

NOTICE OF PROPOSED GUIDANCE DOCUMENT

Department of Revenue (DOR) Property Assessment and Taxation Guidance

Pursuant to s. 227.112, Wis. Stats., the Wisconsin Department of Revenue is hereby seeking comment on the following proposed DOR Property Assessment guidance.

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3-9	2020 Property Assessment Common Question Proposed Changes

PUBLIC COMMENTS AND DEADLINE FOR SUBMISSION

Comments may be submitted to Wisconsin Department of Revenue until January 13, 2020 by:
Emailing bapdor@wisconsin.gov

LOCATION OF GUIDANCE

The final version of the guidance documents will be posted at
<https://www.revenue.wi.gov/Pages/FAQS/home-pt.aspx> to allow for ongoing comment.


AGENCY CONTACT PERSON

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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

Agricultural and Undeveloped Land – Miscellaneous

2. Do the Agricultural Forest and/or Undeveloped Land classes have any bearing on the assessor's class comparisons for **assessment** compliance purposes?

Yes. For **assessment** compliance purposes, under state law (sec. 70.05, Wis. Stats.) the assessed values of Undeveloped Land (class 5), Agricultural Forest (class 5m), Productive Forest (class 6), and Other (class 7) are combined.

Agricultural Forest and Undeveloped Land - Ownership

1. If Mary Smith owns a parcel that is wholly agricultural land and John Smith (her husband) owns an adjacent parcel with forest land contiguous to his wife's agricultural parcel, is the forest land owned by John Smith classified as Agricultural Forest?

Yes. Under Wisconsin's Marital Property law (Chapter 766), the legal title is held by both husband and wife for both parcels. Therefore, the forest land is properly classified as Agricultural Forest.

2. If Farmer Smith owns a parcel that is wholly agricultural and Farmer Smith and Son own an adjoining wooded parcel, is the latter (wooded parcel) considered Agricultural Forest even though two different names appear on the deeds?

No. Since there are two separate owners, making the wooded parcel does not qualify as Agricultural Forest classification impossible.

3. Would the following ownership situation be considered the same owner? Dennis Johnson owns a parcel that is wholly agricultural and Cedar View Farms (owned by Dennis Johnson) owns an adjoining wooded, parcel but the properties are titled differently.

If Cedar View Farms is a legal entity (ex: corporation), then the contiguous parcels are not owned by the same entity. If Cedar View Farms is not a legal entity and both parcels are deeded to Dennis Johnson, then the same owner exists for both parcels are owned by the same entity.

Agricultural Forest and Undeveloped Land - Qualifying Parcels

Parcels Qualifying under Condition a in Question 1, Review Questions 2-10

8. In some cases, the assessment roll may combine two forties (or several forties) under one parcel number. Are the combined forties considered a parcel?

Yes. Under state law (sec. 70.28, Wis. Stats.), the combined forties are considered a parcel since one parcel number was assigned to the defined area of land.

Split or Combined Parcels

17. How does an assessor decide whether a split parcel or a combined parcel (i.e., two parcels legally joined as one) in the current assessment year qualifies for agricultural forest?

An assessor should use the same rules as those for newly created parcels with separate legal descriptions (split from their original parcel or combined parcels into one). **Forest within the new parcels qualify for Agricultural Forest by:**

- Being contiguous to a wholly agricultural parcel with the same owner
- Containing agricultural acres in 2004 and in the current assessment year. The agricultural acres for 2004 need to must be located within the boundaries of the current assessment year's parcel.
- If no agricultural acres existed in 2004, but at least 50 percent of the acreage is converted to agriculture in the current assessment year

Parcels in the Managed Forest Law (MFL) Wisconsin Department of Natural Resources Programs

18. Do the guidelines for Agricultural Forest assessment adjustments apply to land enrolled in the Managed Forest Land (MFL) and Private Forest Crop (PFC) programs?

