



# John Nygren

WISCONSIN STATE REPRESENTATIVE ★ 89<sup>TH</sup> ASSEMBLY DISTRICT

TO: Honorable Members of the Committee on Urban and Local Affairs

FROM: State Representative John Nygren

DATE: October 15, 2013

SUBJECT: Testimony in Support of AB 415

Thank you Chairman Brooks and members of the Assembly Committee on Urban and Local Affairs for holding a hearing on Assembly Bill 415 today.

The legislation before you today is meant to address concerns that were raised by county officials in my district about state statutes allowing municipalities to collect the costs of razing a dilapidated building.

Currently, municipalities can order the demolition of any building for a number of different reasons. This demolition is called “razing,” and the practice has become common throughout the state, especially as the state continues to dig out from the severe housing market decline.

Under current law, the cost of razing a structure may be charged as a special tax against the land where the structure is located. Counties are required to pay all taxes to local taxing jurisdictions every year, regardless of whether the owner of the real estate pays the tax. In cases where municipalities are charging razing costs as a “tax,” counties are forced to pay both property taxes and razing costs.

The county is often not involved in the decision-making process to raze a structure, nor does the municipality seek the assistance of the county to provide or retain cost-effective razing services. Therefore, razing costs, ranging anywhere from hundreds to tens of thousands of dollars, are left to be paid by residents of the entire county.

Municipalities are responsible for inspecting properties and maintaining safety of structures, and I believe they should also be responsible for costs incurred as a result of their decision to raze a dilapidated property. While most municipalities are not currently passing these costs on to the county, some are, and I feel it is appropriate to address this issue before the practice becomes more prevalent.



# John Nygren

WISCONSIN STATE REPRESENTATIVE ★ 89<sup>TH</sup> ASSEMBLY DISTRICT

Assembly Bill 415 clarifies that municipalities are responsible for the costs of razing properties within their jurisdiction, if the property owner fails to pay. In changing the designation of razing from a special tax to a special charge, counties will have the option of reimbursing the municipality for razing costs when property taxes are not paid. I believe this is a necessary fairness measure that provides counties with more options. Furthermore, with the implementation of this bill, the cost of razing a structure in a single municipality will not be passed to all county residents.

Again, thank you for hearing Assembly Bill 415 today. I would greatly appreciate your support of this measure. Please don't hesitate to contact me with any questions or concerns.

Regards,

John Nygren  
State Representative  
89<sup>th</sup> Assembly District

EXECUTIVE  
*Brown County*



305 E. WALNUT STREET  
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**Troy Streckenbach**

PHONE (920) 448-4001 FAX (920) 448-4003

BROWN COUNTY EXECUTIVE

**To:** Honorable Edward Brooks, Chair  
Committee on Urban and Local Affairs

**FROM:** Troy Streckenbach  
Brown County Executive

**DATE:** October 14, 2013

**RE:** AB415

Dear Chairman Brooks,

On behalf of the Brown County Executive Office please accept my support for AB415, designating razing as a special charge and no longer as a special tax.

Currently municipalities are responsible for placing raze orders on buildings and structures. The cost of razing may be charged as a special tax against the land where it is located. In turn, counties are required to pay the special tax to the municipality, by August 20th, regardless of whether or not the property owner paid the tax. These taxes can cost counties up to tens of thousands of dollars.

Since the county is not involved in the decision making process to raze a structure, nor does the municipality refer to the county for razing services, I feel the county should not be responsible for paying the costs. By designating the razing costs as a special charge, counties will have the option of reimbursing municipalities for razing costs when the property taxes are not paid.

I am respectfully submitting my support of AB415, turning razing from a special tax to a special charge.

Respectively,

A handwritten signature in black ink, appearing to read "Troy Streckenbach".

Troy Streckenbach  
Brown County Executive



## Wisconsin County Treasurers' Association

**TO:** Chairperson Brooks and Members of the Urban and Local Affairs Committee.

**FROM:** Michael V. Schlaak, Calumet County Treasurer

**RE:** AB 415 - Amendment to 66.0413

The purpose of this memo is to support proposed legislation on behalf of the Wisconsin County Treasurer's Association (WCTA) by which a municipality may collect the costs of razing a building/structure from a property owner and to differentiate between a special tax and a special charge. Wisconsin County Treasurers believe the current practice of allowing Municipal governing body's the option to place a raze order on a specific parcel as a tax, (apportioned to all in their municipality) is an inequitable provision.

A *special charge* by definition 74.01(4) "means an amount entered in the tax roll as a charge against real property to compensate for all or part of the costs to a public body (i.e. municipality) of providing services to the property."

A special charge is specific work/costs done to a specific parcel by the public body (municipality). Collecting fees for garbage charges is the most common throughout the State.

A *special tax* by definition 74.01(5) "means any amount entered in the tax roll which is not a general property tax, special assessment, or special charge."

A special tax therefore, can be defined as a "catch all" of those not covered above. However, a *tax* (general property tax) is defined, by 74.01(1) are "taxes levied upon general property and measured by the property's value." By this definition, a tax implies an apportioned levy equally distributed to all property within the public body based upon value.

