

## Glossary of Terms

### (Property Assessment Process Guide for Municipal Officials Wisconsin Department of Revenue)

**1. Ad valorem tax** – in reference to property, a tax based upon the value of the property.

**2. Appraiser** – generically, an appraiser is one who estimates value. Appraisers specialize in many areas including mortgage financing, investment analysis, and insurance. These are typically designated as the purpose of the appraisal. Individuals who conduct appraisals that involve federally related transactions must be licensed or certified by the Wisconsin Department of Regulation and Licensing. If an individual is engaged in the property assessment function for the purpose of taxation (see assessor), the individual must obtain certification from the Wisconsin DOR. The act of appraising property then is part of the assessment process. (Other parts include the administration of the exemption laws, filing summary reports, and providing information to the public.) For the Revaluation Contract portion of this document regarding assessment work performed under sec.70.055 and 70.75, Wis. Stats., the terms assessor and appraiser are used synonymously and can be an individual, a partnership, or a corporate firm responsible for the overall reappraisal function.

**3. Apportionment** – a proportional distribution of the levy of a taxing jurisdiction among municipalities based upon the value of the municipalities or parts of municipalities.

**4. Assessed value** – a dollar amount assigned to the taxable property, both real (by parcel) and personal (by owner), by the assessor for the purpose of taxation. Assessed value is estimated as of January 1 and will apply to the taxes levied at the end of that year. Assessed value is called a primary assessment because a levy is applied directly against it to determine the tax due. Accurate assessed values ensure fairness between properties within the taxing jurisdiction. (see Equalized value for fairness between municipalities).

**5. Assessing** – the act of valuing a property for the purpose of establishing a tax base.

**6. Assessment Board** – a board consisting of (a) hired help and (b) the local assessor who act together to administer the duties of the assessor. An assessment board is created when DOR orders and supervises the work. (Please note that an assessment board and the board of assessors are not the same.)

**7. Assessment district** – an assessor's jurisdiction; it may or may not be an entire tax district. Any subdivision of territory whether whole or part of a municipality where a separate assessment of taxable property is made. Such districts may be referred to as taxing districts, administrative districts, or special purpose districts. (See sec. 70.08, Wis. Stats.)

#### **8. Assessment level**

a. The relationship between the total assessed value and the equalized value of non-manufacturing property minus corrections for the prior year over and under charges within a municipality-town, village, or city. For example if the assessed value of all the property subject to property tax in the municipality is \$2,700,000 and the equalized value in the municipality is \$3,000,000 then the "assessment level" is said to be 90 percent ( $\$2,700,000/\$3,000,000 = .90$  or 90%).

b. The ratio of the assessed value to the market value of all taxable property within a district (town, village, or city). For example if the assessed value of all the taxable property in Town "A" is \$2,700,000 and the market value of all taxable property in Town "A" is \$3,000,000 then the "assessment level" is said to be 90 percent.

**9. Assessment ratio** – the relationship between the assessed value and the fair market value For example, if the assessment of a parcel which sold for \$150,000 (fair market value) was \$140,000, the assessment ratio is said to be 93% (140,000 divided by 150,000). The difference in the assessment level and the assessment ratio is that the level typically refers to the taxation district; the ratio refers to the individual parcel. The assessment ratio does not apply to agricultural lands, agricultural forest, or undeveloped lands.

**10. Assessment** – see Assessed value.

**11. Assessment roll** – the official listing of all properties within a given municipality (town, village, city) by ownership, description, and location showing the corresponding assessed values for each. The completed assessment roll is an official listing which contains owners and legal descriptions of all real estate parcels and items of personal property within a taxation district, acreages of most parcels, the statutory classification and assessed value, according to land and improvements, of general taxable parcels.

**12. Assessment year** – the period of time during which the assessment of all properties within a given assessment district must be completed; the period between tax lien dates.

**13. Assessor** – an assessor is the official responsible for appraising all property within an assessment district and signing an affidavit to its correctness. The assessor values all taxable property to determine the share of the levy that each parcel will bear. The assessor also determines which property is exempt from the property tax. To engage in property assessment work, the assessor must obtain certification from the Wisconsin DOR. DOR keeps certification records on file and is authorized to inform an inquirer if an individual holds a valid credential. In Wisconsin, manufacturing property is assessed by DOR.

