

CITY OF

PLATTEVILLE



Making Sense of Assessments
PRESENTATION TO COMMON COUNCIL
APRIL 26, 2022

MAKING SENSE OF ASSESSMENTS

- In March 2022, Grant County home prices were up 23.6% compared to last year, selling for a median price of \$185,000 according to Redfin.com.
- With the most recent notice of assessment letters going out to property owners many have voiced concerns about rising assessments.
- Open book can be done via phone until noon on May 24, 2022.
- If you have questions regarding your personal property assessment, please email pp@accurateassessor.com or 920-749-8098.
- Board of Review occurs on May 26, 2022, from Noon to 2:00 p.m..

MAKING SENSE OF ASSESSMENTS

- The assessment process in Wisconsin is regulated by the WI Department of Revenue (DOR).
- State law requires assessors are certified by the DOR.
- Certification involves an exam that tests their knowledge of appraisal and assessment law and administration.
- Assessors are also required to follow an assessment manual which is issued by the DOR.
- Wisconsin has an annual assessment. This means that each year's assessment is a new assessment. The assessor may change your assessment because of building permits or sales activity even if the assessor did not inspect your property.

EQ ADMIN AREA 76 Madison
 COUNTY 22 Grant County
 CITY 271 Platteville

Year	Property Class	Municipal Assessed Value	DOR Base Value	% of DOR Base Value	Ratio (%)	Major Class Municipal Compliance Status	Type Of Notice Issued
2021	Residential	373,412,800	411,313,800	56.22	90.79	YES	
	Commercial	263,093,037	308,018,200	42.10	85.41	NO	
	Agricultural	162,300	176,300	0.02	92.06		
	Sum Of 5, 5M, 6, 7	491,000	440,700	0.06	111.41		
	Personal	10,474,000	11,637,800	1.59	90.00		
	Total	647,633,137	731,586,800	100.00	88.52	NO	

MAKING SENSE OF ASSESSMENTS

- Under state law (sec 70.05(5), Wis. Stats.), each municipality must assess major classes of property within 10 percent of full value in the same year, at least once within a five-year period.
- If a City does not comply after six years, the State will conduct a supervised assessment.

MAKING SENSE OF ASSESSMENTS

- In 2018, the City underwent a Full Revaluation to bring assessed values into compliance after the Commercial property class was out of compliance for four years.
- As a result, all property classes complied for 2018 and 2019. However, in 2020 and 2021 the Commercial class dropped out of compliance, at less than 90% of full value as determined by the DOR.
- According to City Assessor Accurate Appraisal, this is because of volatility in property values over the past couple of years. Accurate reports seeing ratios in some municipalities change more than 12% in one year!
- In 2022, Accurate will perform an Interim Market Update which will bring property class values back into compliance.

MAKING SENSE OF ASSESSMENTS

- An Interim Market Update is a type of revaluation but does not involve physical inspection of every property.
- Just as in a regular Maintenance year, the assessor may inspect properties which changed hands or filed a building permit.
- During an Interim Market Update the assessor will look at the assessed value of all properties in the City and will use statistical data, sales data and any other information that may impact values to determine if the assessed value needs to be adjusted.

HOW ASSESSMENTS DETERMINE TAXES

- Many taxpayers fear that a higher assessment will automatically mean higher property taxes.
- But contrary to popular belief, higher assessments do not guarantee higher property taxes. In fact, it is even possible for an individual's assessment to rise and property taxes to fall.
- This can better be seen by understanding the role assessments play in figuring property taxes.

HOW ASSESSMENTS DETERMINE TAXES

- Property assessments are used to apportion the total property taxes to be collected - the tax levy - among a community's property owners.
- An owner's share of the total tax levy is the same as the property's share of total assessed value.
- For example, if an individual property's assessed value represents 1% of a community's total assessed value, the owner will pay 1% of the community's property taxes.
- When the tax levy remains unchanged, an individual tax bill can only go up if the property being taxed grows sufficiently in value to represent a larger part of a community's total valuation. And this can only happen when an individual assessment increases faster than total community assessed values.

WISCONSIN TAXPAYER ALLIANCE- SMALLVILLE, WI ASSESSMENT EXAMPLE

- The Wisconsin Taxpayer Alliance created a mythical Wisconsin hamlet to help individuals understand assessments better:
- During 2022, there were 4 homes in Smallville, each valued at \$50,000.
- Total assessed value in the community was \$200,000 ($\$50,000 \times 4$ homes).
- Each of the 4 owners – Owner A, Owner B, Owner C and Owner D - owned 1/4 of Smallville's property value; so, each paid one-fourth of the property taxes.

