

ASSESSOR'S OFFICE 2005 PROPOSED BUDGET

Executive Summary

1. The 2005 Proposed Budget for the Assessor's Office is \$4,139,804, an increase of \$19,236 or 0.5% from the 2004 Budget. (page 1)
2. The 2005 Proposed Budget provides funding for 48.55 O&M full-time equivalents, the same level as provided in 2004. The number of positions also remains unchanged, at 56. (page 2)
3. Significant changes in the department's operating expenditures includes a \$23,200 reduction in the Professional Services line item, which is the result of eliminating contracted consulting services, and a \$10,000 increase in expenditures for Information Technology Services, which is primarily attributable to higher software licensing costs. (page 3)
4. The 2005 Proposed Budget includes \$45,000 in a special fund titled "Maintain and Upgrade Property System." This money would be used primarily for hiring a consultant to recommend, develop and maintain new database software for the department's property database systems. This initiative is a continuation of the Assessor's ongoing efforts to improve, maintain and integrate its database systems. (page 3)
5. The 2005 Proposed Budget provides \$500,000 for the Remission of Taxes Fund special purpose account, the same amount budgeted for 2004. (pages 3 and 4)
6. The number of assessment appeals continues to decline. The 2004 revaluation resulted in 2,344 appeals, a 5.7% decrease from the 2,487 appeals filed in 2003. This decline may be attributable in part to the recent change to an annual revaluation program. (pages 4 and 5)
7. The department's public information and education function continues to grow, with the number of queries on the department's web site projected to top 2 million this year and 2.4 million in 2005. (page 5)
8. The department's major 2005 Budget initiative is the creation of a service charge for its inspections and appraisals of new construction, remodeling and additions. This would allow the City to recover costs associated with providing these services. Projected revenues for 2005 are in the range of \$500,000 to \$600,000. (pages 5 and 6)
9. Not including the revenues from the proposed service charge, department revenues are projected to be \$2,000 in 2005, the same amount projected for 2004. (page 6)

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2005 PROPOSED BUDGET – ASSESSOR’S OFFICE
Summary by Legislative Reference Bureau – Fiscal Review Section

Expense Category	2003 Actual	2004 Budget	% Change	2005 Proposed	% Change
Personnel Costs	\$4,147,996	\$3,732,947	-10.0%	\$3,757,054	0.6%
Operating Expend.	\$284,420	\$267,621	-5.9%	\$260,750	-2.6%
Equipment Purch.	\$0	\$0	0	\$0	0
Special Funds	\$71,228	\$120,000	68.5%	\$122,000	1.7%
TOTAL	\$4,503,644	\$4,120,568	-8.5%	\$4,139,804	0.5%
Capital	\$0	\$0	0	\$0	0
Positions	65	56	-9	56	0

Department Function

The Assessor’s Office is responsible for uniformly and accurately valuing all residential, commercial and personal taxable property in the City as directed by the Wisconsin Constitution’s uniformity clause and by state statutes. (The Wisconsin Department of Revenue assesses manufacturing property.) Property valuations established by the Assessor’s Office are used in calculating the property tax levy, which is the difference between total City expenditures and revenues available from non-property tax sources.

The Assessor’s Office also processes appeal of local assessments, which are heard by the Board of Review. In addition, the Assessor’s Office determines eligibility for property tax exemptions under state law and provides public information and education about the assessment process.

Departmental Mission

The mission of the Assessor’s Office is to administer the City’s property assessment program in a manner that assures public confidence in the accuracy, efficiency and fairness of the assessment process.

Historical Information

1. Between 1999 and 2004, the number of department employees decreased by 15 positions, from 71 to 56.
2. From 1999 through 2004, the Assessor’s Office had no capital improvement projects.
3. The 2000 Budget also provided \$100,000 for a System Interface Conversions project. This funding was used for the department’s continued transition to client/server technology. It allowed the department to convert mainframe data to its residential valuation system.

