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Trouble With Taxes | Watchdog Update

Lawmaker seeks authority for state to discipline assessors

By [Kevin Crowe](#) and [Raquel Rutledge](#) of the Journal Sentinel
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A Wisconsin lawmaker wants to grant state regulators new authority to discipline local property assessors who run afoul of state laws.

The proposal is one of several ideas aimed at improving the quality and fairness of property assessments in communities across the state.

A [Milwaukee Journal Sentinel investigation](#) this month found assessors in dozens of communities across the state are doing "poor" work by the state's own standards. The analysis found that in some cases 20% or more of the tax levy in a community is being paid by the wrong people. And the state does little to rectify the disparities.

In one instance, the state [found misconduct](#) by a company's assessors but did not revoke its certification. Department of Revenue officials say revocation is a "last resort" — and that they don't have any steps short of revocation they can take.

The state has not revoked a license in at least the past decade.

State Rep. Samantha Kerkman (R-Salem) said she plans to introduce legislation next year that will allow the state Department of Revenue to suspend an assessor's certification for negligence, misconduct or incompetence for up to 12 months.

"We tried to find a middle ground for assessors who might have had some challenges," Kerkman said in an interview.

Rocco Vita, an assessor in Pleasant Prairie who worked with Kerkman on crafting the legislation, said state law needs to give the department some flexibility in how it can deal with poor-performing assessors.

"Suspension gives them a little more room for things like incompetence or negligence," Vita said.

In 2012, Department of Revenue officials [received a complaint](#) about a private assessor's work in Germantown.

They followed up on the complaint — filed by a software engineer who works for a company affiliated with a competing assessment firm — and found ["misconduct" among Accurate Appraisal's assessors](#). Department officials cautioned the company's owners for changing values for individual properties following sales, noting that it is in "direct conflict" with rules.

The department chose not to pursue revocation against Accurate's assessors, citing "no prior instances of this misconduct on file," according to a January 2014 letter to Germantown officials.

Jim Danielson, co-owner of Accurate, said the department's policies and state statutes that call for assessors to consider market value are in conflict and that his company's work did not constitute misconduct.

City of Wausau Assessor Nanette Giese said she's in favor of giving state regulators more power to deal with assessors doing shoddy work.

"They need to have a little teeth," she said.

Reducing years

Kerkman's legislation would also limit the number of years a municipality's assessments can be "out of compliance" from seven to six before the Department of Revenue orders a supervised revaluation. A municipality is deemed out of compliance when one of its major classes of property, such as residential or commercial, is assessed at 10% or more above or below the full value.

Giese and other local officials around the state also said more frequent revaluations or market updates — even annually — would go a long way [toward solving some of the problems](#).

"It keeps people closer to paying their fair share of taxes," said Jeremiah Erickson, the real property lister for Monroe County. "It would cost the municipality more, but who's paying if you're the person who's paying too much (in property taxes), or a person who's paying too little?"

Assessors are often put in a tight spot: doing a full revaluation is expensive, and a [hard sell in municipalities trying to save money](#).

"It comes down to funding," said Russ Schwandt, the municipal assessor for the City of Green Bay and president of the Wisconsin Association of Assessing Officers.

Green Bay's assessor's office has five full-time employees and one contractor, Schwandt said, down from 11 full-timers when he started working there 15 years ago.

"Potholes and protective services are a lot more visible than the assessor's office," he said.

Giese's office in Wausau is in the middle of doing a full revaluation of properties in the city, something it hasn't [done since 2007](#) — near the peak of the real estate market.

She said she only recently got permission from the city government to do the full revaluation. Since properties haven't been assessed in so long, there are many homeowners paying either more or less in taxes than they should.

"The further away from a revaluation you get, the more inequities there are," Giese said.

Tried in January

Kerkman initially sought co-sponsors for the legislation last January, but it didn't get traction.

"It's one of those issues that's complicated," she said. "Unless you've been impacted in your district by an assessing problem, it's hard to relate to."

Rob Henken, president of the Public Policy Forum, a Milwaukee-based nonpartisan, nonprofit research organization, said his group is researching consolidating assessment work to perhaps the county level to standardize the work and increase efficiency.

"Wouldn't it be nice if no matter where you lived in Milwaukee County you could rely on the same type of assessment criteria?" Henken said. "Shouldn't the same approach be used if you're a homeowner in Greendale vs. a homeowner in Whitefish Bay?"

But what about a statewide system?

Montana moved to a statewide property valuation system starting in the 1970s, said Dan Bucks, former director of that state's Department of Revenue.

"Part of the reason the statewide system is done is that prior under the local assessment, there were some games being played," he said. "There was some outright corruption."

Computer models

In Montana, state employees stationed in offices in each county gather the property data and submit it to a system that is [accessible to the public](#). Then, computer models use that data to calculate assessments. The models are regional and take into account some of the differences in property types and markets across the state.

"It's less costly because it's a statewide system, and it's more uniform," Bucks said.

Bucks and his wife now live in Milwaukee, and he said he was surprised to see the numbers of assessors in Wisconsin doing "poor" work, based on the Journal Sentinel investigation.

"That really needs to be addressed," he said. "You can't have those kinds of numbers. It's just unacceptable."

However, he said, Wisconsin is not atypical.

"I don't think Wisconsin's difficulties are that unusual for locally assessed systems."

Seeking accuracy

Schwandt said he'd be in favor of a system that creates more uniformity and more accuracy in property valuations. Creating a county-level or statewide system might achieve that.

But, he said some local governments are loath to relinquish that kind of control.

"With the number of municipalities there is, there are a large number of those areas that want home rule," Schwandt said. "I'm not sure what kind of reception that would have this day in age."

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