

ASSESSOR'S OFFICE 2007 PROPOSED BUDGET

Executive Summary

1. The 2007 Proposed Budget for the Assessor's Office is \$4,776,668, an increase of \$122,025 (or 2.6%) from the 2006 Budget. (page 1)
2. The 2007 Proposed Budget provides funding for 48.55 O&M full-time equivalents, the same level as provided in 2006. However, the number of positions increases from 58 to 60 as a result of budgeting for 2 additional, unfunded Board of Review members. (page 2)
3. The department's operating expenditures are being increased by 2.9% for 2007. The biggest change is occurring in the Non-Vehicle Equipment Rental category (i.e., copy machine rental), which is increasing by nearly 32% to reflect actual 2005 expenditures. (page 3)
4. The 2007 Proposed Budget includes 2 new special funds for the Assessor's Office. The first is \$25,000 to develop "Open Book online forms," a pilot project that will enable Assessor's staff to use an Internet browser to enter information about assessment objections filed during the 3-week "Open Book" period into a database. The second special fund, titled "Replace Obsolete Hardware," would provide \$30,000 to replace half of the microcomputers in the Assessor's Office. (page 3)
5. The 2007 Proposed Budget provides \$500,000 for the Remission of Taxes Fund special purpose account, the same amount budgeted for 2006. (pages 3 and 4)
6. In 2006, for the first time in 4 years, the number of assessment objections increased, climbing 33% from the 2005 level. However, in historical context, the 2,925 objections filed in 2006 is still a relatively small number. (pages 4 and 5)
7. The department's public information and education function continues to be well-received in the community. The number of queries on the department's web site is projected to reach 1.5 million both this year and in 2007. (pages 5 and 6)
8. The Assessor's Office oversees administration of the City's the "Fair Share Payment in Lieu of Taxes Program". The City will receive about \$321,000 in PILOTs in 2006, including over \$28,000 from new PILOTs. For 2007, 5 new PILOTs are projected to produce payments exceeding \$34,000. (page 6)
9. The department's projected 2007 revenues are \$425,000, a decrease of \$25,000 (-5.6%) from the 2006 Budget. All revenues come from the department's inspection/appraisal service charge. (page 7)

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2007 PROPOSED BUDGET – ASSESSOR’S OFFICE
Summary by Legislative Reference Bureau – Research & Analysis Section

Expense Category	2005 Actual	2006 Budget	% Change	2007 Proposed	% Change
Personnel Costs	\$4,310,427	\$4,295,893	-0.3%	\$4,401,168	2.5%
Operating Expend.	\$264,967	\$236,750	-10.6%	\$243,500	2.9%
Equipment Purch.	\$0	\$0	0	\$0	0
Special Funds	\$118,840	\$122,000	2.7%	\$132,000	8.2%
TOTAL	\$4,694,234	\$4,654,643	-0.8%	\$4,776,668	2.6%
Capital	\$0	\$0	0	\$0	0
Positions	56	58	+2	60	+2

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, 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.

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 58 in the 2006 Budget, but those 2 additional positions are unfilled Board of Review positions.
2. From 2001 through 2006, the Assessor’s Office had no capital improvement projects.
3. The 2002 Budget provided \$103,340 for three Property Appraiser auxiliary positions to reduce the backlog of appeals of commercial assessments.

4. 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.
5. 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.
6. The department's major 2005 Budget initiative was the creation of a service charge for its inspections and appraisals of new construction, remodeling and additions. This charge allows the City to recover costs associated with providing these services. Actual 2005 revenues were approximately \$388,000. Estimated revenues for 2006 are \$450,000.
7. With the exceptions of 2000 and 2002, the number of assessment objections has steadily declined since 1988. The number of objections fell from 12,270 in that year to 2,192 in 2005.

2007 BUDGET HIGHLIGHTS AND ISSUES

Personnel

1. The number of Assessor's Office positions increases by 2 for 2007, from 58 to 60. However, full-time equivalent positions are unchanged, at 48.55.
2. The increase in positions is attributable to the addition of 2 Board of Review members, bringing the number of Board members to the 9 positions authorized by the Code of Ordinances. However, only 7 positions are funded for 2007 (hence the unchanged FTEs); the Assessor's Office believes this is a realistic projection of the number of individuals that are actually likely to serve on the Board in 2007.
3. In 2007, one Property Appraiser (pay range 536) will become a Senior Property Appraiser (pay range 588). This reflects the fact that one of the department's 5 Property Appraisers has acquired the experience and qualifications needed to become a Senior Property Appraiser. All Property Appraisers are underfills of the Senior Property Appraiser position.
4. For 2007, the department's Network Administrator position (salary grade 8) is proposed for reclassification to Network Manager (salary grade 10). This reclassification is intended to reflect additional duties and responsibilities for the position and the critical role it plays in supporting the department's on-site and remote file servers.

4. Total personnel costs in the 2007 Proposed Budget (\$4,401,168) are \$105,275 (2.5%) higher than the comparable 2006 figure. This increase is largely the result of higher fringe benefit costs and a reduction in the personnel cost adjustment from the 2006 level.

