

Property Tax Level in Wisconsin



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The property tax is the largest source of combined state and local tax revenue in Wisconsin. Local governments levy over 99% of the tax, and the remainder is collected by the state. Prior to 1900, the property tax was the state government's largest tax. As the state's economy has diversified, state government has come to rely on other tax sources and has established various aid programs to reduce local reliance on the property tax. The only remaining state property tax is the state forestation tax, which was levied in 2011(12) at a rate of \$0.17 per \$1,000 of value. The resulting revenue (\$82.7 million in 2011-12) is segregated for use in state forestry programs.

The following sections describe seven aspects of Wisconsin's property tax system: (1) reliance of local governments on the property tax; (2) measures of property tax levels in Wisconsin and other states; (3) property tax distribution by type of taxpayer; (4) changes in state taxes, state assistance, property taxes, and inflation since 1970; (5) changes in property tax levies by taxing jurisdiction; (6) property tax rates; and (7) property taxes paid on a median-valued home.

Local Government Reliance on Property Tax Revenues

The property tax is the major source of tax revenue for local governments in Wisconsin, and the tax accounts for over 50% of all local government tax revenue in Wisconsin and 46 other states. Local governments in Arkansas and Louisiana display a greater reliance on general and selective sales taxes, than on the property tax. Based on the most recent data available from the U.S. Bureau of the Census, Table 1 compares the

Table 1: Composition of Local Government Revenues (Wisconsin Versus U.S. Average, 2009-10)

	Wisconsin	U.S. Average
Property Tax	38.7%	29.8%
Sales and Gross Receipts Taxes	1.5	6.2
Income Tax	N.A.	2.1
Other Taxes	0.6	1.5
Charges and Miscellaneous	<u>17.2</u>	<u>22.5</u>
Total Own Source Revenues	58.0%	62.1%
Intergovernmental Revenues	<u>42.0</u>	<u>37.9</u>
Total Local Government Revenues	100.0%	100.0%

composition of local government revenue in Wisconsin to the U.S. average. As shown, Wisconsin local governments rely on the property tax more than the U.S. average for local governments. Wisconsin governments also have a greater reliance on intergovernmental revenues, while "own source" revenues are more significant, on average, for local governments in other states.

Wisconsin local governments may not levy a property tax unless authorized by state law. Each of the types of local units with taxing authority is described below. Table 2 reports the composition of revenues for all but special purpose districts.

Towns, Villages, and Cities. There are 190 cities, 405 villages, and 1,255 towns in Wisconsin. They are sometimes called "general purpose governments" because they provide a variety of public services, including police and fire protection, sanitation, transportation, and recreation. Municipalities rely on a more diverse array of revenue sources than other local governments to fund these services. However, the property tax represents the most significant tax available to

Table 2: Revenue Sources for Local Governments (\$ in Millions)

	Gross Property Tax	Other Taxes	Intergov- ernmental Aids	Other Revenues	Total
Towns (2011)					
Amount	\$374.7	\$18.3	\$250.4	\$188.0	\$831.4
Percent	45.1%	2.2%	30.1%	22.6%	100.0%
Villages (2011)					
Amount	\$501.8	\$51.9	\$190.1	\$766.9	\$1,510.7
Percent	33.2%	3.4%	12.6%	50.8%	100.0%
Cities (2011)					
Amount	\$1,895.6	\$188.7	\$1,243.6	\$3,810.5	\$7,138.4
Percent	26.6%	2.6%	17.4%	53.4%	100.0%
Counties (2011)					
Amount	\$1,949.6	\$369.6	\$1,775.5	\$2,857.3	\$6,952.0
Percent	28.1%	5.3%	25.5%	41.1%	100.0%
School Districts (2010-11)					
Amount	\$4,692.9	\$0.0	\$6,221.0	\$411.2	\$11,325.1
Percent	41.5%	0.0%	54.9%	3.6%	100.0%
Technical College Districts (2010-11)					
Amount	\$757.2	\$0.0	\$512.7	\$656.3	\$1,926.2
Percent	39.3%	0.0%	26.6%	34.1%	100.0%

municipalities and, on average, it represents 29.2% of all municipal revenue. Other taxes that municipalities may impose include the room tax, motor vehicle "wheel" tax, mobile home fees, premier resort area tax, and special assessments.

