

Research Brief

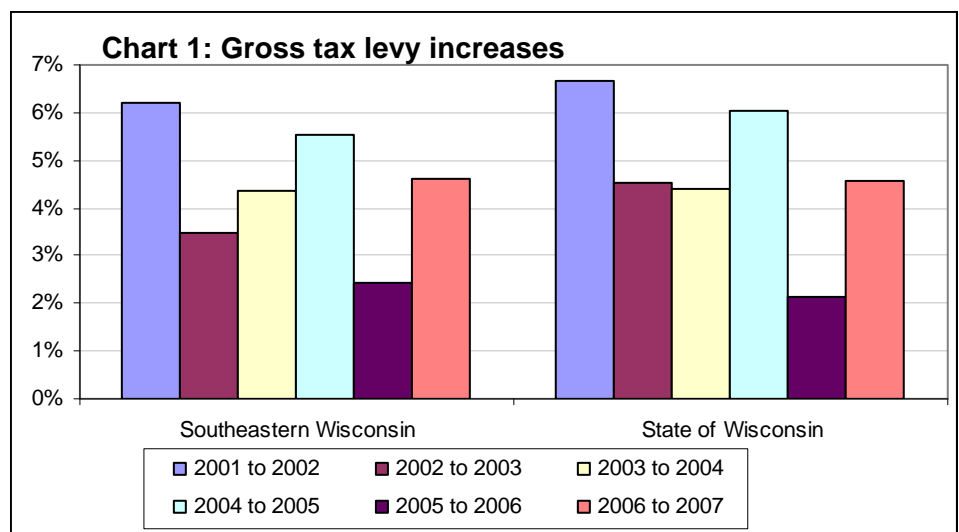
Property tax levy rises 4.6% in SE Wisconsin

A year ago when our annual tax analysis found the smallest increase in the property tax levy in five years, we wondered if that would be the start of a trend. It wasn't. In retrospect, the relatively small increase of 2.4% was an anomaly. This year, the levy increased 4.6% in southeastern Wisconsin, and as the chart below shows, is similar to increases in previous years. The chart also shows the growth in the gross tax levy total for the entire state. Last year, the gross tax levy total for the state increased 2.2%; in 2007, the increase is 4.6%, same as in southeastern Wisconsin.

The largest component of this year's increased gross property tax levy in southeastern Wisconsin is the school district levy. The total school property tax levies for all municipalities in southeastern Wisconsin increased 7.1% from 2006 to 2007 after a decrease of 0.1% from 2005 to 2006. School districts in southeastern Wisconsin accounted for 43% of the total gross property tax levy in 2007. Some of this growth is due to transfer of special education services from Racine County to the school districts in western Racine County, which caused a large increase in the overall school district levy in Racine County.

Overall, the 147 municipalities in our seven-county region levied \$3.3 billion in property taxes. That translates to a gross tax rate of \$18.78 per \$1,000 of assessed property in 2007, a decrease of 5.5% from last year. The net tax rate after credits are applied is \$17.52 for southeastern Wisconsin, a decrease of 6.7% from last year. The tax rates declined in almost all municipalities because the growth in property values (tax base) outpaced the increase in tax levies.

By one measure, the average residential tax bill in our region shows little change. Using average home sale prices, we found the average net tax bill for homes sold in southeastern Wisconsin to be \$3,940 for 2007. This suggests a decrease of 3.6% from last year, although home sales do not necessarily reflect a true picture of the overall tax base of any specific municipality.



Major findings

- The gross tax levy for southeastern Wisconsin is \$3.3 billion in 2007, an increase of 4.6% from 2006. Last year's increase was 2.4%. The school district tax levy for southeastern Wisconsin increased 7.1%. The municipal tax levy for the region increased 2.3% and the county levy increased 2.2%.
- The total gross tax levy for Racine County municipalities increased 8.1% from 2006 to 2007, the highest increase among county totals in southeastern Wisconsin. This increase was largely due to a 22.1% increase in the school district tax levy.
- Every county's gross tax levy total except Ozaukee County's had a larger percent increase this year compared to last year.
- The gross tax rate for southeastern Wisconsin is \$18.78 per \$1,000 of assessed property for 2007, a decrease of 5.5% from last year. The net tax rate after credits are applied is \$17.52 for southeastern Wisconsin, a decrease of 6.7% from last year.
- The village of West Milwaukee (Milwaukee County) had the highest net tax rate in southeastern Wisconsin at \$25.55. Twenty-three municipalities had a net tax rate above \$20. The town of Paris (Kenosha County) had the lowest net tax rate, \$9.47, in the region.
- The average southeastern Wisconsin net tax bill is \$3,940 in 2007, based on the 2007 net tax rate of \$17.52 and an average home sale price of \$224,833 in 2006.