**14. Board of Review (BOR)** – a quasi-judicial board charged with the responsibility of raising or lowering assessments proven incorrect as well as correcting any errors in the assessment roll. The BOR consists of a clerk and selected municipal officers (other than the assessor) or citizens. It hears all objections to the amount or valuation of property if objections are made in writing and filed with its clerk prior to adjournment of public hearings. The BOR examines the assessment roll or rolls and corrects all apparent errors in description or computation, adds all omitted property to the assessment roll and determines whether an assessor's valuation is correct from evidence brought before it. The BOR cannot determine exempt or taxable status of property.

**15. CDU rating** – a composite rating of the overall Condition, Desirability and Usefulness of a structure as developed by the Cole-Layer-Trumble Company and it is used nationally as a simple, direct and uniform method of estimating accrued depreciation.

**16. Certified Assessment Evaluator** – a professional designation (CAE) conferred by the International Association of Assessing Officers (IAAO) upon qualifying individuals.

**17. Certified property tax** – an ad valorem property tax where the assessment ratio varies for different property classes. This differs from state to state depending upon state statutes.

**18. Doomsage assessment** – the process of arriving at an assessment from the best information available when the assessor is denied the opportunity to physically inspect a property; making an assessment without actually viewing the property or receiving and/or accepting the taxpayer’s declaration of personal property.

**19. Electronic Computer Exemption Report** – the Electronic Computer Exemption Report was previously known as the Computer Exemption Report. The Computer Exemption Report is an electronically filed report filed by the assessor with DOR by the second Monday in June. Amended filings can be submitted through September 1st. This report provides the value of all exempt computer and peripheral equipment, as its true cash value.

**20. Equalized value** – the estimated value of all taxable real and personal property in each taxation district, by class, as of January 1 and certified by DOR on August 15 of each year. The value represents market value (most probable selling price), except for agricultural property, which is based on its use (ability to generate agricultural income) and agricultural forest and undeveloped lands, which are based on 50 percent of their full value.

**21. Equalization** – the process of establishing the January 1 market value (or use value for agricultural land) by class of real property and item of personal property for each taxation district.

**22. Equated value** – the dollar amount placed on individual parcels of manufacturing property in a taxation district for tax collection purposes. It is calculated by multiplying the market value assessment of the property as determined by DOR times the assessment level of all other property within the taxation district.

**23. Equity** – in reference to property taxes, a condition in which the tax load is distributed fairly (or equitably), based on the concept of uniformity provided in the state constitution (ex: each person’s share of the tax is based on each property’s value compared to the total value of all taxable property). Typically, this would require periodic reviews of the assessments (local revaluations) to account for the constantly changing economic factors impacting property. In practical terms, you have equity in taxes when the assessed value of each property bears the same relationship to market or use value. In reference to value, it is the owner’s financial interest in the property remaining after deducting all liens (including mortgages) and charges against it.

**24. Estimated fair market value** - as found on tax bills – the assessed value of each locally assessed parcel (except those including agricultural land) divided by the entire taxation district’s level of assessment (titled average assessment ratio on the tax bill). This estimate gives the property owner a basis for comparison of their perception of the market vs. what is being used to base their share of taxes on. Since the level of assessment is an average for the taxation district, and there is naturally going to be some variance in the local assessor’s accuracy on every parcel. Minor differences between the estimated fair market value and the property owner’s opinion of value shouldn’t raise concern. Large differences require further investigation.

**25. Exempt property** – see Tax exemption

**26. Expert help** – is employed when the governing body of a municipality not subject to assessment by a

county assessor determines it is in the public interest to appoint such help to aid in making the assessments in order that they may be equitably made and in compliance with the law. The expert help may be a private firm or person, or an employee of DOR.

**27. Fair market value** – synonymous with a property’s full value, market value or – in the case of personal property – true cash value. Fair market value is "the amount the property will sell for in an arms-length transaction on the open market between a willing seller not obliged to sell the property and a willing buyer not obliged to purchase it." *Waste Management v. Kenosha County Review Board* 184 Wis. 2nd 541, (1994).

**28. Field crew** – the total staff assigned to a specific appraisal project, including data collectors, reviewers, staff appraisers, clerical and administrative supporting personnel.

**29. Forest croplands** – land taxes at a set amount per acre, must contain at least 40 or more acres, is more suitable for the growing of timber than for other purposes, assessed by the local assessor, subject to review under Chapter 70 and is open to the public for hunting and fishing.

