

2011 Open Book Contact Considerations

City of Oconomowoc

Introduction

The City of Oconomowoc Assessor's Office has once again received a number of similar requests for review and reductions to the assessed value for the 2011 assessment year based on current economic factors that are affecting the whole community/region. These petitions are essentially requesting a 2011 revaluation adjustment for individual parcels in a non-revaluation year. It is important to note that as allowed under Wisconsin law, the City has decided not to conduct a revaluation in 2011, the last year of revaluation was 2008. Thus, no parcels in the community received individual reviews or valuation changes for the original 2011 assessment roll based solely on the observed economic changes relative to the current (January 1, 2011) market characteristics or recent sales.

There are many guidelines and restrictions that the Assessor must follow in reviewing and making any non-revaluation year changes to individual parcels. Under Wisconsin law and prescribed assessment practices, mass appraisal is an ad valorem assessment process with checks and balances to aid in the uniform and equitable valuation of all properties within a municipality. The 2008 assessments were established in a uniform and equitable manner following the directives of Chapter 70 WI Stats. and procedures outlined in the WPAM, USPAP (Standard 6) and the IAAO based on all available information at the time (market sales, cost and income data). Subsequently, the assessor has followed the mass appraisal standards and criteria for the non-revaluation year maintenance cycle work established by the City, including for the year 2011, as prescribed by the DOR and WPAM, and confirmed by the Wisconsin Courts and State Statutes.

Therefore, unless the owners demonstrated that there were physical or functional changes that occurred to their properties in 2010, the assessor has determined that no change is warranted in the 2011 assessed values as noted on the initial roll. Supporting information for this determination can be found in the DOR's 2009 publication, "Property Assessments in a Declining Market" available on their website at <http://www.revenue.wi.gov/faqs/slf/declmrkt.html>

The Assessment Cycle

Each year the governing body selects the type of assessment that will be conducted for the current assessment year. While some assessor duties are carried out each and every year, other duties are dependent on the type of assessment being conducted for the municipality. Assessments fall into two broad categories: maintenance and revaluation.

Maintenance consists of copying the assessment roll from the previous year and updating values to the current level of assessment when changes warrant. Examples of changes include new construction, combining or splitting of parcels, remodeling, demolition, annexation and zoning changes, changes in classification, and any other occurrence that might affect value or the attributes of the parcel. These changes may, or may not, result in a change in value, nonetheless each of these requires the Property Record Card (PRC) to be updated. Reliable valuation depends on reliable data so ongoing maintenance and updating of information is a high priority responsibility for all assessors. (WPAM, pg. 4-1)

Professionally Acceptable Appraisal Standards

Section 70.32 of the Wisconsin Statutes requires Wisconsin assessors to assess according to professionally acceptable appraisal practices. Wisconsin's technical standards are incorporated within the *Wisconsin Property Assessment Manual* (WPAM). These standards are the product of research in property valuation, assessment administration, and property tax policy. The research material in the manual comes from professional organizations such as the Wisconsin Association of Assessing Officers (WAAO), the International Association of Assessing Officers (IAAO), and The Appraisal Foundation's (AF) Uniform Standards of Professional Appraisal Practice (USPAP) Standard 6.

The Wisconsin State Statutes provide the authority and guidelines for how an Assessor should value property, as well as how a property assessment may be appealed. The Wisconsin Property Assessment Manual provides for how real estate shall be valued in revaluation and non-revaluation years. The Department of Revenue (DOR) is the state agency charged with reviewing and overseeing assessment practices in Wisconsin.

Overview of Mass Appraisal (Revaluation)

Mass appraisal is the *systematic* appraisal of groups of properties, as of a given date, using standardized procedures and statistical testing. In sharp contrast, single property or “fee” appraisal is the valuation of one particular property as of a given date. Both approaches are similar, but *market analysis, valuation, and quality control* are handled differently.

The purpose of mass appraisal is the equitable and efficient appraisal of all property, in a jurisdiction, for *ad valorem* tax purposes. Mass appraisal is the underlying principle that Wisconsin assessors should be using to value properties in their respective jurisdictions. Wisconsin assessors must also consider Section 70.32, Stats. (WPAM, 7-32)

The DOR published a December 2009 FAQs sheet entitled, “Property Assessments in a Declining Market” to help property owners understand assessments in the current economic climate. In answering the first question about why market values may have dropped without accompanying reductions in assessments, they state, “If your municipality happens to be conducting a revaluation this year, then your assessment will reflect the most probable market value. A revaluation sets all properties at market value as of January 1 and establishes the relationships of one property to another. Those relationships remain until the next revaluation. If your community is not conducting a revaluation this year, then your assessment will likely not be adjusted if the only change occurring is the same market adjustment that the rest of the community is experiencing. Just as your assessment didn’t go up each year when property values were rapidly increasing, your assessment will not be adjusted downward just because values are declining. The reason for this is twofold. If all values are going up or all values are going down, it doesn’t change the relationship of one property to another and therefore doesn’t change the tax burden relationships. Secondly, in order to contain costs, most municipalities do not perform a revaluation every year. It is the revaluation process that adjusts everybody’s value to reflect those properties which have sold.”

If you have any questions, please contact the assessor for the City of Oconomowoc, Michael L Grota of Grota Appraisals, LLC at: 262-253-1142 or email: mike@wi-assessor.com

Regards,



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Assessor City of Oconomowoc

Definitions:

DOR - Wisconsin Department of Revenue

WPAM – Wisconsin Property Assessment Manual

IAAO – International Association of Assessing Officers

USPAP – Uniform Standards Principles and Practices