



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb0495/1
EKL:amn

**ASSEMBLY AMENDMENT 6,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 56**

June 25, 2019 - Offered by Representatives HINTZ, SUBECK, STUCK, OHNSTAD, DOYLE, ANDERSON, BILLINGS, BOWEN, BROSTOFF, CABRERA, CONSIDINE, CROWLEY, EMERSON, FIELDS, GOYKE, GRUSZYNSKI, HAYWOOD, HEBL, HESSELBEIN, KOLSTE, MCGUIRE, B. MEYERS, MILROY, L. MYERS, NEUBAUER, POPE, RIEMER, SARGENT, SHANKLAND, SINICKI, SPREITZER, STUBBS, C. TAYLOR, VINING, VRUWINK and ZAMARRIPA.

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 376, line 7: after that line insert:

3 **“SECTION 827m.** 70.03 (1) of the statutes is amended to read:

4 70.03 (1) In chs. 70 to 76, 78, and 79, “real property,” “real estate,” and “land”
5 include not only the land itself but all buildings and, fixtures, improvements thereon,
6 ~~and all fixtures and, leases,~~ rights, and privileges appertaining thereto, including
7 assets that cannot be taxed separately as real property, but are inextricably
8 intertwined with the real property, enable the real property to achieve its highest and
9 best use, and are transferable to future owners, except as provided in sub. (2) and
10 except that for the purpose of time-share property, as defined in s. 707.02 (32), real
11 property does not include recurrent exclusive use and occupancy on a periodic basis
12 or other rights, including, but not limited to, membership rights, vacation services,

1 and club memberships. In this subsection, “lease” means a right in real estate that
2 is related primarily to the property and not to the labor, skill, or business acumen of
3 the property owner or tenant. In this subsection, “highest and best use” has the
4 meaning given in s. 70.32 (1).”.

5 **2.** Page 376, line 20: after that line insert:

6 “**SECTION 829m.** 70.32 (1) of the statutes is amended to read:

7 70.32 (1) Real property shall be valued by the assessor in the manner specified
8 in the Wisconsin property assessment manual provided under s. 73.03 (2a) at its
9 highest and best use from actual view or from the best information that the assessor
10 can practicably obtain, at the full value which could ordinarily be obtained therefor
11 at private sale. In determining the value, the assessor shall consider recent
12 arm’s-length sales of the property to be assessed if according to professionally
13 acceptable appraisal practices those sales conform to recent arm’s-length sales of
14 reasonably comparable property; recent arm’s-length sales of reasonably
15 comparable property; and all factors that, according to professionally acceptable
16 appraisal practices, affect the value of the property to be assessed. In this subsection,
17 “arm’s-length sale” means a sale between a willing buyer and willing seller, neither
18 being under compulsion to buy or sell and each being familiar with the attributes of
19 the property sold. In this subsection, “highest and best use” means the specific use
20 of the property as of the current assessment date or a higher use to which the
21 property can be expected to be put before the next assessment date, if the use is
22 legally permissible, physically possible, not highly speculative, and financially
23 feasible and provides the highest net return. When the current use of a property is
24 the highest and best use of that property, value in the current use equals full market

1 value. In this subsection, “legally permissible” does not include a conditional use
2 that has not been granted as of the assessment date.

3 **SECTION 830m.** 70.32 (1b) of the statutes is created to read:

4 70.32 (1b) In determining the value of real property under sub. (1), the assessor
5 shall consider, as part of the valuation under sub. (1), any lease provisions and actual
6 rent pertaining to a property and affecting its value, including the lease provisions
7 and rent associated with a sale and leaseback of the property, if all such lease
8 provisions and rent are the result of an arm’s-length transaction involving persons
9 who are not related, as provided under section 267 of the Internal Revenue Code for
10 the year of the transaction. In this subsection, an “arm’s-length transaction” means
11 an agreement between willing parties, neither being under compulsion to act and
12 each being familiar with the attributes of the property.

13 **SECTION 831m.** 70.32 (1d) of the statutes is created to read:

14 70.32 (1d) (a) To determine the value of property using generally accepted
15 appraisal methods, the assessor shall consider all of the following as comparable to
16 the property being assessed:

17 1. Sales or rentals of properties exhibiting the same or a similar highest and
18 best use, as defined in sub. (1), with placement in the same real estate market
19 segment.

20 2. Sales or rentals of properties that are similar to the property being assessed
21 with regard to age, condition, use, type of construction, location, design, physical
22 features, and economic characteristics, including similarities in occupancy and the
23 potential to generate rental income. For purposes of this subdivision, such
24 properties may be found locally, regionally, or nationally.

1 (b) For purposes of par. (a), a property is not comparable if any of the following
2 applies:

3 1. At or before the time of sale, the seller places any deed restriction on the
4 property that changes the highest and best use, as defined in sub. (1), of the property,
5 or prohibits competition, so that it no longer qualifies as a comparable property
6 under par. (a) 1. or 2. and the property being assessed lacks such a restriction.

7 2. The property is dark property and the property being assessed is not dark
8 property. In this subdivision, "dark property" means property that is vacant or
9 unoccupied beyond the normal period for property in the same real estate market
10 segment. For purposes of this subdivision, what is considered vacant or unoccupied
11 beyond the normal period may vary depending on the property location.

12 (c) For purposes of par. (a), "real estate market segment" means a pool of
13 potential buyers and sellers that typically buy or sell properties similar to the
14 property being assessed, including potential buyers who are investors or
15 owner-occupants. For purposes of this paragraph, and depending on the type of
16 property being assessed, the pool of potential buyers and sellers may be found locally,
17 regionally, nationally, or internationally.

18 (d) The department of revenue shall assist local assessors with implementing
19 and applying this subsection."

20 **3.** Page 506, line 8: after that line insert:

21 "(1p) REAL PROPERTY TAX ASSESSMENTS. The treatment of ss. 70.03 (1) and 70.32
22 (1), (1b), and (1d) first applies to the property tax assessments as of January 1, 2020."

23 (END)