes will be uniform with the other classes of property in the municipality.

The annual establishment of the Equalized Value of every municipality in the state requires the development of over 64,000 statutorily required figures in 1,851 taxation districts. DOR uses six basic strategies to determine equalized values: (1) sales analysis, (2) use value analysis, (3) property appraisal, (4) local reports, (5) Manufacturing Class, and (6) sec. 70.57, Wis. Stats., corrections.

1. **Sales Analysis:** Sales are analyzed through two principal methods: (a) assessment-to-sales ratio studies and (b) unit value projections. The sales that form the basis of the analysis represent the calendar sales for the year prior to the January 1 being estimated (the calendar year sales in 2007 are the basis of analysis for the January 1, 2008 values). The Real Estate Transfer Returns (RETR's), filed with the county register of deeds, form the database of all sales in the state. A significant percent represent non-market sales (family sales, sheriff sales, trust activity or transfers of convenience). The obvious non-market transactions are eliminated initially; other problem sales are brought to DOR's attention by the local assessors throughout the year, as they review them to determine if the transaction can be used to estimate an assessment to sales ratio. The remaining market value sales are then analyzed statistically.

    a. Assessment/sales studies compare actual selling prices of residential and commercial market sales with the local assessment of the property sold. If the sales evidence represents a reasonable cross section of the type of properties existing in the community as a whole,

and there are a sufficient number of sales, the relationship between the sales and assessments is assumed to reflect the overall accuracy of the total assessed value of that class. This relationship is considered to be its "assessment level". The total local assessment of that class is then ratioed to full value, resulting in the statistically derived Equalized Value of that class. Annually these assessment/sales studies amount to the review of approximately 240,000 real estate sales.

For example, assuming there are five market sales of residential property in a township, the sales analysis would be made as follows:

Township of Badger Sales Analysis

Sale	Assessed value	Selling price	Ratio of assessment to sales price
No. 1	$91,800	$93,000	98.71%
No. 2	$61,200	$64,000	95.63%
No. 3	$29,800	$35,800	83.24%
No. 4	$117,400	$121,000	97.02%
No. 5	$84,800	$99,600	85.14%
Total	$385,000	$413,400	93.13%

NOTE: *For ease of illustration, only 5 sales are shown.*

In this example, the average ratio of the total assessed value to total actual sales price is 93.13% - even though the ratio of individual properties are above or below this average. The total assessed value of the class is divided by 93.13% to project the market value of class. The statistical sales value established by this analysis is compared to the Equalized Value of the class established by DOR for the previous year. This comparison indicates the trend in value for the class in a particular tax district and this trend serves as a guide in establishing the current year's Equalized Value. It is noted that with sufficient sales evidence of differing types of property within a municipality, ratio projections can be refined to more accurately reflect specific conditions within the community. This component of the Equalized Value, done annually and reflecting the market place change in the municipality's values, is reported by DOR as the 'economic change'. Since the local assessor usually doesn't recalculate market value each year, this economic change is the primary reason the assessment level changes in years between revaluations.

b. Unit value sales analysis is used by DOR to value property classified by municipal assessors as agricultural forest land, undeveloped, productive forest land or other (farm sets and the land supporting them). Sales (38 acres or larger) are verified and broken down into their component parts to identify average selling prices per acre and the contributory value of any improvements (houses, barns, and other

improvements to the land). The average selling prices per acre of land are then used to estimate the market value of all lands so classified by municipal assessors. Annually, approximately 4,700 transactions are analyzed in this manner statewide.

2. **Use Value Analysis:** DOR, in conjunction with the University of Wisconsin's Department of Agriculture and the UW Extension, produces values for agricultural land, based on its productive capability. A Farmland Advisory Council approves the final use value guidelines. The procedures utilize two steps to estimate values on a per acre basis for each municipality containing agricultural land. In the first step, values are estimated from the income that could be generated by crop production of the land, divided by the capitalization rate. In the second step, the values produced by the income approach are adjusted based on land rental information compiled by the University of Wisconsin-Extension agents. These values are calculated for 3 grades of tillable soils and for pasture. The design of the data and calculations (using 5 year averages and accounting for detail from each municipality, like the local tax rates), remove short term fluctuations, create individual municipal values, and respond to the data limitations encountered with limited corn production in the northern part of the state. Annual changes to use-values are limited to the annual statewide change in Equalized Values, less the value of agricultural land and new construction.

