

GLOSSARY OF TAX TERMS

Assessment or Assessed Value:

The dollar value that is assigned to property by the local municipal assessor for purposes of taxation. The assessed value is used to determine the property tax amount and may be below the current market value of the property.

Average Assessment Ratio:

A ratio determined by the WI Department of Revenue (DOR) showing the relationship between the assessed value of all taxable property in a municipality and the equalized value of that property. The average assessment ratio is applied to all property in a municipality regardless of type or location. Assessed value divided by estimated fair market value equals average assessment ratio.

Current Taxes Due:

Current year property taxes due, Example: 2012 property tax bills were mailed December 2012 and a minimum payment, equal to the first installment, was due by January 31, 2013. Subsequent installment(s) are considered Postponed Taxes. Installments that are not paid or are late put the entire remaining tax bill into a delinquent status.

Delinquent Taxes:

Property taxes that have not been paid on or before the due date. Delinquent taxes are subject to 1% interest and ½ % penalty charge accruing monthly on the unpaid tax balance until paid in full.

Drainage District:

Local government districts, which are organized to drain lands for agricultural or other purposes. Land is drained by drainage ditches which cross individual property boundaries. Landowners in a district who benefit from drainage must pay assessments to cover the cost of constructing, maintaining, and repairing the drainage system.

Equalized Value:

The estimated market value of all taxable non-agricultural property, both real and personal, plus the use value of agricultural lands in a municipality. The WI Department of Revenue (DOR) each year determines the equalized value.

Estimated Fair Market Value:

A value calculated by dividing the property's assessed value by the municipality's average assessment ratio. This value may not be the actual market value of a property and is not used in the calculation of taxes. Agricultural property value is based on use, not market, thus the estimated fair market value is not calculated for parcels in the agricultural class.

First Dollar Credit:

The first dollar credit is extended to each taxable parcel of real estate on which improvements are located. This includes sheds, garages, large chicken coops, etc. The credit is calculated for each eligible parcel of property by multiplying the property's gross school tax rate by a credit base value determined by DOR or the property's fair market value, whichever is less.

Homestead Credit:

The Homestead Tax Credit is an income-based property tax credit program for homeowner and renters. It reduces the burden of property taxes through a direct payment to low and moderate income Wisconsin residents. The amount of the benefit varies depending on total household income and property tax liability. Renters count part of their rent as property taxes.

Improvements:

On a real estate property bill, improvements are buildings assessed as part of the property. On a personal property bill, improvements are machinery, furniture and fixtures used to operate the business or buildings on leased land.

IN-REM Fees:

Costs that are incurred by Racine County during the foreclosure process and are subsequently assessed to the properties. The property owner must pay all taxes, specials, interest, penalties and in-rem fees to redeem a property once the in-rem process has begun.

IN-REM Process:

The legal foreclosure process that is used by Racine County to take ownership of tax delinquent properties according to Wisconsin Statute 75.521.

Interest:

An extra charge that is added to a delinquent property tax bill. The amount is 1% simple interest per month on the unpaid taxes and special assessments. Interest is calculated based on the unpaid balance on the first business day of the month.

Lottery and Gaming Credit:

A credit that may be applied to a property tax bill per Wisconsin Statute 79.10. This credit is only allowed on the parcel that contains the owner's primary residence as of January 1.

Net Mill Rate:

The net mill rate is the rate used to calculate tax amounts on property. The rate is calculated by taking the levy of a municipality divided by the total assessed value of the municipality which equals the net mill rate. This rate is then multiplied times the assessed value of individual parcels to determine the gross tax of a property.

Penalty:

An extra charge that is added to a delinquent property tax bill. The amount is ½% simple interest per month on the unpaid taxes and special assessments. Penalty is calculated based on the unpaid balance on the first business day of the month.

Postponed Taxes:

The balance due of current year taxes when prior installment(s) are paid on or before the due dates. Note: If prior installments are not paid or are paid late, the entire remaining tax bill becomes delinquent and subject to interest and penalty charged from the preceding February 1st, per Wisconsin Statute 74.11(11).

Real Property or Real Estate:

This term refers to land and any improvements on that land.

Settlement:

The process to distribute property taxes that have been collected to the other taxing jurisdictions that are part of the tax bill.

Special Assessments or Specials:

These are charges added to the tax bill by the local municipality for services provided. Some examples are: delinquent sewer or water bills, trash collection, recycling charges, sidewalks, razing charges, weed or grass cutting charges, etc.

Tax Base:

The total assessed value of all taxable property in the school district, city, county etc. that are subject to property taxes.

Tax Bill:

The original bill for real estate property taxes or personal property taxes that the municipality sends to the property or business owner's mailing address in December of each year.

Tax Certificate:

A tax certificate is issued annually on September 1st for all properties that have unpaid current year taxes. It represents a lien on the property on behalf of the county. This is the first step of the tax foreclosure process per Wisconsin Statutes. The certificate must be held by the County for two years before foreclosure action can be started. Payment of the entire delinquency for the tax year voids the certificate.

Tax Exempt:

A term that refers to parcels that are not required to pay property taxes such as government property and churches. Tax exempt properties are still responsible for any special assessments to the property.

Tax Levy:

The total amount of property tax money that an entity (such as school district, city, county, etc.) needs to raise to provide services.

Tax Key Number or Parcel Number:

Refers to the unique 15 digit number that is assigned to each parcel of land in Racine County. The first 3 digits designate the municipality the property is located in, followed by the remaining 12 digits.

Tax Rate:

The ratio of the property tax levy to the tax base.

Tax Roll:

A listing of tax information for all properties in the county.

Tax Statement:

This is a statement that shows delinquent taxes, fees, interest and penalty on a specific parcel. Interest and penalty amounts are valid through the end of the month the statement is mailed.

Taxation District:

A city, village, or town. If a city or village lies in more than one county, that portion of the city or village which lies within each county.

Taxation Jurisdiction:

Any entity authorized by law to levy taxes on general property that is located within its boundaries.

Timely Payment:

A tax payment that has been paid on or before the due date and therefore has not accrued any interest and penalty.

Use Value Assessment:

An assessment based on the value of the property as it is currently used, not its market value. This only applies to agricultural land.

Use Value Conversion Charge:

Property that has benefited from lower property taxes due to its use value assessment as agricultural land may be subject to a Conversion Charge. This occurs when its use is converted to a residential, commercial, or manufacturing, or becomes exempt and the use is no longer agricultural. The Conversion Charge is effective upon the assessor's completion of the assessment roll in the year following the change in use.

Wisconsin Veterans and Surviving Spouses Property Tax Credit:

The State of Wisconsin does not offer a property tax exemption for veterans. However the Department of Veterans Affairs administers the "Wisconsin Veterans and Surviving Spouses Property Tax Credit" program under Wisconsin statutes Section 71.07(6e). The property tax credit provides a refundable property tax credit to eligible Wisconsin veterans and eligible surviving spouses.