

ASSESSOR'S OFFICE 2010 PROPOSED BUDGET

Executive Summary

1. The 2010 proposed budget for the Assessor's Office is \$4,278,246, a decrease of \$261,355 (-5.8%) from the 2009 Budget. (page 1)
2. The proposed budget does not include a revaluation for 2010. The Assessor's Office changed from a biennial revaluation program to an annual revaluation program in 2003, with the goal of assuring that assessments match the market value as accurately as possible. The revaluation policy is modified and suspended for one year in order to stay within budgetary constraints. This decision will allow for one position of Supervising Assessor and one position of Supervising Assessor Assistant to remain vacant, as well as other operational savings, but could result in a larger gap between assessed and market value of properties. Assessed values decreased in 2009 by about 5% as a result of the current economic conditions. The decision to suspend the revaluation will maintain assessed values at the 2009 level, but could result in larger decreases in the 2011 revaluation. (page 2)
3. The 2010 proposed budget authorizes 56 positions for the Assessor's Office, three less than the amount in the 2009 Budget. FTEs are also reduced, from 46.55 to 42.55. The position of Supervising Assessor is included in the 2010 budget as an unfunded request. This auxiliary position is necessary to maintain service in peak time periods due to the reduced number of funded positions. One position of Senior Property Appraiser (which was added by amendment to the 2008 Proposed Budget) is unfunded for 2010, as are 4 of the 9 Board of Review positions. (page 2)
4. The department's operating expenditures are being increased by \$149,228 (53.3%) for 2010. This increase can be attributed to an increased \$180,000 in the Professional Services account and is a result of projected expenses related to researching and litigating remissions cases. The increased emphasis on remissions cases, consistent with the Common Council's policy to litigate assessment appeals, allows for a \$250,000 reduction to the Remissions of Taxes Special Purpose Account in 2010 and could continue to provide similar savings in future budget years. (page 3)
5. The 2010 Proposed Budget reduces the appropriation for the Remission of Taxes Fund special purpose account from \$1,000,000 to \$750,000, after increasing it from \$500,000 to \$1 million in 2009. This reduction is a result of successful defenses of assessments in 2009 against Allright Parking and Valvoline. (page 3)
6. In 2009, the Assessor's Office received 2,060 formal objections to its property valuations, compared to 2,623 objections filed in 2008, a 21.5% decrease. (page 4)

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2010 PROPOSED BUDGET – ASSESSOR’S OFFICE

Summary by Legislative Reference Bureau – Research & Analysis Section

Expense Category	2008 Actual	2009 Budget	Change	2010 Prop.'d	Change
Personnel Costs	\$4,495,959	\$4,089,629	-9.0%	\$3,699,046	-9.6%
Operating Expend.	\$266,498	\$279,972	5.1%	\$429,200	53.3%
Equipment Purch.	\$0	\$0	0	\$0	0
Special Funds	\$164,663	\$170,000	3.2%	\$150,000	-11.8%
TOTAL	\$4,927,120	\$4,539,601	-7.9%	\$4,278,246	-5.8%
Capital	\$0	\$0	0	\$0	0
Positions	59	59	0	56	-3

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.) The department performs annual revaluations on approximately 150,000 real estate parcels and 10,000 personal property accounts. 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, particularly through the Internet.

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. The department also works to ensure the equal distribution of the City’s property tax levy by uniformly valuing taxable property, scrutinizing proposed property tax exemptions and efficiently processing assessment appeals.

2010 BUDGET HIGHLIGHTS AND ISSUES

Revaluation

1. The proposed budget does not include a revaluation for 2010. The Assessor's Office changed from a biennial revaluation program to an annual revaluation program in 2003, with the goal of assuring that assessments match the market value as accurately as possible. The revaluation policy is modified and suspended for one year in order to stay within budgetary constraints. This decision will allow for one position of Supervising Assessor and one position of Supervising Assessor Assistant to remain vacant, as well as other operational savings, but could result in a larger gap between assessed and market value of properties. Assessed values decreased in 2009 by about 5% as a result of the current economic conditions. The decision to suspend the revaluation will maintain assessed values at the 2009 level, but could result in larger decreases in the 2011 revaluation.