The costs of the Wisconsin State Patrol Agency is a cost equally distributed to all citizens of the State of Wisconsin based equally upon property value, because all citizens receive the benefit of the Agency's services.

In the case of razing a building, the decision to raze is conducted solely by the public body (municipality). The Raze Order is based upon non-compliance of specific Municipal Code violations, specific to a particular piece, or confined pieces of property. The benefit of a raze order does not impact the entire public body (municipality), but in most case only the singular parcel on which the raze order was conducted.

Assembly Bill 415 would eliminate this loop hole and catch all provision and more accurately and fairly define a *special tax*, (apportioned equally to the entire public body) from a *special charge* (compensation for the costs of services provided to a specific property).

I ask you today to support Assembly Bill 415.

TREASURER  
*Brown County*

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**KERRY M. BLANEY**  
TREASURER

Currently, municipalities may order the razing (demolition) of any building or structure if it is old, dilapidated, out of repair, etc. The cost of razing the structure may be charged as a special tax against the real estate where the structure is located.

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> Counties are required to pay all taxes to local taxing jurisdictions by August 20 each year-regardless of whether the owner of the real estate pays the tax. In cases where municipalities are charging razing costs as a "tax," counties are forced to pay both property taxes and razing costs.

>

> According to county treasurers, razing costs can range from hundreds to tens of thousands of dollars. Moreover, the county is not involved in the decision-making process to raze a structure, nor does the municipality seek the assistance of the county to provide or retain cost-effective razing services. Municipalities are responsible for inspecting properties and maintaining safety of structures, and should also be responsible for costs incurred as a result of their decision to raze a blighted property.

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> Although it is common for the remaining vacant lot to be foreclosed on by the county for delinquent taxes as a result of the large special tax for razing, the sale of the vacant lot does not typically cover the accumulated taxes and razing costs incurred by the county.

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>

> This legislation would change the designation of razing from a special tax to a special charge in order to clarify that municipalities are responsible for the costs of razing properties within their jurisdiction if the property owner does not pay. By designating razing costs as a special charge, as opposed to special tax, counties will have the option, as with all special charges, of reimbursing the municipality for razing costs when property taxes are not paid.

>

> The practice of charging a special tax is becoming more prevalent across the state. This fairness measure is needed to ensure that when a municipality unilaterally decides to raze or demolish a building, that they do not pass the cost on to all county residents.

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> The Wisconsin Counties Association and Wisconsin County Treasurers Association support this measure.

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> If you are interested in cosponsoring this legislation, please contact the office of Representative Nygren (6-2343) or Senator Olsen (6-0751) by 12:00 PM Friday, September 27th.

>

> A copy of the bill draft, which includes the Legislative Reference Bureau's analysis of the bill, is attached.

THANKS FOR SUPPORT ↓ FOR SPONSORING BILL.

*Kerry M. Blaney*  
BROWN COUNTY  
TREASURER



# Wisconsin County Treasurers' Association

**Date:** October 15, 2013

**To:** Chairperson Brooks and Members of the Urban & Local Affairs Committee

**From:** Vicki Brown, Rock County Treasurer & WCTA Representative to WCA

**Subject:** Support of AB 415, Changing the Method by which a Municipality May Collect the Costs of Razing a Building from a Property Owner

At the request of the county treasurers, this bill was introduced to amend what county treasurers feel is an inequitable flaw in the statutes concerning the definition of razing costs.

Under current law, when a municipality issues an order to raze a structure, the costs associated with that razing may be put on a property tax bill as a special *tax*. State statutes require counties to pay *all taxes* levied by all taxing jurisdictions in full on August 20<sup>th</sup> each year, whether the county has collected the taxes or not.

The Order to Raze or Repair a structure is issued by the municipality based on enforcement of local municipal codes and ordinances. The municipality controls the procedure and demolition that results from non-compliance. Yet, in the event the property owner does not pay the costs and the costs are put on the property tax bill as a special *tax*, because counties are required to pay all *taxes* in full, the county in effect may be responsible to pay for the enforcement of local municipal codes and ordinances. In other words, the entire county must bear the cost of cleaning up the municipality's lack of effective code enforcement.

Assembly Bill 415 affirms what is current practice in Rock County, that being municipalities putting razing costs on the tax roll as a special *charge*. None of the 29 municipalities in Rock County have placed razing costs on the tax roll a special *tax*. The City of Beloit has averaged seventeen demolitions a year since 2009. Again, not one of those unpaid charges has been placed on the tax roll as a special *tax*. Over the past three years, the City of Janesville has placed unpaid razing/demolition costs of \$46,500 on the tax roll, *all* as special *charges*.

The fact that most municipalities in the state currently recognize unpaid razing costs as a special *charge* shows why this is a common sense piece of legislation. Please support Assembly Bill 415.

