

## NOTICE OF PROPOSED GUIDANCE DOCUMENT

### 2019 Department of Revenue (DOR) Annual Assessor Meeting

Pursuant to s. 227.112, Wis. Stats., the Wisconsin Department of Revenue is hereby seeking comment on the following proposed 2019 DOR Annual Assessor Meeting guidance.

Page	Subject
2	Certification
3-4	2020 Assessor Calendar of Events
5-43	2019 DOR Annual Assessment Meeting presentation

#### **PUBLIC COMMENTS AND DEADLINE FOR SUBMISSION**

Comments may be submitted to Wisconsin Department of Revenue until October 28, 2019 by:  
Emailing [bapdor@wisconsin.gov](mailto:bapdor@wisconsin.gov)

#### **LOCATION OF GUIDANCE**

The final version of the guidance documents will be posted at  
<https://www.revenue.wi.gov/Pages/Training/assessor-certification.aspx#edu> to allow for ongoing comment.

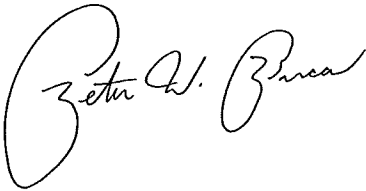
#### **AGENCY CONTACT PERSON**

Scott Shields  
[scott.shields@wisconsin.gov](mailto:scott.shields@wisconsin.gov)

### Certification Statement

As the Secretary of the Wisconsin Department of Revenue (DOR), I have reviewed this guidance document or proposed guidance document and I certify that it complies with secs. 227.10 and 227.11, Wis. Stats. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is not explicitly required or explicitly permitted by a statute or rule that has been lawfully promulgated. I further certify that the guidance document or proposed guidance document contains no standard, requirement, or threshold that is more restrictive than a standard, requirement, or threshold contained in the Wisconsin Statutes.

DEPARTMENT OF REVENUE

A handwritten signature in black ink, appearing to read "Peter W. Barca". The signature is written in a cursive style with a large initial "P" and "B".

Peter Barca

Secretary of Revenue

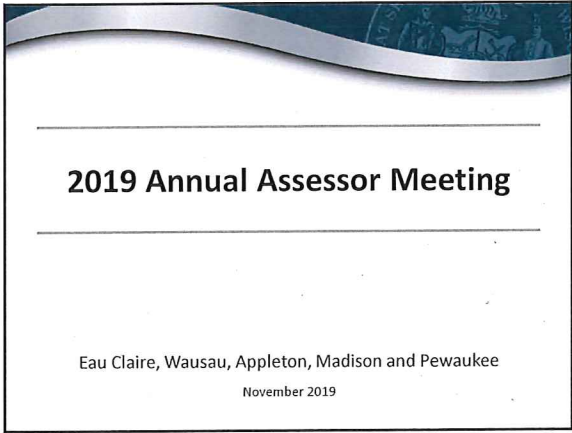
# 2020 Assessor Calendar of Events

Date	Event
<b>February 3</b>	Assessor certification review – Wisconsin Department of Revenue (DOR) initiates review if 2019 Final Municipal Assessment Report (MAR) or Annual Assessment Report (AAR) was not filed
<b>February 7</b>	<ul style="list-style-type: none"> <li>• <b>Deadline</b> – to submit Provide Assessment Data (PAD) data for 2019 sales to be included on the Preliminary Assessment to Sales Ratio Report</li> <li>• <b>Reminder</b> – all assessments must be submitted online through PAD <a href="https://ww2.revenue.wi.gov/RETRWebApp/application">https://ww2.revenue.wi.gov/RETRWebApp/application</a></li> </ul>
<b>February 15</b>	2020 Manufacturing Notification rolls available on our website by February 15: <ul style="list-style-type: none"> <li>• <a href="https://www.revenue.wi.gov/Pages/Manufacturing/home.aspx">https://www.revenue.wi.gov/Pages/Manufacturing/home.aspx</a></li> <li>• Assessor notified of manufacturing property within the assessor's taxation district that will be assessed by DOR during the current assessment year</li> </ul>
<b>February 21</b>	DOR notifies assessors of Preliminary Assessment to Sales Ratio Reports: <ul style="list-style-type: none"> <li>• Assessor to review useable and rejected sales reports for changes, including incorrectly posted assessments, and clerical errors</li> <li>• Assessor to notify <a href="#">Equalization Bureau District Office</a> of changes</li> </ul>
<b>March 1</b>	<b>Deadline:</b> <ul style="list-style-type: none"> <li>• Manufacturers to submit annual manufacturing property returns to DOR or request filing extension to April 1</li> <li>• Prospective manufacturers to contact DOR and request manufacturing classification</li> </ul> Note: DOR will notify assessors regarding any new manufacturing property added (or deleted) from the Notification rolls (published online by February 15)
<b>March 1</b>	<ul style="list-style-type: none"> <li>• <b>Deadline</b> – property owners submit 2020 Statements of Personal Property (PA-003) and Exemption Requests (PR-230) to the local assessor</li> <li>• Note: March 1, 2020 is a Sunday. Under state law (sec. 990.004(4)(b), Wis. Stats.,) accept electronically filed, faxed, received by mail or postmarked on Monday, March 2, 2020 as timely.</li> </ul>
<b>March 6</b>	<ul style="list-style-type: none"> <li>• <b>Final deadline</b> – to submit assessment information for 2019 sales in Provide Assessment Data (PAD) to be included in or excluded from the Final Assessment to Sales Ratio Report</li> <li>• <b>Final deadline</b> – to contact <a href="#">Equalization Bureau District Office</a> if there are changes to previously submitted PAD assessment information</li> </ul>
<b>March 27</b>	DOR notifies assessors of final Assessment to Sales Ratio Reports
<b>April 27</b>	DOR posts 2020 Assessor MAR form to our website <a href="https://www.revenue.wi.gov/Pages/OnlineServices/slfiling.aspx">revenue.wi.gov/Pages/OnlineServices/slfiling.aspx</a>
<b>April 27</b> <i>(4th Monday of April)</i>	Starts the 45-day period when the Board of Review (BOR) holds an initial meeting
<b>April 27</b> <i>(4th Monday of April)</i>	Assessor to submit Annual Assessment Report (AAR) <a href="https://www.revenue.wi.gov/Pages/OnlineServices/slfiling.aspx">revenue.wi.gov/Pages/OnlineServices/slfiling.aspx</a> : <ul style="list-style-type: none"> <li>• To municipality prior to or at BOR</li> <li>• To DOR within 30 days following BOR adjournment</li> </ul>
<b>May 1</b>	Stratified assessment data due to <a href="#">Equalization Bureau District Office</a> (feedback on economic changes in district) – links to spreadsheet template are found in the instructions <a href="https://www.revenue.wi.gov/Documents/2009stratfrm.pdf">revenue.wi.gov/Documents/2009stratfrm.pdf</a>

