# Village of Fall Creek

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RE: Property Reassessment

I know that each of you recently received a letter from Prochnow Assessing regarding property revaluations. There have been a lot of questions so I thought I would try to answer some of those questions today, hopefully put to rest some misinformation on the way a revaluation impacts taxes.

Learning that the assessor is doing a revaluation has caused some folks to jump to the conclusion that the Village is trying to tax them more. That is simply not true. Our decision to revalue your property is governed by Wisconsin Department of Revenue, and the intent is to simply ensure every property owner pays his or her fair share.

Taxation is controlled through spending restraint and levy limits governed by Wisconsin State Statutes. Generally speaking, if the budget and associated levy amount adopted does not rise, your tax bills will not either. If your property has appreciated in value compared to the other properties in Fall Creek, then yes, your tax bill probably will go up based on the fair market and current value of your property. Conversely, if your property has not appreciated relative to other properties in Fall Creek, you will see a reduction in your tax bill.

All real and personal property within the Village of Fall Creek has been revalued with the assistance of Prochnow Assessing. The Village's assessment ratio is coming out of compliance with State Statutes, requiring a revaluation to be performed. The law requires each municipality to be within 10% of the Market Value once every 5 years. The last time the Village's assessment ratio was within 10% of market value was in 2019.

The book revaluation was conducted in accordance with the standards developed by the Wisconsin Department of Revenue (DOR). The revaluation program has but one aim: to equalize the tax base for all real and personal property on the basis of fair market value as of January 1, 2023. The aim is not to raise your tax bill but rather to be sure each property owner pays his/her fair share using the facts obtained during the revaluation.

Under State Statutes, the assessor's values are assumed correct unless proven otherwise, which places the burden on the taxpayer. If you are not satisfied with your new assessed value, the time for you to voice your concerns is during Open Book.

I've attached a list of the most common questions raised during a revaluation and they help to explain the process, its necessity, and the result of a community wide revaluation. Please feel free to call on the assessor, your village staff or your elected Board members if you have questions or concerns. We are all in this together. Thanks for your anticipated cooperation in this Village wide effort.

Jared McKee

Jared McKee
Village of Fall Creek
Administrator/Public Works Director

**COMMON QUESTIONS REGARDING PROPERTY ASSESSMENT**

**Q1. What is open book?**

**A1.** Open book is a conference with an assessor to discuss the value of your property. You have until 48 hours before Board of Review to contact the assessor about your new value. Open book will be held on April 13 from 2:30 - 4 :30 pm at the Village Hall located at 122 E Lincoln Fall Creek WI. If after reviewing your information with the assessor you are still not satisfied with your new assessed value as it compares to other properties in Fall Creek, your next step is to file an objection to be heard at the Board of Review.

**Q2. What is Board of Review?**

**A2**. Board of Review functions like court and is required to evaluate evidence based on facts. You or your representative must provide factual evidence that your property is inequitably assessed. The burden of proof is solely on the taxpayer. The assessor's value is presumed correct by state law until proven otherwise.

Please attend the Open Board prior to making an appointment for Board of Review. The 2023 Board of Review date is May 31 from 5:00 – 7:00 pm at the Village Hall. All original signed paper Objection Forms must be submitted to the Clerk no later than 48 hours prior to Board of Review.

**Q3. How will the new assessment affect my taxes?**

**A3**. By itself, a reassessment does not increase or decrease tax revenue; it merely redistributes the total tax burden more fairly. Some owners will see increases while others will see decreases. The amount of total taxes collected will remain the same unless budgets are changed. Reassessment itself is revenue neutral. The revaluation does not change the total amount of taxes collected by the Village but increases the total assessed value of the total tax base of which the total tax dollars are divided into to create the mill rate. Revaluation typically causes a reduction in the mill rate. Any significant changes in tax liabilities will be due to improvements to properties which were not reassessed after a construction project or a substantial loss in value to a property.

**Q4. What does revaluation really mean?**

**A4.** It means that the Village of Fall Creek will make a present day, full market assessment of your property. In other words, if your property would sell for $100,000 at the present time, this amount would approximate your new assessment.