Counties. Like municipalities, the state's 72 counties perform a variety of services that may be characterized as "general purpose." However, 35.9% of all county expenditures are dedicated to health and human service functions. In addition to the property tax, counties may impose sales and use taxes, which represent the majority of other county taxes.

Elementary and Secondary School Districts. The state is divided into 424 elementary and secondary school districts. Unlike municipalities and counties, these districts perform a single function -- education. Prior to 1996-97, the prop-

erty tax was the most significant revenue source of school districts and comprised almost half of all school district revenues. However, increases in state aid resulting from a state commitment in 1996-97 to provide two-thirds of partial school revenues on a statewide basis caused intergovernmental aids to become the most significant revenue source for school districts. Even though the state discontinued the "two-thirds" requirement after 2002-03, intergovernmental revenues continue to be the largest revenue source for school districts.

Technical College Districts. There are 16 technical college districts in the state. They provide post-secondary education through courses leading to associate degrees and vocational diplomas, college parallel courses, and continuing education courses. The property tax accounts for 39.3% of their revenues and is the districts' most

Table 3: Wisconsin State and Local Property Taxes Per \$1,000 of Personal Income and Per Capita Compared to Other States*

	Property Taxes Per \$1,000 of Personal Income			Property Taxes Per Capita		
	Amount	Rank	Percent of Average	Amount	Rank	Percent of Average
1970	\$63.35	4	138.5%	\$220.50	6	131.6%
1975	52.13	13	116.6	271.09	14	112.2
1980	35.43	19	119.7	360.45	16	119.2
1985	43.46	10	137.2	571.81	12	131.1
1990	43.24	13	126.2	736.13	16	118.1
1995	47.73	8	137.6	1,018.49	11	133.3
2000	38.58	10	122.4	1,058.69	12	119.9
2005	43.24	11	127.9	1,405.66	12	123.7
2010	46.15	9	123.9	1,694.34	13	118.7

*Including the District of Columbia.

Source: U.S. Census Bureau and Bureau of Economic Analysis.

significant revenue source.

Special Purpose Districts. In addition to the districts described above, other special purpose districts are authorized to levy property taxes. These include seven metropolitan sewerage districts, 309 town sanitary districts, and 223 inland lake rehabilitation districts. Although they may have a tax levy, many special purpose districts raise most of their revenues through user fees.

Measures of Property Tax Level

Wisconsin local governments' heavy reliance on the property tax has contributed to above-average property tax levels. Two widely used measures of tax levels are property taxes per \$1,000 of personal income and property taxes per capita. Table 3 shows Wisconsin's ranking under these measures since 1970. Wisconsin's property tax level exceeded the U.S. average under both measures in all periods examined. This comparison is based on the most recent data provided by the U.S. Census Bureau and the Bureau of Economic Analysis.

Property Tax Distribution by Type of Taxpayer

This section provides estimates of the percent of total property taxes borne by different types of property over the last 41 years. The analysis examines taxes levied in 1970 (payable in 1971), 1975(76), 1980(81), 1985(86), 1990(91), 1995(96), 2000(01), 2005(06), 2010(11), and 2011(12). The Department of Revenue annually reports gross property tax levies by class of property. Two adjustments have been made to the Department's figures. First, taxes on personal property have been allocated by type of taxpayer. Second, state property tax credits have been apportioned to distinguish between the gross and net tax burdens.

Table 4 reports property tax levies net of state property tax credits by type of taxpayer between 1970(71) and 2011(12). Over this period, taxes increased more rapidly on residential and commercial property than on manufacturing and other property. As a result, residential and commercial property have borne increasing shares of the tax burden, while decreasing shares have been borne

Table 4: Net Property Tax by Type of Taxpayer (\$ in Millions)

