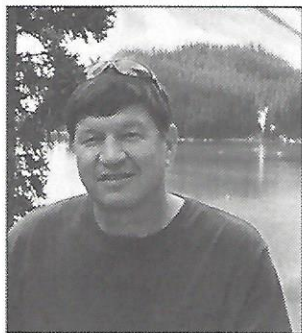


Make Sure Your Land is Properly Classified In Light of Property Tax Revaluation



by Richard Wedepohl

Understanding how your assessor has classified your land, along with knowing how tax rates are determined for various land uses, can save landowners hundreds or thousands of dollars. When is the time to do this? *Now* is the simple answer. Errors can be corrected at any time, and you can always change the way you use your land in ways that will lower your property taxes.

What Does Classification Mean?

Every acre of your property is put into one of eight categories, by your assessor, to determine what tax rates apply to your various land uses. Don't expect to find this information on the property tax bill summary you receive every December.

You need to dig deeper. How your land is classified is shown on your "property tax record" which is available from your assessor or town clerk. Often this information can be found on your county's GIS website as well.

The eight classification categories and how they are taxed is shown in Table 1. Note that there is no classification called "Recreational Land." Landowners have sometimes been told the reason their property tax bill is so high is because it is used for recreational purposes. Apparently some assessors and local officials believe it is a better description of these properties than by describing them as either productive forest or even residential.

As an example, a landowner owns the 40 acres shown in the graphic at the top of the facing page, which is broken down into the various classifications. To come up with the total land value of \$35,000

Table 1: Wisconsin Land Classification Categories

Residential (G1)	Taxed at 100% of Fair Market Value (FMV)
Commercial (G2)	Taxed at 100% of FMV
Manufacturing (G3)	Taxed at 100% of FMV
Agricultural (G4)	Category has the lowest tax rates, defined by use value
Undeveloped (G5)	Taxed at 50% of FMV
Ag-Forest (G5M)	Taxed at 50% of FMV
Productive Forest (G6)	Taxed at 100% of FMV
Other (G70)	Taxed at 100% of FMV

the assessor simply multiplied the number of acres by the associated valuation as shown in Table 2.

Once your property is valued, your tax is determined by multiplying the assessed value times the local community's tax levy. In our example, the town set its rate at \$17.80/\$1,000 of valuation. This can also be expressed as a mill rate of 0.0178. So, the total taxes you'll have to pay on the land you own (not including improvements) is $\$35,000 \times 0.0178 = \623.00 .

What is the Value of Land in My Town?

The Department of Revenue has summarized valuations of land across the state for every municipality and the Wisconsin Alliance of Forest Owners (WAFO) has developed a simple tax application you can use to see how your lands compare with the town average values. Table 3 shows an example of the property tax information that can be found at wafo.org.

Of note is that agricultural land is further broken down into sub-categories based upon soil type. There are three classifications for cropland and another for land that is pastured. The valuation for tax purposes of the different agricultural land grades is set by use-value formula. They are book values that are not based upon the fair market value of the land, unlike those of the other classifications.

The WAFO tax app will provide you with averages for your specific town. To find out how your specific land is classified you can either contact your assessor or town clerk. To find out who your assessor is you can check the Wisconsin De-

partment of Revenue's listing of assessors at revenue.wi.gov/training/assess/assrlist.pdf. You can also find out how your land is classified by visiting your county's land records website, searching for your property and then looking at the detailed classifications.

Common Errors

Often landowners find that the land they have enrolled in a use-value eligible state or federal program, such as CRP, is classified as "undeveloped" and is taxed at a much higher rate than it should be with an "agricultural" classification.

Other problems often found are incorrect classification of woodlands that are located on tax parcels that contain "agricultural" land, such as CRP. Woodlands on these parcels should more correctly be classified as "agricultural forest" and be taxed at 50 percent of fair market value.

MFL lands? Assessors are required to value your MFL lands even though it doesn't affect your taxes. Oftentimes an assessor will incorrectly value your MFL lands as "productive forest" rather than "agricultural forest." Why does this matter? It doesn't unless part of your lands are ever prematurely withdrawn from the MFL and then you'll find your penalty is double what it should have been.

