



## Legislative Fiscal Bureau

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July 11, 2019

TO: Members  
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Property Tax Estimates Under 2019 Act 9

This memorandum provides the final estimated property tax levels and tax bills under 2019 Act 9.

On June 18, 2019, this office distributed a memorandum entitled, "Property Tax Estimates, Governor versus Joint Finance," which provided estimates of property tax levels under Senate Substitute Amendment 1 and Assembly Substitute Amendment 1 to AB 56/SB 59, as proposed by the Joint Finance Committee. That memorandum described the Joint Finance Committee's proposed changes to the Governor's recommendations that would affect property tax levies and property tax credits. For counties, municipalities, and technical college districts, modifications included deleting the Governor's recommended changes to county and municipal levy limits and technical college revenue limits. The Committee modified the existing levy limit negative adjustment for fees for covered services by deleting storm water management from the list of covered services. Also, the Committee increased funding for the lottery and gaming property tax credit by transferring \$30.2 million GPR in 2019-20 and \$28.4 million GPR in 2020-21 to partially fund non-personnel lottery costs. As a result, an additional \$58.6 million SEG was made available for property tax relief through the lottery and gaming credit. For school districts, several changes made by the Committee would affect statewide school levies, including: (a) providing a revenue limit adjustment of \$175 per pupil in 2019-20 and \$179 per pupil in 2020-21; (b) setting the low revenue adjustment amount at \$9,700 per pupil in 2019-20 and \$10,000 per pupil in 2020-21; and (c) providing a base funding increase for general school aids of \$83.2 million in 2019-20 and \$246.7 million in 2020-21. With these changes, the property tax bill on a median-valued home would have equaled \$2,927 in 2019(20) and \$2,975 in 2020(21), which match the tax bill estimates under AB 56/SB 59, as introduced.

The Legislature made two modifications to the Joint Finance Committee's proposals that would affect property tax levies and the estimated property tax bill on a median-valued home. First, the Legislature retained the negative levy limit adjustment for fees from storm water management services. Under this provision, counties and municipalities would continue to be required to reduce

their allowable levies by the estimated amount of fee revenues received from storm water management services, as required under existing law. However, the effect of retaining this adjustment would not have a measurable effect on county and municipal levies. Second, the Legislature provided an additional \$1,500,000 GPR in 2019-20 and \$4,683,400 GPR in 2020-21 to fund non-personnel lottery costs, which has the effect of increasing net SEG lottery fund revenues available for the lottery and gaming credit. With these increases, in addition to the \$58.6 million of additional GPR provided by the Joint Finance Committee for lottery expenses, a total of \$64.8 million of additional SEG would be available through the lottery and gaming credit for property tax relief in the 2019-21 biennium.

Under Act 9 and as a result of the preceding changes, gross property tax levies are estimated to increase on a statewide basis by 2.7% in 2019(20) and by 2.5% in 2020(21), and net tax levies would increase by an estimated 2.9% in 2019(20) and by 2.8% in 2020(21). These tax changes would result in tax bills for a median-valued home estimated at \$2,926 in 2019(20) and \$2,971 in 2020(21). These represent increases of \$55 (1.9%) in 2019(20) and \$45 (1.5%) in 2020(21).

The tax bill estimates in this memorandum are for the state as a whole. The impacts on individual municipalities would vary considerably from these figures.

BL/ES/lb  
Attachment

**ATTACHMENT**

**Property Tax Estimates on Statewide Median-Valued Home**

	Final	Preliminary	Act 9	
	<u>2017(18)</u>	<u>2018(19)</u>	<u>2019(20)</u>	<u>2020(21)</u>
<b>Tax Levies (In Millions)</b>				
Municipalities	\$2,839.2	\$2,922.1	\$3,004.5	\$3,094.7
Counties	2,196.6	2,229.8	2,281.5	2,336.0
School Districts	4,945.2	4,987.9	5,113.6	5,208.2
Technical College Districts	446.6	457.2	472.1	487.2
Tax Increment Districts	476.0	486.0	510.6	535.5
Special Purpose Districts	112.5	115.0	120.0	122.7
Gross Property Tax Levies	\$11,016.1	\$11,198.1	\$11,502.4	\$11,784.3
Change to Prior Year		182.0	304.3	281.9
Net Property Tax Levies	\$9,760.0	\$9,877.9	\$10,159.8	\$10,440.9
Change to Prior Year		117.9	281.9	281.0
<b>Percent Change</b>				
Municipalities		2.9%	2.8%	3.0%
Counties		1.5	2.3	2.4
School Districts		0.9	2.5	1.8
Technical College Districts		2.4	3.3	3.2
Tax Increment Districts		2.1	5.1	4.9
Special Purpose Districts		2.2	4.3	2.2
Gross Property Tax Levies		1.7%	2.7%	2.5%
Net Property Tax Levies		1.2	2.9	2.8
<b>Tax Bill Estimate -- Prior Law</b>				
Median-Valued Home	\$160,622	\$166,967	\$173,646	\$178,681
Tax Bill Estimate	2,876	2,871	2,943	2,988
Change over Prior Year				
-Amount		-\$5	\$72	\$45
-Percent		-0.2%	2.5%	1.5%
<b>Tax Bill Estimate -- Governor (AB 56/SB 59)</b>				
Median-Valued Home	\$160,622	\$166,967	\$173,646	\$178,681
Tax Bill Estimate	2,876	2,871	2,927	2,975
Change over Prior Year				
-Amount		-\$5	\$56	\$48
-Percent		-0.2%	2.0%	1.6%
Change over Prior Law				
-Amount			-\$16	-\$13
-Percent			-0.5%	-0.4%

**ATTACHMENT (continued)**

**Property Tax Estimates on Statewide Median-Valued Home**

	Final <u>2017(18)</u>	Preliminary Estimates <u>2018(19)</u>	<u>Act 9</u>	
			<u>2019(20)</u>	<u>2020(21)</u>
<b>Tax Bill Estimate -- JFC Substitute Amendment</b>				
Median-Valued Home	\$160,622	\$166,967	\$173,646	\$178,681
Tax Bill Estimate	2,876	2,871	2,927	2,975
Change over Prior Year				
-Amount		-\$5	\$56	\$48
-Percent		-0.2%	2.0%	1.6%
Change over Prior Law				
-Amount			-\$16	-\$13
-Percent			-0.5%	-0.4%
Change over Governor (AB 56/SB 59)				
-Amount			\$0	\$0
-Percent			0.0%	0.0%
 <b>Tax Bill Estimate -- Act 9</b>				
Median-Valued Home	\$160,622	\$166,967	\$173,646	\$178,681
Tax Bill Estimate	2,876	2,871	2,926	2,971
Change over Prior Year				
-Amount		-\$5	\$55	\$45
-Percent		-0.2%	1.9%	1.5%
Change over Prior Law				
-Amount			-\$17	-\$17
-Percent			-0.6%	-0.6%
Change over Governor (AB 56/SB 59)				
-Amount			-\$1	-\$4
-Percent			<0.1%	-0.1%