## 2020 Assessor Calendar of Events

Date	Event
<b>June 8*</b> <i>(2<sup>nd</sup> Monday of June)</i>	<b>Deadline</b> – to submit MAR information (used for the 2020 Equalized Values and TID Values) <ul style="list-style-type: none"> <li>• August 1 preliminary Equalized Values and TID Values</li> <li>• August 15 certified Equalized Values and TID Values</li> <li>• Net New Construction calculations</li> <li>• Due by midnight, no extensions</li> <li>• Note: If no report is filed, no change in TID increment is given except those due to manufacturing property changes</li> </ul>
<b>June 8</b> <i>(2<sup>nd</sup> Monday of June)</i>	DOR issues: <ul style="list-style-type: none"> <li>• 2020 Manufacturing Assessment Notices to manufacturing property owners</li> <li>• 2020 Manufacturing Full Value Real Estate and Personal Property Assessment Rolls on our website: <a href="https://www.revenue.wi.gov/Pages/Manufacturing/home.aspx">https://www.revenue.wi.gov/Pages/Manufacturing/home.aspx</a></li> </ul>
<b>June 10</b>	BOR – initial meeting must be held by this date
<b>July 31</b>	<b>Deadline</b> – to provide DOR with changes to 2021 forms, publications and online applications
<b>August 1*</b>	DOR releases 2020 Preliminary Values: <ul style="list-style-type: none"> <li>• Equalized Values</li> <li>• Net New Construction</li> <li>• Tax Incremental District</li> <li>• Note: DOR will post Preliminary Values on Friday, July 31</li> </ul>
<b>August 7*</b>	<b>Deadline</b> – to notify DOR of potential errors in the preliminary Equalized Value or TID value
<b>August 15*</b>	DOR releases 2020 Certified Values: <ul style="list-style-type: none"> <li>• Equalized Values</li> <li>• Net New Construction</li> <li>• Tax Incremental District</li> <li>• Note: DOR will post Certified Values on Friday, August 14</li> </ul>
<b>September 15-17</b>	Municipal Assessor’s Institute – Holiday Inn Hotel and Conference Center, Stevens Point
<b>October 1</b>	<b>Deadline</b> – to file Final MAR to be used for Preliminary Major Class Comparison
<b>October 10-14</b>	Wisconsin Towns Association Annual Meeting – Red Lion Paper Valley Hotel Appleton
<b>October - December</b>	DOR issues – <a href="https://www.revenue.wi.gov/Pages/Manufacturing/home.aspx">https://www.revenue.wi.gov/Pages/Manufacturing/home.aspx</a> : <ul style="list-style-type: none"> <li>• 2020 Equated Manufacturing Real Estate and Personal Property Assessment Rolls  Note: A valid Statement of Assessments must be on file before Manufacturing Equated Rolls can be processed</li> <li>• Correction of Errors by Assessors (s. 70.43) Manufacturing Real Estate and Personal Property Assessment Rolls correcting 2019 manufacturing assessments for palpable errors</li> <li>• Omitted Manufacturing Real Estate and Personal Property Assessment Rolls for property omitted from the manufacturing roll during the prior five years</li> </ul>
<b>November 1*</b>	<ul style="list-style-type: none"> <li>• 2020 Preliminary Major Class Comparison Report – DOR posts to our website</li> <li>• DOR sends non-compliance notices to municipalities</li> <li>• Note: DOR will post the Preliminary Major Class Comparison Report on Friday, October 31</li> </ul>
<b>October - November</b>	2020 Annual Assessor Meetings – dates to be announced
<b>December 1</b>	<ul style="list-style-type: none"> <li>• DOR sends letter to municipal clerk if Final MAR was not filed</li> <li>• If Initial MAR was estimated, final version must be submitted within 10 days of BOR completion</li> </ul>
<b>December 31</b>	<b>Deadline</b> – to submit a final or amended 2020 MAR

\* Statutory Requirements



**2019 Annual Assessor Meeting**

Eau Claire, Wausau, Appleton, Madison and Pewaukee  
November 2019

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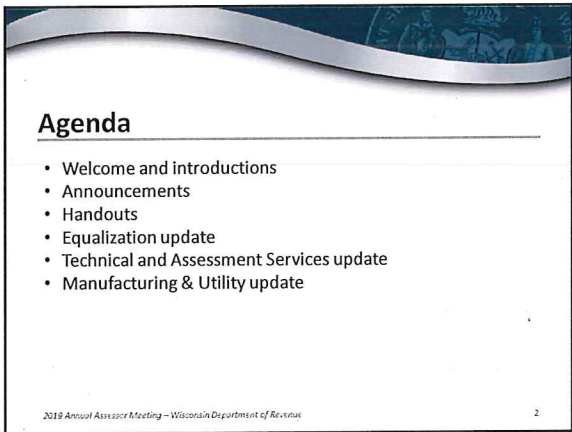
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**Agenda**

- Welcome and introductions
- Announcements
- Handouts
- Equalization update
- Technical and Assessment Services update
- Manufacturing & Utility update

2019 Annual Assessor Meeting - Wisconsin Department of Revenue

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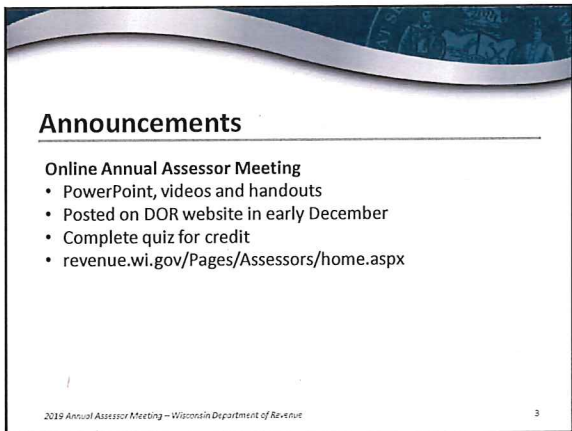
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**Announcements**

