

RES. , 08-09
URGING THE LEGISLATURE TO EXPAND PROPERTY TAX EXEMPTIONS
FOR LOW INCOME HOUSING

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40

In the past, municipal tax assessors granted property tax exemptions to non-profits that own and manage rental property reserved for very low income households. The tax exemption is necessary in order for non-profit organizations to operate this housing with rents kept low to insure affordability.

A recent Dane County circuit court case and a ruling by the Department of Revenue adopted a restrictive position that makes it difficult for many non-profit housing organizations to retain property tax exemptions for the units reserved for very low income tenants.

Section 70.11 of the Wisconsin State Statutes provides that leasing a part of property that is otherwise tax exempt will not make it taxable “. . . if the lessor uses all of the leasehold income for maintenance of the leased property or construction debt retirement of the leased property, or both.” Definitions of “maintenance” and “construction debt retirement” are not provided in the statutes.

Non profits use rent income to cover routine operating costs such as repairs, property management, insurance, accounting and audit fees, and other costs of maintaining the operational viability of the project. The court case and Department of Revenue ruling both define “maintenance” so narrowly that virtually all costs but repair and routine maintenance of the physical plant are excluded.

The new interpretation of old, established law will result in hundreds of low-income housing units being subject to property taxation, when they have not been taxed in the past. This added cost for non-profit rental providers adds to the cost of housing creates the risk of displacement for vulnerable households with very low incomes.

NOW, THEREFORE, BE IT RESOLVED that the Dane County Board of Supervisors urges the Wisconsin State Legislature to clarify Section 70.11 Wis. Stats. to define “maintenance” to include the following: repair and maintenance of the property, capital replacements, insurance premiums, project management, debt retirement, project-related reserves, general administrative expenses, resident services, utilities, financing costs, preservation expenses, and similar project-related expenses.

BE IT FINALLY RESOLVED that a copy of this resolution be sent to Governor James Doyle and members of the Dane County Legislative delegation.

Submitted by:

(primary sponsor)