	1970(71)	1975(76)	1980(81)	1985(86)	1990(91)	1995(96)	2000(01)	2005(06)	2010(11)	2011(12)
Residential	\$526.1	\$699.3	\$1,124.1	\$1,617.5	\$2,458.9	\$3,370.5	\$4,079.3	\$5,465.0	\$6,506.9	\$6,505.2
Commercial	202.0	279.4	361.2	573.8	971.3	1,205.9	1,321.8	1,630.9	2,072.3	2,075.1
Real Estate	169.0	231.4	311.6	487.8	822.6	1,023.6	1,166.5	1,478.2	1,880.3	1,902.5
Personal Property	33.0	48.0	49.6	86.0	148.7	182.3	155.3	152.7	192.0	172.6
Manufacturing	184.1	119.3	128.0	173.4	239.2	275.1	280.8	281.4	321.1	340.2
Real Estate	115.0	77.8	93.3	128.1	166.6	196.8	227.9	234.9	266.1	271.9
Personal Property	69.1	41.5	34.7	45.3	72.6	78.3	52.9	46.5	55.0	68.3
Other	127.2	164.9	287.8	379.7	399.5	416.1	364.8	362.6	442.4	437.2
Agricultural/Other	108.6	148.1	257.5	335.5	342.6	352.8	255.2	208.1	235.2	231.6
Swamp/Waste/										
Forest	5.9	10.1	26.1	42.2	53.5	59.3	105.6	150.6	202.3	201.2
Other Personal	<u>12.7</u>	<u>6.7</u>	<u>4.2</u>	<u>2.0</u>	<u>3.4</u>	<u>4.0</u>	<u>4.0</u>	<u>3.9</u>	<u>4.9</u>	<u>4.4</u>
Total	\$1,039.4	\$1,262.9	\$1,901.1	\$2,744.4	\$4,068.9	\$5,267.6	\$6,046.7	\$7,739.9	\$9,342.7	\$9,357.7

Percent of Total

Residential	50.6%	55.4%	59.1%	58.9%	60.4%	64.0%	67.5%	70.6%	69.7%	69.5%
Commercial	19.5	22.1	19.0	20.9	23.9	22.9	21.9	21.1	22.2	22.2
Real Estate	16.3	18.3	16.4	17.8	20.2	19.4	19.3	19.1	20.1	20.3
Personal Property	3.2	3.8	2.6	3.1	3.7	3.5	2.6	2.0	2.1	1.9
Manufacturing	17.7	9.4	6.7	6.4	5.9	5.2	4.6	3.6	3.4	3.6
Real Estate	11.1	6.1	4.9	4.7	4.1	3.7	3.7	3.0	2.8	2.9
Personal Property	6.6	3.3	1.8	1.7	1.8	1.5	0.9	0.6	0.6	0.7
Other	12.2	13.1	15.2	13.8	9.8	7.9	6.0	4.7	4.7	4.7
Agricultural/Other	10.4	11.8	13.6	12.2	8.4	6.7	4.2	2.7	2.5	2.5
Swamp/Waste/										
Forest	0.6	0.8	1.4	1.5	1.3	1.1	1.7	1.9	2.1	2.1
Other Personal	<u>1.2</u>	<u>0.5</u>	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

by manufacturing and other property. Several factors explain the shift in tax shares.

First, some types of property have been exempted through state law changes. Manufacturers' machinery and equipment (M&E) was exempted in 1974. In 1977, the Legislature chose to gradually exempt farmers' livestock and commercial and manufacturing inventories by assessing them at increasingly lower percentages of full value until they became entirely exempt in 1981. The exemption for computers and related equipment took effect in 1999 and removed \$2.3 billion in tax base. At the time of their enactment,

these three exemptions collectively represented 18% of the remaining statewide taxable value. Much of the reduction in agricultural taxes between 1995(96) and 2005(06) was caused by phasing-in use value assessment for agricultural land.

Second, property has been added or removed since 1970(71). The majority of new construction has been for residential and commercial uses. As that tax base has been added, residential and commercial taxpayers have borne an increasing percentage of total taxes. Other properties have been demolished or converted to other uses. This

accounts for some of the reduction in the percent of taxes borne by manufacturing property. Similarly, farmland has been converted to other uses as the number of farms has declined from about 110,000 in 1970 to 77,000 in 2011.

Finally, economic conditions explain some of the shifts. For example, national economic conditions caused some reductions in manufacturing, commercial, and agricultural tax base during the 1980s and residential tax base in the late 2000s. As a result, taxes on that property either declined or grew at a slower rate.

State Taxes, Local Assistance, Net Property Taxes, and Inflation Since 1970

Since its adoption of the state income tax in 1911, Wisconsin has used state tax collections to provide assistance to local governments. One of the major goals of the local assistance programs has been to reduce local reliance on the property tax and provide property tax relief. Tables 5 and 6 examine changes in state taxes, local assistance, and net property tax levies over five-year intervals from 1970-71 to 2011-12.

