



Legislative Fiscal Bureau

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TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Property Tax Bill Estimate on a Median-Valued Home Under Joint Finance Committee Substitute Amendment

This memorandum updates the estimate of the property tax bill on the median-valued home for the 2017-19 biennium based on the Governor's proposed biennial budget (AB 64/SB 30) and the Joint Committee on Finance substitute amendment (ASA 1 to AB 64/SB 30).

The median-valued home estimates provided in this memorandum reflect the actual information for the 2016(17) property tax year and incorporate changes proposed by the Governor and approved by the Joint Committee on Finance, including: (a) the sunset of the state forestry mill tax effective with property tax assessments as of January 1, 2017 [2017(18)]; (b) an annual increase of funding for the school levy credit by \$87 million, beginning in 2017(18); and (c) deletion of the current law provision that allows counties and municipalities to refrain from decreasing their allowable levies by the amount that their debt service on debt issued before July 1, 2005, decreases between the prior year and the current year.

The estimated tax bill also incorporates the following provisions adopted by the Joint Committee on Finance: (a) the exemption of non-manufacturing machinery, tools, and patterns from the property tax and creation of a local aid payment in lieu of the tax on such items; (b) changes in the estimated school levy due to modifications to the low revenue school district adjustment and aid reductions related to the choice and charter school programs; and (c) changes in funding for the lottery and gaming credit related to the Committee's decision to partially fund retailer compensation payments with GPR of \$8 million in 2017-18 and \$40 million in 2018-19.

The following table reports the tax bill estimates under the Joint Committee on Finance's approved biennial budget. Compared to the base year estimate, the estimates for a median-valued home are lower by \$1 in 2017(18) and \$22 in 2018(19).

**Joint Finance Committee Tax Bill Estimates for a Median-Valued Home for 2017(18)
and 2018(19) Compared to Prior Year Estimates**

	<u>2014(15)</u>	<u>2015(16)</u>	Base Year <u>2016(17)</u>	<u>JFC Estimates</u> <u>2017(18)</u>	<u>2018(19)</u>
Home Value	\$150,505	\$152,719	\$155,657	\$160,622	\$163,834
Gross Taxes	\$3,246	\$3,289	\$3,307	\$3,317	\$3,322
Tax Credits	<u>-415</u>	<u>-440</u>	<u>-455</u>	<u>-466</u>	<u>-492</u>
Net Tax Bill	\$2,831	\$2,849	\$2,852	\$2,851	\$2,830
Change to Base Year				-\$1	-\$22