



# State of Wisconsin • DEPARTMENT OF REVENUE

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*Scott Walker*  
Governor

*Richard G. Chandler*  
Secretary of Revenue

Date: June 5, 2015

To: State Representative Samantha Kerkman  
From: Nate Ristow, Legislative Advisor  
Re: Property Assessment Changes

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Dear Representative Kerkman,

As a follow-up to our discussion last month, I wanted to provide a list of items that would make incremental improvements in the Wisconsin property assessment process. I have also included several technical updates to statutes. These include:

### **Enforcement Options**

Under state law, DOR investigates complaints of assessor misconduct, fraud or negligence and may only revoke an assessor's certification. The 2015-2017 budget proposal gave DOR the ability to suspend (rather than simply revoke, which requires a much higher standard) an assessor's certification and allowed DOR to require an assessor to take corrective action to avoid revocation or suspension. This was section 2485 of the budget bill and was included in a memo to Speaker Vos as a recommendation for re-inclusion in the final budget. Your bill draft, LRB 0527/P1, includes a similar change.

73.09 (7) (a) of the statutes is amended to read:

73.09 (7) (a) The secretary of revenue or a designee may revoke or suspend the certification of any assessor, assessment personnel, or expert appraiser for the practice of any fraud or deceit in obtaining certification, or any negligence, incompetence, or misconduct, including making a fraudulent change in the assessment roll after it is opened for examination under s. 70.47 (3). The secretary of revenue or a designee may require any assessor, assessment personnel, or expert appraiser to take corrective action in order to avoid the revocation or suspension of that person's certification for the activities described under this paragraph.

### **Recertification**

In order to be recertified, the budget specified that assessors must attend at least four of the previous five annual assessor training sessions held by DOR. These training sessions are important because they provide assessors with the latest information on changes to statutes, the Wisconsin Property Assessment Manual, or court cases that affect property assessment. To better enable attendance, the annual meeting is also made available online. If an assessor did not attend the annual assessor training, the proposed budget language allowed DOR to revoke the assessor's certification. Assessors could have their certification reinstated by requesting reinstatement, attending the next annual assessor training and passing an exam. This was section 2483 of the budget bill and was included in a memo to Speaker Vos as a recommendation for re-inclusion in the final budget.

73.09 (4) (b) of the statutes is amended to read:

73.09 (4) (b) Persons may be recertified by ~~passing an examination as provided in sub. (5) or by attendance for attending at least 4~~ of the previous 5 ~~years at~~ annual meetings called by the department of revenue under s. 73.06 (1) and by meeting continuing education requirements determined by the department of revenue. The department of revenue may revoke a person's certification if the person fails to attend more than one annual meeting or fails to meet the continuing education requirements in any recertification cycle. The department may reinstate a certification revoked under this paragraph after a revocation period of no less than one year has expired, if the person whose certification was revoked requests reinstatement,

attends the next annual meeting under s. 73.06 (1) following the date on which the department revoked the certification, and passes an examination under sub. (5).

### **Updating Certification Requirements**

The 2015-2017 budget proposal removed outdated language pertaining to assessor certifications and provided that all certifications uniformly last five years from the date they are issued. This was section 2482 of the budget bill.

73.09 (4) (a) of the statutes is amended to read:

~~73.09 (4) (a) All certifications issued prior to January 1, 1981, are valid for 10 years from the date of issuance. All certifications issued on or after January 1, 1981, but before August 15, 1991, expire on the 6th June 1 following the date of issuance. All certifications issued on or after August 15, 1991, expire 5 years after the date on which they are issued.~~

### **Technical Change Pertaining to DOR Assessment Personnel**

The change below allows statutes to line up with the current probationary period pertaining to new employees. This was section 2481 of the budget bill.

73.09 (2) of the statutes is amended to read:

73.09 (2) DEPARTMENT OF REVENUE ASSESSMENT PERSONNEL. The requirements established for local assessment personnel under sub. (1) shall also apply to department of revenue assessment personnel commencing on January 1, 1981. The office division of state employment relations personnel management in the department of administration with the assistance of the department of revenue shall determine the position classifications for which certification shall apply within the department of revenue. The first level of certification shall be obtained within 100 days of the employee's appointment a timeframe consistent with the department of revenue's employment practices. The department of revenue in consultation with the office division of state employment relations personnel management shall establish requirements for obtaining higher levels of assessor certification.