Table 5: State Taxes, Local Assistance, and Net Property Tax Levies (Total \$ in Millions)

	1970-71	1975-76	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06	2010-11	2011-12
State Taxes										
Total	\$1,381.3	\$2,440.1	\$3,659.0	\$5,799.0	\$7,056.8	\$9,440.5	\$11,537.2	\$13,928.1	\$15,164.9	\$15,937.9
Per Capita	313	572	773	1,211	1,434	1,836	2,136	2,479	2,663	2,794
Local Assistance										
Total	899.4	1,644.6	2,091.7	3,100.9	4,190.3	5,530.1	7,590.9	8,308.5	8,912.6	8,384.7
Per Capita	204	386	442	647	852	1,075	1,406	1,479	1,565	1,470
Net Property Tax Levy										
Total	1,039.4	1,262.9	1,901.1	2,744.4	4,068.9	5,267.6	6,046.7	7,739.9	9,342.7	9,357.7
Per Capita	235	296	402	573	827	1,024	1,120	1,378	1,641	1,641

Table 6: Annualized Percent Change in State Taxes, Local Assistance, and Net Property Tax Levies

	1970-71 to 1975-76	1975-76 to 1980-81	1980-81 to 1985-86	1985-86 to 1990-91	1990-91 to 1995-96	1995-96 to 2000-01	2000-01 to 2005-06	2005-06 to 2010-11	2010-11 to 2011-12	1970-71 to 2011-12
State Taxes										
Total	12.1%	8.4%	9.6%	4.0%	6.0%	4.1%	3.8%	1.7%	5.1%	6.1%
Per Capita	12.9	6.2	9.4	3.4	5.1	3.1	3.0	1.4	4.9	5.5
Local Assistance										
Total	12.8	4.9	8.2	6.2	5.7	6.5	1.8	1.4	-5.9	5.6
Per Capita	13.6	2.8	7.9	5.6	4.8	5.5	1.0	1.1	-6.1	4.9
Net Property Tax Levy										
Total	4.0	8.5	7.6	8.2	5.3	2.8	5.1	3.8	0.2	5.5
Per Capita	4.7	6.3	7.4	7.6	4.4	1.8	4.2	3.6	0.0	4.9
Consumer Price Index										
All Urban Consumers	7.0	9.8	3.9	4.4	2.9	2.6	2.7	2.2	1.7	4.3

The tables show that state taxes and local assistance have grown at slightly higher rates during the 41-year period than net property taxes. However, the relationship between the three factors has varied over the period. For example, state taxes grew more rapidly than net property taxes during four of the eight five-year periods displayed, and local assistance also grew more rapidly than net property taxes in each of those periods (beginning in 1970-71, 1980-81, 1990-91, and 1995-96). During the four five-year periods when net property tax increases exceeded state tax increases, local assistance grew more slowly than net property taxes (beginning in 1975-76, 1985-86, 2000-01, and 2005-06). The one-year period between 2010-11 and 2011-12 is an exception to those trends. Growth in state taxes exceeded the growth in net property taxes, while the level of local assistance decreased.

As a state policy, local assistance was emphasized during the periods beginning in 1970-71, 1985-86, and 1995-96, as local assistance increases outpaced state tax growth. Below-average property tax increases occurred during the periods beginning in 1970-71 and 1995-96, but not during the period beginning in 1985-86. Conversely, local assistance received lesser emphasis during the periods beginning in 1975-76 and 2000-01, when local assistance increases were substantially below the growth rate in state taxes. During those five-year periods, net property taxes grew more rapidly than state taxes.

In addition, the totals in the table are converted to per capita amounts and the change in the Consumer Price Index for all urban consumers (CPI-U) is reported in Table 6 to reflect whether local assistance dollars have been used to maintain or increase local service levels. Although growth in local assistance failed to keep pace with inflation and population growth combined between 1975-76 and 1980-81, growth in per capita local assistance exceeded the inflation rate in each of the other periods examined until the two five-year periods between 2000-01 and

2010-11. This relationship persisted through 2011-12. Since 1980-81, per capita property tax increases have been higher than inflation in every period except the five-year period beginning in 1995-96 and the one-year period from 2010-11 to 2011-12.

Table 7 presents funding levels since 2004 for the local assistance programs with appropriations over \$100 million in each of these years. While total reported funding increased 7.5% over this period, funding changes have varied according to type of assistance. Funding for tax credits was emphasized, increasing 77.3%, while funding for aid payments was less favored. Aid to school districts increased 2.6%, and direct aid for counties and municipalities decreased 3.0%.

