



Legislative Fiscal Bureau

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TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Property Tax Estimates, Governor and Joint Finance

This memorandum compares estimated property tax levels and tax bills under the 2021-23 budget recommendations of the Joint Committee on Finance with the tax bill estimates under current law and under the Governor's budget recommendations.

On April 19, 2021, this office distributed a memorandum entitled, "Property Tax Estimates Under the Governor's Budget Bill." That memorandum provided estimates of property tax levels under 2021 AB 68/SB 111, as proposed by the Governor. The memorandum described the Governor's proposed changes to municipal, county, school district, and technical college district levies. Based on these changes, statewide gross property tax levels were estimated to increase by 2.1% in 2021(22) and by 2.2% in 2022(23).

The Joint Finance Committee modified a number of the Governor's provisions affecting property tax levels. For counties and municipalities, modifications included deleting the Governor's recommended changes to county and municipal levy limits. The Committee also included a reestimate of the current law lottery fund condition to reflect higher projected lottery sales during the biennium, as well as a higher opening balance in 2021-22. As a result, an additional \$75.9 million in 2021-22 and \$29.8 million in 2022-23 is available for property tax relief through the current law lottery and gaming credit, compared to estimates under AB 68/SB 111. For school districts, modifications included deleting the Governor's recommended changes to the revenue limits. The Committee increased base funding for general school aids by \$110.0 million in 2021-22 and by \$298.0 million in 2022-23. The Committee also deleted the general school aid reduction associated with certain independent charter schools, which would increase the net general aid payments to districts and reduce the gross school levy by an estimated \$82.8 million in 2021-22 and \$83.9 million in 2022-23. In total, the Committee's actions would reduce school levies by \$192.8 million in 2021(22) and by \$381.9 million in 2022(23), compared to current law, which would represent reductions of \$147.8 million in 2021-22 and \$326.9 million in 2022-23 from the Governor. In addition, the Committee also increased property tax relief aid to technical colleges by \$29.0 million

in 2021-22 and by \$43.0 million in 2022-23, which would reduce their levies by an equal amount each year.

As a result of the preceding changes, gross property tax levies are estimated to increase on a statewide basis by 0.3% in 2021(22) and by 0.5% in 2022(23), and net tax levies would decrease by an estimated 0.7% in 2021(22) and increase by 1.2% in 2022(23). These tax changes would result in tax bills for a median-valued home estimated at \$3,214 in 2021(22) and \$3,246 in 2022(23). These represent a decrease of \$101 (3.0%) in 2021(22) and an increase of \$32 (1.0%) in 2022(23). Compared to estimated tax bills under AB 68/SB 111, these tax bills would result in a decrease in the estimated tax bill of \$72 (2.2%) in 2021(22) and \$135 (4.0%) in 2022(23).

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. Table 1 compares the statewide levies and the tax bills on the statewide median-valued home under current law, under AB 68/SB 111, and under the Joint Finance Committee substitute amendments. It should be noted that net levies under current law and under the Governor have been adjusted from the April 19 memorandum to reflect actual levies for 2020(21) and the increased amounts available under the lottery and gaming credit, as these increased amounts would be available under current law.