4. In 2001, the department completed the conversion of the "Objection system" (i.e., property owner objection to property revaluations) from the mainframe-based system to its client-server platform.
5. The 2002 Budget provided \$103,340 for three Property Appraiser auxiliary positions to reduce the backlog of appeals of commercial assessments.
6. The Assessor's Office changed from a biennial revaluation program to an annual revaluation program in 2003. The objective of this change was to assure that property assessments are as close to market value as possible.
7. In 2004, the department continued to reorganize its appraisal staff. Appraisers were cross-trained on various property types, valuation methodologies and valuation systems, thereby permitting greater flexibility in assigning work and dividing tasks. This allowed the Assessor's Office to reduce staff by five appraisers, three administrative support staff and one supervising assessor, for a savings of \$301,787.

2005 BUDGET HIGHLIGHTS AND ISSUES

Personnel

1. The number of Assessor's Office employees remains unchanged from 2004, at 56 positions. Full-time equivalent positions also remain unchanged, at 48.55.
2. The Proposed Budget provides for the replacement of a Property Record Drafting Technician IV with a lower-paid Assessment Technician, for a savings of almost \$15,000. This position change is being made to eliminate duplication of mapping services (i.e., the mapping function of the Property Record Drafting Technician IV can also be performed by other, existing City staff in DCD and ITMD).
3. Total personnel costs in the 2005 Proposed Budget (\$3,757,054) are \$24,107 (0.6%) higher than the comparable 2004 figure. The increase is attributable to salary increases, rather than additional positions.

Operating Budget

1. The 2005 Proposed Budget provides \$260,750 for Operating Expenditures, a decrease of \$6,871 (-2.6%) from the 2004 Budget.
2. In the Professional Services category, expenditures are being reduced from \$67,200 to \$44,000 (-34.5%), primarily as a result of the elimination of contracted consulting services. The activities and functions formerly provided by consultants will now be performed internally, using existing department personnel.
3. The 2005 Proposed Budget includes an increase in expenditures for Information Technology Services from \$16,500 to \$26,500 (60.6%). This increase is attributed to higher software licensing costs for microcomputer operating systems, LAN operating systems, email anti-virus protection and database clients, as well as to hardware upgrades and repairs to microcomputers.

Special Funds

The Proposed 2005 Budget includes \$45,000 in a new special fund titled "Maintain and Upgrade Property System." However, this item is really a continuation of the department's ongoing efforts to improve, maintain and integrate its database systems. In 2004, \$45,000 was allocated for these objectives in a special fund titled "Systems Data Integration." An example of an improvement supported by this special fund is the integration of the separate database modules for commercial properties, residential properties and condominiums.

The majority of the \$45,000 will be spent on hiring a consultant, Software Synergy, to recommend, develop and maintain new database systems software, with the remainder being used to acquire the necessary hardware and software. The department plans to use the same consultant it has used the last 9 years for this purpose.

The ongoing systems integration project ensures that Assessor's Office personnel can use database systems that match the department's policies and procedures. In light of substantial budget cuts in recent years, the department has had to revise its policies and procedures to enable it to provide its basic services in an ever more cost-efficient manner. The database systems must be upgraded to be consistent with these new policies and procedures.

Capital Projects

The Proposed 2005 Budget contains no capital project funding for the Assessor's Office.