How to Correct Errors

Classifying lands can be challenging and assessors have no easy task. Assessors are required to have all lands classified by use and have valuations associated with them each year. Once valuations are set and landowners are notified of any changes, usually

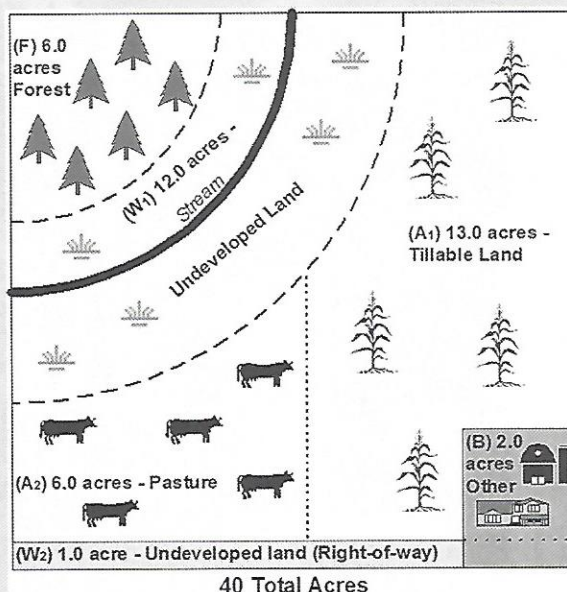
Let's say you own this property and your tax bill comes in December. You'll see that the total value of your land is \$35,000 and that the total value of your improvements is \$150,000. That's all you see. What you don't see, and what's

important to understand, is how your land was classified and valued by your assessor. Let's look more closely to see how the assessor came up with the \$35,000 land value shown on your tax bill.

Agricultural Forest—6 acres valued at \$3,400/acre, (fair market value).

Undeveloped—12 acres wetland; 1 acre right-of-way. Taxed at 50% of market value, valued at \$1,050/acre.

Other—2 acres (other is used for farmsteads, similar to a residential classification). This land is valued at full market value. In this example we use \$4,000/acre.



Agricultural—13 acres of tillable; 6 acres pasture.

This land has a market value of \$4,000 per acre, but it is taxed based on its "use value." Use values are published by the Department of Revenue as guidance for use by assessors. The agricultural cropland is valued at \$150/acre. The pasture is a subset of the Agricultural Use Value tax system. The best cropland has the highest "use value." Pasture land has the lowest use value.

Table 2: Valuation of Example 40-Acre Parcel

How the Property Tax Was Calculated by the Assessor			
Agricultural Forest	6 acres x \$1,700	=	\$10,200
Agricultural (Grade 1)	19 acres x \$150	=	\$2,850
Agricultural (Pasture)	6 acres x \$50	=	\$300
Undeveloped	13 acres x \$1,050	=	\$13,650
Other	2 acres x \$4,000	=	\$8,000
Total Land Value			\$35,000

early in the year, they have an opportunity to contest these determinations.

Each municipality schedules a time, called "open book," where landowners can meet directly with their assessors to review information. However corrections can be made at any time by notifying the assessor directly.

Assessors have a challenging job but if

you can provide them with good information, such as an air-photo showing the different land uses on your property, making corrections can often be done quickly.

If you and your assessor cannot agree then landowners are given an opportunity to contest their assessments by making an appearance before the town's Board of Appeal.

To Learn More

This information was excerpted from a much more detailed publication "A Landowners Guide to Understanding Your Property Tax Bill," available from the Wisconsin Alliance of Forest Owners.

In addition the Wisconsin Department of Revenue has two very good publications describing how rural lands are taxed and how landowners can ensure their property is correctly valued: "Agricultural Assessment Guide for Wisconsin Property Owners" revenue.wi.gov/pubs/slfpb061.pdf and the "Wisconsin Guide for Property Owners," downloadable at revenue.wi.gov/pubs/slfpb060.pdf.

Richard Wedepohl is past Chair of WWOA's Government Affairs Committee. Currently he represents private woodland owners on the Council on Forestry and is a Director of the Wisconsin Alliance of Forest Owners (wafo.org).

Table 3: Average Assessed Values for Example Town

Land Classification	Acres Assessed	Assessed Value Per Acre	Ave. Tax Per Acre	Agricultural Land Sub-Categories	Tax Per Acre
Agricultural	20,707	\$150	\$2.84	Grade 1 Crop	\$3.42
Agricultural Forest	2,984	\$1,500	\$27.07	Grade 2 Crop	\$2.79
Productive Forest	2,649	\$3,400	\$52.12	Grade 3 Crop	\$2.10
Undeveloped	3,004	\$1,050	\$7.63	Pasture	\$0.84