**Q5. Why is this revaluation necessary?**

**A5.** State Statutes require municipalities to be within 10% of full market value at least once within a five-year period. The Village has been outside that range and out of compliance for 4 years. A revaluation is done to bring assessments closer to 100% of full market value. The last time there was a Village wide revaluation was in 2017.

**Q6. Will this revaluation automatically increase my taxes?**

**A6.** Not necessarily. Only the property owners who are not presently paying their fair share of the tax burden will pay more taxes. Property owners paying more than their full share of taxes at this time will pay less.

**Q7. Do all assessments change at the same rate?**

**A7.** No. Several factors can affect the rate of change such as location, style of property, age, condition, etc.

**Q8. If the new assessments are made at full value, won't this raise taxes?**

**A8.** No, this will not raise the total amount of taxes levied on property in the Village of Fall Creek. With the total of all the assessments in the Village increasing, the tax rate will be reduced by the same percentage to generate the same tax dollars.

**Q9. What did I just receive in the mail?**

**A9.** Each property owner was mailed a notice of their property's assessment, called the Notice of Assessment. The notice listed your current property value and your new property value.

**Q10. Will I have a chance to discuss this new assessment with someone if I feel that it is too high?**

**A10.** Yes, on the same notice you received informing you of your new assessment, the date and time was indicated when you will be able to appear at an informal hearing (Open Book) to discuss whatever questions you may have regarding your property.

**Q11. At the Open Book, will I be able to discuss my property with someone in private?**

A11. Yes, all conferences will be in private.

**Q12. Will I be able to compare my property with similar types?**

**A12.** Yes, we encourage this comparison. It is one of the basic criteria used to arrive at a fair assessment. The assessment roll is always open for inspection.

**Q13. What if, after Open Book, I am still dissatisfied with my assessment?**

**A13.** The formal Board of Review will be held shortly after these conferences. After filing a written petition of objection with the Municipal Clerk at least 48 hours in advance of the Board of Review, you can appear before the Board of Review. In addition, you must complete the Objection to Real Property Assessment and file it with the Municipal Clerk prior to or within the first two hours of the Board of Review's first scheduled hearing. At the Board of Review you will give testimony and have the Board decide whether or not your assessment is fair.

**Q14. What if I am still not satisfied?**

**A14.** You can then appeal the decision to the Circuit Court.

**Q15. When will we be billed on the basis of the new assessment?**

**A15**. The tax bill you receive in December 2023 will be based on the new assessment.

# Reassessment – a tale of three cities

*When taxpayers learn of an assessment increase, they usually fear a tax hike. As this tale suggests, the fear may be unfounded.*

It was assessment time in Winken, Blinken and Nod, three tiny cities of limited means. Each had only two homes; each valued at $40,000. Assessment news traveled fast, and even small increases caused concern.

### Winken: Assessments Rise; Taxes Don't

In Winken, where assessments had more than doubled, the reaction of one woman was typical: "What will I do? My assessment went up 150%. They say my $40,000 house is now worth $100,000. I can't afford a 150% tax increase!" "Balderdash," bellowed a deep voice. "Your taxes won't change a dime." A small, stout gnome appeared from behind a stump. He began to draw as he explained:
"Winken only has two houses, each assessed at $40,000. The city's total assessed value is $80,000."



| | You | | Neighbor | | Winken Total |
|---|---|---|---|---|---|
| Assessment | $40,000 | + | $40,000 | = | $80,000 |
| | 50% | | 50% | | 100% |

"Last year, total property taxes levied – or charged – in Winken were $4,000. Your home was half ($40,000 / $80,000) the city's assessed value. So you paid half the taxes, or $2000. Your share of Winken's assessed value is your share of the total tax bill." The gnome wrote:

| | | | | | |
|---|---|---|---|---|---|
| Taxes | $2,000 | + | $2,000 | = | $4,000 |
| | 50% | | 50% | | 100% |

"But our assessment jumped 150%. My house and my neighbor's are now valued at $100,000. We're going to get killed when tax bills come out in December," she cried. A look of disbelief crossed the gnome's face. He hurriedly began to sketch and talk, only this time, the houses were bigger…
"Your house is assessed at $100,000, just like your neighbor's. Winken's total assessed value is now $200,000. Your assessment went up 150%; your neighbor's went up 150%; Winken's total rose to 150%."