Yes. If any of the qualifications of Agricultural Forest are met, the values of land enrolled in MFL or PFC should be adjusted in the same manner as taxable forest property. If the contract is broken, penalties are collected based on what the taxes would have been if the land was not enrolled in the program. Therefore, assessments of land enrolled in MFL or PFC must be equitable with similar land not enrolled in those programs. The assessor should must inform the property owner under state law (sec. 70.365, Wis. Stats.), of the assessment change.

Valuation of Agricultural Forest and Undeveloped Land

3. Should assessors adjust the values to 50 percent annually or should they make the adjustment when it occurs and again during a revaluation?

Assessors must make valuation adjustments for classification changes beginning with the 2004 assessment. Generally, assessors ~~should~~ make valuation changes when conducting a revaluation ~~is needed~~. Assessors must follow state law (sec. [70.05](#), Wis. Stats.) which specifies assessment compliance. For assessment compliance purposes, assessors must combine these values as one class: Undeveloped Land, Agricultural Forest, Productive Forest, and Other (i.e., agricultural home sites and improvements).

5. Does the equalized value include Agricultural Forest and Undeveloped Land classifications at 50 percent of market value?

Yes. Under state law (sec. [70.57\(3\)\(b\)](#), Wis. Stats.), the equalized value includes Agricultural Forest and Undeveloped Land at 50 percent of their full value ~~(market value)~~.

Annual Assessment Report (AAR)

1. What are the filing requirements for the AAR?

~~From 2014 to 2019, in 2013, each statutory assessor was required to file at least one report assessors were required to complete an AAR for each municipality where they were the assessor. Effective 2020, assessors are not required to complete an AAR. DOR will continue to provide an AAR template. Assessors and municipal officials must determine whether an AAR, or similar document, will assist with completion and communication of these items, and may consider this a contractual item. Since 2014 and each subsequent year, the statutory assessor must file a report for each municipality he/she assesses.~~

2. ~~How does the AAR improve Wisconsin's overall assessment process? Why would a municipality require an assessor to complete an AAR?~~

Assessors use the AAR to develop, communicate, and report their analyses, opinions, and conclusions to property owners and municipal officials in a manner that is meaningful and not misleading.

~~What is the Wisconsin Department of Revenue's (DOR) long term goal for the AAR?~~

~~Over time, Wisconsin assessors will become familiar with assessment testing techniques. The AAR and its reporting requirements should encourage the use of technology and in doing so, improve assessment equity. Changes in the quality of reports should help measure improvement and help us identify specific training opportunities to focus our training resources and WPAM instruction.~~

3. Does DOR provide an example or template of the AAR?

Yes. We provide an AAR [template](#) on our [website](#).

~~**Note:** Software vendors using XML filing should contact Office of Technical and Assessment Services at OTAS@wisconsin.gov.~~

~~Will DOR continue to provide training at conferences and at the annual assessor meetings?~~

~~Yes. We will continue to focus on the issue of professional assessment performance.~~

~~Why is DOR requiring this report?~~

- ~~○ By state law, DOR is **required** to ensure assessment practices are current~~
- ~~○ Since the fair distribution of property taxes affects every Wisconsin property owner, the processes that improve the quality of that distribution are fiscally important~~
- ~~○ Wisconsin property owners have the right to know they are being treated fairly and a written report describing how assessments were completed helps ensure this right~~
- ~~○ Under state law (sec. [73.03 \(5\)](#), Wis. Stats.), DOR has authority, "To collect annually from town, city, village, county, and other public officers information regarding the assessment of property, and any other information that may be necessary in the work of the department, in the form and upon forms that the department shall prescribe. All public officers shall properly complete and promptly return to the department all forms received from the department under this subsection."~~

5. Where should I submit the AAR and who should it be delivered to?

~~Assessors and municipal officials must determine whether an AAR, or similar document, will assist with completion and communication of the assessment process, and may consider it a contractual item. If an AAR is completed, You must submit the AAR to two different entities:~~