**30. Fractional assessment** – when the assessment is made at some percentage of the full value as determined by policy by the government

**31. Full value** –

a. Throughout this manual this term means the value at 100% of the value standard. This is the value that should be applied in assessing the property per Wisconsin statutes, see pages 7-6 and 7-7.

b. The same as equalized value, however is often used when referring to the value of school and special districts

32. General property tax - the following elements must be present –

a. A dollar amount of levy

b. Total assessed values of individual properties (parcels of real property/personal property items); and

c. Uniform rate of taxation within the same common area is to be applied to all taxable real and personal property within that area.

**33. Improvement** – an addition to raw land intended to increase the value. Examples include buildings, structures, and attachments or annexations to land that are intended to remain so attached or annexed, such as sidewalks, trees, drives, tunnels, drains, and sewers.

**34. Inequity** – see Equity

**35. Land value maps** – a map used in conjunction with mass appraising, generally drawn to small scale and showing comparative unit land values, on a block to block basis.

**36. Level of assessment** – see Assessment level

**37. Levy** – the amount of tax imposed by a taxation jurisdiction or government unit

**38. Lien** – a charge against property whereby the property is made the security for the payment of a debt

**39. Market value** – the definition of market value is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests
- c. A reasonable time is allowed for exposure in the open market
- d. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto
- e. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale

**40. Mass appraisal** – the process of valuing a universe of properties, as of a specified date, utilizing standard methodology, using common data and allowing for statistical testing.

**41. Mass appraisal model** – a mathematical formula or equation reflecting how supply and demand factors interact on a market level

**42. Mill rate** – a mill is one-thousandth of one dollar. Tax rates are often expressed in mills per dollar  
Example: Tax = \$3,000 Taxable assessed value = \$100,000  
Mill rate =  $3,000/100,000 = 0.03$  of a dollar per dollar of taxable assessed value

**43. Municipal Assessment Report** – the Municipal Assessment Report was previously known as the Assessor's Final Report (AFR). The Municipal Assessment Report is an electronically filed report filed by the assessor with DOR. It can be filed as an "Estimate" (before the BOR), as a "Final" (after the BOR), or as an "Amended" report to make changes to a previously filed "Final" version. This electronic report provides changes in assessed values and reasons for the changes between the prior year's assessed values and the current year's assessed values of the entire taxation district. An estimated or final version of this report must be filed by the second Monday of June.

**44. Notice of assessment** – a written notification to a property owner of the assessed value of certain properties described therein; mandated by law to be given to each property owner following a change in value of the property

**45. Overassessed** – a condition wherein a property is assessed proportionately higher than comparable properties

**46. Parcel identification number (PIN)** – an identification number, assigned to a parcel of land to uniquely identify that parcel from any other parcel within a given taxing jurisdiction

**47. Preferential assessment** – an assessing system providing preferential treatment in the form of reduced rates to a particular class of property, such as a system providing for farm properties to be assessed in accordance to their value in use as opposed to their value in the open market

**48. Property class** – a division of like properties generally defined by statutes and generally based upon their present use. The basis for establishing assessment ratios in a classified property assessment system.

**49. Property record card** – a document specially designated to record and process specified property data; may serve as a source document, a processing form; and/or a permanent property record

**50. Real Estate Transfer Return** – the form required to be filed with the register of deeds by the grantor when recording real estate which has been conveyed to a different entity. The form's primary use is for the assessor to use in implementing the uniformity provision Article VIII of the State Constitution. Among other things, the form documents the property transferred, the grantor, grantee and the value placed on the property.

**51. Reassessment** – the revaluation of all properties within a given jurisdiction for the purpose of establishing a new tax base. This is the redoing of the existing assessment roll because of substantial inequities. All the property of the district is viewed, valued, and placed in the new assessment roll, which is then substituted for the original roll. When a written complaint is made to DOR by the owners of 5 percent or more of the assessed valuation of the property within a municipality stating that the assessment of property in the municipality is not in substantial compliance with the law and that the interest of the public would be promoted by a reassessment, DOR can order such actual doing over of the assessment roll (reassessment) of all or part of the taxable property in municipality.

**52. Revaluation** – placing new values on all taxable property for the purpose of a new assessment. The previous year's assessment roll is not affected. The term is often used in conjunction with sec. 70.055, Wis. Stats., where expert help can be hired to work with the assessor in revaluing the district.

