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To: Assembly Committee on Housing and Real Estate
From: Curt Witynski, J.D., Deputy Director, League of Wisconsin Municipalities
Toni Herkert, Government Affairs Director, League of Wisconsin Municipalities
Date: October 12, 2021
Re: AB 610, Prohibiting Certain Property Tax Assessment Practices

The League of Wisconsin Municipalities opposes AB 610, radically changing current law governing how assessors determine the fair market value of property for property tax purposes. If enacted, AB 610 would greatly undermine the ability of assessors to determine fair market value of properties and hinder the ability of property owners themselves to use common sources of information, like bank appraisals, to convince the assessor that their property has been over assessed.

Listed below are our two greatest, but not exclusive, concerns with the bill:

1. Prohibition on using mortgages or bank appraisals, or any portion thereof, to determine the assessed value:

The assessor is legally obligated to determine the fair market value of a property. It makes no sense to deny assessors data and information, such as how other appraisers valued a particular property, that could help the assessor make that determination. Moreover, sometimes bank appraisals include narration or background that the assessor was otherwise unaware, and which can help the assessor more accurately value the property.

Second, the prohibition on bank appraisals probably has an unintended effect of hurting taxpayers. Homeowners and other taxpayers routinely rely on appraisals commissioned by banks for mortgage refinancing and other purposes to argue to assessors and boards of review that their property was incorrectly assessed. Under this bill, the taxpayer would not be able to rely on an appraisal commissioned by the bank because an assessor could not make the change because he/she could not use a bank appraisal when assessing property.

Also, there seems no rational basis to limit appraisal use on who purchases the appraisal. An appraisal purchased by a bank cannot be used, but if it purchased by anyone else, it could apparently be used for assessment purposes.

2. Prohibition on using price trends to determine fair market value in order to increase the value of multiple properties by a general amount or percentage

Assessors must value all property in the State at full value. Generally, to comply with that statutory requirement, assessors value properties in groups using mass appraisal. Mass appraisal relies on standardized procedures and statistical testing. Values are increased or decreased by the statistical amount appropriate for each group. Mass appraisal has been codified in state law, and validated by the Wisconsin Property Assessment Manual, and case law. It has been specifically upheld as an appraisal practice by the Wisconsin Supreme Court.

The fiscal impact of banning mass appraisal would be extraordinary. For example, Milwaukee has the largest assessor office in Wisconsin, with 20 in-house appraisers (most other municipalities may have 1 contracted assessor). Milwaukee values 160,000+ parcels every year. If mass appraisal was banned, each Milwaukee appraiser would need to value 8,000 properties each year, or 21 properties each day (assuming no weekends or time off) (8,000/365). That is impossible.

We urge the committee to vote against recommending passage of AB 610. Thanks for considering our comments.