



## Village of Grafton

### Village-Wide Property Assessment Revaluation



### Glossary of Key Assessment Terms

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#### Assessed Value

An estimate of value assigned as of January 1 to taxable property by the assessor for purposes of property taxation. State law requires the total of all assessments periodically be within 10% of market value. Assessed values most closely reflect market value following a revaluation. In non-revaluation years, assessments typically reflect a fraction of market value due to the changing real estate market.

#### Assessed Value Base

The total assessed value of all assessments in the municipality that are subject to local property taxes.

#### Assessment Ratio

The relationship between the assessed value and equalized value of all taxable property within a municipality. For example, if the assessed value of all the taxable property in the Village is \$750,000,000 and the equalized value is \$800,000,000 the assessment level (ratio) would be 93.75%.

- $\text{Assessment Ratio} = \text{Assessed Value} \div \text{Equalized Value}$

## Classification

Property is classified as either real property or personal property. Real property is comprised of residential, commercial, and manufacturing property. Residential and commercial property is assessed by the local assessor. The state assesses manufacturing property. Personal property is either assessed by the local assessor (commercial) or by the state (manufacturing).

## Commercial Class

The commercial class consists of properties where the predominant use is the selling of merchandise or a service. Apartment buildings of four or more units and office buildings are included in this class. This class also includes vacant land where the most likely use would be for commercial purposes. Commercial property represents about 28% of the total assessed value of the Village.

## Condominiums

A form of fee ownership of individual units in a multifamily setting and a share of undivided interest in the common areas of the development.

## Equalized Value

The full market value of all taxable property in a municipality, both real and personal. The equalized value is determined by the Department of Revenue each year.

## Equalized Value Tax Rate

This is the tax levy divided by the equalized value (base) and is used for comparing tax rates between different communities and for determining the tax rates applied to overlapping jurisdictions such as Ozaukee County.

## Exemptions

Exemptions are properties that are exempt from local taxation by state law. They are required to file a form that must be reviewed by the local assessor by March 1.

## Full Value

For all practical purposes, the same as equalized value. It represents the current market value of all taxable property within the boundaries of a municipality or district, such as a school district or tax incremental district.

## Locally Assessed Personal Property

Includes all personal property used by non-manufacturing businesses. It does not include inventories. Locally assessed personal property represents about 3% of the total assessed value of the Village.

## Manufacturing Class

Manufacturing property consists of all property used for manufacturing, assembling, processing, fabricating, making, or milling tangible personal property for profit. It also includes establishments engaged in assembling component parts of manufactured products. All manufacturing property is assessed by the Wisconsin Department of Revenue. Manufacturing real property represents about 3% of the total assessed value of the Village.

## Manufacturing Personal Property

Manufacturing personal property is assessed by the Wisconsin Department of Revenue. It represents about 2% of the total assessed value of the Village.

## Market Value

The amount a typical, well-informed purchaser would be willing to pay for a property. For a sale to represent market value, the seller must be willing (but not under pressure) to sell and the buyer must be willing (but not under any obligation) to buy. The property must be on the market for a reasonable length of time, the payment must be in cash or its equivalent, and the financing must be typical for that type of property.

## Mean Value

The average value. It is determined by dividing the total value by the number of properties.

## Median Value

The value located at the midpoint of all property values when arranged in order according to size. It is a positional average and is not affected by extreme values.

## Personal Property Class

Personal property as described in S. 70.04, Stats., includes all goods, wares, merchandise, chattels, and effects of any nature or description, having any real or marketable value, and not included in the term real property. The subclasses of personal property include:

- Boats and Watercraft
- Equipment
- Fixtures
- Furniture
- Machinery
- Patterns
- Tools

## Residential Class

The residential class of property includes all property where the predominant use is for living purposes. This would include single-family, two-family, three-family dwellings and condominium units.

It also includes vacant land where the most likely use would be residential development. Apartment buildings of four or more units, hotels, motels, and resorts are classified as commercial property. The residential class represents roughly 64% of the total assessed value of the Village.

## Revaluation

Estimating the current market value of all taxable property for purposes of a new assessment. A revaluation is performed to assure each property is assessed at market value and pays only its fair share of taxes.

## Tax Incremental District (TID)

A contiguous geographic area within a Village defined and created by resolution of the local legislative body. Procedures described in s. 66.46, Stats., must be followed in creating a tax incremental district. The procedures include holding public hearings, adopting a project plan, getting approval, and gathering any information necessary to establish the TID.

## Tax Incremental Financing

A method of splitting the cost of public works in certain areas (tax increment districts) with the other taxing bodies that will benefit from an increase in the tax base. The way it works is any increase in value in the TID above the base value (the value at the time the TID is formed) is not included in determining the tax rate, however, the tax rate is applied to all taxable property in the TID.

The additional revenue generated (the tax increment) is used by the municipality to help pay for the public works that stimulated the increase in the value of the TID. This process continues until either the public works are paid for, the legislative body terminates the TID, or 23 years has elapsed.

## Tax Levy

The total amount of property tax money that a taxing unit (such as the schools, village, county, etc.) needs to raise to provide services.

## Tax Rate

The tax levy (as determined by the taxing bodies) divided by the tax base. It is often expressed in terms of dollars per thousand. The tax rate is multiplied by the assessed value to determine the amount of tax that each property must pay.

## Taxing Bodies

The following taxing bodies determine the total tax levy for property located in the Village of Grafton:

- Village of Grafton
- Milwaukee Area Technical College
- Ozaukee County
- Grafton School District
- Cedarburg School District

## Uniformity

The Wisconsin State Constitution demands that all property values within the municipality be based on market value.