

- 1 **AN ACT** *to amend* 70.11 (4) and 74.11 (1); and *to create* 70.116 of the statutes;
2 **relating to:** payments for municipal services.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This draft was prepared for the Joint Legislative Council's Special Committee on Tax Exemptions for Residential Property (Columbus Park).

Under current law, property owned and used exclusively by a "benevolent association" is exempt from the property tax. The statutes do not define "benevolent association".

The draft establishes legislative findings regarding property tax burdens of residential property owners and a legislative determination that benevolent associations should provide payments for municipal services unless an association can show that the services it provides are of a sufficient charitable nature and equally available to all members of the community so as to warrant the free provision of services to the association by the municipality.

This draft requires the owner of any property described in s. 70.11 (4) (c) of the statutes, to pay an amount determined by the municipality as sufficient to defray the costs of providing municipal services to the property and to residents of the property, if any. Under the draft, which reorganizes s. 70.11 (4) (c), property described in s. 70.11 (4) (c) of the statutes is property owned and used exclusively by benevolent associations, including benevolent nursing homes and retirement homes for the aged. Nursing homes and retirement homes for the aged owned by churches or religious associations are subject to the requirements of the draft.

A municipality may not require a payment for services under the draft if the owner of the property shows that at least one of the following apply to all of the facilities or services provided at the property:

(a) The benevolent services or facilities that make the entity eligible for exemption from the property tax are equally available to all who need the service or facility; are not limited to members of any particular organization; are provided to individuals without expectation of remuneration from the individuals; and are provided without requiring

proof of an individual's ability to pay for the services or facilities provided.

(b) The benevolent services or facilities that make the entity eligible for exemption from the property tax are provided primarily to low-income, homeless, or disabled individuals.

The draft provides that the amount of payment required by a municipality may not exceed the amount that would be levied as the annual tax of the municipality upon the property. The draft provides that the valuation of a property used to determine the amount of payment required may be challenged by the property owner under s. 70.47, stats., as are property valuations for the proposed property tax assessments. Payments are subject to s. 74.11, stats., which sets forth dates for payments of taxes, special assessments, and special charges.

1 **SECTION 1.** 70.11 (4) of the statutes is amended to read:

2 70.11 **(4)** EDUCATIONAL, RELIGIOUS AND BENEVOLENT INSTITUTIONS; WOMEN'S CLUBS;
3 HISTORICAL SOCIETIES; FRATERNITIES; LIBRARIES. Property owned and used exclusively by
4 ~~educational~~ any of the entities described in this subsection while such property is used not for
5 profit. Property that is exempt from taxation under this subsection and is leased remains
6 exempt from taxation only if, in addition to the requirements specified in the introductory
7 phrase of this section, the lessee does not discriminate on the basis of race. The amount of land
8 exempt under this subsection may not exceed 10 acres of land necessary for location and
9 convenience of buildings, except as provided in par. (b). This subsection does not include
10 property owned by an organization that is organized under s. 185.981 or ch. 611, 613, or 614
11 and that offers a health maintenance organization as defined in s. 609.01 (2) or a limited service
12 health organization as defined in s. 609.01 (3) or by an organization that is issued a certificate
13 of authority under ch. 618 and that offers a health maintenance organization or a limited
14 service health organization or by any nonstock, nonprofit corporation which services
15 guaranteed student loans for others or on its own account.

1 (a) Educational institutions offering regular courses 6 months in the year; ~~or by~~
2 churches.

3 (b) Churches or religious, ~~educational or benevolent~~ associations, including benevolent
4 nursing homes and retirement homes for the aged but not including an organization that is
5 organized under s. 185.981 or ch. 611, 613 or 614 and that offers a health maintenance
6 organization as defined in s. 609.01 (2) or a limited service health organization as defined in
7 s. 609.01 (3) or an organization that is issued a certificate of authority under ch. 618 and that
8 offers a health maintenance organization or a limited service health organization and not
9 including property owned by any nonstock, nonprofit corporation which services guaranteed
10 student loans for others or on its own account, and also including property owned and used
11 for housing for pastors and their ordained assistants, members of religious orders and
12 communities, and ordained teachers, whether or not contiguous to and a part of other property
13 owned and used by such associations or churches; ~~or by women's~~ but not property used for
14 nursing homes, retirement homes for the aged, or low-income housing. Property owned by
15 churches or religious associations necessary for location and convenience of buildings, used
16 for educational purposes and not for profit, shall not be subject to the 10-acre limitation but
17 shall be subject to a 30-acre limitation.