WISCONSIN TAXPAYER ALLIANCE- SMALLVILLE, WI ASSESSMENT EXAMPLE

- To illustrate: Owner A had a home assessed at \$50,000.
- It accounted for 25% of Smallville's total assessed value of \$200,000.
- The total property tax levy was \$8,000.
- Owner A share was 25%. or \$2,000.
- In the conventional but often confusing jargon of municipal finance, the assessed value times the tax, or mill rate, of \$40 per \$1,000 of assessed value ($\$8,000/\$200,000$) yields the taxes due: $\$50,000 \times \$40 = \$2,000$.

WISCONSIN TAXPAYER ALLIANCE- SMALLVILLE, WI ASSESSMENT JUMP

- Smallville had not been revalued since before 2018.
- State law requires assessments (by class of property. e.g., residential or agricultural) to be within 10% of market value once every 5 years.
- Because Smallville's were not, the village board hired an assessor to revalue the 4 properties in the community.
- As a result, Smallville's total assessed value increased 100%, from \$200,000 to \$400,000.
- Owner A's assessment jumped 60% to \$80,000.
- Assessments on the homes of Owner B and Owner C doubled, going from \$50,000 to \$100,000.
- Owner D's assessment rose 140% to \$120,000 on their home.
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WISCONSIN TAXPAYER ALLIANCE- SMALLVILLE, WI ASSESSMENT JUMP

- Having gone through a revaluation before, Owner C was less anxious. Owner C knew that the total 2023 tax levy was not going to change. She studied the new 2022 assessment roll and shared her findings with her neighbors.
- **A Tax Cut** - Owner A's assessment climbed 60%, but that increase was less than the 100% jump for Smallville as a whole. Their share of the village's total assessed value fell from 25% in 2021 to 20% (\$80,000 / \$400,000) in 2022.
- Said Owner C to Owner A, "The total tax levy is going to stay at \$8,000. You now own 1/5 of Smallville's total property value, so you will pay 1/5 of the taxes." "See," Owner C scribbled, "1/5, or 20%, of \$8,000 is \$1,600... your tax bill will drop from \$2,000 to \$1,600."

WISCONSIN TAXPAYER ALLIANCE- SMALLVILLE, WI ASSESSMENT JUMP

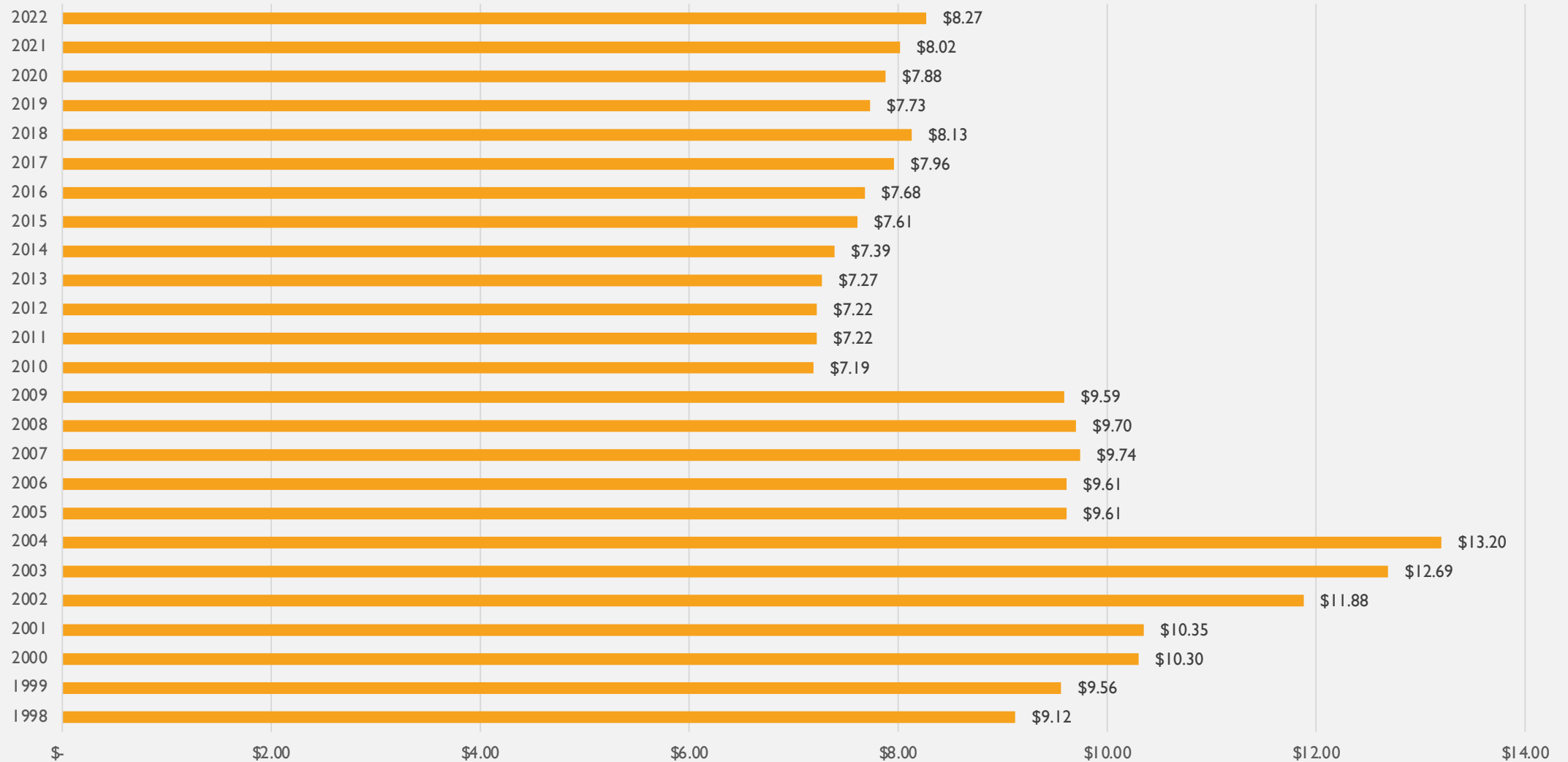
- **No Tax Change** - Owner C turned to Owner B. "Our 2023 property tax bills are going to be the same as last year - \$2,000," Owner C told them.
- Owner C explained that both their homes increased 100% in value, the same increase as the village, and added, "Our homes still each represent 25%, or 1/4, of Smallville's assessed value. Because the total tax levy will still be \$8,000, we'll each pay \$2,000 - same as last year."