3. **Property Appraisals:** Sample appraisals are used by DOR on a cyclical basis as a further test of the quality of sales-based value projections. Where there is a lack of sales activity, appraisals are substituted in an analysis similar to the assessment/sales method. This involves the selection of a randomly chosen sample of properties (in the same class) to be appraised in detail. What few sales that do occur are field verified and incorporated into the analysis. The value indicated by the appraisals is compared to the locally assessed values to develop a ratio of assessments to appraised values. The information gained from this analysis is used as a guide in valuing the entire class.

4. **Local Reports:** There are two significant annual reports which DOR uses to set the current Equalized Value: (a) the Municipal Assessment, due by the second Monday in June and (b) the Clerk's Statement of Assessments, also due by the second Monday in June.

    a. Local assessors are required to report all changes in locally assessed property values to DOR due to such changes as annexations or detachments, new construction, classification changes impacting the basis of valuation, revaluations or changes in assessment level, and property formerly exempt but now assessed. The majority of these changes in value on the local roll would only be available from the local assessor and are an integral component of the changes DOR makes to the Equalized Value. While DOR uses the assessor's report on new construction, we would not adjust for the reported changes due to revaluation. That is because DOR values are adjusted to market

changes annually, while the revaluation changes reflect the assessor's catching up for those years when most assessments were copied from year to year.

The accurate reporting of New Construction and Demolitions occurring within a community has taken on greater importance with the imposition of levy limits in 2005. The amount municipalities and counties can increase its levy is directly tied to the values reported on the Municipal Assessment Report.

The Equalized Value of personal property is based upon assessment information reported by local assessors. Upon review of the Municipal Assessment Report by DOR, assessment figures are adjusted to reflect true cash value. Local assessors rely primarily on the Statement of Personal Property filed annually by business owners to assess personal property.

b. After the BOR has met and finalized the local assessment for a particular year, the local clerk, or designated county official, submits a Clerk's Statement of Assessments to DOR. This report summarizes the final values on the local assessment roll for Real and Personal property, and breaks down the values by each school district and by special districts (such as lake rehabilitation districts). This report is compared to the assessor's report for any additional changes made by the BOR. Again, appropriate changes indicated (up or down) are made to the Equalized Value by DOR. Since this report shows no detail of the changes to the real property, it is more effective for corrections to the personal property values. This report is also used in the calculation of the school district values since it has the values in each school district and special district summarized. Until the municipality provides a final Statement of Assessments, DOR cannot calculate the aggregate local level of assessments, nor can they equate the manufacturing assessment roll to that local level of assessments.

5. **Manufacturing Class:** The Manufacturing Class of property is assessed by DOR annually at 100% of market value. These values are incorporated into the Equalized Values. After the municipality has completed the local assessment roll, the manufacturing full value assessments are adjusted to the local level for extension of local taxes.

6. **Section 70.57, Wis. Stats., Corrections:** A significant effort is expended in reviewing prior year Equalized Value determinations, primarily because of the timing of the Municipal Assessment Reports. DOR is required by statute to certify the Equalized Values on August 15 of each year. Every taxing jurisdiction awaits the values because of the impact portions of the value have on their aids or their levy limits. However, assessors with multiple districts plan their work to extend throughout the year, and the assessors cannot reasonably complete their job in the same time frame as DOR. DOR's experience is that 40 to 50% of the assessor reports are estimates. After

reviewing all amended reports, recent experience is that ⅓ of the municipalities need a correction in the current year for over or under estimates in the prior 2 years. It is critical that these late reports be reviewed to guarantee to all other municipalities that they were not harmed due to underreporting by one late municipality.

Finalizing Equalized Values: Using one or more of the techniques described for the development of value, DOR determines the market value of residential, commercial, manufacturing, productive forest, other, and personal property. Agricultural use-values are applied to each subclass of agricultural land; the market values of undeveloped and agricultural forest land are reduced by 50%, by statute for each municipality in the state. The taxation district Equalized Value totals are summed to arrive at the County and State Equalized Value totals. This value, and the value of each county, is certified to the DOA on August 15 of each year. In addition, values for each Tax Incremental Financing (TIF) District are calculated based on the TID Assessment Report. The total assessed value of a TID is then adjusted by the municipality's overall level of assessment. This process ensures TID values that are responsive to changes within the TID, as determined by the municipal assessor. The TIF incremental value is excluded in the apportionment values provided to the county.

Appealing Municipal or County Equalized Values: On or about August 15th, DOR notifies each municipality and county of its Equalized Value. The municipality and county may ask for a meeting with the Supervisor of Equalization to review those values. These meetings provide an opportunity for each municipality or county to obtain further information concerning how the Equalized Value was developed. Formal appeal of the Equalized Values is provided by sec. 70.64, Wis. Stats. Under these procedures, any municipality or county can appeal the values by October 15th to the Wisconsin Tax Appeals Commission; a state agency separate from DOR.