# Wisconsin County Treasurers' Association

June 2013 Seminar

Resolution No. 2013-02

Re: Designating "Razing" from a Special Tax to a Special Charge

**WHEREAS**, according to Wisconsin State Statute 66.0413(1), the governing body, building inspector, or other designated officer of a municipality may place a raze order on any building or structure or any portion of a building or structure for reasons stated in Wisconsin State Statute 66.0413(1), and

**WHEREAS**, if the owner of the building fails or refuses comply with the raze order, then the building inspector or other designated officer of the municipality may proceed to raze the building, structure, or portion of the building or structure, and

**WHEREAS**, the cost of razing or securing a building, structure, or portion of a structure may be charged against the real estate upon which the building, structure, or portion of a building or structure is located. This cost is a lien upon the real estate and may be assessed and collected as a special tax, and

**WHEREAS**, a special tax, unlike a special assessment or special charge, by definition, requires the county to pay the municipality in full for that tax during tax settlement, whether or not the owner of the real estate has paid the tax. There is little incentive for the owner to pay a special tax for razing their structure, leaving the burden of paying the special tax on the county, and

**WHEREAS**, razing costs are expensive, from hundreds of dollars to tens of thousands. The county is not involved in the decision making process to raze a building, structure, or portion of a building or structure, nor does the municipality seek the assistance of the county with regard to razing services. There is no requirement for the municipality to provide documentation to the county for their costs, and

**WHEREAS**, it is not uncommon for the remaining vacant lot to be foreclosed on for delinquent taxes as a result of the large special for razing, thus the property becomes county-owned, and

**WHEREAS**, the sale value of the vacant lot is typically less than the accumulated taxes and razing costs, thus the county is not able to recoup its costs once the tax lien has been foreclosed.

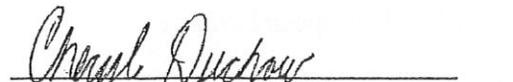
**NOW THEREFORE BE IT RESOLVED**, the Wisconsin County Treasurers' Association requests that the designation of special tax in Wisconsin State Statute 66.0413(1)(f) be changed to special charge. This change will still allow municipalities to charge razing costs against the real estate, but will not require counties to pay the municipalities during tax settlement, rather when the special charge has been paid.

**BE IT FURTHER RESOLVED**, that the Wisconsin County Treasurers' Association will seek sponsorship of such stated changes to Wisconsin Statute 66.0413(1)(f) from members of the Wisconsin Legislature.

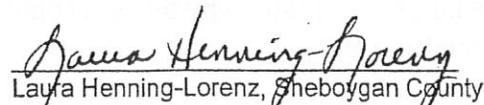
Respectfully submitted this 14th day of June 2013.

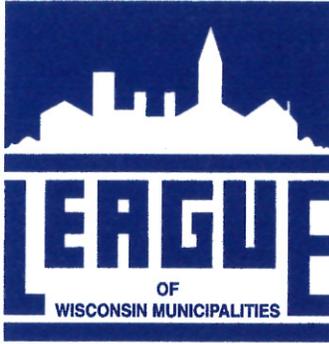
## RESOLUTIONS COMMITTEE

  
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To: Assembly Committee on Urban and Local Affairs  
From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities  
Date: October 15, 2013  
Re: AB 415, Recovering the Costs of Razing Dilapidated Buildings

The League of Wisconsin Municipalities opposes AB 415, treating the costs municipalities incur in razing dilapidated buildings as a special charge instead of a special tax. Under this bill, a county would no longer be required to pay the municipality's razing costs as part of the August settlement of property taxes.

There are sound public policy reasons for retaining current law. Under the current system, a county typically has the opportunity to recover all or some of the razing costs when it sells the property in a tax sale.

The county should share in the cost of razing dilapidated buildings. When municipalities in a county thrive, the entire county does well. Cleaning up unsafe properties and redeveloping blighted areas within cities benefits an entire region, not only the city in which the properties are located.

Current law makes sense and should be retained. The League urges you to vote against recommending passage of AB 415. Thanks for considering our comments.

## MEMORANDUM

TO: Honorable Members of the Assembly Committee on Urban and Local Affairs

FROM: Kyle Christianson, Legislative Associate  
Dan Bahr, Legislative Associate

DATE: October 15, 2013

SUBJECT: Support for Assembly Bill 415

The Wisconsin Counties Association (WCA) supports Assembly Bill 415, relating to the payment of razing costs.

Under current law, municipalities may raze a structure for many reasons, including if it is dilapidated, dangerous, unsanitary, out of repair, etc. Current law also allows municipalities to charge the razing costs against the real estate as a special "tax." By charging the costs as a tax, counties are forced to pay the razing costs, in addition to all property taxes - regardless if they are paid - during the August settlement period.

According to county treasurers, municipalities make unilateral decisions to raze structures and do not typically involve counties in the process. The costs of razing a single property can range from hundreds to tens of thousands of dollars. It is simply unfair to force all county taxpayers to pay costs resulting from a single municipality's actions.

Assembly Bill 415 requires razing costs be charged as a special assessment or special charge, not a special tax. By charging razing costs as a special charge or assessment, if the county sells the lot for more than the property taxes the county has already paid, the razing costs are required to be paid. If, however, the county does not sell the lot for enough money to recoup the taxes, then the county would have the "option" to reimburse a municipality for the demolition costs.

WCA respectfully urges the committee to support Assembly Bill 415. Please do not hesitate to contact the WCA office with any questions.

Thank you for your consideration.