- ~~● **Municipality** — dDeliver the original signed AAR to the municipality before the Board of Review (BOR) begins.~~

~~• DOR — submit your report to DOR within 30 days after the final adjournment of the BOR~~

~~Who should receive the AAR?~~

~~You should deliver the AAR to the municipality's head of government (the client) and to the Wisconsin Department of Revenue. When defending an assessment, you should provide the Board of Review with the AAR.~~

6. How does the AAR handle confidential information?

The AAR does not change confidentiality requirements. (ex: You should continue to keep confidential information—such as income and expense data—in a secure work file).

~~Does the Wisconsin Department of Revenue (DOR) share the AARs with other assessors?~~

~~a. We review some of the reports with assessors for training~~

~~b. Reports are available under open records requests~~

7. How can I use the AAR for defense of value at Board of Review (BOR)?

Present your AAR or similar document for each BOR case (along with summary of the individual property). Since each case stands on its own, if appealed, the AAR or similar document ~~should~~ may be part of the record.

Board of Review (BOR) – Filing Objections/Forms

2. As a property owner, is there a specific form I should complete to provide my notice of intent to file an objection?

No. You must give the BOR clerk either a written or oral notice of intent. There is no specific form for your notice. The Wisconsin Department of Revenue encourages you to submit a written notice. We also recommend that the clerk's office maintain a log of telephone calls it receives which are notices of intention to file objections. When a municipality receives a verbal notice of intent, they ~~can request~~ encourage you ~~to~~ complete the official *Objection Form for Real Property Assessment* ([PA-115A](#)) or *Objection Form for Personal Property Assessment* ([PA-115B](#)) 48 hours before the first meeting, which would also serve as notice of intent.

Board of Review (BOR) – Hearings/Proceedings

9. Can I appeal directly to the circuit court without going to the BOR?

- The BOR has the authority to waive a BOR hearing (at the request of the property owner, assessor or at its own discretion) and allow the property owner to appeal directly to the circuit court. To request a waiver, the property owner must:
 - Submit *Request for Waiver of Board of Review Hearing* ([PA-813](#)) to the BOR clerk
 - Provide the BOR clerk with 48-hour notice of intent to appeal before the first BOR meeting
 - Complete the objection form *Objection Form for Personal Property Assessment* ([PA-115A](#)) or *Objection Form for Personal Property Assessment* ([PA-115B](#))
- At the first BOR meeting:
 - BOR reviews hearing waiver requests
 - BOR may grant the waiver and issue a decision sustaining the assessment established by the assessor
 - BOR may deny the waiver and require the property owner to appear before the BOR
- Circuit court
 - An action under sec. 70.47(13), Wis. Stats. must be commenced within 90 days of receipt of the notice of the waiving of the hearing. An action under sec. 74.37(3)(d), Wis. Stats. must be commenced within 60 days of receipt of the notice of the waiving of the hearing.
- If the BOR grants your waiver, you can no longer:
 - Claim an excessive assessment, under sec. [74.37](#), Wis. Stats.
 - Appeal to DOR, under sec. [70.85](#), Wis. Stats.

Electronic Assessment Data

6. What assessment data does an outgoing assessor need to provide to the municipality?

The outgoing assessor must provide the municipality with all assessment records (paper and electronic) in his or her custody. Even though an assessor must maintain electronic assessment data, he or she must also provide the municipality with a paper copy of each property record card if requested. If paper records are converted to an electronic format, the assessor must ~~keep the original paper records and return the original paper records them~~ to the municipality.

If the outgoing assessor used a proprietary assessment system, the outgoing assessor must provide the data to the municipality in two formats:

- a. The format native to the customized or uncommon software
- b. A more common format (ex: comma delimited text formats, commonly available database formats such as MS-Access, DB2, SQL) with definitions for all fields

7. What residential and agricultural data ~~do we need~~ must be maintained to maintain electronically?

The minimum residential and agricultural data required is the information identified on the *Property Record Card* ([PA-500](#)) and *Agricultural Work Card* ([PA-703](#)) that corresponds with Volume 2 of the [Wisconsin Property Assessment Manual \(WPAM\)](#).

