



February 23, 2004

TO: Honorable Members of Wisconsin Legislature

FROM: Edward J. Huck, Director, Wisconsin Alliance of Cities, and Curt Witynski, Assistant Director, League of Wisconsin Municipalities.

RE: Columbus Park Legislation

Background: A recent Wisconsin Supreme Court decision, *Columbus Park v. City of Kenosha*, upheld Kenosha's decision to tax housing leased to persons by tax-exempt benevolent organizations. As a result, across the state many rental-housing facilities owned by benevolent organizations that were considered tax-exempt no longer qualify for that status.

Assessors are required to include these properties on the tax roll for 2004.

This ruling affects a wide range of properties including non-profits that provide housing to low-income individuals and thus play an important role in our cities' and villages' efforts to ensure affordable housing for all families. There is concern that some facilities would not have the cash flow to pay toward property taxes. While many tenants would qualify for the new homestead income tax credit, there is general consensus that you must address this consequence of the Supreme Court ruling.

However, also included in the ruling are independent living facilities that generally provide housing for affluent seniors. Some of these facilities require residents to pay large endowments as high as \$200,000. *The League and the Alliance have advocated for many years for the legislator to remedy this tax injustice.*

Goals of the League and the Alliance:

Support a legislative solution with the following components:

- Invoke a moratorium for the tax years of 2004 and 2005.
- Create a Legislative Council Committee this year to report to the Legislature in early 2005.
- Effective December 31, 2005, create a safety net by exempting non-profit facilities that provide housing to low-income persons from property taxes.

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Income standards: Income standards for the tax-exempt housing facilities for 2006 and thereafter should not be greater than the limits for thousands of low-income homeowners and renters in other facilities.

It is indeed a challenge to you, our state legislators, to find a temporary solution in such a short period of time. Our organizations commit our efforts in helping you find a temporary pause to reflect in what we hope is new tax policy that protects Wisconsin's low-income residents.