



WISCONSIN ASSOCIATION OF ASSESSING OFFICERS

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Ms. Laura Rose, Deputy Director
Wisconsin Legislative Council
One East Main Street, Suite 401
P.O. Box 2536
Madison, Wisconsin 53701-3536

Subject: Legislative Council Special Committee on Tax Exemptions for Residential Housing. Comments relative to proposals for January 14th meeting.

Dear Ms. Rose,

The Wisconsin Association of Assessing Officers (WAAO) would like to thank the committee for the opportunity to present information relative to a proposal that would establish a Board of Tax Exemptions that would have statewide authority relating to property tax exemption decision. Although this proposal is not part of your final drafts for legislation for the committee, the professional assessment community does believe it would foster better exemption decisions and would result in better information on the value of exempt property providing a means for the legislature to evaluate the costs and benefits to exemptions that they have legislated.

We have had a chance to review the proposals that are now in front of the committee and have various comments we would like the committee to consider.

1. Both drafts 0086 and 0090 contain a definition for low-income housing that is tied to compliance with the IRS procedures, specifically 96-32. This is troublesome for a couple of reasons, 1) Property tax is administered through state, not federal legislation. Our experience with federal income tax shows that auditing is necessary to prevent circumvention of the law. Typically when the law provides an exemption, taxpayers quickly restructure their holdings so that they will comply with the exemption. One only needs to look at the abuse of 501 c 3 to see that, and 2) Assessors, although familiar with auditing forms and reviewing income information, are not IRS experts and would have difficulty keeping abreast on changes to IRS rulings. We suggest that the homestead credit be used instead. This is well known and has the advantage of being determined especially for Wisconsin. It also makes sense to consider an exemption for low-income only to the extent that the property actually serves low-income. Partial assessments are commonplace, easily understood and administered.
2. Consider mandating appraisals and reapplications for all property subject to the § 70.337 biennial reports at 4-year intervals. This would help the legislature know more fully the exempt value of property and allow assessors to keep their exemption files up-to-date. In a less broad scope, the committee could just mandate the appraisals for any property that has a residential housing exemption under any of the categories you have broken out instead of just the § 70.11(4) c 9 properties.

3. As a group WAAO is in favor of limiting exemptions altogether although we know this is impossible. Because of the services that Wisconsin municipalities supply to exempt property we would be in favor of your draft 0086 that includes a provision for the municipality to gain a PILOT.

Thank- you for the opportunity to comment on these drafts.

Sincerely,

Mark Schlafer, President
WAAO

Cc: Alliance of Cities, League of WI Municipalities