### **Remove Antiquated Compensation to Attend Assessor School**

Current law requires counties to reimburse municipal assessors in the county \$5 per day and 6 cents per mile driven to attend the annual assessor meeting held by DOR. This antiquated payment should be removed. This was section 2477 of the budget bill.

73.06 (1) of the statutes amended to read:

73.06 (1) The department of revenue, through its supervisors of equalization, shall have complete supervision and direction of the work of the local assessors. It shall annually, or more often if deemed necessary at a time which in its judgment is best calculated to obtain the ends sought, call a meeting of all local assessors for conference and instruction relative to their duties in the valuation and assessment of property. The department of revenue may also call a similar meeting of local clerks and other officials for conference and instruction relative to their duties in the valuation and assessment of property. ~~Each official upon notice by mail from the supervisor shall attend the meeting, and shall receive travel expenses from his or her residence to the meeting site and return and the compensation and mileage that the board establishes, but not less than \$5 per day and 6 cents per mile; except that in counties having a population of 500,000 or more, no compensation, travel expense or mileage shall be allowed. This compensation shall be paid out of the treasury of the county in which the local official resides upon the certificate of the supervisor of equalization showing attendance and travel, as certificates of witnesses and jurors are paid.~~

### **Statutory Clarification to Related to Omitted Property**

This technical change would clarify that current statutes regarding omitted property apply to real and personal property omitted "in whole or in part." This follows the judicial interpretation of the assessment term of art "omitted property." This allows an assessor to apply omitted property procedures to the part of the property that was omitted, for example a garage, deck, or finished basement. Providing this clarification in statute will reduce

uncertainty for property taxpayers. The Wisconsin Property Assessment Manual (WPAM) already contains this clarification. This was section 2057 of the budget bill.

70.44 (1) of the statutes is amended to read:

70.44 (1) Real or personal property omitted in whole or in part from assessment in any of the 2 next previous years, unless previously reassessed for the same year or years, shall be entered once additionally for each previous year of such omission, designating each such additional entry as omitted for the year of omission and affixing a just valuation to each entry for a former year as the same should then have been assessed according to the assessor's best judgment, and taxes shall be apportioned, using the net tax rate as provided in s. 70.43, and collected on the tax roll for such entry. This section ~~shall~~ only applies to property that can be identified as property discrete from the property formerly assessed, and does not apply to manufacturing property assessed by the department of revenue under s. 70.995.

#### **Board of Review Annual Training**

All members of the Board of Review should be required to attend annual training. This was section 2065 of the budget bill.

70.46 (4) of the statutes is amended to read:

70.46 (4) No board of review created under this section ~~may be constituted~~ convene unless it ~~includes at least one voting member who, within 2 years of the board's first meeting, has all board of review members~~ have attended a training session under s. 73.03 (55) and unless that member is the municipality's chief executive officer or that officer's designee at least once in the year prior to the board's first meeting. The municipal clerk shall provide an affidavit to the department of revenue stating whether the requirement under this subsection has been fulfilled for all individuals serving on the municipal board of review.

#### **Board of Review Membership**

When a property owner wants to appeal the assessed value of their property, they attend the local Board of Review meeting. The language in the 2015-2017 budget proposal specified that the Board of Review is composed of citizen members. Public officers and public employees of the municipality would not be eligible to be a member of the Board of Review. This was section 2063 of the budget bill.

70.46(1) of the statutes is amended to read:

**(1)** Except as provided in sub. (1m) and s. 70.99, the supervisors and clerk of each town, the mayor, clerk and such other officers, other than assessors, as the common council of each city by ordinance determines, the president, clerk and such other officers, other than the assessor, as the board of trustees of each village by ordinance determines, shall constitute a board of review for the town, city or village. In cities of the 1st class the board of review shall by ordinance in lieu of the foregoing consist of 5 to 9 residents of the city, none of whom may occupy any public office or be publicly employed. The members shall be appointed by the mayor of the city with the approval of the common council and shall hold office as members of the board for staggered 5-year terms. Subject to sub. (1m), in all other towns, cities and villages the board of review may by ordinance in lieu of the foregoing consist of any number of town, city or village residents. ~~and may include public officers and public employees.~~ The ordinance shall specify the manner of appointment. The town board, common council or village board shall fix, by ordinance, the salaries of the members of the board of review. No board of review member may serve on a county board of review to review any assessment made by a county assessor unless appointed as provided in s. 70.99 (10).