8. What commercial data ~~do we need~~ must be maintained electronically?

The minimum commercial data is the information identified on the residential *Property Record Card* ([PA-500](#)), including all data that was applied to determine the assessment.

10. What mobile home data ~~do we need~~ must be maintained electronically?

The minimum mobile home data must identify whether the mobile home is real property, personal property, or subject to a parking permit fee, and must include the data used to determine the assessment.

Use-Value Assessment

2. A 40-acre parcel classified as Agricultural (class 4) in 2018~~9~~ is sold during that year. The property was re-zoned residential and a subdivision approval was granted before January 1, 201~~9~~20. As of June 201~~9~~20, the parcel was covered with last year's crop stubble. Do the earlier activities indicating a future use change and the lack of use in agricultural meet the rule's criteria of "incompatible with agricultural use?"

This parcel does not become incompatible with agricultural use based solely on the legal changes ~~indicated~~ (rezoning and subdivision approval). Even the presence of survey stakes may ~~not curtail impact~~ a farmer from producing and harvesting an agricultural crop. Since the land was in an agricultural use ~~in~~during the production season before the January 1, 201~~9~~20 assessment date, its classification in the January 1, 201~~9~~20 assessment roll is Agricultural.

3. Can a municipality pass an ordinance against using land for agricultural purposes, which in effect would disallow use-value assessment of that land?

A municipality may pass this type of ordinance, ~~based on reasonable conditions~~. The legality of such an ordinance, and administration of it, is on a case-by-case basis. Land must be classified as Agricultural if it was devoted primarily to a qualifying agricultural use under administrative rule ([tax 18.05\(1\), Wis. Adm. Code](#)), during the prior production season and was compatible with agricultural use on January 1 of the current assessment year. ~~Even if in violation of ordinance, easement, or contract, the land must be classified as agricultural land for the current assessment year.~~ The Agricultural classification applies until the land is no longer devoted primarily to a qualifying agricultural use.

4. Should land ~~that is~~ actively used for agricultural purposes, in violation of a local ordinance prohibiting agricultural use, still be classified as Agricultural?

Yes. Since state law supersedes local ordinances, this land is classified as Agricultural, because it meets the definition of Agricultural under [Chapter Tax 18](#). Enforcement of the ordinance is a municipal decision. Once the land is no longer used for agricultural purposes, either through enforcement of the ordinance or the landowner's choice, the classification must be changed from Agricultural to another classification. Land must be classified as Agricultural if itland was devoted primarily to a qualifying agricultural use under administrative rule ([tax 18.05\(1\), Wis. Adm. Code](#)), during the prior production season and was compatible with agricultural use on January 1 of the current assessment year. ~~Even if in violation of ordinance, easement, or contract, the land must be classified as agricultural land for the current assessment year.~~ The Agricultural classification applies until the land is no longer devoted primarily to a qualifying agricultural use.

8. Are small parcels of land eligible for Agricultural classification?

Yes. Size is not relevant when determining if a parcel of land is classified as Agricultural. A five-acre apple orchard or a small-acreage vegetable field can be considered devoted primarily to agricultural use ~~if there is a valid economic activity occurring~~. Whether small or large, the land must be devoted primarily to an agricultural use as defined in administrative rule ([tax 18.05\(1\), Wis. Adm. Code](#)), during the production season before the assessment date of January 1 and not in a use incompatible with agricultural use on January 1 to be eligible for an Agricultural classification. ~~It is important to note that the administrative rule specifies the North American Industry Classification System (NAICS) as the standard for determining if land is being used for agricultural purposes.~~

When classifying land based on its use, the assessor should not consider the size of typical operating farms as he or she may be accustomed to thinking of them. The assessor must classify the land according to the acres used for agricultural purposes, considering the use of each parcel individually.