**Online Annual Assessor Meeting**

- PowerPoint, videos and handouts
- Posted on DOR website in early December
- Complete quiz for credit
- [revenue.wi.gov/Pages/Assessors/home.aspx](http://revenue.wi.gov/Pages/Assessors/home.aspx)

2019 Annual Assessor Meeting - Wisconsin Department of Revenue

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### Handouts

- Registration form
- Training PowerPoint
- Assessment Types
- 2020 Calendar of Events
- SLF contact information

2019 Annual Assessor Meeting – Wisconsin Department of Revenue 4

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### Registration

- Registration
  - Provide name, email, address or phone number change
  - Certification – [bapdor@wisconsin.gov](mailto:bapdor@wisconsin.gov)
- Roster
  - Only certified individuals sign
  - Consistent with name as printed on certification card
  - Use certification number (WI#####CA)

2019 Annual Assessor Meeting – Wisconsin Department of Revenue 5

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<b>Attendee Information</b>			
<small>Note: The mailing address and phone number you supply is considered your business contact information. If you are a statutory assessor, the information you provide is posted to our website.</small>			
Name (Last, First, Middle Initial)		Assessor certification number	
Business mailing address			
City	State	Zip	County
Business phone ( )		Business email	
<input type="checkbox"/> Check if any of the information you provided is new.			
<b>Statutory Assessor Travel Reimbursement</b>			
Are you a Statutory Assessor (Sign Assessment Roll)? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Round Trip Mileage <small>Enter round trip mileage – from residence to location of Assessor Meeting</small>		County of Residence	

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## Equalization

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### DOR Use of Assessor Information

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- Equalized Values
- TID Values
- Net New Construction
- Sales Analysis–PAD System
- Field Review
- 70.05 Compliance

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### Provide Assessment Data

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- The PAD system provides data for both DOR and Assessors
  - DOR provides preliminary sales reports for Assessor review in early February
  - Assessor's submit assessment final data to DOR by early March
    - Valid sales that should be rejected
    - Rejected sales that should be valid
    - Corrected assessments
  - Final sales reports become starting point for DOR analysis
  - Sales and statistical data used by assessors

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**Provide Assessment Data**

- DOR uses of PAD data
  - Large acre sales analysis
    - Aids in developing average\$/acre for Classes 4-7 (land)
    - Becomes part of the Equalized Value
  - Integral part of economic adjustments for classes 1, 2, 7 (imps)
    - Valid & useable for ratio sales
    - Sale ratios and statistics are analyzed, sales with outlier ratios are removed from analysis
    - Indirect use of data by policy and research groups, state and federal agencies

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**Provide Assessment Data**

- Assessor's role in sale validation—4 basic functions
  1. Determine if sale is assessed by DOR-Manufacturing
  2. Determine whether a sale is arms-length\*
  3. If arms-length, determine if useable for ratio analysis\*
  4. For improved sales, provide property type and attribute data\*
- Accurate PAD data is important to DOR, municipalities, and taxpayers

\* Denotes significance to DOR's economic analysis and Equalized Value

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**Provide Assessment Data**

- Wisconsin Property Assessment Manual (WPAM)
  - 2019 WPAM p. G-31
    - *Arms-Length Sale—A sale between two parties neither of whom is related to or under abnormal pressure from the other. See Market Value.*
  - 2019 WPAM p. G-40
    - *Market value—The definition of market value is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.*

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### Provide Assessment Data

- 2019 WPAM p. G-40
  - **Market value continued:**
    - *Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*
      1. Buyer and seller are typically motivated;
      2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
      3. A reasonable time is allowed for exposure in the open market;
      4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
      5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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### Provide Assessment Data

- Examples of inadequate reject reasons
  - Reject code 19: "sale is too low"
  - Reject code 79: "sale does not conform to the market"
  - Reject code 79: "desirable location and lots of unique details to home that it may more desirable, like built ins"
  - Reject code 79: "unique qualities of home such as built ins and its location made this a highly desirable home"
  - Reject code 79: "land adjustment needs to be reviewed"

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### Provide Assessment Data

- Example—Impact of incorrect PAD data:**
- 30 residential sales in a municipality; one sale has PAD assessment error
  - PAD assessed value = \$320,200
  - Sale ratio = 143%; Class ratio = 85.43%
    - DOR economic change to Residential Class = +4.15%
  - Correct total assessed value = \$149,900
    - Correct sale ratio = 67%; Class ratio = 80.28%
    - Correct DOR economic change to Residential Class = +5.84%

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### Provide Assessment Data

**Example – Impact of incorrect PAD data:**

- 16 commercial sales in a city; Residential sale is incorrectly classified as commercial in PAD
  - Sale price = \$390,000; assessed value = \$175,000
  - Sale ratio = 45%
  - Commercial Class level of assessment = 78.52%
  - DOR economic change to Commercial Class = +12.98% or \$10,179,000
  - Correct DOR economic change to Commercial Class *without* Residential sale = +7.84% or \$7,747,200

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### Provide Assessment Data

**Summary**

- Assessor's role in sale validation and providing accurate PAD data is critical to both assessment process and DOR economic calculations
  - Results in more equitable assessments during a revaluation, and a more accurate Equalized Value
  - Provides uniformity between individual properties and between municipalities

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### Equalized Values

**Definition:**

*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 the Department of Revenue on August 15 of each year.*

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### Equalized Values

Uses:

- Wisconsin statutes contain over one hundred references to Equalized Values
- Primary uses
  - Apportionment of property tax levies
    - Counties, school district, special district, and Tech Colleges
  - Establishing School District Equalized Values
  - Allocation of state aids to local governments
  - Measuring compliance with assessment standards (70.05)

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### Equalized Values

Components of the Equalized Value:

