Glossary of Terms

Assessed Value: An estimate of value assigned to taxable property by the assessor for purposes of property taxation. During revaluation years, State law requires all assessments to be at 100% 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 Tax Rate: See tax rate.

Assessment: The value placed upon your property by the Assessor. This value determines what portion of the local property tax levy will be borne by your property.

Assessment Ratio: The relationship between the assessed value and 3equalized value of all taxable property within a municipality. For example, if the assessed value of all taxable properties in the City is $1,300,000,000 and the equalized value is $1,500,000,000 the assessment level would be 86.67%.

$$Assessment\ Ratio = \frac{Assessed\ Value}{Equalized\ Value}$$

Classification: Property is both classified and assessed in different manners. 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.

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 properties represent approximately 29.72% of the total assessed value of the city.

Cost Approach: The second way the Assessor can go about this is based on how much money it would take at current material and labor costs to replace your property with one just like it. For existing homes, this will generally also involve the application of depreciation factors.

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: See tax rate.

Exemptions: Exemptions are properties that are exempt from local taxation by state law.

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 a district, such as a school district or tax incremental district.

Income Approach: The third method is used in addition to the other two if you happen to own property that provides you with a rental income, like an apartment house, a store, or an office building. If your property is the home you live in, the third approach cannot be used since you derive no income from it.

Market Approach: The first way is to find properties like yours which have been sold recently. This is also referred to as the Sales Comparison Approach.

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 (not 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.

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. The Wisconsin Department of Revenue assesses all manufacturing class properties in the City of Superior. Manufacturing properties represent 2% of the total real property assessed value of the city.

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; machinery, tools, and patterns; furniture, fixtures, and equipment; all other personal property.

Residential Class: The residential class of property includes all the property where the predominant use is for living purposes. 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 63.75% of the total assessed value of the city.

Revaluation: Estimating the current market value of all taxable property for purposes of a new assessment. A revaluation is performed to achieve valuation equity in all types and classes of properties. Equity in assessments assures that property owners pay only their fair share of levies set forth by the taxing bodies. (See Taxing Bodies)

Uniformity: The State Constitution demands that all property within the municipality is taxed at the same tax rate. State law demands that the valuation be based on market value.

Tax Base: The total assessed value of all assessments in the municipality that is subject to local property taxes.

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

Tax Rate: The tax levy (as determined by the taxing bodies) is 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.

$$Tax\ Rate = \frac{Total\ Tax\ Levy}{Tax\ Base}$$

- **Assessed Value Tax Rate**: is the tax levy divided by the assessed value (base) and is utilized for comparing tax bills within a community and for comparing particular property's tax bills over time.
- **Equalized Value Tax Rate**: 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.

Assessed value rates and equalized value rates may differ slightly depending on whether the tax incremental values are included in the tax base or excluded.

Tax Incremental District (TID): A contiguous geographic area within a city 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. Basically, it works as follows: 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 in the TID. This process continues until the public works are paid for, the legislative body terminates the TID, or 23 years has elapsed.