13. How should an assessor classify tillable land where the Wisconsin Department of Natural Resources purchased an easement that does not allow tilling or grazing the land?

If the land is enrolled in a qualifying government program, under administrative rule ([tax 18.05\(1\), Wis. Adm. Code](#)), the land should be classified as Agricultural, and placed in the sub-class of Agricultural it would be in if it were farmed.

For lands that do not qualify, the classification must be changed to another class — most likely Undeveloped Land (class 5), Agricultural Forest (class 5m), or Productive Forest (class 6). The land should then be valued at market value, considering the effect on value (if any) the easement has on the land. The market value is then adjusted to 50 percent of full value for Undeveloped Land and Agricultural Forest. Finally, all classes of land are adjusted to the average level of assessment for the community. See [Tax 18 Publication](#).

[Land is classified agricultural when](#) ~~if land was~~ devoted primarily to a qualifying agricultural use under [tax 18.05\(1\), Wis. Adm. Code](#) during the prior production season and was compatible with agricultural use on January 1 of the current assessment year; Even if in violation of ordinance, easement, or contract, ~~the land must be classified as Agricultural land~~ for the current assessment year. The Agricultural classification applies until the land is no longer devoted primarily to a qualifying agricultural use.

14. How is a 20-acre parcel with a one-acre building site and 19 acres of grazing area for a horse classified? Are the 19 acres considered an agricultural use?

- o Keeping a horse for personal use or boarding horses does not meet the definition of agricultural use under administrative rule ([tax 18.05, Wis. Adm. Code](#)). Some land uses may seem agricultural on the surface, but fail to meet the definitions in [Tax 18.05](#). By administrative rule, ~~the North American Industry Classification System (NAICS) is the standard to determine if land is being used for agricultural purposes~~. Training race horses, operating riding stables, rental of saddle horses, and operating a horse race track are considered Arts, Entertaining, and Recreation industries under the North American Industry Classification System (NAICS) and do not qualify for use-value assessment. ~~Examples of uses that are agricultural can be found in the NAICS Sector and Subsector Groups.~~
- o Raising horses under NAICS Industry 112920 is considered an agricultural use. Establishments that provide foal rearing, health maintenance, controlled feeding and harvesting, for the eventual sale of the animals are considered an agricultural use.
- o Renting ~~pasture~~ land to a horse owner might ~~generate income to the owner of the land~~ ~~appear as pasture~~, but if the land is not being used for an agricultural endeavor, as defined in the previous paragraphs, the land is ineligible for use-value assessment.

15. A person bought a parcel of agricultural and forest land during 20189 for substantially more than the 20189 assessment. The municipality was revalued in 201920. For 201920, the assessor assessed the agricultural land using the published 201920 use values. The remaining forest land was assessed using the 20189 selling price minus the 201920 use value of the agricultural lands. Was this correct?

No. The sale should have been analyzed using the contributory market value of all the components included in the sale. Once the contributory market value of each component was identified, the non-agricultural components should have been assessed according to the correct statutory provisions. The tillable land and pasture land ~~was were~~ properly assessed using the 2019 use values. The assessor should not take the selling price minus the use value to determine the non-agricultural property assessment.

18. Is maple sap gathering considered an agricultural activity, and if so, how should this type of land be assessed?

By administrative rule, ~~the NAICS identifies the activities qualifying as an agricultural use.~~ Maple sap gathering is a qualifying agricultural use since the NAICS includes maple sap gathering as a crop production activity. Land devoted primarily to maple sap gathering in an area of maple trees tapped during the production season before the assessment date of January 1 and not in a use incompatible with agricultural use on January 1, is classified as Agricultural and assessed at its use value.