Remission of Taxes Fund

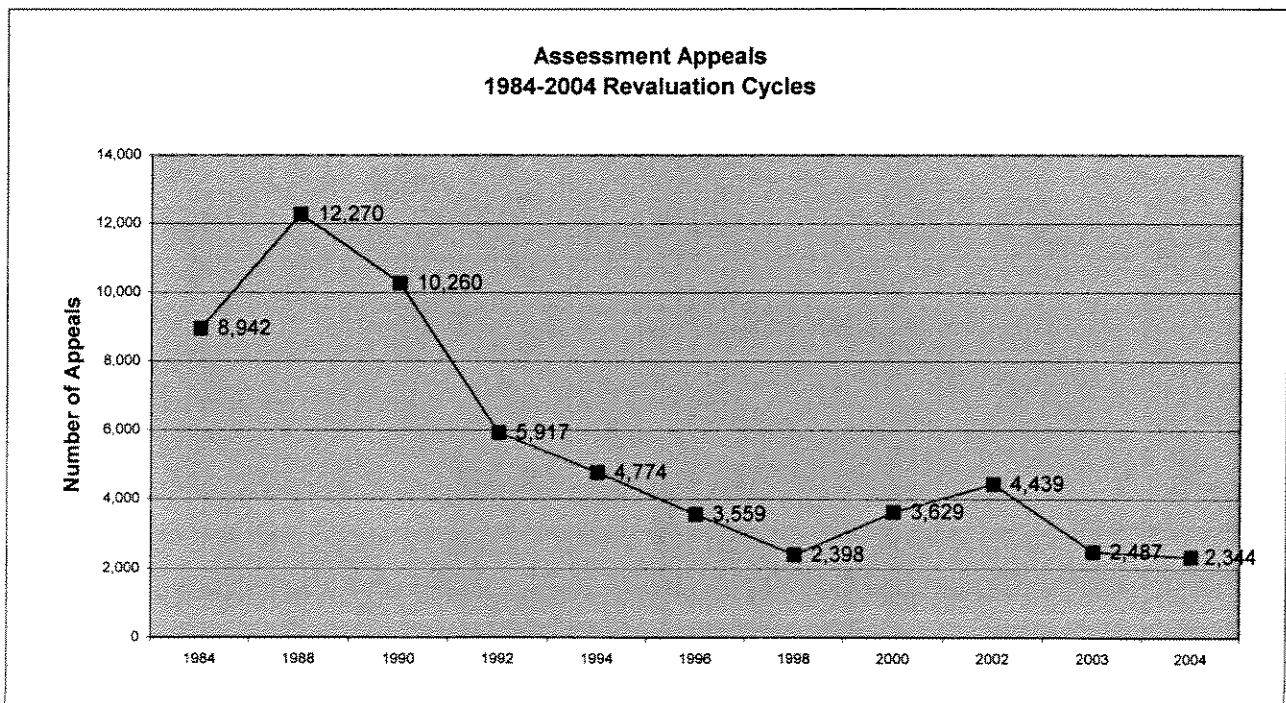
The Proposed 2005 Budget provides \$500,000 for the Remission of Taxes Fund special purpose account, the same amount provided in the 2003 and 2004 budgets. The Remission of Taxes Fund provides the money needed to refund property taxes and applicable interest to property owners who have had their tax liability cancelled or reduced as a result of Board of Review or State Tax Appeals

Commission actions. Actual disbursements from the Fund are made pursuant to Common Council resolutions.

Expenditures from the Remission of Taxes Fund may vary considerably from year to year as a result of successful appeals for large assessment reductions, typically for commercial properties. Appropriations from the Common Council Contingent Fund have been used to make up shortfalls in this Fund. In 2003, expenditures from the Remission of Taxes Fund totaled \$1,252,414, far in excess of the \$500,000 budget. As of September 3, 2004, the balance in the Fund was only \$23,000, even though an additional \$475,682 had been appropriated to the Fund from the Common County Contingent Fund by a Council resolution in May. However, the Assessor's Office has indicated that these "overdrafts" from the Remission of Taxes Fund may become less common as the department continues to make progress in reducing the backlog of assessment appeals.

Assessment Appeals

One of the major functions of the Assessor's Office is the processing of assessment appeals filed with the Board of Review. The 2004 revaluations generated 2,344 appeals, a 5.7% decrease from the 2,487 appeals filed in 2003. The number of appeals is one measure of the quality of the primary work of the Assessor's Office (i.e., property valuations) and the level of satisfaction with that work among Milwaukee property owners. As the following chart indicates, the number of appeals has been headed in a generally downward direction, suggesting greater property-owner satisfaction with the property valuations generated by the Assessor's Office.