TABLE 1

Property Tax Estimates Under Joint Finance, Compared to Current Law and Governor

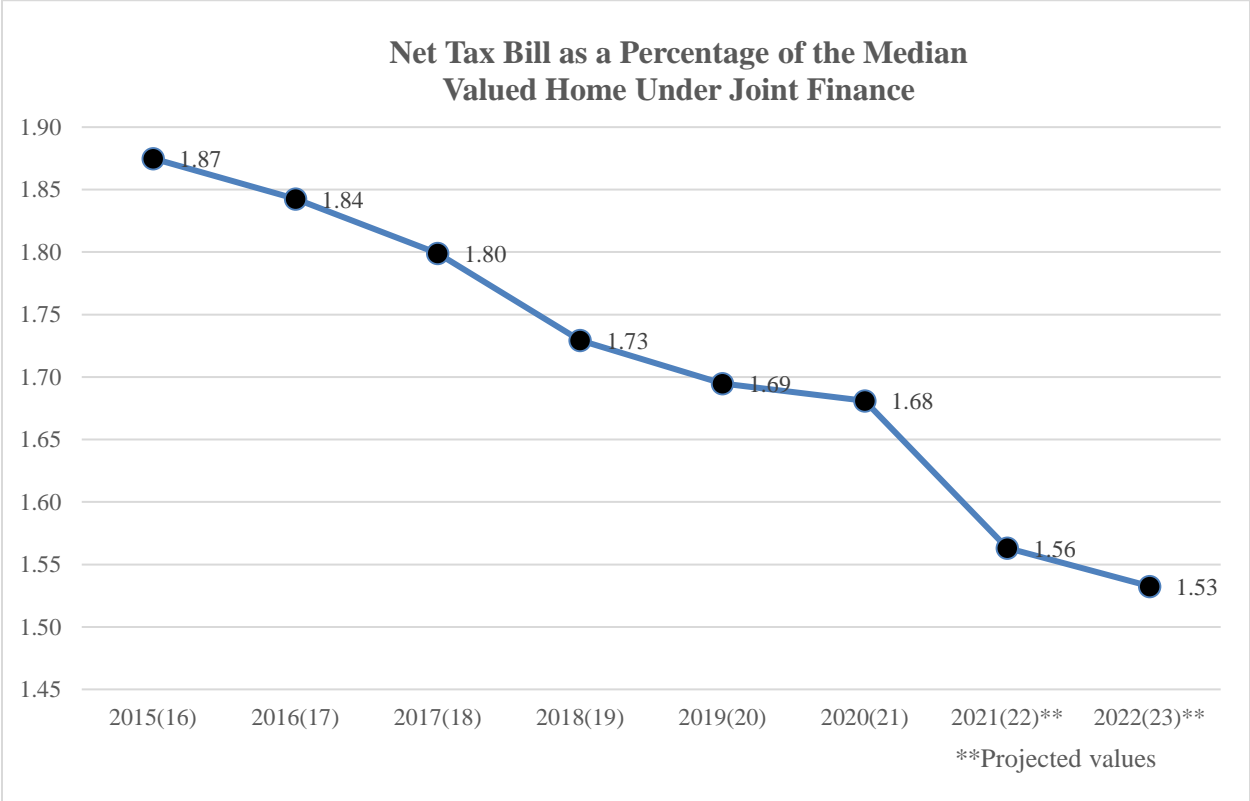
	Final 2019(20)	Final 2020(21)	Estimates Based on Provisions under Joint Finance	
			2021(22)	2022(23)
Tax Levies (In Millions)				
Municipalities	\$3,020.0	\$3,109.6	\$3,206.2	\$3,305.9
Counties	2,280.8	2,327.8	2,379.3	2,432.0
School Districts	5,209.4	5,379.8	5,242.2	5,143.1
Technical College Districts	471.2	486.5	472.0	474.0
Tax Increment Districts	519.3	593.6	630.2	635.3
Special Purpose Districts	117.5	119.7	121.8	124.0
Gross Property Tax Levies	\$11,618.2	\$12,017.0	\$12,051.7	\$12,114.3
Change to Prior Year		398.8	34.7	62.6
Net Property Tax Levies	\$10,262.1	\$10,695.9	\$10,624.9	\$10,750.9
Change to Prior Year		433.8	-71.0	126.0
Percent Change				
Municipalities		3.0%	3.1%	3.1%
Counties		2.1	2.2	2.2
School Districts		3.3	-2.6	-1.9
Technical College Districts		3.3	-3.0	0.4
Tax Increment Districts		14.3	6.2	0.8
Special Purpose Districts		1.9	1.8	1.8
Gross Property Tax Levies		3.4%	0.3%	0.5%
Net Property Tax Levies		4.2	-0.7	1.2
Tax Bill Estimate -- Current Law				
Median-Valued Home	\$188,500	\$197,200	\$205,600	\$211,800
Tax Bill Estimate	3,195	3,315	3,288	3,386
Change Over Prior Year				
Amount		\$120	-\$27	\$98
Percent		3.8%	-0.8%	3.0%
Tax Bill Estimate -- Governor				
Median-Valued Home	\$188,500	\$197,200	\$205,600	\$211,800
Tax Bill Estimate	3,195	3,315	3,286	3,381
Change Over Prior Year				
Amount		\$120	-\$29	\$95
Percent		3.8%	-0.9%	2.9%
Change Over Current Law				
Amount			-\$2	-\$5
Percent			-0.1%	-0.1%

TABLE 1 (continued)**Property Tax Estimates Under Joint Finance, Compared to Current Law and Governor**

	Final <u>2019(20)</u>	Final <u>2020(21)</u>	Estimates Based on Provisions <u>under Joint Finance</u>	
			<u>2021(22)</u>	<u>2022(23)</u>
Tax Bill Estimate -- Joint Finance				
Median-Valued Home	\$188,500	\$197,200	\$205,600	\$211,800
Tax Bill Estimate	3,195	3,315	3,214	3,246
Change Over Prior Year				
Amount		\$120	-\$101	\$32
Percent		3.8%	-3.0%	1.0%
Change Over Current Law				
Amount			-\$74	-\$140
Percent			-2.3%	-4.1%
Change Over Governor (AB 68/SB 111)				
Amount			-\$72	-\$135
Percent			-2.2%	-4.0%

While the total net tax bill on a median-valued home is expected to decrease in 2021(22) and then increase in 2022(23), the net tax bill as a percentage of the value of the home will decrease in both years. The net tax bill is estimated to be approximately 1.56% of the home value in 2021(22) and approximately 1.53% of the home value in 2022(23). Figure 1 below reports the net tax bill as a percentage of the median valued home since 2015(16).

FIGURE 1



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