Changes in Property Tax Levies by Taxing Jurisdiction

Changes in property tax levies have varied by type of taxing jurisdiction between 1970(71) and 2011(12). Table 8 reports that gross tax levies increased by an average, annual rate of 5.4% over that period.

Elementary and secondary school levies comprised over half of total levies between 1970 and 1995. State funding of two-thirds of partial school revenues on a statewide basis between 1996(97) and 2002(03) and school district revenue limits have caused the school percentage to decrease since 1995(96), and school taxes equaled only 44.7% of all property taxes in 2011(12). Since 1970, school levies increased at the lowest average, annualized rate (4.8%). While school levies increased at the highest rate from 2005 to 2010 (5.5%), school levies decreased 1.0% between 2010 and 2011.

In Table 8, the growth rates for school levies may be overstated for 1980 to 1985 and under

Table 7: Selected Major State Aid Programs (\$ in Millions)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Direct Aid to Counties and Municipalities										
Shared Revenue & Related Programs										
	\$951.7	\$951.7	\$956.5	\$957.3	\$957.8	\$975.0	\$947.3	\$951.1	\$879.0	\$878.2
General Transportation Aid	373.3	373.3	380.8	388.4	400.1	412.1	420.3	432.9	403.5	403.5
Community Aids*	<u>260.3</u>	<u>260.2</u>	<u>260.7</u>	<u>260.9</u>	<u>261.5</u>	<u>261.5</u>	<u>255.5</u>	<u>257.4</u>	<u>256.4</u>	<u>256.4</u>
TOTAL	\$1,585.3	\$1,585.2	\$1,598.0	\$1,606.6	\$1,619.4	\$1,648.6	\$1,623.1	\$1,641.4	\$1,538.9	\$1,538.1
% Change		0.0%	0.8%	0.5%	0.8%	1.8%	-1.5%	1.1%	-6.2%	-0.1%
Tax Credits										
School Levy Credit**	\$469.3	\$469.3	\$469.3	\$593.1	\$672.4	\$820.1	\$889.4	\$895.0	\$894.7	\$897.4
Lottery Credit	<u>118.2</u>	<u>131.9</u>	<u>119.9</u>	<u>144.7</u>	<u>129.6</u>	<u>118.1</u>	<u>113.2</u>	<u>129.2</u>	<u>134.8</u>	<u>144.0</u>
TOTAL	\$587.5	\$601.2	\$589.2	\$737.8	\$802.0	\$938.2	\$1,002.6	\$1,024.2	\$1,029.5	\$1,041.4
% Change		2.3%	-2.0%	25.2%	8.7%	17.0%	6.9%	2.2%	0.5%	1.2%
Aid to School Districts and Technical Colleges										
General School Aid	\$4,273.1	\$4,317.5	\$4,613.9	\$4,722.7	\$4,731.7	\$4,811.5	\$4,671.2	\$4,671.2	\$4,285.0	\$4,310.5
Categorical School Aid	533.2	540.4	545.2	571.7	608.5	650.9	644.1	653.8	608.5	653.9
Technical College Aid	<u>136.8</u>	<u>138.4</u>	<u>137.2</u>	<u>136.6</u>	<u>138.4</u>	<u>138.4</u>	<u>139.5</u>	<u>145.5</u>	<u>105.0</u>	<u>107.9</u>
TOTAL	\$4,943.1	\$4,996.3	\$5,296.3	\$5,431.0	\$5,478.6	\$5,600.8	\$5,454.8	\$5,470.5	\$4,998.5	\$5,072.3
% Change		1.1%	6.0%	2.5%	0.9%	2.3%	-2.6%	0.3%	-8.6%	1.5%
GRAND TOTAL	\$7,115.9	\$7,182.7	\$7,483.5	\$7,775.4	\$7,900.0	\$8,187.6	\$8,080.5	\$8,136.1	\$7,566.9	\$7,651.8
% Change		0.9%	4.2%	3.9%	1.6%	3.6%	-1.3%	0.7%	-7.0%	1.1%

* Amounts reflect transfers to Family Care and adjustments for Milwaukee County's contribution for child welfare services. Beginning in 2009, a portion of Community Aids is distributed by the Department of Children and Families as Children and Families Aid.