- Economic change
- Assessment changes reported on the Municipal Assessment Report (MAR)
- Prior year corrections
- DOR Field Review changes
- Manufacturing values
- Use values

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### Equalized Values—Economic Change

- Estimate of the change in market value by property class
- Two methods based on prior year sales:
  - Ratio analysis—Classes 1, 2, & 7 (improvements)
  - Average sale price per acre—Classes 5, 5m, 6, & 7 (land)
- Utilize blend groups, when necessary
- Assessor's role?
  - Sale verification and PAD

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**Equalized Values–MAR**

- Report of assessed value changes made at the municipal level
- Classes 1, 2, & 7 improvements
  - DOR equates assessed values to full value, and includes in the Equalized Value
- Classes 4, 5, 5m, 6, & 7 land
  - DOR applies average \$/acre to reported acres
- Revaluation changes are not included
  - DOR applies economic changes on an annual bases

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**Equalized Values–Prior Year Corrections**

- Equalized Values are certified as of August 15th of each year
- Once certified, they cannot be changed
- State law allows for a correction applied to the next year's Equalized Value
- Reasons for corrections
  - DOR error
  - Assessor error
  - Late/amended MAR
  - Final Statement of Assessment (differs from MAR)

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**Equalized Values–Prior Year Corrections**

- DOR does not include MAR's filed after the filing deadline in the August 15 certified Equalized Value
- Late filed MARS become corrections to the next year's value

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**Equalized Values–Net New Construction**

- Net New Construction
  - Difference between full value of new construction and demolitions
  - Used for municipality's allowable levy limit
  - Used for Expenditure Restraint Program (ERP)
- Accuracy in reported new construction and demolitions is extremely important to municipalities

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**Municipal Assessment Report (MAR)**

- Electronically file the MAR by the second Monday in June
  - File an estimated MAR if the BOR has not adjourned; file a Final MAR within 10 days of the final adjournment date
- MARs filed after the second Monday in June will be reviewed after August 15<sup>th</sup>
- DOR does not review MARs filed after the deadline until the calculation for November 1 compliance

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**MAR–Level of Assessment**

- Municipal estimated level of assessment
  - The Assessor's estimated level of assessment based on the Assessor's analysis of the prior year's sales
  - It is *not* the prior year level of assessment
  - Assessor's use to ensure new value (e.g. new construction) is assessed at the same level as existing property

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**MAR–Level of Assessment**

- Maintenance Year
  - Percent of full value the municipality is assessed at for the current year
- Revaluation Year
  - Percent of full value the municipality is assessed at for the current year
  - In a revaluation year ALL CLASSES should be revalued and assessed at the same level of assessment so as not to cause inequities
  - When filing an estimated MAR all value changes reported should be at the level of assessment reported

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**MAR–Level of Assessment**

- Using the level of assessment to equate reported values to full value for equalization
  - Positive changes, i.e. annexations, new construction, changing from exempt to taxable etc., are equated to full value using the reported level of assessment
  - Negative changes are equated to full value using the current class ratio
    - I.e. demolitions, property now assessed as personal property, real estate now exempt etc.

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**MAR–Reported Changes**

- Annexations
  - <https://mds.wi.gov/Home>
  - Report gains at the value placed on the assessment roll
  - Report decreases at the value being removed from the assessment roll
  - Provide comments if annexation impacts reported acres for classes 4-7

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**MAR–Reported Changes**

- Physical changes
  - New construction, higher land use, demolition
    - The basis of Net New Construction calculations that affect levy limits
- Newly/formerly exempt or assessed as personal property
  - Does not affect Net New Construction
    - Values are equated to full value and included in the Equalized Value
- Increases or decreases due to revaluation
  - DOR does not incorporate revaluation changes into the Equalized Value
    - DOR performs an economic study each year based on prior year sales

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**MAR–Extreme Econ. Obsolescence**

- Property Revalued due to Removal/Presence of Extreme Obsolescence or Contamination
  - External factors unique to properties
    - Removal of contamination (results in an increase in value)
    - Newly found evidence of contamination (resulting in loss of value)
    - decrease in market value of a unique property due to economic conditions (motel, mall, highway bypass, etc.)

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**MAR–Extreme Econ. Obsolescence**

- Examples – MAR entries DOR accepted
  - Building requires remedial actions due to contamination
  - Part of land and improvements shifted to DOT for future highway
  - Mold in home
  - Contamination remediation remove economic obsolescence
    - Positive adjustment
- Examples – MAR entries DOR questioned
  - Homestead sale, no well/septic long empty log cabin, deferred maint.
  - Buildings very old not livable
  - Fire in tavern...currently closed
  - Old buildings removed and replaced

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### MAR—Shifts in Class

- Shifts to and from Manufacturing
  - <https://ww2.revenue.wi.gov/RETRWebRolls/application>
  - Report at value shifted, equated to your level of assessment
    - Physical changes can be reported in the appropriate category—new construction, demolition, changing from taxable to exempt etc.

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### MAR—Shifts in Class

- Shifts between residential, commercial or ag improvements
  - New construction report separately
- Shifts in land
  - Higher land use report separately
  - Shifts from other classes shift at the losing class value
  - Decreased utility report separately
- MFL orders
  - Review by county for new entries DNR website
  - <http://dnr.wi.gov/topic/ForestLandowners/reports.html>

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### MAR—Shifts in Class

- Reporting acres by subclass—common problems
  - Example—Acre changes between subclasses:
    - Undeveloped -Swamp/Fallow example
      - » 1400 Swamp acres at 1250/ac Taxable = \$1,750,000
      - » 250 Fallow acres at 5300/ac Taxable = \$1,325,000
      - » Total Value for undeveloped \$3,075,000
    - Developed -Swamp/Fallow example
      - » 250 Swamp acres at 1250/ac Taxable = \$312,500
      - » 1400 Fallow acres at 5300/ac Taxable = \$7,420,000
      - » Total Value for undeveloped \$7,732,500
      - » DIFFERENCE OF \$4,657,500

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**MAR–Filing Deadline**

- MAR filing deadline is the second Monday in June
- MARs received by the deadline are used to establish that year's Equalized Value and TID Values, certified on August 15
- Value changes reports on MARs filed after the deadline become corrections to the next year's value
  - Note: For late MARs filed by October 1, corrections will be calculated and used for 70.05 Compliance