Use of Equalized Values

Wisconsin statutes contain over one hundred references to Equalized Values. Listed below are some of the major statutory uses of Equalized Values.

Apportionment of Certain Property Tax Levies: A single county or school district can contain a dozen or more municipalities (townships, villages, and cities). Property tax levies of such jurisdictions are apportioned to each municipality on the basis of Equalized Value. For example, if a municipality contains 50% of the Equalized Value within a county, its residents should pay 50% of the county property taxes levied.

The following example shows why state-determined Equalized Values are an essential element of a fair property tax system.

Imagine what could happen in a hypothetical county with only two townships that have identical tax bases, but different assessment levels. Assume that the county has a total tax levy of $100,000 and that the Equalized Value of all property in the county is $100 million -- $50 million in each township.

	Local assessed value	% to County total of assessed value	Full value or Equalized Value	% to County total of Equalized Value
Township A	$20,000,000	28.6%	$50,000,000	50.0%
Township B	$50,000,000	71.4%	$50,000,000	50.0%
Total County	$70,000,000	100.0%	$100,000,000	100.0%

A serious equity problem would result if the county levy were apportioned using the locally assessed values:

Township A	28.6% of $100,000	=	$ 28,600
Township B	71.4% of $100,000	=	$ 71,400
Total County Levy			**$ 100,000**

But the picture changes substantially if the county levy were apportioned using the Equalized Values. A fair tax system would apportion one-half of the county levy to each as follows:

Township A	50% of $100,000	=	$ 50,000
Township B	50% of $100,000	=	$ 50,000
Total County Levy			**$ 100,000**

If locally determined assessed values were used to allocate county taxes, municipal assessors would have an incentive to deliberately under-value property in order to decrease the burden on their taxpayers. Thus, in order to allocate both taxes and state aids fairly, Equalized Values are needed to measure taxable values in all municipalities using the same yardstick to properly apportion taxes.

Establishing School District Equalized Values: The typical Wisconsin school district boundaries often overlap all or parts of several different taxation districts. The school district Equalized Value is established by ratioing the assessed value of each school district within each taxation district (obtained from the municipal Clerk's Statement of Assessments) to full value, based on the average level of assessment for that taxation district. Those values from all taxation districts in the school district are added together to produce the school district's Equalized Value. Any tax incremental district's incremental value is not included in the total district value. This total school district value is then the basis to apportion a school district's levy to each municipality in the school district.

The school district Equalized Values should not be confused with equalizing school taxes. The concept of 'equalizing school taxes' or 'tax based equalization' is a facet of the Wisconsin property tax system. In 1924, the DPI published a report, quoted in the 1991-1992 Blue Book which presented: "indisputable evidence that the present method of distributing our state school fund does not furnish adequate financial support for all the common school districts of the state without excessive taxation in the poorer districts."2 There were some

2 Wisconsin Department of Public Instruction, *Education in Wisconsin, 1922-1924 Biennial Budget*, (Madison:1924), 28

municipalities where the property owners could not afford to contribute enough to the schools to guarantee that their students received an equal education compared to well-to-do municipalities. They needed help from the State.

What evolved is a school aid formula, which attempts to 'equalize' educational opportunities. It guarantees adequate funds for fairness in the quality of education for every child, while addressing the problem of excessive property tax burdens. It does this by redistributing more of the income taxes collected by the state as aid to the districts with weak property tax bases. This form of 'equalization' is not the focus of this paper.

The concept of 'equalizing school taxes' is also a cornerstone to the state's shared revenue formulas. Counties and municipalities received $672,400,013 in 2007 to offset the costs of the property tax. The program allocates more aid to governments who have a lower per capita wealth (property value divided by population) and who have higher revenues to collect. Here, the goal, as with equalizing school taxes, is to give a greater share of the state revenues to the needier municipalities

Allocation of State Aids to Local Governments: The distribution of funds to local governments under several state programs is determined in part by formulas that measure differences in per capita or per student Equalized Values. Examples include general school aids and shared revenue payments to municipalities and counties. Generally, school districts or local governments that have relatively low Equalized Values per capita qualify for larger state aid payments.

Calculation of Allowable Debt: The Wisconsin Constitution limits municipal and county debt to no more than 5% of Equalized Value. Certain school districts have debt limits of 10% of Equalized Value.

Determination of Manufacturing Equated Property Values: DOR determines the fair market value of all manufacturing property in the state, at a 100% level of assessment. Municipalities assess property for tax purposes at a different overall percent of market value. The manufacturing fair market values must be adjusted ("equated") to the general level of assessments in the municipality to preserve uniformity of taxation. For example, if a municipality is assessing all non-manufacturing property at 93.13% of market value, the value of any manufacturing property in the municipality would be adjusted to that same level (e.g., full market value of a manufacturing property is $150,000 X 93.13% = equated assessment of $139,700).