#### **Adjustment to Timeline for Noncompliance**

State law requires that the assessed value of major property classifications within a municipality be within 10% of fair market value once every five years. However, in reality the process drags out for seven years, as demonstrated below. State law could correct this inconsistency by shortening this process to reflect the five year requirement. With this change, the educational program in 73.08 would be able to be eliminated. Your bill draft, LRB 0527/P1, includes a similar change.

Current Process		New Process
Year 1 out of compliance	No action	No action
Year 2 out of compliance	No action	No action
Year 3 out of compliance	No action	Notice sent that the municipality is out of compliance
Year 4 out of compliance	Notice sent that the municipality must be in compliance in Year 5 or attend educational program	Notice sent that the municipality is out of compliance and if not in compliance in Year 5, state will issue a supervised assessment
Year 5 out of compliance	Municipal assessor attends educational program per (sec. 73.08, Wis Stat.)	Notice that state has issued a supervised assessment
Year 6 out of compliance	Notice sent that a supervised Revaluation will be mandated in Year 7	Supervised Assessment takes place
Year 7 out of compliance	Supervised Revaluation	

The following language also allows the department to make notices for noncompliance available on the DOR's website. This would not preclude the department from sending the notice by mail to municipalities upon request.

70.05(5)(5) (d) of the statutes amended to read:

If the department of revenue determines that the assessed value of each major class of property of a taxation district, including 1st class cities, has not been established within 10% of the full value of the same major class of property during the same year at least once during the ~~43~~-year period consisting of the current year and the ~~32~~ preceding years, the department shall notify the clerk of the taxation district of its intention to proceed under par. (f) if the taxation district's assessed value of each major class of property for the ~~subsequent year~~ first year following the 3-year period is not within 10% of the full value of the same major class of property. The department's initial notice ~~shall~~ may be in writing and mailed to the clerk of the taxation district or made available on the department's internet site on or before November 1 of the year of the determination.

70.05(5)(5) (f) of the statutes amended to read:

(f) If, in the 1st year following the 3-year period ~~year after the notice~~ under par. (d), the department of revenue determines that the assessed value of each major class of property of a taxation district, including 1st class cities, has not been established within 10% of the full value of the same major class of property, the department shall notify the clerk of the taxation district its intention to proceed under par. (g) if the taxation district's assessed value of each major class of property for the 2nd year following the 3-year period is not within 10% of the full value of the same major class of property. The department's final notice may be in writing and mailed to the clerk of the taxation district or made available on the department's internet site on or before November 1 of the year of the determination. ~~in writing on or before November 1 of the year of determination that the district's assessment staff is required to participate in the program under s. 73.08 during the next year.~~

70.05(5)(5) (g) of the statutes amended to read:

(g) ~~If, in both the year in which a taxation district's assessment staff participates in the program under s. 73.08 and in the next year,~~ If, in the 2nd year following the 3-year period under par. (d), the department of revenue determines that the assessed value of each major class of property is not within 10% of the full value of the same major class of property, the department shall order special supervision under s. 70.75 (3)

for that taxation district for the succeeding year's assessment. That order ~~shall~~ may be in writing and ~~shall~~ be mailed to the clerk of the taxation district or made available on the department's internet site on or before November 1 of the year of the determination.

**Assessment Roll by First Monday in March**

Assessors generally begin their work after receiving the assessment roll from the county real property lister. While most counties provide assessors the assessment roll in a timely fashion, some do not. The statute could be specified to state assessment work rolls as prescribed by the department of revenue shall be delivered to the Assessor no later than the first Monday in March of every year.

70.09(3)(e) of the statutes is created to read:

70.09(3)(e)Assessment work rolls as prescribed by the department of revenue shall be delivered to the Assessor no later than the first Monday in March of every year.

Thank you again for meeting with Secretary Chandler and myself and for the opportunity to review your legislation regarding the assessment process. If you have additional questions about any of the proposals above, feel free to contact me.

Sincerely,

Nate Ristow