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**MAR–70.57 Corrections**

- A 3–step, 3–year process
  - Year 1–Add correction amount to correct the start-up Equalized Value
    - Corrects the Equalized Value for that year and forward
  - Year 2–Add correction amount a second time
    - Compensates municipality for under/over valuation in the prior year
  - Year 3–Remove compensation from the start-up Equalized Value

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**Equalized Value Corrections**

**Example:**

• 2018 certified EQ Value	\$50,000,000
• Late MAR includes \$1,000,000 more NC	+ \$1,000,000
• DOR corrected start-up value for 2019	\$51,000,000
• DOR compensates for 2018	+ \$1,000,000
• 2019 certified EQ Value	\$52,000,000
• 2020 start-up EQ Value adjustment	- \$1,000,000

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**Impact to Municipality / Taxpayers**

- How do corrections affect the municipality?
  - Net New Construction
    - Levy limits/budgets
  - Apportionment
    - Taxpayer
    - School districts
    - Surrounding districts
    - Municipal budgets
    - State aids

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**Impact to Municipality / Taxpayers**

**Example:**

- 2019 Final MAR filed June 7
  - \$6,000,000 new construction
- Amended MAR filed June 21—after filing deadline
  - \$35,000,000 in new construction
- \$29,000,000 missing from Equalized Value and Net New Construction/Levy Limit Factor

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**Impact to Municipality / Taxpayers**

**Example, cont.**

- 2020 Equalized Value will include
  - \$29,000,000 correction
  - \$29,000,000 compensation
- How does this impact the Municipality?
  - Understated Net New Construction in 2019
  - Understated apportionment in 2019
  - Overstated Net New Construction in 2020 to compensate for 2019 error
  - Overstated apportionment in 2020 to compensate for 2019 error

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### TID Valuation

- Assessed value of TIDs are reported to DOR on the MAR
- Due the 2<sup>nd</sup> Monday in June
- Data used for TID valuation:
  - Type of Assessment
  - Level of Assessment
  - Total assessed value of each school district, Union High, and special district within each TID

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### TID Valuation

- Full value calculation:  
Total assessed value / estimated ratio  
 $\$13,084,600 / 89.34\% = \$14,645,800$   
+/- Manufacturing full value  
+/- Prior year correction  
+/- Frozen overlap  
= Current Year TID Value

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### TID Valuation

- TID Increment calculation:
  - Current Year TID Value – TID Base Value = TID Increment
- TID Statement of Changes report provides explanation of data and detailed calculations
  - <https://www.revenue.wi.gov/Pages/EQU/tidchanges.aspx>

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### TID Valuation

- TID Ratio
  - Estimated ratio used for August 15<sup>th</sup> values—final ratio not yet known
  - After final ratio of municipality is established, each TID value is re-determined by DOR
  - Difference between August 15<sup>th</sup> value and re-determined TID value is a correction applied to following year TID value
    - If a maintenance year, ratio will not differ greatly
    - If estimated MAR is submitted in June, final MAR values and final ratio are used to calculate correction

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### TID Valuation

- TID Ratio
  - If MAR shows a revaluation occurred, DOR uses ratio reported on MAR
    - $\$5,000,000 / 100\% = \$5,000,000$
  - TID will be recalculated with the municipality's final ratio after the revaluation is complete, the difference becomes a correction to the next year's value
  - **Important:** If revalued assessments are not known when MAR is submitted, must provide an estimated level of assessment, specifically for TID values
  - Call the equalization office if there is a question about what level of assessment to use especially in the revaluation year

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### TID Valuation

- Impact to Municipalities and Taxpayers
  - Example: Full Revaluation with reported ratio of 100
  - Reported values were prior year values and not at 100%

	Reported Value	Ratio	Final Value	Reported Value	Ratio	Final Value
RE and PP	17,010,800	100	17,010,800	17,010,800	84.14	20,217,300
Current			17,010,800			20,217,300
Base Value			13,024,300			13,024,300
Increment			3,986,500			7,193,000

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### TID Valuation

- TID Corrections
  - Possible reasons for corrections
    - Ratio changed
    - Assessed value changed
    - Base Value correction
  - DOR can correct up to two prior years
    - E.g. 2019 TID value could include correction for 2018 & 2017

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### TID Valuation

- Impact to Municipalities and Taxpayers
  - Example: Error in reported assessed value—added an extra zero

	<i>Reported</i>	<i>Amended</i>	<i>Increment Correction</i>
Provided Value	\$54,375,000	\$ 5,426,700	
Full Value	\$64,219,900	\$ 6,404,700	
Increment	\$49,957,900	\$21,307,400	-\$28,650,500

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### TID Valuation

- Example:
  - Resulted in an overstated increment of \$28,650,500
  - Correction can be applied over two years
  - Correction can only be fully captured if the value of the TID increases enough to cover the overstated increment
    - 2019—captured (\$502,200)
    - 2020—will capture (\$502,200), if TID does not gain value
    - -\$27,646,100 of correction likely will not be captured
  - Resulted in inflated tax rate for taxpayers
  - Municipality requested special legislation to address issue

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**TID Valuation**

- Assessor review
  - Compare prior year value to current year value—is the change correct?
  - TID split between taxation districts or school districts—ensure correct value is reported in the correct district
  - If "Type of Assessment" is a revaluation, DOR expects reported values to be the new, revalued assessments
    - If not reporting revalued assessments for TIDs, provide a separate level of assessment on the MAR for TIDs
  - TID values should include all new construction
  - Review preliminary values issued on August 1

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**Preliminary Values – August 1**

- Assessor's Role
  - Review Equalized Value—"Statement of Changes in Equalized Values"
  - Review Net New Construction values
  - Review TID values—"TID Statement of Changes"
- Contact DOR if values not as expected
- If error of 2% or more exists, DOR will correct prior to certifying values on August 15
- DOR will not make changes due to updated MARs filed after the second Monday in June—these become a correction applied to the next year's value

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**Technical and Assessment Services**

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**Topics of Discussion**

- General announcements and recent law changes
- Assessor certification and Tax 12 updates
- 2020 Property Assessment Manual and Forms
- Assessment Types and Requirements
- Agricultural classification and recent court case