Operating Budget

1. The 2007 Proposed Budget provides \$243,500 for Operating Expenditures, an increase of \$6,750 (2.9%) from the 2006 Budget.
2. The biggest change in Operating Expenditures is occurring in the Non-Vehicle Equipment Rental category (which primarily funds copy machine rental). Expenditures for this line item are being increased from \$15,700 to \$20,700 (31.8%) to reflect actual 2005 expenditures. On the savings side, Vehicle Rental expenditures are being reduced from \$37,000 to \$33,000 (-10.8%).

Special Funds

The Proposed 2007 Budget includes \$132,000 for 3 special funds, 2 of which are new for 2007. The first of the new special funds is \$25,000 to develop "Open Book online forms". This money would be used to purchase software and outside consultant services for a pilot project to determine the feasibility of providing online Assessor's Office forms over the Internet. The pilot project would enable Assessor's Office personnel to use an Internet browser to enter information about assessment objections filed during the 3-week "Open Book" period into a new electronic database. Presently, records from the Open Book period are maintained in paper form only, making it difficult to analyze the data or determine locate contact information.

The other new special fund is titled "Replace Obsolete Hardware". It provides \$30,000 to replace half of the microcomputers in the Assessor's Office. It covers the costs of hardware, operating systems and office application suites. The last department-wide replacement of microcomputers occurred in 1997. The Assessor's Office anticipates replacing the remainder of its microcomputers in 2008.

The third special fund is \$77,000 for the "State Manufacturing Assessment Payment. This is the same amount that was budgeted for 2006. This fund is used to comply with a statutory mandate that requires municipalities to reimburse the Wisconsin Department of Revenue for 50% of its costs of assessing manufacturing property.

Capital Projects

The Proposed 2007 Budget contains no capital project funding for the Assessor's Office.

Remission of Taxes Fund

The Proposed 2007 Budget provides \$500,000 for the Remission of Taxes Fund special purpose account, the same amount provided in the 2005 and 2006 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 or industrial properties. Appropriations from the Common Council Contingent Fund have been used to make up shortfalls in this Fund. In 2005, expenditures from the Remission of Taxes Fund totaled \$904,882, far in excess of the \$500,000 budget. In September, 2005, the Common Council adopted a resolution appropriating \$500,000 from the Contingent Fund to make up the shortfall.

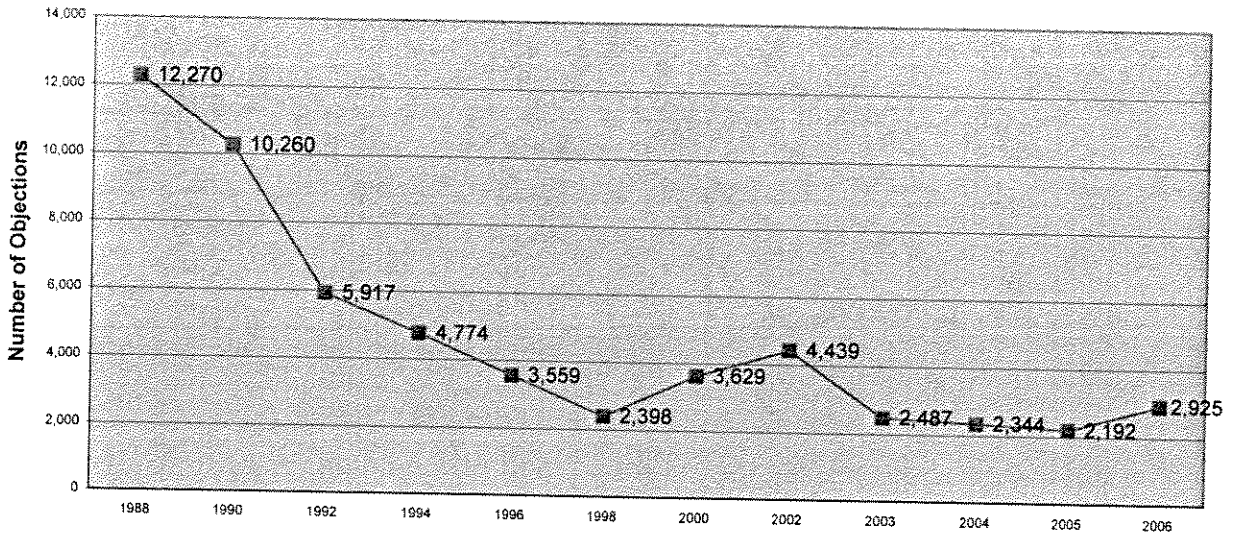
For 2006, the situation is much the same. Year-to-date expenditures from the Fund totaled \$1,028,220 as of September 6, with \$179,664 remaining in the account. The bulk of this year's expenditures were used for refunds to 2 owners of manufacturing properties who were successful in appealing their assessment classifications to the State Tax Appeals Commission. In March, the Common Council adopted a resolution appropriating \$700,000 from the Common Council Contingent Fund to the Remission of Taxes Fund for the purpose of providing the money necessary for these 2 refunds.