**Includes funding for the first dollar credit beginning in 2009.

Table 8: Total Property Tax Levy by Taxing Jurisdiction (\$ in Millions)

Year Levied	Gross Property Tax*	Municipal & Special District	County	Elementary & Secondary (K-12) Schools	Technical College Districts
1970(71)					
Amount	\$1,179.0	\$220.8	\$251.1	\$674.0	\$26.2
Percent	100.0%	18.7%	21.3%	57.2%	2.2%
1975(76)					
Amount	\$1,601.3	\$369.9	\$241.4	\$899.5	\$78.9
Percent	100.0%	23.1%	15.1%	56.2%	4.9%
1980(81)					
Amount	\$2,210.0	\$479.6	\$355.5	\$1,219.9	\$133.4
Percent	100.0%	21.7%	16.1%	55.2%	6.0%
1985(86)					
Amount	\$3,203.5	\$765.2	\$489.8	\$1,738.3	\$185.6
Percent	100.0%	23.9%	15.3%	54.3%	5.8%
1990(91)					
Amount	\$4,388.2	\$1,070.6	\$697.5	\$2,356.4	\$235.4
Percent	100.0%	24.4%	15.9%	53.7%	5.4%
1995(96)					
Amount	\$5,738.9	\$1,379.2	\$964.5	\$3,023.6	\$331.3
Percent	100.0%	24.0%	16.8%	52.7%	5.8%
2000(01)					
Amount	\$6,604.5	\$1,837.1	\$1,316.1	\$2,927.8	\$466.3
Percent	100.0%	27.8%	19.9%	44.3%	7.1%
2005(06)					
Amount	\$8,326.7	\$2,361.1	\$1,671.1	\$3,592.3	\$622.0
Percent	100.0%	28.4%	20.1%	43.1%	7.5%
2010(11)					
Amount	\$10,364.6	\$2,878.9	\$1,951.4	\$4,692.9	\$757.2
Percent	100.0%	27.8%	18.8%	45.3%	7.3%
2011(12)					
Amount	\$10,384.8	\$2,911.8	\$1,972.2	\$4,646.7	\$771.5
Percent	100.0%	28.0%	19.0%	44.7%	7.4%
Annualized Average Growth Rates					
1970-75	6.3%	10.9%	-0.8%	5.9%	24.6%
1975-80	6.7	5.3	8.0	6.3	11.1
1980-85	7.7	9.8	6.6	7.3	6.8
1985-90	6.5	6.9	7.3	6.3	4.9
1990-95	5.5	5.2	6.7	5.1	7.1
1995-00	2.8	5.9	6.4	-0.6	7.1
2000-05	4.7	5.1	4.9	4.2	5.9
2005-10	4.5	4.0	3.1	5.5	4.0
2010-11	0.2	1.1	1.1	-1.0	1.9
1970-2011	5.4%	6.5%	5.2%	4.8%	8.6%

*The state forestry tax is not individually reflected and accounts for the remainder of the total levy.

stated for 1985 to 1990 because the table reflects 1985(86) tax levies prior to the application of \$155 million in school aid tax credits. Subsequently, funding for the credits was converted to direct school aids. If the credits are subtracted from the 1985(86) levy, average annual school tax increases of 5.4% from 1980 to 1985 and 8.3% from 1985 to 1990 result.

Technical college district levies increased at the highest annual growth rate between 1970 and 2011 (8.6%). Above average growth rates throughout the 1970s coincided with the transformation of the vocational education system from a municipal basis to a statewide system (see the Legislative Fiscal Bureau's informational paper entitled "Wisconsin Technical College System"). From 1980 through 1990, growth in technical college levies was lower than that for other taxing jurisdictions, but the pattern between 1990 and 2005 was for levy increases greater than that for other taxing jurisdictions.

County levies changed at annual rates below the state average between 1970 and 1975 and between 1980 and 1985. During those periods, the state assumed county costs for certain health and social services programs (1972 and 1973) and the Milwaukee Metropolitan Sewerage District assumed levying authority for its taxes from Milwaukee County (1982 and 1983). Until the 2005 to 2010 period, growth in county levies exceeded the rate of change for total levies during each other period examined. Behind schools, counties had the second lowest average, annualized growth rate between 1970 and 2011 (5.2%).

Municipal and special purpose district levies increased at rates below the growth rates for total levies for the 1975 to 1980, 1990 to 1995, and 2005 to 2010 periods. They increased at a more rapid rate than the rate of change for total levies during each other period examined. Over the 41-year period, municipalities and special districts posted the second highest average, annualized rate of increase (6.5%). Levies for tax increment

districts are included in this category.

