

PROPERTY TAX ASSESSMENT

Prepared by Northwoods Association of REALTORS®

We all know that with owning a home, we have the responsibility of paying property taxes. When it comes time to pay the property tax bill, have you ever questioned whether the value of your home was assessed properly? Are you paying more than your fair share? What can you do about it?

Before we get into this, one must understand some of the basic components of property assessment in Wisconsin. The University of Wisconsin sets the definition of assessment as *the process of setting the market value of a parcel of property for purposes of property taxation*. How does this differ from an appraisal?

An appraisal is an estimate of market value. Typically, an appraisal is completed for financial institutions for lending purposes. An appraiser can use many methods for coming up with this estimate. For income producing property, the appraiser may capitalize the value of the income stream. (It would take “x” dollars of capital invested at a “y” rate of return to produce an income equal to the rental income generated by this property.) For other properties, an appraiser may use “replacement value.” (It would cost “x” dollars to build this structure if it were being built today.)

Appraisers usually use “comparable sales” when evaluating the market value of a home. They look at nearby properties with similar characteristics, which have sold in the recent past to see at what price they sold. They typically give the most weight to the property they deem to be most like the property they are appraising.

When a property is assessed for taxation purposes, there is generally little time spent per property. For example, with over 2,000 taxable properties in the City of Rhinelander, if the municipal assessor actually spent the time an appraiser would spend evaluating properties, the assessment roll would never be completed. It would be physically impossible.

Myths:

The city just directed a complete re-assessment because they need more tax revenue. **FALSE** Local units of government periodically re-assess properties in their jurisdiction to comply with Wisconsin Department of Revenue (DOR) guidelines & Wisconsin law. When the equalized value of a local unit of government’s property falls below 90% of the estimated equalized value by DOR estimates, the assessment is non-compliant and must be adjusted to be in compliance. Should non-compliance continue, assessment staff is required to attend DOR training. After seven consecutive years of non-compliance, a state-supervised assessment is ordered by DOR. Many times, a re-assessment will actually drop the tax rate. Some tax bills go down, some go up – it is all dependent upon your assessment.

REALTORS® are to blame for high assessments. **FALSE** The market dictates assessments. Every transaction whether through a REALTOR® or private seller sets the comparables for real estate assessment. A majority of transactions also require financing, which require a full appraisal to justify the sale price. Other factors beyond market trends include rental income (if used as a rental) & replacement cost.

What you can do

Section 70.365 of Wisconsin State Statutes requires that when the total assessment of real property or improvements changes by any amount, the owner must be notified (this generally takes place after March), however failure to receive a notice does *not* affect the validity of the changed assessment. The notice must be in writing and mailed 15 days prior to the Board of Review. Instructions on how to contest the assessment must also be provided.

It is always a good idea to attend your local town or city's open book session. This session is your opportunity to inspect the tax roll, and if necessary file an objection to your assessment. Your local town clerk or municipal clerk can provide you with information on when the open book is. The notice of open book date(s) is also required to be published or posted by the clerk at least 15 days prior to the first day the assessment roll is open. If you are unsure of when specific dates are or where to look, contact your town or municipal clerk.

The first option you should exercise if you are unsatisfied is to discuss the assessment with your local government assessor. It is a good idea to ask your assessor what properties he/she used as comparables, as this is part of the process of a fair assessment. Many times, a resolution can come out of this meeting and save everyone a lot of time. The next option is to contest your assessment before the Board of Review. Specific timelines do apply for filing an objection, so it is essential that you confirm these deadlines with either your town or municipal clerk!

If you are planning to protest an assessment in front of the Board of Review, keep in mind that the assessor's value is presumed correct. You should not make the mistake of comparing the assessment to properties that are not similar. To have the assessment reduced, you must prove that the property is over assessed in comparison with property in your respective township or municipality. You must provide the Board, in writing, their estimate of the value of the land and of all improvements that are the subject of the person's objection and specify the information that the person used to arrive at that estimate. In particular, an objector should have considerable information that is relevant to the market value of their property. This would include a recent arm's length sale of your property, and recent sales of comparable properties in the town or municipality. Additionally, a CURRENT appraisal of your property is helpful. Other factors include size and location of the lot, size and age of the building, original cost, depreciation, zoning restrictions and income potential, presence or absence of various building components, and any other factors or conditions which affect the market value of your property.

If you want to appeal the Board of Review decision, there are two avenues available to property owners. One is to appeal in circuit court under Section 70.47(13) of the Wisconsin Statutes. This Statute provides for an appeal of the Board of Review determination to be by action of certiorari (a court order to review the written record of the hearing) to the circuit court. The court will not issue an order unless an appeal is made to the circuit court within 90 days after the taxpayer receives notification from the Board of Review. No new evidence may be submitted. The court decides the case solely on the basis of the written record made at the Board of Review.

The Second way to appeal the Board of Review decision is under Section 70.85, Wis. Stats., which is a written complaint that must be received by the Department of Revenue within 20 days after the taxpayer receives the Board's determination. The Department may not review the assessment if it is within 10 percent of the general level of assessment of all other property in the municipality.

**Information from Wisconsin Department of Revenue's Guide for Property Owners (January 2006)
Information from City of Monona, Department of Assessor*