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**Staffing updates**

- See contact sheet
- Staff changes
  - Brenda Soldner–retired
  - Matt Lentz–Web Coordinator
  - Karla Vogel–Manual and Guides Editor

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**Managed Forest Land**

- Department of Natural Resources program
  - Landowners commit to a 25 or 50 year forest plan-designate property as "Open" or "Closed" to public
  - MFL landowners pay an acreage share tax instead of the property tax
  - MFL tax rates are adjusted every 5 years (next in 2022)
  - Current rates: [dnr.wi.gov/topic/ForestLandowners/mfl/index.html](http://dnr.wi.gov/topic/ForestLandowners/mfl/index.html)
- Municipal assessor responsibilities
  - Maintain assessment and classification as though subject to general assessment and taxation (used for withdrawal penalty)
  - Provide Notice of Assessment for assessment changes
  - Property owner can appeal underlying assessment

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**2019 Act 2**

- 70.365 current law
  - Assessors are required to distribute an assessment notice to property owners whose assessment changed from the previous year
  - Distribution is required 15 days before Board of Review (BOR) except for revaluations when notice must be sent at least 30 days before BOR
- Change effective January 1, 2020
  - Assessors are not required to distribute an assessment notice for land classified agricultural when the change is less than \$500 from the previous year
  - Assessment changes in all other classes continue to require notice
  - The same 15-day and 30-day distribution periods continue

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**2019 Act 9–Budget Bill**

- Change: 70.11(1) Property of the state exemption
  - This exemption shall not apply to any property acquired by the department of veterans affairs under s. 45.32 (5) and (7), 2017 stats., or to the property of insurers undergoing rehabilitation or liquidation under ch. 645.
- New: 66.0420(7) Video service provider fee
  - Municipalities reduce fee percentage on video service provider's gross receipts beginning in 2020
  - Annual state aid payment starting in 2020 administered by DOR
  - 8/7/19: DOR request to municipalities that impose video service–information used to determine 2020 aid payment

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**Advisory Committee on Continuing Assessor Education**

- Provided by state law (73.09) and administrative rule (Tax 12)
- Purpose
  - Review proposed assessor education–courses and instructors
  - Provide DOR with recommendations to approve or deny for assessor continuing education credit
- Committee Members
  - Amy Bazille, Fernando Moreno, Russel Schwandt, Scott Winter, Bob Lorier, Amy Mercer, Dean Peters, Claude Ringlemon, Tim Drascic, Scott Shields, Mark Paulat

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**Chapter Tax 12-Assessor Certification**

- Revisions
  - Remove "classroom" and allow online/electronic training resources
  - Remove "notarized" for temporary assessor certification
  - Temporary certification expires after 90 days or applicant passes exam
  - Reduce the minimum course hours from 2.5 hours to 30 minutes
  - Remove regular mail requirement for temporary certification
  - Require review of certification levels every 5 years (current is 10 years)
- Legislative review completed September
- Revisions effective November

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**2020 Wisconsin Property Assessment Manual**

- Draft posted August 1, 2019
- Public hearing August 21, 2019
- Summary of proposed updates:
  - Annual Assessment Report (AAR)-Ch 1
    - Assessors were required to complete an AAR from 2014 to 2019
    - AAR was provided to the municipality and DOR
    - Starting in 2020, assessors are not required to complete
    - DOR will continue to provide AAR template
    - Assessors and municipality-discuss assessment requirements, determine if AAR, or similar, will assist with completion /communication of these items

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**2020 Wisconsin Property Assessment Manual (cont.)**

- Summary of proposed updates:
  - Notice of Assessment-Ch 4, 5, 7, 8, 21, Glossary
    - 2019 Act 2-effective January 1, 2020
    - Assessors not required to distribute assessment notice for land classified agricultural for changes less than \$500 from the previous year
    - Assessment changes in all other classes continue to require notice
    - Same 15-day and 30-day distribution periods continue
  - Added Ogden v. Town of Delafield case information-Ch 7, 14, 22
    - 2019 WI Supreme Court decision
    - Business purpose not required for agricultural classification so long as land is devoted primarily to agricultural use as defined by state law / admin rule

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**2020 State Prescribed Forms**

- PA-003: Statement of Personal Property
  - Annual updates, removed "Do Not Report" Schedules C and D1
- PA-533: Assessor's Affidavit Form
  - Update for consistency with 70.32-added "practicably"
- PE-106: Fixed Asset Schedule--annual updates
- PR-303: Request for Exemption of Renewable Energy System
  - Update layout, added biogas / synthetic gas
- Using a version other than state prescribed form?
  - Submit to DOR for approval [bapdor@wisconsin.gov](mailto:bapdor@wisconsin.gov)
- Requesting Notices or Rolls from the County?
  - Submit 10 business days in advance

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**Annual Assessment Report (AAR)**

- 2019 Reviews
  - Total: 330 AARs
  - Revaluations: 63
  - Exterior Revaluations: 24
  - Interim Market Updates: 139
  - Maintenance: 104
- Summary of 2019 Review

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**Assessment Types**

- See handout
- Full revaluation--values and records are outdated or confidence in accuracy is lost
- Exterior revaluation--when updates and questions can be verified without interior inspection
- Interim market update--records reliable, assessment level unacceptable variance in certain neighborhoods
- Maintenance--records reliable, assessment level acceptable

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### Annual Assessment Requirements

- Real property valuation and inspections
  - New construction, demolitions, remodeling, annexations, exemptions-existing, new requests
  - 70.10, 70.12, 70.32
- Real property classification
  - Physically inspect each year
  - Collect additional information: Questionnaires, interview owner
  - Determine eligibility: Agricultural, Agricultural Forest, Undeveloped, Drainage ditch
  - 70.32

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### Annual Assessment Requirements (cont.)

- Sales: Review each real estate transfer return
  - Inspect each property that sold—review characteristics at time of sale
  - Collect additional information—ex: questionnaires, interviews
  - Report to DOR: Validate usability of sales, verify sales attributes
  - 70.32, 70.57, 73.03
- Personal property valuation:
  - Distribute Statements of Personal Property (PA-003) due March 1,
  - Distribute Notices (PR-299) as appropriate
  - 70.13, 70.18, 70.34 and 70.35

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### Annual Assessment Requirements (cont.)

