To: Assembly Ways and Means Committee
From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities
Date: January 26, 2017
Re: Municipalities and the Property Tax

Facts about Wisconsin cities and villages

1. 190 cities and 411 villages in Wisconsin
2. 70% of the state's population live in cities and villages
3. Cities and villages account for 89 percent of state's commercial value
4. Cities and villages account for 86 percent of state's manufacturing value
5. Cities and villages account for 80% of personal property value
6. Wisconsin cities and villages have limited ways to raise revenue. Municipalities are expressly prohibited from adopting a local income tax, local sales tax, or a local telecommunications tax. Wisconsin municipalities finance public services and capital assets through a combination of property taxes, shared revenue and state transportation aids, special assessments, utility charges and other fees, and borrowing.

Facts about the Property Tax in Wisconsin

1. Property tax is the main source of revenues for cities and villages. Leads to competition for development (tax base) between jurisdictions.
2. Of the $4.8 billion in city-village revenue in 2014, 57% came from property taxes. For villages, 32% of revenue comes from property taxes and for cities its 26%. (Shared revenue and other various state aid programs comprised 21% of the total; and local fees and charges accounted for 13%.) NOTE: While municipal revenues rose a modest 2.1% between 2011 and 2014, state general fund revenues increased four times faster at 8%. Source: *The State of Wisconsin's Cities and Villages 2016*
3. Residential property paid for 68% of the total statewide tax levy in 2015. This represents a sizable increase from 1970, when residential property paid only 50.3% of the levy, though the number is slightly down from its peak of 71.3% in 2007 and 2008. (Department of Revenue)
4. In the 2015(16) tax year, a total of $10,620,200,000 in property tax was levied. Cities, villages, towns and special districts accounted for $3,180,900,000, or 30% of that total. (Department of Revenue)

5. Wisconsin's property tax burden currently stands at 3.6% of personal income, the lowest since 1946. It was 4.2% of income in 2010-11. Source: Wisconsin Taxpayers Alliance
6. City, village, and town assessors are responsible for assessing the value of property for property tax purposes.
7. Classes of property are assessed At 100 percent of full value, 50 percent of full value or use-value:
    a. 100 percent of full value: Residential, Commercial, Manufacturing (state-assessed), Productive forest land, Other (farm buildings and farm sites), Personal property
    b. 50 percent of full value: Undeveloped land, Agricultural forest land
    c. Use-value: Agricultural land
8. Cities, villages and towns are responsible for defending the assessor's determination of value against challenges by property owners.
9. Cites, villages and towns are responsible for mailing and initially collecting the property tax bill on behalf of all the other taxing jurisdictions, though many towns and municipalities contract with the county for preparation and mailing of the tax bill.

Facts about Property Tax Exemptions

1. In Wisconsin considerable amounts of property are exempt from property taxes -- even though the owners of these exempt properties benefit from municipal snow removal, road maintenance, and police and fire protections financed by the property tax. In other instances, property is taxed, but its taxable value is well below its market value (e.g., Agricultural use assessment).
2. Wisconsin state statute (Section 70.11) lists about 40 categories of specific exemptions. They include not only churches, nonprofit hospitals, colleges and universities, but benevolent low-income housing, benevolent retirement homes for the aged, cemeteries, and nonprofit medical research foundations.
3. Most tax exempt properties are located in cities and villages.
4. Payments in lieu of taxes are voluntary.

Facts about Levy Limits

1. Municipalities have been subject to state imposed levy limits since 2006.
2. From 2006 to 2011 municipalities were allowed a guaranteed levy increase ranging from 2% to 3.865%. Since 2011, levy limits have been tied to the percentage change in equalized values due to new construction. Thus, if a municipality has no new

development, it cannot increase its levy from one year to the next in the absence of a referendum allowing the community to exceed its allowable levy.

3. In 2015, the growth in the state's total equalized value from net new construction was 1.43%, which is the highest it has been since 2011 when levy limits were first tied to that number.
4. Since levy limits went into effect in 2006, only 35 cities, villages, counties and towns have passed referendums allowing the community to exceed its allowable levy. (21 towns, 13 cities and villages, and 1 county.)