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## **Net New Construction Numbers Reveal Minimal Growth** *Why this data matters to local communities*

**MADISON** – The Wisconsin Department of Revenue [released](#) a report this week illustrating how minimal new construction growth has been for most communities across Wisconsin. “Net New Construction 2022” demonstrates that while inflation is over 9%, most communities will be limited to approximately a 1% increase in a local community’s ability to provide police, fire, and other critical local services to local communities.

“The dramatic difference between the cost of local government services and a community’s allowable growth in tax revenue illustrates the need for state policy makers to reform the way municipalities are funded in Wisconsin,” added League Executive Director Jerry Deschane. “We call on the state to recommit itself to its historic partnership in support of local services because our current system that is tied to net new construction is a recipe for economic disaster for Wisconsin’s local communities.”

The annual allowable property tax increase is based on the amount of new homes and commercial buildings that were constructed in the community in the previous year. This is called the community’s net new construction number. While every community’s net new construction number is unique, the statewide net new construction number for 2022 is 1.71%, falling well short of keeping up with the 9.1% rate of inflation.

“You don’t have to be a mathematician to understand that our current formula for funding local governments is a disastrous equation when a community’s revenue growth is strictly limited to around 1% as the costs of providing police, fire, ambulance and other basic municipal services are rising at 9.1%,” said Manitowoc Mayor Justin Nickels, President of the League of Wisconsin Municipalities. “As communities across this state are struggling to grow, local governments need other funding sources and options, outside of property taxes, in order to provide services that enhance our community’s quality of life.”

Read more about how state lawmakers can fix the system for how local governments are funded in this month’s edition of the League’s “The Municipality” magazine [here](#).

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The League of Wisconsin Municipalities advocates for Wisconsin’s cities and villages, large and small, urban and rural, speaking up for local democracy and common-sense citizen-led government. Learn more at <http://www.lwm-info.org/>