- Notices of Property Interior Inspection—70.05
- Notices of Assessment—70.365
- Notices of Conversion Charge—70.365 and 74.485
- Add omitted property—70.44
- Correct errors—70.43
- Hold Open Book, complete PR-130—70.45
- Complete Assessment Roll—70.50
- Sign affidavit—70.49

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**Annual Assessment Requirements (cont.)**

- Attend Board of Review—70.47 and 70.48
- Complete and finalize reports
  - Municipal Assessment Report to DOR—73.03, 66.1105(6)
  - Agricultural Conversion Report to County Treasurer—74.485
  - Annual Assessment Report to municipality and DOR for 2019—73.03

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**Agricultural Classification**

State law—70.32

- **Ag land**—land, exclusive of buildings & improvements, that is devoted primarily to ag use
- **Ag use**—as defined by WI Depart. of Revenue by rule and includes growing of short rotation woody crops, including poplars and willows, using agronomic practices
- **Agronomic practices**—ag practices associated with crop production—soil management, cultivation, row cropping

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**Agricultural Classification (cont.)**

Administrative code—Tax 18

- **Ag use**
  - NAICS—crop & animal production
  - Christmas trees & ginseng
  - Specific conservation programs
- **Devoted to ag use**
  - Prior production season (2018 for 2019 assessment)
  - Compatible with ag use on January 1?
- **Ag classification**
  - Physical evidence of ag use—crops, fencing, livestock
  - Assessor may request additional information

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### Agricultural Classification (cont.)

- WPAM–Chapter 14 Agricultural Valuation
- Ag land categorization: tillable 1, 2 & 3; pasture; specialty
- Classification information, examples
- Appendixes
  - A: North American Industry Classification System–NAICS
  - B: Calculating Use-value Guidelines
  - C: Use Conversion Charge
  - D: Agricultural Forest
- Tax 18 Conservation Programs

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### Agricultural Classification (cont.)

- Historical court cases
- Carr v. C Pewaukee (#04CV261 - may not be cited)
    - Feeder cattle placed on property in November does not meet definition as devoted primarily to ag use
    - Tax 18: devoted to ag use = in ag use for prior production season
  - Fee & Fogarty v. T Florence, WI App 17, District III, No 02-1758
    - Court ruled hayfield owned by Fee & Fogarty cut by a neighbor is ag under Tax 18.05

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### Agricultural Classification (cont.)

- Historical court cases
- Sabol v. DOR, Court of Appeals, District II, No. 03-3134, 3/9/05 (Unpublished)
    - Vegetables & fruit on 1.51 acres, .36 acres residence
    - DOR denied partial ag classification
    - Circuit Court & Court of Appeals affirmed DOR
      - Selling or trading some produce from a garden does not prove ag use as defined in Tax 18.05(1)
      - Court "In other words, 'agricultural use' does not include personal gardens and hobby farms."

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### Agricultural Classification (cont.)

Current court case—WI Supreme Court 3/14/19

- Peter Ogden Family Trust v T Delafield
  - 2016: T Delafield BOR reclassified two lots—ag to residential
  - BOR: land must be farmed for business purpose to qualify as ag
  - Court: BOR did not act according to law
    - Business purpose is not required for agricultural classification so long as land is devoted primarily to "agricultural use" as defined by state law
    - Remanded back to BOR: (1) overturn assessor's assessment, classify appropriate portions of two lots as ag /ag forest (2) value two lots
  - Decision does not modify state law
    - Devotion primarily to qualifying ag use during prior production season and
    - Compatible with ag use on January 1 of assessment year

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### Classification Example 1



- Outbuildings, horses on site, fencing
- Agricultural, residential or commercial?

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### Classification Example 1 (cont.)

Classification Recommendation—Commercial

- Building & land used for horse rental, boarding & training
- See Tax 18.05(1) & NAICS—uses are not agricultural
- Represents commercial use

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### Classification Example 2



- House with outbuildings, horses on site
- Type of vegetation?
- Fencing not bent, posts close together
- Agricultural, residential or commercial?

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### Classification Example 2 (cont.)



Classification recommendation—Residential & Commercial

- House and site—residential
- Land use—boarding, pasturing boarded horses—commercial
- Inquire with property owner on hay sale—potential ag

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### Classification Example 3



- Pond with residence
- Personal use, aquaculture?

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### Classification Example 3 (cont.)

- Classification Recommendation—Residential
- Pond is enhancement to site—no evidence of aquaculture
- Determining a devotion primarily to agricultural use:
- Registered with Wisconsin Department of Agriculture?
  - Appropriate shape? Depth? Temperature?
  - Maintenance—oxygen/acidity levels (pH), plant control?
  - Pond drained periodically?
  - Record of fish statistics (number, size, age by species?)
  - Measures to ensure fertilizers, herbicides, insecticides, organic run-off, etc. do not enter the pond?

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### Classification Example 4



- Is the land devoted primarily to a qualifying ag use?
- Fenced? Actively pastured?
- Pasture grasses (timothy, orchard, brome, fescue, oat & Bermuda?) or Legume hay - alfalfa, clover & trefoil?)

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### Classification Example 4 (cont.)

- Classification Recommendation—Agricultural, Forest (Ag?)
- Land is compatible with ag use
  - Tree canopy density allows grass growth
  - Land devoted primarily to qualifying ag use—animal production
  - Fenced, evidence of animals & grazing
  - Grasses consistent with pasturing standards

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### Classification Example 5



- Is the land compatible with ag use?
- Is the land devoted primarily to a qualifying ag use?
- Production of animals?
- Personal use, hunting?

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### Classification Example 5 (cont.)

Classification Recommendation–Agricultural

- Land is compatible with ag use
- Land is devoted primarily to a qualifying ag use–animal production (Tax 18.05(1)(b) deer production included)
- Land is fenced & grazed
- Land is capable of being tilled–classify based on soil type

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### Classification Example 6



- Is the land compatible with ag use?
- Is the land devoted primarily to a qualifying ag use?
- Production of animals?
- Personal use, hunting?

