

*This message is being sent to pastors, parish administrators, parish directors, parish business managers, high school principals and school business managers. Please pass this on to the appropriate person at your location. If you are at a parish school, please pass it on to the parish business manager.*

Property **TAX EXEMPTION REPORTING FOR 2024**, forms PC-220 and/or PC-220A, need to be completed and filed with the local taxation district clerk by **March 31, 2024**.

You should receive the TAX EXEMPTION REPORT FOR 2024 forms PC-220 and/or PC-220A from the taxation district clerk in which your tax-exempt property is located. The information contained on these forms are reviewed by the local property tax assessor to determine, among other things, whether property leased by parishes to other organizations satisfies the leasehold income restriction of Wis. Stat. Section 70.11(intro).

If you do not receive the reporting form, please contact your taxation district clerk because the burden of filing rests with the property holder. Failure to file will require the taxation district clerk to have the property appraised by either the district assessor or a person hired by the district to conduct the appraisal, **at the owner's expense**.

You may complete the forms (or print blank forms) online using the links below. **Completed forms must be either emailed or printed and mailed to your taxation district.** These forms are NOT filed on-line.

Form PC-220: <https://www.revenue.wi.gov/DORForms/pc-220f.pdf>

Form PC-220A: <https://www.revenue.wi.gov/DORForms/pc-220af.pdf>

**Please send a copy of your completed form to Samantha Wright in the Archdiocesan Office of Financial Services** via email [wrights@archmil.org](mailto:wrights@archmil.org) or mail (PO Box 070912, Milwaukee, WI 53207-0912).

The reporting forms PC-220 (single parcel form) and PC-220A (multi-parcel form) are the same as those used in 2022. It is suggested you use the 2022 form(s) to assist in completing the current one. The section numbers used below are for form PC220. The section numbers are different on form PC220a, but the information requested is the same.

On the PC-220, Sections 12 and 13 both have Yes/No boxes to check. Note that they are not in the same order (#12 is No/Yes and #13 is Yes/No).

Please consider the following tips when completing these forms:

1. Section 9 requires a complete legal description of the property, including the parcel number on the deed or the local tax rolls. If you do not have this information, please contact the local taxation district clerk or register of deeds for this identification.
2. Section 10 refers to all buildings located on the property. If there is more than one parcel or building, use form PC-220A. Although this may be difficult to complete, use information on prior forms and your best judgment in supplying the information.

3. Section 11 Estimated Fair Market Value. Be aware that the value selected will be used as the basis for the value of the property or part of the property that is determined to be taxable. It is not always easy to determine a "fair market value" (which is further defined as the amount the property would sell for on the open market), for many properties owned by religious organizations because of their uniqueness and specialized use.

Generally, churches, schools, rectories, convents, etc. are difficult to adapt to other uses. Therefore, the value to a potential purchaser is far less than the current "replacement value" which has been set by the insurance coverage. This has been demonstrated in the sales of schools and entire parish properties both in our Archdiocese and other Arch/dioceses throughout the country.

A committee of the Wisconsin Catholic Conference reviewed this matter and developed guidelines to be applied to Arch/diocesan properties. These guidelines have been used since 1992 and should be followed when completing the current forms. The following suggestions are offered to assist you in determining the estimate of fair market value for your properties:

- a. To determine the "Estimate of Fair Market Value" of the land, use the value of similar land adjacent to or in the immediate area of the property.
  - b. Except as noted below, add to the land value 10% to 20% of the insurance replacement value for structures. If you do not have the replacement value figures, please contact Kim Kasten for the information at (414) 769-3326. It is suggested that you use the same Fair Market Value as on the form filed in 2022.
  - c. Exceptions to #2 above include:
    - i. If you have had an offer to purchase the property in the last five years, use that as the market value.
    - ii. Conventional houses/structures that are separate from the parish property should be based on the recent sale prices of comparable neighborhood properties.
    - iii. Off-premises buildings that cannot be sold easily for residential or commercial use should be valued at no more than 15% of replacement value.
  - d. Cemetery property is excluded from the reporting requirements, except for unplanted, unused land, which would have a vacant land value.
  - e. The value ranges on the form are quite broad. If you find your estimate to be in the lower part of any range, it may be appropriate to drop down to the next lowest range.
4. Section 12, "Leasing of Property," check "Yes" only if the arrangement is a true lease (i.e. a long-term agreement vs. daily use or short-term use). If it is not a lease, but instead is a services, management, cost-sharing or some other similar agreement, check "No." *Note: The law now provides that leasing all or part of property that is owned by*

*a church or religious association to a non-profit educational association does not render the property taxable, regardless of how the church or religious institution uses the leasehold income.*

- a. If checking "Yes," when explaining "How lease payment was used," be aware that providing an answer other than (i) "Lease payment is used for maintenance of the property," (ii) "Lease payment is used for construction debt retirement" or (iii) "Lease payment is used for both maintenance of the property and construction debt retirement" will likely result in taxation of the property for the tax year 2024.
5. Section 13 - In addition to the PC-220/PC-220A TAX EXEMPTION REPORT FOR 2024 forms you may also receive a form PC-227 UNRELATED BUSINESS INCOME REPORT. This form must be completed if the property was used during the prior year in a trade or business that was subject to taxation for unrelated business income under IRS Sections 511 to 515. In most cases, parishes and schools do not have unrelated business income and, therefore, it is not necessary to complete this report. It is suggested that you only submit this report if you file a federal tax Form 990-T for purposes other than to claim the health care credit. Therefore, in nearly all cases, the response to this line is "NO" and the parish should not file form PC-227.
- a. If checking "Yes" to Question No. 13, "Was this property used in an unrelated trade or business ...", be aware that the portion of the property being used for that activity will be subject to property taxation for the tax year 2024.

Over the next few months assessors may request that parishes produce their financials so they can determine whether the parish has satisfied the leasehold income restriction. When providing the requested information, please keep in mind that the description of line item expenses are scrutinized very carefully by the assessor and, particularly as it relates to descriptions of any reserves or surpluses, may be the determinative line item in the assessor's analysis. **Consequently, please do not hesitate to contact Sharon Hanson, General Counsel for the Archdiocese of Milwaukee,** at (414) 769-3379 [hansons@archmil.org](mailto:hansons@archmil.org) with any questions you may have when completing the Tax Exemption Report(s) or when otherwise responding to inquiries by the local assessor.

After filing the form(s), if you receive any notices of complaint from your local tax district, please contact Sharon Hanson immediately at [hansons@archmil.org](mailto:hansons@archmil.org) or (414) 769-3379.

After you have filed the form with your local taxing authority, please remember to send a *copy* of the form to Samantha Wright in the Archdiocese Office for Financial Services via email ([wrights@archmil.org](mailto:wrights@archmil.org)) or postal mail (PO Box 070912, Milwaukee, WI 53207-0912).