**53. Sales ratio study** – statistical analysis of the distribution of assessment or appraisal-to-sale ratios of a sample of recent sales made for the purpose of drawing inferences regarding the entire population of parcels from which the sample was abstracted

**54. Statutory value** – the value of taxable property in a municipality at the value standard for each class as prescribed in Chapter 70, Wis. Stats. Residential, Commercial, Manufacturing, Forest and the Other classes are assessed at fair market value. Personal Property is assessed at its true cash value. Ag-Forest and Undeveloped classes are assessed at 50 percent of their full value. Agricultural land is assessed at its use value.

**55. Tax bill** – an itemized statement showing the amount of taxes owed for certain property described therein and forwardable to the party or parties legally liable for payment thereof.

**56. Tax exemption** – either total or partial freedom from taxation granted by specific state statute.

**57. Tax Increment District Assessment Report** – the TID Assessment Report was previously known as Tax Incremental Assessor’s Final Report (TID AFR). The TID Assessment Report is an electronically filed report filed by the assessor with the DOR. Like the Municipal Assessment Report, the TID Assessment Report can be filed as an "Estimate" (before BOR), as a "Final" (after BOR), or as an "Amended" report. Amended reports make changes to a previously filed “Final” version. This electronic report provides the total assessed value of all locally assessed property in each Tax Increment District, by School District , Union High District (if any), and Special District. An estimated or final version of this report must be filed by the second Monday of June.

**58. Tax Incremental Financing District** – a contiguous geographic area, within a city or village defined and created by resolution of the local legislative body. It is targeted toward eliminating blighted areas, rehabilitating areas declining in value, and/or promoting industrial development. The taxes generated due to value increase are used to pay for TIF eligible projects such as public improvements.

**59. Tax levy** – in reference to property taxes, the total revenue realized by the tax.

**60. Tax mapping** – the creation of accurate representations of property boundary lines at appropriate scales to provide a graphic inventory of parcels for use in accounting, appraising and assessing. Such maps show dimensions and the relative size and location of each tract with respect to other tracts. Also known as assessment maps and cadastral maps.

**61. Tax rate** – the rate generally expressed in dollars per hundred or dollars per thousand (mills) applied against the tax base (assessed value) to compute the amount of taxes. The tax rate is derived by dividing the total amount of the tax levy by the total assessed value of the taxing district. It is synonymous with levy rate.

**62. Tax roll** – the official list showing the amount of taxes, special assessments, and charges levied against each parcel and item of personal property in the municipality.

**63. Tax sale** – the sale of a taxpayer’s property to collect delinquent taxes from the proceeds of the sale when the taxpayer has failed to redeem it within the statutory period.

**64. Taxation** – the right of government to tax property to support the government.

**65. Taxation district** – a town, village, or city. If a city or village lies in more than one county, that portion of the city or village which lies in each county (see sec. 74.01(6), Wis. Stats.)

**66. Taxation jurisdiction** – an entity which is authorized by law to levy taxes on general property which is located within its boundaries (see sec. 74.01(7), Wis. Stats.). In addition to towns, villages and cities, this includes school districts, sewerage districts and lake rehabilitation districts, for example.

**67. True cash value** – the statutory reference to the market value of personal property (sec. 70.34, Wis. Stats.)

**68. Uniformity** – the constitutional requirement that the taxable property must bear its proportionate share of ad valorem basis taxes. As applied to assessing, a condition wherein all properties are assessed at the same ratio to market value, or other standard of value depending upon the particular assessing practices. Following a 1974 amendment to the constitution, agricultural land may be non-uniform with other property, but must be uniform within its class. The standard for value for agricultural property is its value in use.

**69. Use value** – the value a specific property has for a specific use. Beginning in 2000, agricultural property is assessed according to its use as farmland instead of its market value as indicated by sales. The guideline values are based on 5-year average income and expense data modified by the tax rate in each taxation district in the state.

**70. Use value assessment** – an assessment based on the value of the property as it is currently used, not its market value. This only applies to agricultural land. The guidelines for the use values are based on administrative rules, and developed by DOR staff serving as support for the Farmland Advisory Council who adopts the values.

**71. Value standard** – the basis for the methods used in estimating values for the equalized or assessed values. There are two basic values used in the process, the market value ('full value' for real property and 'true cash value' for personal property), which is the basis for value of all property except agricultural land. The market value is based on the most probable selling price of the property. Agricultural land, as defined by administrative rule, is based on a valuation standard which analyzes the ability to generate income as it is currently being used, hence 'use value.'

**72. Woodland tax lands** – land taxes at a set amount per acre, containing at least 10 acres but less than the acreage required for forest croplands, located outside villages and cities, void of an improvement having assessed value in itself and more suitable for the growing of timber than for other purposes