Personnel

1. The number of Assessor's Office positions is reduced from 59 for 2009, to 56 in the proposed 2010 budget. Full-time equivalent positions are also reduced, from 46.55 to 42.55.
2. The position of Supervising Assessor is included in the 2010 budget as an unfunded request. This auxiliary position is necessary to maintain service in peak time periods due to the reduced number of funded positions.
3. The 2008 proposed budget called for the elimination of one Senior Property Appraiser position in the Assessor's Office. By budget amendment, position authority – but not funding – for this position was restored. This position remains unfunded in the 2010 proposed budget.
4. The 2010 proposed budget will leave 2 of the 8 authorized positions of Property Appraiser vacant.
5. By City ordinance, effective December 14, 2004, membership of the Board of Review was increased from 5 to 9 members. However, only 5 positions are filled. The 2010 proposed budget maintains funding of \$31,750 for Board of Review member compensation – sufficient funding for 5 members.
6. Total personnel costs of \$3,699,046 in the 2010 proposed budget are \$390,583 lower (-9.6%) than the comparable 2009 figure.

Operating Budget

1. The 2010 proposed budget provides \$429,200 for Operating Expenditures, an increase of \$149,228 (53.3%) from the 2009 Budget. This increase can be attributed to an increased \$180,000 in the Professional Services account and is a result of projected expenses related to researching and litigating remissions cases. The increased emphasis on remissions cases, consistent with the Common Council's policy to litigate assessment appeals, allows for a \$250,000 reduction to the Remissions of Taxes Special Purpose Account in 2010 and could continue to provide similar savings in future budget years.
2. The largest decline in Operating Expenditures is in the category of General Operating Expenditures, which is decreasing from \$79,972 in 2009 to \$52,950 (-33.8%).

Special Funds

The 2010 proposed budget includes \$150,000 for 2 Assessor's Office special funds:

1. State Manufacturing Assessment Payment -- This fund is used to comply with a statutory requirement for municipalities to reimburse the Wisconsin Department of Revenue for 50% of its costs of assessing manufacturing property. For 2010, \$80,000 is provided for this special fund, the same amount budgeted for 2009.
2. Valuation System Maintenance -- This special fund was new for 2008, when it was funded at the level of \$50,000. The 2010 Proposed Budget includes \$70,000 for this fund, the same level as funded for 2009. The "Valuation System Maintenance" special fund provides funding for the Assessor's Office to identify and carry out maintenance on the department's Property Valuation System (computer application) to maximize its functionality and bring it in line with the Assessor's current business processes. Funds are paid to an IT consultant (Software Synergy) based on the number of hours worked.

Remission of Taxes Fund SPA

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.

The 2009 budget included an appropriation for the Remission of Taxes Fund of \$1,000,000. The 2010 proposed budget includes a \$250,000 reduction (-25%) to the account, as a result of successful defenses of assessments in 2009 against Allright Parking and Valvoline. The increase of \$180,000 in the Professional Services account for projected expenses related to researching and litigating remissions cases will continue the department's increased emphasis on remissions cases, consistent with the Common Council's policy to litigate assessment appeals.