Property Tax Rates

Table 9 shows the cyclical nature of changes in the state average property tax rate. Over the period displayed, the rate peaked in 1971(72). During the 1970s, the state average tax rate declined as growth in property values exceeded tax levy increases. However, that relationship reversed in the 1980s, causing increases in the state average tax rate. Increases continued through 1992(93), when the average rate approached the 1971(72) level. Beginning in 1992(93), the state average rate fell each year until 2007(08), when the state average gross tax rate of \$18.58 per \$1,000 of value was \$0.02 per \$1,000 of value higher than the average gross tax rate for 2006(07). Increases occurred in each of the next four years. Since 2007(08), values have decreased by 2.2% while gross levies have increased by 12.3%, resulting in a gross tax rate of \$21.33 per \$1,000 of value in 2011(12).

Estimated Property Tax Bills

Table 10 provides estimates of tax bills for a median-valued home for the ten-year period from 2002(03) through 2011(12). The amounts were calculated by multiplying statewide average tax rates by estimated home values. The home values are based on the 2000 median home value for Wisconsin, which was determined in the 2000 decennial, U.S. census. The values for the other years were calculated by adjusting the 2000 value according to the change in residential property values caused by economic factors, as reported by the Department of Revenue. The Department calculates that change annually as a component of equalized values, which it certifies each Au-

Table 9: Change in the State Average Property Tax Rate -- 1970(71) to 2011(12)

Year Levied (Collected)	Full Value of All Property	Statewide Property Tax Levy		Tax Rate Per \$1,000 of Value	
		Gross	Net	Gross	Net
1970(71)	\$34,790,499,300	\$1,178,975,199	\$1,039,383,102	\$33.89	\$29.88
1975(76)	58,549,890,092	1,601,263,271	1,262,918,209	27.35	21.57
1980(81)	108,480,469,889	2,210,004,212	1,901,104,090	20.37	17.52
1985(86)	123,021,487,280	3,203,487,573	2,744,387,590	26.04	22.31
1990(91)	141,370,307,160	4,388,165,512	4,068,860,512	31.04	28.78
1995(96)	201,538,109,000	5,738,930,868	5,267,648,137	28.48	26.14
2000(01)	286,321,491,800	6,604,531,375	6,046,744,052	23.07	21.12
2005(06)	427,933,562,000	8,326,736,844	7,739,898,537	19.46	18.09
2010(11)	495,904,192,300	10,364,621,246	9,342,723,540	20.90	18.84
2011(12)	486,864,232,800	10,384,819,359	9,357,699,667	21.33	19.22
Annualized Average Growth Rates					
1970 - 1975	11.0%	6.3%	4.0%	-4.2%	-6.3%
1975 - 1980	13.1	6.7	8.5	-5.7	-4.1
1980 - 1985	2.5	7.7	7.6	5.0	4.9
1985 - 1990	2.8	6.5	8.2	3.6	5.2
1990 - 1995	7.3	5.5	5.3	-1.7	-1.9
1995 - 2000	7.3	2.8	2.8	-4.1	-4.2
2000 - 2005	8.4	4.7	5.1	-3.3	-3.1
2005 - 2010	3.0	4.5	3.8	1.4	0.8
2010 - 2011	-1.8	0.2	0.2	2.1	2.0
1970 - 2011	6.6%	5.4%	5.5%	-1.1%	-1.1%

Net tax levies and rates include reductions for credits that were not extended to all property owners: personal property tax relief (PPTR) for owners of Line A personal property in 1970(71) through 1980(81); the lottery credit for property used as the owner's principal residence in 1995(96) and subsequent years; and the first dollar credit for improved property in 2010(11) and 2011(12).

gust 15. Changes to the state's housing stock due to demolitions and new construction probably cause the estimated home values to differ from the actual median value for the state in all years except 2000.

Over the ten-year period, the gross property tax bill increased from \$2,770 for 2002(03) to \$3,351 for 2011(12), and the net tax bill increased from \$2,517 to \$2,953. These amounts represent increases of 21.0% in the gross tax bill and 17.3% in the net tax bill. Over the same period, the consumer price index increased by 25.1%. When converted to annualized average rates of change, the net tax bill and the consumer price index increased at rates of 1.8% and 2.5%, respectively.

