



Legislative Fiscal Bureau

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July 27, 2015

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Property Tax Estimates, Governor and 2015 Wisconsin Act 55

This memorandum compares estimated property tax levels and tax bills under SB 21, as proposed by the Governor, and under 2015 Wisconsin Act 55 (the enacted 2015-17 biennial budget).

On March 30, 2015, this office distributed a memorandum entitled, "Property Tax Estimates Under Governor's Budget Bill" that provided estimates of property tax levels under SB 21, as proposed by the Governor. The memorandum identified proposed changes to municipal, county, school district, and technical college district fiscal control programs and considered funding levels for state aid and property tax credit programs. Since then, the Department of Revenue (DOR) has released final amounts for the 2014(15) tax levy, and those amounts have been incorporated into this analysis. The March 30 memorandum used preliminary totals for 2014(15). Based on this revised information, statewide net property tax level increases of 0.8% in 2015(16) and 0.9% in 2016(17) are estimated under the Governor's proposal.

The earlier memorandum also projected the impact of these tax changes on homeowners by estimating the tax bills on a median-valued home taxed at statewide average tax rates. The home values for 2014 through 2016 are based on the 2000 median home value for Wisconsin, which was determined in the 2000 decennial, U.S. census. The 2000 value has been adjusted through 2014 to reflect the change in residential property values caused by economic factors, as reported by DOR. This analysis assumes that the median home value will increase by 2.5% in 2015 and by 3.2% in 2016 while the statewide value of all types of properties will increase by 3.6% in 2015 and by 4.3% in 2016. 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 is estimated at \$2,824 in 2015(16) and \$2,821 in 2016(17) under the Governor's proposal. Compared to final estimates for 2014(15), this represents a decrease of 0.25% (\$7) in 2015(16) followed by a decrease of 0.11% (\$3) in 2016(17).

The Legislature made several changes to SB 21 that affected the estimated property tax levels for school districts. Under Act 55, districts will be able to count incoming pupils who begin participating in the Racine or statewide private school choice programs in the 2015-16 school year or thereafter for revenue limit and general aid purposes. Act 55 also provides a revenue limit adjustment for consolidated school districts. Modifications were also made to per pupil payments and estimated participation in the independent charter school program and private school choice programs, which would affect the backfill levy associated with those programs. Compared to the Governor, these modifications are estimated to increase property tax levels by \$21.0 million in 2015(16) and \$23.5 million in 2016(17) for school districts and by \$0.7 million in 2015(16) and \$0.9 million in 2016(17) for tax incremental districts.

As a result of the preceding changes, gross property tax levies are estimated to increase on a statewide basis by 1.9% in 2015(16) and 0.8% in 2016(17), and net tax levies would increase by an estimated 1.1% in 2015(16) and 0.9% in 2016(17). These tax changes would translate into tax bills for a median-valued home estimated at \$2,830 in 2015(16) and \$2,828 in 2016(17). These represent decreases of \$1 (-0.04%) in 2015(16) and \$2 (-0.07%) in 2016(17).

Compared to the original SB 21 estimates, gross property taxes would be higher by \$21.7 million in 2015(16) and \$24.4 million in 2016(17) and net property taxes would be higher by \$21.8 million in 2015(16) and \$24.8 million in 2016(17). Tax bill estimates are higher by \$6 in 2015(16) and \$7 in 2016(17); therefore, over the two years of the biennium, estimated taxes on a median-valued home are \$13 higher under Act 55 than under SB 21. The attached table reports statewide property tax estimates and estimated tax bills for 2015(16) and 2016(17) under SB 21, as proposed by the Governor, and under Act 55.

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

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Attachment

ATTACHMENT

**Property Tax Estimates Under SB 21, as Proposed by the Governor, and
Under 2015 Act 55**

	2014(15)	Governor's Proposal		Act 55	
		2015(16)	2016(17)	2015(16)	2016(17)
Tax Levies (In Millions)					
Municipalities	\$2,611.0	\$2,677.3	\$2,746.9	\$2,677.3	\$2,746.9
Counties	2,046.5	2,083.3	2,122.9	2,083.3	2,122.9
School Districts	4,755.4	4,812.0	4,768.0	4,833.0	4,791.5
Technical College Districts	407.1	415.3	424.1	415.3	424.1
Tax Increment Districts	374.9	382.3	386.1	383.0	387.0
Special Purpose Districts	107.5	110.0	112.5	110.0	112.5
State Forestry	81.3	84.2	87.8	84.2	87.8
Gross Property Tax Levies	\$10,383.7	\$10,564.4	\$10,648.3	\$10,586.1	\$10,672.7
Change to Prior Year		180.7	83.9	202.4	86.8
Net Property Tax Levies	\$9,324.4	\$9,401.3	\$9,486.0	\$9,423.1	\$9,510.8
Change to Prior Year		76.9	84.7	98.7	87.7
Percent Change					
Municipalities		2.5%	2.6%	2.5%	2.6%
Counties		1.8	1.9	1.8	1.9
School Districts		1.2	-0.9	1.6	-0.9
Technical College Districts		2.0	2.1	2.0	2.1
Tax Increment Districts		2.0	1.0	2.2	1.0
Special Purpose Districts		2.3	2.3	2.3	2.3
State Forestry		3.6	4.3	3.6	4.3
Gross Property Tax Levies		1.7%	0.8%	1.9%	0.8%
Net Property Tax Levies		0.8	0.9	1.1	0.9
Tax Bill Estimate					
Median-Valued Home	\$150,505	\$154,268	\$159,205	\$154,268	\$159,205
Tax Bill Estimate	\$2,831	\$2,824	\$2,821	\$2,830	\$2,828
Change to Governor's Proposal				\$6	\$7
Change Over Prior Year					
- Amount		-\$7	-\$3	-\$1	-\$2
- Percent		-0.25%	-0.11%	-0.04%	-0.07%