WISCONSIN TAXPAYER ALLIANCE- SMALLVILLE, WI ASSESSMENT JUMP

- **Tax Increase** - Owner D's home was now assessed at \$120,000, 140% higher than the previous \$50,000.
- Their assessed value increased faster than total values for the village (140% vs. 100%).
- This meant their home now represented 30% ($\$120,000/\$400,000$) of Smallville's valuation, compared to 25% last year.
- It also meant they would pay 30%, or \$2,400, of the \$8,000 tax levy in 1995, as opposed to 25%, or \$2,000, last year.
- Owner D was not pleased, but they knew their riverfront location meant their home would sell for more if put on the market.

CITY OF PLATTEVILLE TAX RATE HISTORY

City of Platteville Assessed Tax Rate



CITY OF PLATTEVILLE TAX RATE HISTORY

Assessed Value of Platteville Home											
Budget Year	City Tax Rate	\$150,000.00	Inc/Dec	\$ 200,000.00	Inc/Dec	\$250,000.00	Inc/Dec	\$300,000.00	Inc/Dec	\$350,000.00	Inc/Dec
2018	8.13	\$ 1,219.50		\$ 1,626.00		\$ 2,032.50		\$ 2,439.00		\$ 2,845.50	
2019	7.73	\$ 1,159.50	\$ (60.00)	\$ 1,546.00	\$ (80.00)	\$ 1,932.50	\$ (100.00)	\$ 2,319.00	\$ (120.00)	\$ 2,705.50	\$ (140.00)
2020	7.88	\$ 1,182.00	\$ 22.50	\$ 1,576.00	\$ 30.00	\$ 1,970.00	\$ 37.50	\$ 2,364.00	\$ 45.00	\$ 2,758.00	\$ 52.50
2021	8.02	\$ 1,203.00	\$ 21.00	\$ 1,604.00	\$ 28.00	\$ 2,005.00	\$ 35.00	\$ 2,406.00	\$ 42.00	\$ 2,807.00	\$ 49.00
2022	8.27	\$ 1,240.50	\$ 37.50	\$ 1,654.00	\$ 50.00	\$ 2,067.50	\$ 62.50	\$ 2,481.00	\$ 75.00	\$ 2,894.50	\$ 87.50
GRAND TOTAL		\$ 6,004.50	\$ 21.00	\$ 8,006.00	\$ 28.00	\$ 10,007.50	\$ 35.00	\$ 12,009.00	\$ 42.00	\$ 14,010.50	\$ 49.00

Cost Per Month for City Services					
	\$150,000.00	\$200,000.00	\$250,000.00	\$300,000.00	\$350,000.00
2021	\$ 100.25	\$ 133.67	\$ 167.08	\$ 200.50	\$ 233.92
2022	\$ 103.38	\$ 137.83	\$ 172.29	\$ 206.75	\$ 241.21
Increase	\$ 3.13	\$ 4.17	\$ 5.21	\$ 6.25	\$ 7.29

CONCLUSION

- Higher assessments do not automatically mean higher property taxes.
- The key is the rate of increase in a property's assessment relative to other properties.
- If total assessed values in a community rise 10% and if the total tax levy remains unchanged, an increase greater than 10% will mean a tax hike, while an increase smaller than 10% will mean a tax reduction.
- Ultimately, cost increases to continue to run city operations and services (resulting in higher property tax levies)-not higher assessments will most directly affect the property tax bill.
- When taxpayers review this information, hopefully they can view regular updating of assessments to ensure tax fairness.

QUESTIONS???