



OFFICE OF  
THE CITY ASSESSOR  
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January 18, 2022

**To: Mayor Reynolds, Council President Janssen, Andrea Trane**

**From: Shannon Neumann**

**Re: City of La Crosse – 2022 Compliance Status Review**

### **Introduction**

This letter is in response to the Second Notice of Non-Compliance received from the Department of Revenue (DOR) on November 4, 2021. The following report summarizes the compliance status of the city and identifies the necessity for a revaluation for the 2022 assessment year to have our assessments back into compliance for the 2022 assessment year.

### **Major Class Comparison Report**

Under state law (sec 70.05(5)(b), Wis. Stats.) each municipality must assess major classes of property within 10% of full value in the same year, at least once within a five-year period. The City of La Crosse's major class are commercial and residential. If the municipality is non-compliant after four consecutive years, the DOR must notify the municipality of its non-compliance status. The DOR issues the municipality a second non-compliance notice after five consecutive years of non-compliance and issues an order for supervised assessment after six consecutive years of non-compliance.

A review of the 2021 Major Class Comparison Report indicates that the City of La Crosse has been out of compliance for five consecutive years and is required to complete a revaluation for the 2022 assessment year. If a revaluation for the 2022 assessment year is not completed, a State-run revaluation will occur at the expense of the city, estimated at over a million dollars.

A copy of the Major Class Comparison report is provided below:

EQ ADMIN AREA 79 Eau Claire  
COUNTY 32 La Crosse County  
CITY 246 La Crosse

Year	Property Class	Municipal Assessed Value	DOR Base Value	% of DOR Base Value	Ratio (%)	Major Class Municipal Compliance Status	Type Of Notice Issued
2021	Residential	2,059,290,400	2,421,902,000	55.17	85.03	NO	
	Commercial	1,507,903,700	1,835,956,100	41.82	82.13	NO	
	Agricultural	14,600	14,000	0.00	104.29		
	Sum Of 5, 5M, 6, 7	48,800	70,500	0.00	69.22		
	Personal	121,576,500	132,148,400	3.01	92.00		
	<b>Total</b>	<b>3,688,834,000</b>	<b>4,390,091,000</b>	<b>100.00</b>	<b>84.03</b>	<b>NO</b>	<b>2nd Notice of Non-Compliance</b>
2020	Residential	2,027,207,500	2,275,528,400	56.05	89.09	NO	
	Commercial	1,377,307,700	1,654,653,400	40.76	83.24	NO	
	Agricultural	14,000	13,500	0.00	103.70		
	Sum Of 5, 5M, 6, 7	48,800	70,500	0.00	69.22		
	Personal	119,215,700	129,582,300	3.19	92.00		
	<b>Total</b>	<b>3,523,793,700</b>	<b>4,059,848,100</b>	<b>100.00</b>	<b>86.80</b>	<b>NO</b>	<b>1st Notice of Non-Compliance</b>
2019	Residential	2,015,276,600	2,096,669,400	55.51	96.12	YES	
	Commercial	1,326,204,300	1,543,865,400	40.88	85.90	NO	
	Agricultural	13,400	17,100	0.00	78.36		
	Sum Of 5, 5M, 6, 7	49,100	70,500	0.00	69.65		
	Personal	136,298,300	136,298,300	3.61	100.00		
	<b>Total</b>	<b>3,477,841,700</b>	<b>3,776,920,700</b>	<b>100.00</b>	<b>92.08</b>	<b>NO</b>	
2018	Residential	1,628,412,100	1,987,849,800	54.26	81.92	NO	
	Commercial	1,308,695,500	1,537,545,600	41.97	85.12	NO	
	Agricultural	16,900	19,100	0.00	88.48		
	Sum Of 5, 5M, 6, 7	49,000	69,400	0.00	70.61		
	Personal	124,517,200	138,352,400	3.78	90.00		
	<b>Total</b>	<b>3,061,690,700</b>	<b>3,663,836,300</b>	<b>100.00</b>	<b>83.57</b>	<b>NO</b>	
2017	Residential	1,627,494,800	1,876,183,300	52.78	86.74	NO	
	Commercial	1,281,462,400	1,502,396,800	42.26	85.29	NO	
	Agricultural	18,900	23,900	0.00	79.08		
	Sum Of 5, 5M, 6, 7	44,800	63,500	0.00	70.55		
	Personal	162,010,408	176,098,300	4.95	92.00		
	<b>Total</b>	<b>3,071,031,308</b>	<b>3,554,765,800</b>	<b>100.00</b>	<b>86.39</b>	<b>NO</b>	
2016	Residential	1,607,178,400	1,779,433,800	54.62	90.32	YES	
	Commercial	1,219,087,600	1,318,552,000	40.48	92.46	YES	
	Agricultural	18,800	23,000	0.00	81.74		
	Sum Of 5, 5M, 6, 7	44,800	60,800	0.00	73.68		
	Personal	159,496,999	159,497,000	4.90	100.00		
	<b>Total</b>	<b>2,985,826,599</b>	<b>3,257,566,600</b>	<b>100.00</b>	<b>91.66</b>	<b>YES</b>	

At this point a 2022 revaluation is required and completed for the assessment roll currently being worked on for both of our major classes, residential and commercial. If the City is unable to coordinate a revaluation and is still out of compliance for 2022, the Department of Revenue will step in and conduct a revaluation. This involves the State contracting a firm to complete the work, overseeing all work, and turning the data back over to the municipality once complete. There are several significant disadvantages to allowing a State-run revaluation:

1. The cost to the city will be substantial, much more than if completed in house and/or contracting independently for the current assessment year.
2. The city will lose control of the work being done and the State selected firm may elect to use different software.
3. The State is required to perform a Full Revaluation, which involves attempting a full inspection on every property. This type of revaluation is significantly more expensive than the other forms of revaluation (Exterior Revaluation and Market Interim Revaluation).

### **Reasons for Noncompliance**

This is the result of the decrease in assessment staff due to attrition, the Market Drive CAMA (computer-assisted mass appraisal software) conversion, a very active and aggressive real estate market, low interest rates and the lack of resources over the past 5 years.

### **Revaluations**

There are three types of revaluations, each will accomplish assessed values at market value.

1. *Full Revaluation*: Performed when records are deemed unreliable and full inspections are needed on every property.
2. *Exterior Revaluation*: Performed when records are mostly reliable and only an exterior inspection is needed on every property.
3. *Market Interim Revaluation*: Performed when records are reliable and no inspections are needed.

Each type of revaluation involves reviewing recent sales data and establishing new valuation models to produce assessed values that reflect market values.

### **Recommended Plan**

In discussions with the Department of Revenue, we were unable to receive an estimate of cost if they were to take over the revaluation, but it is very clear that the cost would be substantial. In speaking with other Assessor's and assessment firms, the cost could easily be over a million dollars.

The most cost-effective approach would be to perform a market interim revaluation in-house. Based on the experience of current staff, the residential properties could be modeled and revalued with some assistance. Forward Appraisal, LLC, the commercial contractor, is available to revalue the commercial properties and assist the city with modeling the residential. Forward Appraisal has experience in assessing and revaluation for many communities such as Green Bay, Kaukauna, Plover, Coloma, Wisconsin Rapids, Stevens Point and Marshfield. A formal contract outlining responsibilities and cost would need to be drafted and agreed upon since a revaluation is not part of the current commercial contract, which they are currently evaluating the scope of work and potential cost of a 2022 revaluation. Given that this revaluation would need to be done for the current 2022 assessment cycle, it is important to discuss and decide how to proceed as quickly as possible.