During the ten-year period, the two factors having the greatest influence on year-to-year tax bill changes have been the state's funding for K-

12 public education and state tax credits.

The 1993 Legislature enacted a provision that required the state to provide two-thirds of partial school revenues on a statewide basis beginning in the 1996(97) property tax year, and the state maintained that commitment through 2002(03). Since the repeal of the two-thirds funding requirement, effective in 2002(03), statewide school tax levies have increased at a higher rate than the levies for other types of taxing jurisdictions, except in 2005(06), when general school aid funding increased by 6.9%, and in 2011(12), when revenue limits served to keep school levies down.

State tax credits account for the distinction between gross tax bills and net tax bills. When tax credit funding is unchanged from year to year and the statewide tax base increases, the amount of tax credits distributed to each taxpayer will

decline, on average. However, larger average tax credit amounts can be achieved by increasing tax credit funding. Funding for the lottery credit is based on revenues generated by the Wisconsin lottery, and changes in the average lottery credit generally reflect changes in lottery revenues.

School levy tax credit funding remained unchanged at \$469.3 million annually between 1996(97) and 2005(06). When combined with growth in the statewide tax base, the average school levy tax credit for the median-valued home declined, as portrayed in Table 10, where the average credit of \$177 in 2002(03) had declined to \$168 by 2005(06). As a result, the percentage increase in net tax bills exceeded the increase in gross tax bills for each year in this period.

This trend was reversed in 2006(07), and in the six years from 2006(07) through 2011(12), the percentage change in the net tax bill equaled or was below the gross tax bill change. Funding for the school levy tax credit increased in each year from 2006(07) through 2008(09), and beginning in 2008(09), the first dollar tax credit was created. Although funding for the school levy tax credit was unchanged between 2008(09) and 2009(10), funding for the first dollar tax credit more than doubled.

In the table, total tax credits increased from \$249 in 2005(06) to \$398 in 2011(12), or by 59.8%. Over the same period, the gross tax bill increased by 12.5%. These trends combined to produce an increase in the net tax bill of 8.2% from 2005(06) to 2011(12).

Table 10: Estimated Property Tax Bills for a Median-Valued Home Based on Statewide Average Tax Rates

	2002(03)	2003(04)	2004(05)	2005(06)	2006(07)	2007(08)	2008(09)	2009(10)	2010(11)	2011(12)
Value	\$126,473	\$133,821	\$142,814	\$153,525	\$164,118	\$170,305	\$171,840	\$167,974	\$161,355	\$157,692
Type of Tax										
School	\$1,233	\$1,280	\$1,351	\$1,324	\$1,364	\$1,436	\$1,475	\$1,537	\$1,575	\$1,552
Municipal	694	704	730	748	756	777	793	804	813	822
County	576	587	605	616	621	636	640	649	655	659
Technical College	209	215	221	229	234	240	246	252	254	258
Other	<u>58</u>	<u>58</u>	<u>61</u>	<u>62</u>	<u>62</u>	<u>62</u>	<u>62</u>	<u>61</u>	<u>61</u>	<u>60</u>
Gross Tax	\$2,770	\$2,844	\$2,968	\$2,979	\$3,037	\$3,151	\$3,216	\$3,303	\$3,358	\$3,351
Tax Credits										
School Levy	-177	-174	-171	-168	-208	-230	-250	-245	-243	-242
First Dollar							-33	-65	-67	-67
Lottery and Gaming	<u>-76</u>	<u>-83</u>	<u>-91</u>	<u>-81</u>	<u>-96</u>	<u>-85</u>	<u>-77</u>	<u>-74</u>	<u>-85</u>	<u>-89</u>
Net Tax Bill	\$2,517	\$2,587	\$2,706	\$2,730	\$2,733	\$2,836	\$2,856	\$2,919	\$2,963	\$2,953
Change from Prior Year										
Gross Tax										
Amount		\$74	\$124	\$11	\$58	\$114	\$65	\$87	\$55	-\$7
Percent		2.7%	4.4%	0.4%	1.9%	3.8%	2.1%	2.7%	1.7%	-0.2%
Net Tax										
Amount		\$70	\$119	\$24	\$3	\$103	\$20	\$63	\$44	-\$10
Percent		2.8%	4.6%	0.9%	0.1%	3.8%	0.7%	2.2%	1.5%	-0.3%