Capital Projects

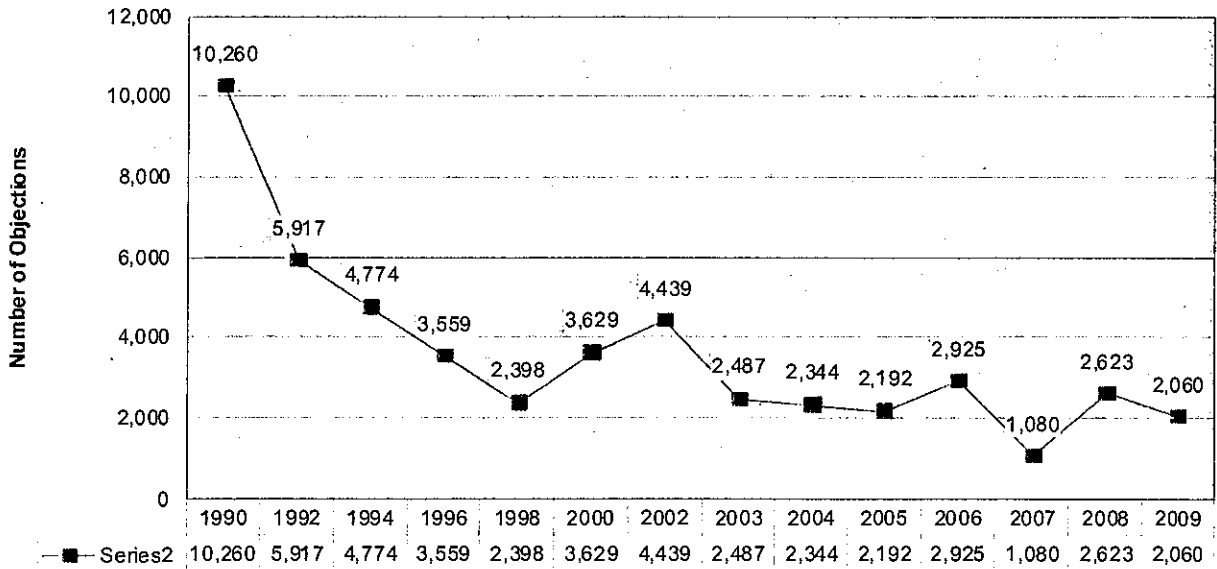
The 2010 Proposed Budget contains no capital project funding for the Assessor’s Office.

Assessment Objections

One of the major functions of the Assessor’s Office is the processing of assessment objections filed with the Board of Assessors and Board of Review. The 2009 revaluations generated 2,060 objections, a 21.5% decrease from the 2,623 objections filed in 2008.

The number of objections 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. The decrease in the number of objections in 2009, as the following chart indicates, has been headed in a generally downward direction for the past 2 decades, suggesting greater property-owner satisfaction with the property valuations generated by the Assessor’s Office. The change to an annual revaluation process in 2003 has been a major contributor to the reduction in objections, since, by nature, more frequent revaluations mean less dramatic changes in assessments. The decision to suspend revaluations for 2010 could result in an increase in objections.

**Assessment Objections
1990-2009 Revaluation Cycles**



The Assessor’s Office attributes the variance in recent years to the wide range of property valuation changes resulting from recent volatility in the local housing market.

Fair Share Payment in Lieu of Taxes Program

On December 21, 2004, the Common Council passed File Number 041042, an ordinance creating the "Fair Share Payment in Lieu of Taxes Program" (or "PILOT"). Under this program, which is administered by the Commissioner of Assessments, the City seeks voluntary payments from owners of tax-exempt properties in recognition of the services those properties receive from the City. The Commissioner approaches a property owner about the possibility of making a PILOT whenever the owner applies for property tax exemption or whenever the Department of City Development notifies the Commissioner that the owner has demonstrated intent to expand, improve, replace or acquire a facility. The PILOT ordinance also directs the Commissioner of Assessments to develop, implement and continuously maintain a campaign to create awareness of the PILOT program among current and potential owners of tax-exempt properties. There were no new PILOTs for 2009.

Historical Information

1. Between 2000 and 2005, the number of department employees decreased by 15 positions, from 71 to 56. The number of authorized personnel increased to 60 by 2007.
2. From 2001 through 2009, the Assessor's Office had no capital improvement projects.
3. 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.
4. 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.
5. Generally speaking, the number of assessment objections has been steadily declining for the past 20 years. The number of objections fell from 12,270 in 1988 to 2,623 in 2008.

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