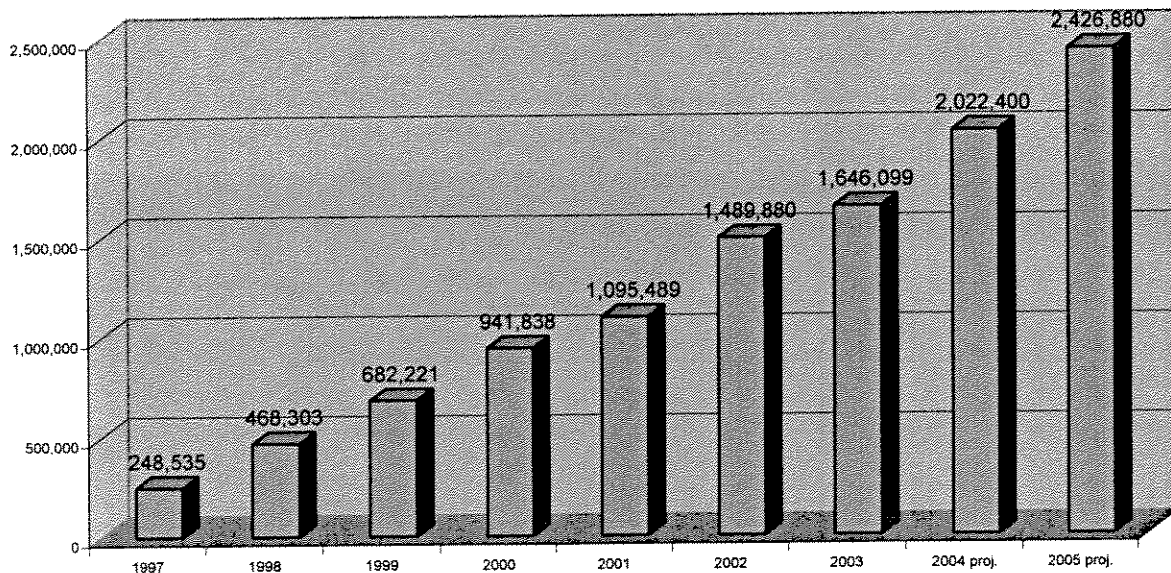
The smaller number of appeals is one benefit of the change to an annual revaluation process. The declining number of appeals has also helped the department reduce the backlog of appeals cases. As of August 1, 2004, there were only 28 pre-2004 appeals outstanding. Of the 1,652 appeals of 2004 valuations that have already been processed, the dispositions have been as follows:

Higher assessments	42
Lower assessments	908
<u>Assessments sustained</u>	<u>702</u>
TOTAL	1,652

Providing Public Information

Another function of the Assessor’s Office is providing information to the public about property assessments and the property valuation process. One measure of the size and growth of this function is the annual number of queries on the department’s web site, which is particularly popular with the public because of its property information database. The following chart shows that the number of Internet queries continues to grow.

Number of Queries on Assessor’s Office Web Site



Service Charge for Inspections/Appraisals

The most significant new initiative in the Assessor’s Office 2005 Budget is the implementation of a service charge for inspections and appraisals of new construction, remodeling and additions. This would allow the City to recover the costs associated with the department’s provision of these services. Currently, all property taxpayers subsidize inspection and appraisal costs for properties with new construction, remodeling or additions. With the new service charge, only the owners of properties for which inspections and appraisals are required would pay the costs of providing these services.

At least four communities in Wisconsin are currently in the process of implementing assessor's inspection charges (Pleasant Prairie, Twin Lakes and the towns of Brighton and Salem). Also, at the national level, the City of San Francisco has adopted a charge of this type.

The proposed service charge structure is as follows:

New Construction	
Single-family	\$150
Two-family	\$300
Multi-family	\$300 + \$100/unit over 2 units
Commercial	\$0.03/sq. ft.; \$500 minimum
Industrial	\$0.03/sq. ft.; \$500 minimum
Public	\$0.03/sq. ft.; \$500 minimum

Alterations/Additions	
Residential	0.25% of construction cost; \$10 minimum
Commercial	0.25% of construction cost; \$20 minimum
Siding, deck, garage, air conditioning, fireplace or razing	\$10

Since the legislation needed to implement this proposal has not yet been passed by the Common Council, the Comptroller will not at this time recognize the new service charge as a revenue source for 2005. However, if the new service charge is implemented, the Comptroller projects that it will generate revenues in the range of \$500,000 to \$600,000 in 2005.

Departmental Revenues

The 2005 Proposed Budget projects that the Assessor's Office will receive \$2,000 in revenues, the same amount projected in the 2004 Budget. The department's revenues come from charges for services, particularly copying documents.

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