Notwithstanding the experience of recent years, the Assessor's Office believes that funding shortfalls in the Remission of Taxes Fund may become less common in the future. This year's large outlay was primarily for changes to manufacturing assessments dating back to 1999. But the backlog of assessment appeals awaiting action by the Board of Review is now minimal. In addition, the State Tax Appeals Commission is current in processing its caseload.

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 2006 revaluations generated 2,925 objections, a 33.4% increase from the 2,192 objections filed in 2005. 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. As the following chart indicates, the number of appeals 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.

**Assessment Objections
1988-2006 Revaluation Cycles**



The smaller number of objections is one benefit of the change to an annual revaluation process in 2003. The declining number of objections has also helped the department reduce the backlog of appeals cases. As of September 1, 1999 (68.3%) of this year's 2,925 assessment objections have already been processed by the Board of Assessors. The dispositions of these cases were as follows:

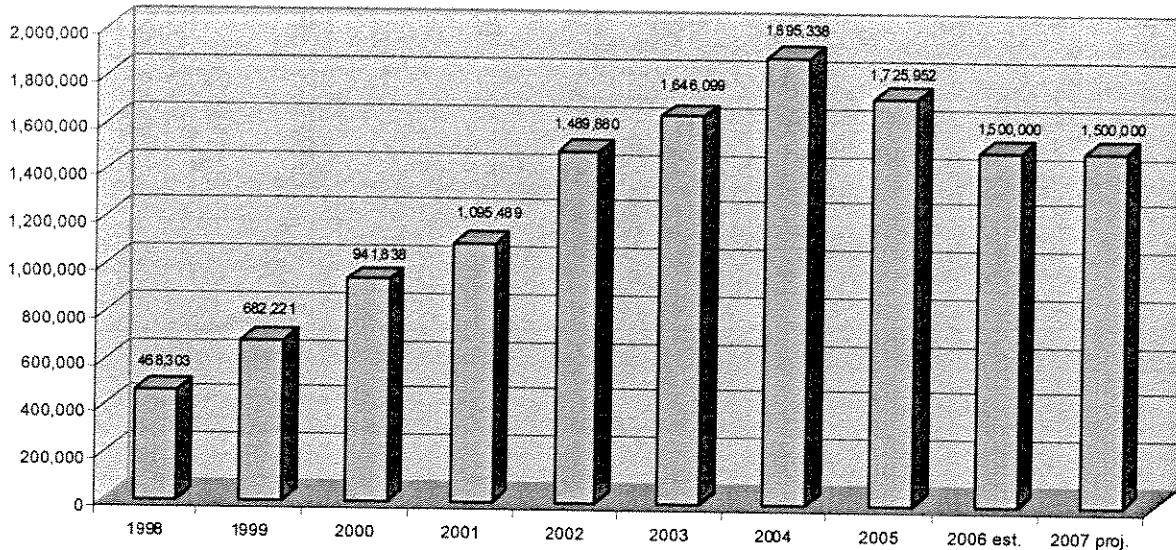
Assessment sustained	1,007
Assessment lowered	953
<u>Assessment increased</u>	<u>39</u>
TOTAL	1,999

Of the 1,999 decisions rendered by the Board of Assessors, only 159 (5.4% of all 2006 objections) have been appealed to the Board of Review. In 2005, the Board of Review heard 243 assessment appeals.

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. As the following chart shows, the Assessor's Office web site continues to be popular with the public. However, growth in the number of queries has leveled off in recent years. This may be a reflection of market demand for this service reaching the "saturation point," as well as the fact that property and assessment data have become increasingly available elsewhere on the City's web site (e.g., Map Milwaukee, COMPASS and My Milwaukee Home).

Number of Queries on Assessor's Office Web Page



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.

The Comptroller's Office estimates that the City will receive about \$321,000 in PILOTs in 2006 (not including payments from the Water Works, Parking Fund and Housing Authority). According to the Assessor's Office, the 3 PILOTs that are new for 2006 total \$28,125. The 5 new PILOTs payable for 2007 will total \$34,319. In addition, Columbia/St. Mary's will be making a \$500,000 contribution to the City for a program to reduce Milwaukee's infant mortality rate and to reduce health disparities between racial groups. Columbia/St. Mary's aside, the properties for which PILOTs are being paid are primarily churches and low-income housing developments; the city's major tax-exempt property owners (namely, health care systems and colleges/universities) continue to be reluctant to make PILOTs.

Departmental Revenues

The 2007 Proposed Budget projects that the Assessor's Office will receive \$425,000 in revenues, a decrease of \$25,000 (-5.6%) from the amount budgeted for 2006. All of the department's revenues come from the inspection/appraisal service charge. The decrease for 2007 is intended to reflect the amount of inspection/appraisal service charge revenues actually received in 2005.

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