18 (c) Benevolent associations, including benevolent nursing homes and retirement homes
19 for the aged.

20 (d) Women's clubs; ~~or by domestic,~~

21 (e) Domestic incorporated historical societies; ~~or by domestic,~~

22 (f) Domestic incorporated, free public library associations; ~~or by fraternal~~

23 (g) Fraternal societies operating under the lodge system (except university, college and
24 high school fraternities and sororities), ~~but not exceeding 10 acres of land necessary for~~

1 ~~location and convenience of buildings while such property is not used for profit. Property~~
2 ~~owned by churches or religious associations necessary for location and convenience of~~
3 ~~buildings, used for educational purposes and not for profit, shall not be subject to the 10-acre~~
4 ~~limitation but shall be subject to a 30-acre limitation. Property that is exempt from taxation~~
5 ~~under this subsection and is leased remains exempt from taxation only if, in addition to the~~
6 ~~requirements specified in the introductory phrase of this section, the lessee does not~~
7 ~~discriminate on the basis of race.~~

8 **SECTION 2.** 70.116 of the statutes is created to read:

9 **70.116 Payments for municipal services; certain benevolent associations. (1)**

10 FINDINGS. Recognizing that the cost of property taxes is increasingly borne by residential
11 property owners, and that the property tax burden causes financial hardship to some residential
12 property owners; recognizing that an increasing amount of property owned by benevolent
13 associations is exempted from the property tax, although municipalities are nevertheless
14 required to provide municipal services to those properties and residents of those properties;
15 and recognizing that numerous statutes, require payments for municipal services by
16 tax-exempt entities other than benevolent associations; the legislature finds and determines
17 that each benevolent association should provide payments for municipal services unless an
18 association can show that the services it provides are of a sufficient charitable nature and
19 equally available to all members of the community so as to warrant the free provision of
20 municipal services to the association by the municipality.

21 **(2) DEFINITIONS.** In this section:

22 (a) "Municipality" means a city, village, or town.

1 (b) "Municipal services" means solid waste management, as defined in s. 287.01 (13),
2 police and fire protection, and street construction, repair and maintenance, including traffic
3 control, and snow and ice removal.

4 (3) PAYMENTS. Except as provided in sub. (3), on or before January 31 of each year, the
5 owner of any property described in s. 70.11 (4) (c) of the statutes shall pay an amount
6 determined by the municipality as sufficient to defray the costs, including administrative
7 costs, of providing municipal services to the property and to residents of the property, if any.

8 (4) EXCEPTION. A municipality may not require a payment under sub. (3) for a property
9 if the owner of the property shows that at least one of the following apply to all of the facilities
10 or services provided at the property for the previous year:

11 (a) The benevolent services or facilities that make the entity eligible for the exemption
12 are equally available to all who need the service or facility; are not limited to members of any
13 particular organization; are provided to individuals without expectation of remuneration from
14 the individuals, and are provided without requiring proof of an individual's ability to pay for
15 the services or facilities provided.

16 (b) The benevolent services or facilities that make the entity eligible for the exemption
17 are provided primarily to low-income, homeless, or disabled individuals.

18 (5) AMOUNT; ADMINISTRATION. The amount paid under this section may not exceed the
19 amount that would be levied as the annual tax of the municipality upon the property. The
20 valuation of a property used to determine the amount of payment required under this section
21 may be challenged under s. 70.47, stats. Payments under this section are subject to s. 74.11,
22 stats.

23 **SECTION 3.** 74.11 (1) of the statutes is amended to read:

74.11 Dates for payment of taxes, special assessments and special charges. (1)
APPLICABILITY. General property taxes, special assessments, special charges and special taxes collectible under this chapter and payments under s. 70.116 are payable as provided in this section, except as provided in ss. 74.12, 74.125, and 74.87.

(END)