| | You | | Neighbor | | Winken Total |
|---|---|---|---|---|---|
| Assessment | $100,000 | + | $100,000 | = | $200,000 |
| | 50% | | 50% | | 100% |

"Your home is *still* half ($100,000 / $200,000) of the city's assessed value. You're *still* going to pay half the taxes. The tax levy, the property taxes to be collected, isn't changing; so you'll *still* pay $2,000 – or half of $4,000." He scribbled on his blackboard:

| | | | | | |
|---|---|---|---|---|---|
| Taxes | $2,000 | + | $2,000 | = | $4,000 |
| | 50% | | 50% | | 100% |

The Winken woman looked relieved. "You mean my taxes will stay the same, even though my assessment rose 150%?" "That's right," said the gnome. "The only way your property taxes will rise is if local governments increase their budgets and seek to collect more taxes through their levies."

### Blinken: Assessments Rise; Taxes Rise & Fall

The Winken woman's uncle was visiting from sister-city Blinken. Things were much the same there: two homes each valued at $40,000, each responsible for $2,000, or half the $4,000 in total property taxes. When the gnome asked what had happened to assessments in Blinken, the uncle told him his valuation had doubled to $80,000, and his neighbor's $40,000 home was now assessed at $120,000. "My taxes are going to jump for sure," the uncle exclaimed. The gnome began to talk:

"Like Winken, Blinken's total assessed value grew from $80,000 to $200,000, a 150% increase. Your assessment doubled to $80,000, and your neighbor's tripled to $120,000."



| | You | | Neighbor | | Blinken Total |
|---|---|---|---|---|---|
| Assessment | $80,000 | + | $120,000 | = | $200,000 |
| | 40% | | 60% | | 100% |

"But now your house is only 40% of the total assessed value - $80,000 / $200,000 is 40%. So, your share of Blinken's total value has dropped from 50% to 40%. Your taxes will drop from 50% to 40% of the total."

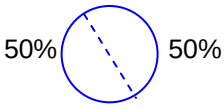
| | | | | | |
|---|---|---|---|---|---|
| Taxes | $1,600 | + | $2,400 | = | $4,000 |
| | 40% | | 60% | | 100% |

The Blinken uncle couldn't believe it – his assessment had doubled and his taxes were falling. The gnome explained, "If the tax levy stays at $4,000, your December tax bill will be $1,600. Your assessment is 40% of Blinken's value; you pay 40% of the taxes."
"Do my neighbor's taxes go down, too?" inquired the uncle. "Nope," said the gnome. "His home is no longer half of Blinken's assessed value; it's now 60%. So, he will have to pay 60% of the levy, of $2,400 in taxes."

## Nod: Spending Affects Taxes

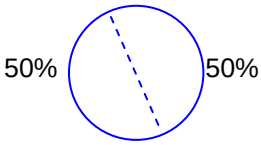
Cousin Naomi breathed a sigh of relief from the other room. Because there had been no assessment change in Nod, she said she was safe from a tax increase. Both homes there were worth $40,000, and a weak real estate market had left home prices flat. The all-knowing gnome couldn't believe his ears. He quickly drew two circles and started chattering again…
"Your home and your neighbor's are both assessed at $40,000. No change. You each represent half of Nod's value; you each pay half the tax levy, whatever it is."

Last Year's Tax
Levy = $4,000




You Pay
$2,000

This Year's Tax
Levy = $4,400




You Pay
$2,200

"Last year, when total taxes were $4,000, you each paid half - $2,000. This December, the tax levy is to rise 10% from $4,000 to $4,400. You'll still pay half – half of $4,400, or $2,200."

Cousin Naomi from Nod looked confused. So, the gnome continued: **"Assessments don't affect how much is going to be *taxed*; Budgets determine that. Assessments only affect how the tax bill is *divided* among the property owners, once the tax levy is set."**

### The Moral of the Story

When assessments rise, tax rates usually drop. But taxpayers don't need to understand tax rate math to know that when assessments change, they should compare their percent rate of increase with the average community increase.

If the change is greater than the average, a tax increase is possible; the owner's property now represents a larger share of total valuation. If the change is the same or less than the average, a tax increase is possible when the total property tax levy is increased. A smaller-than-average assessment increase could even mean a tax cut!

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