~~To qualify for an agricultural classification, the operation must be considered primarily a for-profit activity with a sale of the product to qualify for an agricultural classification. Operations producing primarily for personal use, neighbors, or family members with minimal sales are not considered a farming pursuit. However, t~~ The use-value law does not have a minimum acreage size. Small acreages can qualify for use value if they are primarily used for agricultural purposes. ~~Producers could provide items (ex: license, sales receipts, photos of lands being tapped) to describe their operation. A Schedule F (from your federal income tax form) could help determine the extent of the product sales although it is not in itself the determining factor.~~

~~If the producer qualifies as a for-profit activity, establishing the number of acres for use value becomes the next issue.~~ Qualifying acres must be tapped in the previous production season and be considered primarily engaged in maple sap

gathering. Producers in the business generally follow industry standards for tapping trees. Producers [that are in the business generally following](#) industry standards decide to tap maple trees within a mixed species woods when the density of maple trees is enough to make the use economically feasible. It is estimated that in a mixed-species stand of woods, a low to average quality tract has 20 tapped trees per acre whereas 30-40 tapped trees per acre is considered a high-quality stand in Wisconsin. Acres within a forest sufficiently tapped based on the industry standards qualify for use-value, whereas areas within a forest with no tapping or minimal tapping do not qualify.

This effectively disqualifies an activity that is occasionally and minimally tapping large areas and claiming the entire acreage qualifies for agricultural purposes.

22. Is nursery stock production an agricultural use?

Yes. NAICS Industry Classification 111421 defines growing nursery products, nursery stock, shrubbery, bulbs, fruit stock, and sod as crop production, an agricultural use. Also under state law, growing short rotation woody trees with a growth and harvest cycle of 10 years or less for pulp or biomass stock is now included as an agricultural use. The occasional harvest **and sale** of a few trees on one's property does not constitute a commitment primarily to agricultural use.

24. How does an assessor know if acreage is enrolled in any program eligible for use-value assessment if the land is not currently being used for agriculture?

The assessor should call, email or send [Agricultural Use Value Information Request forms \(PR-324\) questionnaires](#) to owners of questionable parcels if the owner did not previously provide the information.

25. How should the phrase "production season" as specified in administrative rule ([tax 18.06\(1\), Wis. Adm. Code](#)), be applied in determining eligibility for agricultural use valuation?

Qualifying agricultural uses include tilled land devoted to crop production, pastured land devoted to livestock production, and specified conservation programs. During the use review, consider the following when evaluating the "production season" ([tax 18.06\(1\), Wis. Adm. Code](#)).

The phrase "production season" is generally associated with agricultural activity commencing in the spring and concluding in the fall. This standard applies to the majority of agricultural [endeavors-uses](#) in Wisconsin. The inclusion of this phrase provides assessors with a standard when determining if the land is "devoted primarily to an agricultural use." Since there are crop production cycles and livestock production practices that may fall outside this standard parameter, it is important that the property owner discuss the endeavor with the municipal assessor. However, these situations are infrequent since the land is also in agricultural use during the standard agricultural production season. When land is an agricultural use for a minimal amount of time that is outside the standard production season, the assessor must evaluate the circumstances of each situation to determine the land's primary use.

Use-Value Conversion Charge

2. If a parcel is split, how is the size calculated when determining which conversion charge to apply?

- [The use-value conversion charge is based on change of use, not classification. When a property formerly classified as Agricultural is subdivided into lots and reclassified as Residential, but still in agricultural use, a conversion charge is not issued until the use actually changes.](#)
- [An exception is when a property formerly classified as Agricultural is reclassified to Manufacturing, with a portion of the property still in agricultural use, a use-value conversion charge is due for the entire property. State manufacturing classification law \(sec. 70.995\(4\), Wis. Stats.\) requires Manufacturing classification of the entire property regardless if the property is used for other purposes.](#)
- The conversion charge and number of acres is based on the total number of acres converted by the same owner in the same municipality.