Calculation of Average Statewide Property Tax Rates: Utility tax computations and other state programs require the use of an average statewide full value property tax rate. Equalized values allow this rate to be determined in spite of differences in local assessment ratios.

Measuring Compliance with Assessment Standards: State law requires that the assessed value of each of the major classes of property within a taxation district must be within 10% of the full value of that same class at least once during any given five year period. DOR annually calculates the level of assessment by class and provides that information to each municipality. After four consecutive years of at least one major class (over 5% of the municipal value) with a level over 110% or under 90%, a warning letter is

sent to the municipality. After the fifth year, the assessment staff is required to attend training during the sixth year of non-compliance. If non-compliance continues for the seventh year, DOR will order a revaluation for the eighth year (contracted and monitored by DOR), and costs are billed to the municipality.

Calculating Estimated Fair Market Values on Tax Bills: As shown on the attached property tax bill, the assessment ratio is used to compute an estimated fair market value for each property. This is intended to give property owners a way to determine if the assessment placed on their property is reasonable.

Conclusion

The fact that both assessed and fair market values are shown on property tax bills underscores the fact that Wisconsin has a dual system of property valuation. Individual parcels of property are valued (assessed) by local assessors (except for manufacturing property, which is assessed by the state) while the estimated value of all taxable property in each municipality (Equalized Value) is determined by DOR. The local assessor is concerned with equity between property owners in the municipality, while DOR is concerned with equity between municipalities and counties. This Equalizing procedure assures that school taxes, county taxes, and major state aids are apportioned fairly to the state's 1851 municipalities.

STATE OF WISCONSIN

REAL ESTATE PROPERTY TAX BILL FOR 2010

VILLAGE OF BADGER
AMERICA CO.

IMPORTANT: Correspondence should refer to number
See reverse side for important information
Be sure this description covers your property. This description is for property tax bill only and may not be a full legal description.

BILL AND SUE HOMEOWNER
RR 9
BADGER WI 58425

LEGAL DESCRIPTION
PART OF THE FIRST ADDITION TO THE SECOND ADDITION
CONSISTING OF 1 LOT

Not part of the bill template.
Print only on bills for property
Located within a Drainage District

Drainage District Notification: $

PARCEL # 12-116-0029-0000

Assessed Value Land	Ass'd Value Improvement	Total Assessed Value	Ave. Assmt. Ratio	Net Assessed Value Rate (Does NOT reflect credit)	
22,000	76,900	98,900	98.900		.017091622
Est. Fair Mkt. Land	Est. Fair Mkt. Improvements	Total Est. Fair Mkt.	☐ A Star in this box means Unpaid Prior Year Taxes	School taxes reduced by school levy tax credit	
22,250	77,750	100,000			169.04

Taxing Jurisdiction	2009 Est. State Aids Allocated Tax Dist.	2010 Est. State Aids Allocated Tax Dist.	2009 Net Tax	2010 Net Tax	% Tax Change
STATE OF WI			16.88	17.50	+3.7%
AMERICA CO	17,539	18,760	267.98	295.84	+10.4%
VILLAGE OF BADGER	118,822	121,904	172.22	178.17	+3.5%
SCH. DIST. #3150	620,167	622,787	765.43	953.53	+24.6%
TECH. COLLEGE #56	23,987	25,883	120.50	135.44	+12.4%
First Dollar Credit			77.30	78.50	+1.5%
Lottery & Gaming Credit			88.18	98.98	+12.0%
Net Property Tax			1,177.53	1,403.00	+19.1%

Make Check Payable to:

JANE DOE
TREASURER, VILLAGE OF BADGER
RR 9, PO BOX 6890
BADGER WI 58425

Full Payment Due On or Before January 31
$ 1,762.02

Or First Installment Due On or Before January 31
$ 1,060.52

And Second Installment Payment Payable to
JOHN SMITH, COUNTY TREASURER
AMERICA COUNTY COURTHOUSE
BADGER WI 58425

And Second Installment Due on or Before July 31
$ 701.50

Net Property Tax $ 1,403.00

GARBAGE 359.02

☐ Check For Billing Address Change

BILL AND SUE HOMEOWNER
RR 9
BADGER WI 58425

TOTAL DUE	FOR FULL PAYMENT	
PAY BY	JANUARY 31	2011
► $ 1,762.02		

Warning: If not paid by due dates, installment option is lost and total tax is delinquent subject to interest and, if applicable, penalty.
Failure to pay on time, See reverse.