

Recent Law Changes

Assessors Institute
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Topics We'll Cover

1. Changes at the League
2. Overview of 2021-2022 Legislative Session
3. New Legislation Affecting Assessments and Property Tax Process
4. Status of Dark Store/Walgreens Legislation

Overview of Legislative Session

- Highly partisan environment frustrating and tiring but split party control of state capitol was good for municipalities.
- No legislation reducing municipal powers or funding was enacted.
- Focus of session -- responding to pandemic, 2020 election, law enforcement reform, how to best spend federal ARPA dollars.

The Session by Numbers

Number of bills introduced:	2,305
Number of bills enacted into law:	267
Number of bills vetoed:	98
Number of bills on which the League worked:	87
Number of bills League supported:	55
Number of bills League opposed:	19
Number of bills on which League was neutral:	13

The Session by Numbers

- Of the 55 bills we supported, 29 were enacted into law. A success rate of 53%.
- Of the 19 bills we opposed, zero were enacted into law. A success rate of 100%.

2021 Act 198 – Annexation and Extraterritorial Powers



CHANGES TO BOUNDARY LAW

- Prohibits newly incorporated village from adding any of remaining town territory for a five-year period after incorporation unless territory is added through annexation by unanimous approval or through town consolidation process.
- Restores municipal ability to annex across county lines when the annexation is by unanimous approval.

2021 Act 198 – Annexation and Extraterritorial Powers



CHANGES TO EXTRATERRITORIAL ZONING POWER.

- Reduces time interim extraterritorial zoning ordinance is effective from two years to 18 months.
- Extends period in which any subsequent interim extraterritorial zoning ordinance is prohibited from two years to five years.

2021 Act 198 – Annexation and Extraterritorial Powers



CHANGES TO EXTRATERRITORIAL ZONING POWER.

- Specifies that unincorporated area subject to an ordinance includes areas that are either surrounding or entirely surrounded by a single city or village.
- Prohibits a city or village from the unilateral exercise of certain extraterritorial powers in areas surrounding “municipal islands”.

Act 162 – Interest on Property Tax Refunds



- Allows a municipality, after it has paid interest on a property tax refund, to collect from each underlying taxation district its proportionate share of interest paid.
- The Act also modernizes the method of calculating interest on certain property tax refunds.

Act 151 – Tax Exemption for Regional Planning Commissions



Provides that property owned by a regional planning commission is exempt from taxation.

- *Effective date: January 1, 2022.*

Act 162 – Interest on Property Tax Refunds



- Allows a municipality, after it has paid interest on a property tax refund, to collect from each underlying taxation district its proportionate share of interest paid.
- The Act also modernizes the method of calculating interest on certain property tax refunds.

Act 1 – DOR’s Package of Changes



- 1. Board of Review Training.** Requires at least one member of a board of review to complete training each year. Prior law required that at least one member of the board of review attend DOR training within the two-year period beginning on the date of the board's first meeting.
- 2. Omitted Property 1.** Reduces the omitted tax property reporting requirement for taxing jurisdictions from \$5,000 to \$250.
- 3. Omitted Property 2.** Requires that municipalities share revenue from omitted taxes with other taxing jurisdictions using the same guidelines as collecting refunded taxes from other taxing jurisdictions under the chargeback process.

Act 1 – DOR’s Package of Changes



4. **Tax Exemption for Leased Church Property.** Clarifies that the leasing of all or part of any property owned by a tax-exempt church or religious association or institution to an educational association or institution that is similarly tax exempt under Wisconsin law does not render the property taxable, regardless of how the lessor uses the leasehold income.

5. **Fee for Appealing Manufacturing Property Assessments.** Increases from \$45 to \$200 the fee municipalities and manufacturers must pay for filing a manufacturing property assessment objection.

6. **Assessor Certification Fee.** Permits DOR to determine fees for assessor certification based on actual cost, not to exceed \$75.
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 - *Effective Date:* While Act 1 generally took effect on February 20, 2021, the new board of review training requirement mandating that at least one member of the board complete training annually, took effect January 1, 2022.

Act 142 – New TID Annual Report Requirements



Requires following additional information in the annual report to DOR describing each existing TID:

- Value of net new construction in TID.
- Analysis of impact on property taxes and levy limits resulting from value of net new construction in the TID.

(effective January 1, 2023.)

Act 142 – New TID Annual Report Requirements



Analysis must include:

- Amount of allowable levy increase for the municipality that is attributable to new construction in each tax incremental district for the current year and for each of the previous years from January 1, 2023, to the current year.
- Amount of valuation factor for the municipality that is attributable to the total of the net new construction values reported for all tax incremental districts in the municipality, expressed as a dollar amount and as a percentage.
- The amount of any increase in the municipality's property tax levy attributable to the total of the net new construction values for each TID expressed as a dollar amount per each \$100,000 of increase in the levy.

Legislation of Note that did not Pass or Vetoed



AB 610/SB 630 prohibiting an assessor from using or considering certain information when determining the value of real property.

Original bill prohibited an assessor from:

- Using a mortgage or bank appraisal, or any portion thereof.
- Using projected rents and other future or anticipated benefits.
- Using list or asking prices, or list or asking rents.

Legislation of Note that did not Pass or Vetoed



- Using price trends in order to increase the assessed value of multiple properties by a general amount or percentage.
- Considering the value of a club house, swimming pool, or other amenity that is part of a multifamily property if the club house receives minimal or no rental income.
- The bill also provided that if an inconsistency or ambiguity exists between statute and the DOR manual, then statute controls the practices of the assessor.

Legislation of Note that did not Pass or Vetoed



AB 191, Repealing the Personal Property Tax on Businesses. Governor Evers Vetoed. Later in the session Governor and Democrat Legislators introduced another bill repealing personal property taxes, but Republicans refused to play along.

Update on Dark Store



- League is no longer pursuing a legislative fix.
- Instead, encouraging communities to defend assessments against dark store-based challenges brought by big box stores.

Update on Dark Store



- Wisconsin courts remain unconvinced by dark store arguments presented by big box stores attempting to reduce their assessments.
- The Wis. Court of Appeals has issued three decisions in last two years rejecting dark store-based assessment challenges filed by Lowe's stores.

Update on Dark Store



One of those decisions (City of Lake Delton) is being reviewed by the WI Sup. Ct. Oral Arguments were conducted on September 28. Decision not expected until late winter or early spring.

Looking ahead to Next Session



- **Personal Property Tax will be Repealed.**
- **Depending on who is Governor – efforts will be made to change assessment practices along the lines of AB 610.**

Questions and Comments



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