



## Legislative Fiscal Bureau

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June 18, 2019

TO: Members  
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Property Tax Estimates, Governor versus Joint Finance

This memorandum compares estimated property tax levels and tax bills under Senate Substitute Amendment 1 and Assembly Substitute Amendment 1 to AB 56/SB 59, as proposed by the Joint Committee on Finance, with the tax bill estimates under current law and under the Governor's recommendation (AB 56/SB 50).

On April 9, 2019, this office distributed a memorandum entitled, "Property Tax Estimates Under the Governor's Budget Bill." This memorandum provided estimates of property tax levels under AB 56/SB 59, as proposed by the Governor. The memorandum described the Governor's proposed changes to municipal, county, school district, and technical college district fiscal control programs as well as his proposed changes to the school levy tax credit and first dollar tax credit. Based on these changes, statewide gross property tax levels were estimated to increase by 2.0% in 2019(20) and to decrease by 7.7% 2020(21). The memorandum also projected the effect of these tax changes on homeowners by estimating the tax bills on a median-valued home taxed at statewide average tax rates. These estimates assumed that the median home value would increase in value by 4.0% in 2019 and by 2.9% in 2020. The statewide value of all types of properties was estimated to increase by 4.8% in 2019 and by 4.1% in 2020. By combining the estimates of property values and statewide property tax levels, the tax bill on a median-valued home taxed at statewide average tax rates was estimated to increase by 2.0% (\$56) in 2019(20) and by 1.6% (\$48) in 2020(21) under AB 56/SB 59. In comparison, the tax bill on a median-valued home taxed at statewide average tax rates was estimated to increase by 2.5% (\$72) in 2019(20) and by 1.5% (\$45) in 2020(21) under current law.

In Senate Substitute Amendment 1 (SSA 1) to SB 59 and Assembly Substitute Amendment 1 (ASA 1) to AB 56, the Joint Finance Committee modified a number of the Governor's provisions affecting property tax levels. 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 current law levy limit

adjustment for fees for covered services by deleting storm water management from the list of covered services. However, the effect of this modification would not have a measurable effect on county and municipal levies. 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 is available for property tax relief through the lottery and gaming credit. For school districts, several changes would be made under Joint Finance that 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.

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 \$2,927 in 2019(20) and \$2,975 in 2020(21). These represent increases of \$56 (2.0%) in 2019(20) and \$48 (1.6%) in 2020(21), which would match the tax bill estimates under AB 56/SB 59.

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.

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Attachment

## ATTACHMENT

### Property Tax Estimates Under the Joint Finance Committee Substitute Amendment to AB 56/SB 59, Compared to Current Law and Governor

	Final 2017(18)	Preliminary Estimates 2018(19)	Estimates Based on Provisions of JFC Substitute Amendment	
			2019(20)	2020(21)
<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	5,112.0	5,207.0
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	\$11,500.7	\$11,783.0
Change to Prior Year		182.0	302.6	282.4
Net Property Tax Levies	\$9,760.0	\$9,877.9	\$10,159.6	\$10,444.3
Change to Prior Year		117.9	281.7	284.6
<b>Percent Change</b>				
Municipalities		2.9%	2.8%	3.0%
Counties		1.5	2.3	2.4
School Districts		0.9	2.5	1.9
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 -- Current 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 Current Law				
-Amount			-\$16	-\$13
-Percent			-0.5%	-0.4%

	Final <u>2017(18)</u>	Preliminary Estimates <u>2018(19)</u>	Estimates Based on Provisions of JFC Substitute Amendment	
			<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 Current Law				
-Amount			-\$16	-\$13
-Percent			-0.5%	-0.4%
Change over Governor (AB 56/SB 59)				
-Amount			\$0	\$0
-Percent			0.0%	0.0%