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**Classification Example 6 (cont.)**

Classification Recommendation—Commercial

- Land is planted to corn for habitat/hunting
- People pay property owner to hunt animals on land

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**Classification Example 7**



- Is the land compatible with ag use?
- Is the land devoted primarily to a qualifying ag use?
- Practicing regular management practices? (shearing, insects, grass mowing, harvesting, etc?)

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**Classification Example 7 (cont.)**

Classification Recommendation—Agricultural

- Land is compatible with ag use
- Land is devoted primarily to a qualifying ag use—Tax 18.05(1)(c) Christmas trees
- Management practices evident

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### Classification Example 8



- Is the land compatible with ag use?
- Is the land devoted primarily to a qualifying ag use?
- Practicing regular management practices? (shearing, insects, grass mowing, harvesting, etc?)

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### Classification Example 8 (cont.)

Classification Recommendation—Forest

- Land is compatible with ag use
- Land is not devoted primarily to a qualifying ag use
- Proper management practices not followed

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### Classification Example 8 (cont.)

Spacing (feet)	Number of Seedlings	Spacing (feet)	Number of Seedlings
4 x 4	2722	5 x 8	1089
4 x 5	2178	6 x 6	1210
4 x 6	1815	6 x 7	1037
4 x 7	1556	6 x 8	908
4 x 8	1361	7 x 7	889
5 x 5	1742	7 x 8	778
5 x 6	1452	8 x 8	681
5 x 7	1245	8 x 9	605

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## Manufacturing and Utility Assessment

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- ### Topics of Discussion
- Manufacturing Notification Assessment Rolls
  - Utility property—assessed by Wis Dept of Revenue vs. municipal assessment
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- ### Manufacturing Notification Rolls
- Published online – due by February 15 (s. 70.995(6))
  - Review notification rolls for errors and omissions
    - Missing manufacturing RE parcels or PP accounts
    - TID codes
    - School district/Union high codes
    - Special district codes
  - Other DOR rolls available online include:
    - Full Value Rolls (June)
    - Equated Rolls (October/November)
    - Omitted Property and Correction of Error (October/November)
    - All rolls are available online after issuance
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### After Notification Roll

- Classification request deadline is after February 15
  - Classification decisions may not be finalized until early April
  - Assessor-DOR communication is important during this time period
- Exchange of information with DOR is important to establish accurate municipal assessment roll
  - Do not shift real estate parcel or personal property to manufacturing classification until you receive official notification from DOR
  - Double assessment or omitted property may otherwise result
- DOR add/delete (shift) letters sent to assessor include:
  - Site address, local parcel number, TID, School and Special Districts
  - Records sent from assessor to DOR should list all tax districts

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### Utility Assessment

- Utilities assessed by Wis Dept of Revenue
- Utility property assessed by Wis Dept of Revenue
- "Utility" property assessed by municipal assessors
- Exemption from local property tax due to special tax or license fee—70.112(4)(a) and (b)
- What property?
  - All operating property that qualifies for State assessment is exempt from local taxation
  - 76.28(9) and 76.48(1r)

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### Utility Assessed by DOR

- Ad Valorem Companies—Unit Valuation
  - Air carrier companies
  - Railroad companies
  - Pipeline companies
  - Conservation and regulation companies (dams)
    - 76.01 to 76.26
- Telephone Companies
  - 76.80 to 76.84

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**Utility Assessed by DOR (cont.)**

- License fee—Light, heat and power companies
  - 76.28, 76.48
- Types of license fee power companies
  - Municipal Light, Heat & Power
  - Private Light, Heat & Power
  - Rural Electric Cooperatives

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**Light, Head and Power Activities**

76.28(1)(e)—definition

- Gas for lighting, fuel or both
- Water for domestic or public use
- Furnishing electric current for LHP
- Furnishing steam/hot water for heat or power
- Transmitting electric current for LHP

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**Qualified Wholesale Electric Company**

50 megawatts

- To qualify for state assessment must have total production (name plate) capacity
- Must sell 95% or more of power produced to a public utility or directly to the public

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**Example 1**

- Plate capacity is 25 MW
- Entirely located in one municipality
- Owned by a state-assessed utility
- Other operations in state have plate capacity of 100 MW
- Who assesses?

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**Example 1 (cont.)**

- Assessed by Wis Dept of Revenue
- Qualifies as LHP-76.28(1)(e)-Yes
- Located in single municipality
  - Yes and no
  - Project in single municipality, company has operations elsewhere in WI
- Less than 50 MW plate capacity
  - Yes
  - NOTE: represents part of total plate capacity of state-assessed utility- 125 MW total

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**Example 2**

- Plate capacity is 25 MW
- Entirely located in one municipality
- Owned by a new entity ("New Power LLC")
  - No other operations in state
- Who assesses?

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**Example 2 (cont.)**

- Assessed by municipality
- Qualifies as LHP—76.28(1)(e)—Yes
- Located in single municipality—Yes
- Less than 50 MW plate capacity—Yes
- NOTE: Total company plate capacity in WI is less than 50 MW

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**Example 3**

- Plate capacity is 25 MW
- Located in two different municipalities
- Owned by a new entity ("New Power LLC")
  - No other operations in state
- Who assesses?

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**Example 3 (cont.)**

- Assessed by Wis Dept of Revenue
- Qualifies as LHP—76.28(1)(e)—Yes
- Located in single municipality—No
- Less than 50 MW plate capacity—Yes

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**Example 4**

- Plate capacity is 60 MW and sells 95% or more to a public utility company
- Entirely located in one municipality
- Owned by a new entity ("New Power LLC")
  - No other operations in state
- Who assesses?

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**Example 4 (cont.)**

- Assessed by Wis Dept of Revenue
- Qualifies as LHP–76.28(1)(e)–Yes
- Located in single municipality–Yes
- Less than 50 MW plate capacity–No
  - Greater than 50 MW and sells 95% or more to public utility

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**Operating and Non-Operating**

- UT149-O, UT149-NO
- LHP Company notifies municipal assessor and DOR
- UT149-O
  - New operating property or property shifting into "operating" status
- UT149-NO
  - New non-operating property or property shifting out of "operating" status

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**Utility Contact**

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- Jack Fennell
- Zachary McClelland
- [mfgtelco@Wisconsin.gov](mailto:mfgtelco@Wisconsin.gov)

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**Thank you!**

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