Example: If a 40-acre parcel on the January 1, 2018~~9~~ roll was subdivided into eight five-acre parcels, and the person subdividing the land also converted all its use, that person would be liable for a conversion of 40 acres at the 5 percent conversion charge rate. If those parcels were sold before changing use, and a new owner who purchased and converted one five-acre parcel, the conversion charge would be calculated at the higher rate (i.e., less than 10 acres or a 10 percent conversion charge).

7. What is the definition of Other as a category on the roll?

State law (sec. [70.32 \(2\) \(c\) 1m](#), Wis. Stats.), defines Other as the "buildings and improvements; including any residence for the farm operator's spouse, children, parents, or grandparents; and the land necessary for the location and convenience of those buildings and improvements." The residences of eligible relatives should have been part of a parcel the farm operator actually farmed before the change (statutes refer to 'the farm operator,' not 'a farm operator') The Wisconsin Department

of Revenue interprets this to include the residence of the retired landowners if they were farm operators. It is not necessary for the ~~approved~~ persons residing in the house to work on the farm.

9. Does the assessor have to reclassify all residential parcels belonging to children, parents, or grandparents of farm operators to Other?

No. The primary intent of the Other classification is to allow for residential homes of certain farm operator relatives to be built without incurring a conversion charge. The existing homes, whether classified as Residential or Other, are not subject to the conversion charge, and are valued at market value. If a property owner makes the request, the assessor may reclassify those properties as Other. However, we suggest the assessor explain ~~that~~ there would be no impact to the market value analysis.

11. A parcel was classified as nine acres Agricultural and one acre of land and buildings classified as Other on the January 1, 20178 assessment roll. The parcel had new construction during 20178. Three additional agricultural acres were converted to site acres, and the improvement's highest and best use changed to Residential. The assessor did not discover the changes until after the 20189 assessment was completed. The 20189 taxes reflected the value of only the original Other site and improvements from 20178. For the January 1, 201920 assessment, the parcel was re-classified as Residential, with a significantly higher improvement value. Does a conversion charge apply?

Yes. When a new construction assessment is missed on a parcel with an existing improvement assessment, the assessor can add the assessed value of the new construction to the following year's assessment roll as omitted property. The improvements must be obvious, tangible, defensible, and measurable. The new improvement value should be entered in a special section of the assessment roll for omitted property. Since the change in use from Agricultural to Residential is first reflected on the 201920 assessment roll, it is recommended that the conversion charge be issued after the BOR, allowing the property owner an opportunity to challenge the change in classification reflected on the roll. The conversion charge amount should be based on the year the actual change took place, in this case 20189 (which should have been when the Residential classification was placed on the roll).

19. How are buyers being made aware of the potential conversion charge?

Under state law (sec. [74.485\(7\)](#), Wis. Stats.) the owner of land assessed as agricultural must notify the buyer of the following:

- a. The land was assessed under sec. [70.32\(2r\)](#), Wis. Stats.
- b. Whether a conversion charge was assessed
- c. Whether a conversion charge deferral was granted

Note: The current tax bill states, "Any parcel benefiting from use-value assessment may be subject to a conversion charge under sec. [74.485](#), Wis. Stats. if the use of the parcel changes."

State law requires the assessor to provide the property owner with a notice that a conversion charge may be due when land changes classification from agricultural to residential, commercial, or manufacturing.

- d. The notice must be in writing and ~~sent by standard mail~~ mailed at least 15 days (30 days in revaluation years) ~~before~~ prior to the BOR meeting (or meeting of the Board of Assessors, if one exists). If the owner's address is unknown, the assessor must provide the notification to the property's occupant.
- e. When a property is sold and the property owner (who may be subject to a conversion charge) and the current owner are different, the assessor must provide the Notice of Assessment and Agricultural Land Conversion Charge Notice to both the previous owner and the current owner.
Example of the Agricultural Land Conversion Charge Notice