

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-3192/1	Introduction Number SB-414
Description Objecting to property tax assessments	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Agency/Prepared By DOR/ Yuko Iwata (608) 267-9892	Authorized Signature Robert Schmidt (608) 267-9892
Date 12/20/2013	

Fiscal Estimate Narratives

DOR 12/20/2013

LRB Number	13-3192/1	Introduction Number	SB-414	Estimate Type	Original
Description Objecting to property tax assessments					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, when an assessor determines that a property's assessment is different from the prior year's, the assessor must provide written notice of the changed assessment to the property owner at least 15 days before the meeting of the Board of Review (BOR). In addition, a property owner or his/her representative must appear in person at the BOR hearing to testify regarding the property owner's objection to a property tax assessment. Current law also requires the BOR to presume that the assessor's assessment is correct and the presumption can only be rebutted by a property owner with a sufficient showing that the assessment is incorrect. Under current law, a property owner may file a claim for an excessive assessment with the taxation district where the property is located, and if the district disallows the claim, the property owner may take an action in circuit court to recover the amount of the claim.

Under this bill, a notice of changed assessment must be sent at least 60 days before the BOR meeting, and the bill permits a property owner to submit written statements instead of appearing at the BOR hearing. The bill stipulates the property owner may rebut the presumption that the assessment is correct by showing by the preponderance of the evidence, instead of by a sufficient showing, that the assessment is incorrect. Under the bill, a property owner may commence an action with the Tax Appeals Commission (TAC), rather than in the circuit court, if the assessment exceeds \$1,000,000.

The bill may lead to an increase in the number of appeals beyond the BOR process. However, it is not feasible to project the increase in the number of appeals due to the changes in the bill. In addition, it is not possible to estimate the financial impact of changing the legal criteria from a "sufficient showing" to the "preponderance of the evidence" to prove that the new assessment is incorrect. Allowing property owners to submit written statements to a BOR may increase workload and administrative costs for local governments.

Currently, assessment rolls are completed and submitted to the municipal clerk no later than the 1st of May, and the BOR meetings are held during the 30-day period, beginning the second Monday of May. Changing the notice timeline from 15 days prior to the BOR meeting to 60 days prior to the BOR meeting would delay the BOR meeting, assuming that assessors do not move up the assessment schedule, and force assessors to submit to the DOR "estimated" rather than "final" Municipal Assessment Report and Tax Incremental District Report for all municipalities. This may result in equalized value corrections for every municipality and increase the workload for the DOR. In this case, the DOR estimates additional 0.75 FTE (\$71,000 for salary and fringe) per district office, or 3.75 FTEs (\$355,000 for salary and fringe) for all 5 DOR district offices, would be required to meet the increased workload.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 13-3192/1		Introduction Number SB-414	
Description Objecting to property tax assessments			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$355,000		\$
(FTE Position Changes)	(3.8 FTE)		
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$355,000		\$
B. State Costs by Source of Funds			
GPR	355,000		
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$355,000		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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