Data and methodology

This report used data (from the Wisconsin Department of Revenue) on 2006-07 tax levies and tax rates of municipalities in the seven counties of southeastern Wisconsin. The data were not fully audited and thus were considered preliminary.

The tax levy is the amount of money that each taxing jurisdiction (county, municipality, school district, technical college district, tax increment finance district, special district, and the state) budgets to receive from property taxes. These levies were decided in 2006 for 2007. To figure the tax rate, each government divides the levy by the total property value (tax base) in its jurisdiction and multiplies the result by 1,000. This calculation allows property tax payments to be distributed evenly among taxpayers according to individual property values.

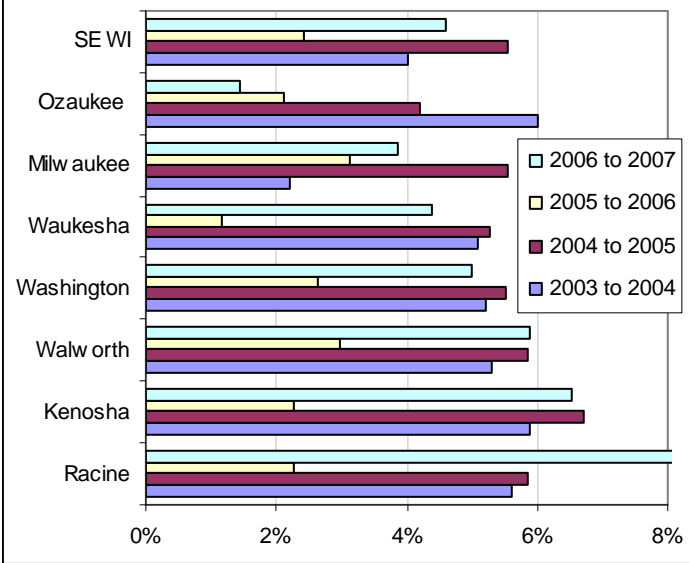
Because each property taxpayer lives within several taxing jurisdictions, the tax rates are added together to arrive at the gross tax rate. However, the net tax rate that determines each taxpayer's payment is the result of subtracting the state tax credit from the gross tax rate. Taxpayers can determine their individual payment by dividing their property value by 1,000 and multiplying the result by the net tax rate. The Forum calculates a hypothetical regional and county total tax rate by aggregating each municipality's tax rate into a rate for southeastern Wisconsin or county as a whole.

Our analysis of the average residential property tax bill was based on the 2006 average residential home sale price for each municipality, as provided by the Multiple Listing Service, Inc. (MLS). For this report, residential properties include single family, two family, and multi-family homes, and condos. Townships are not analyzed separately because MLS reports the average home sale price for communities with the same name (such as the town of Port Washington and the city of Port Washington) as one municipality. In these cases, the net tax rate of the larger municipality to the average sales price is applied.

Property tax levy

The gross tax levy for southeastern Wisconsin is \$3.3 billion in 2007, an increase of 4.6% from 2006. Last year, the one-year increase was 2.4%. In 2007, school districts are the driving force behind the overall tax levy increase. The school district tax levy increased 7.1% from 2006 to 2007. Last year, the school district tax levy decreased slightly. Southeastern Wisconsin's municipal tax levy increased 2.3%, while the county tax levy increased 2.2%. **NOTE:** *The Forum does not analyze other components of the gross tax levy (technical colleges, state, special district, and TIF districts) because they make up a relatively small portion of the total levy, even if there are significant changes.*

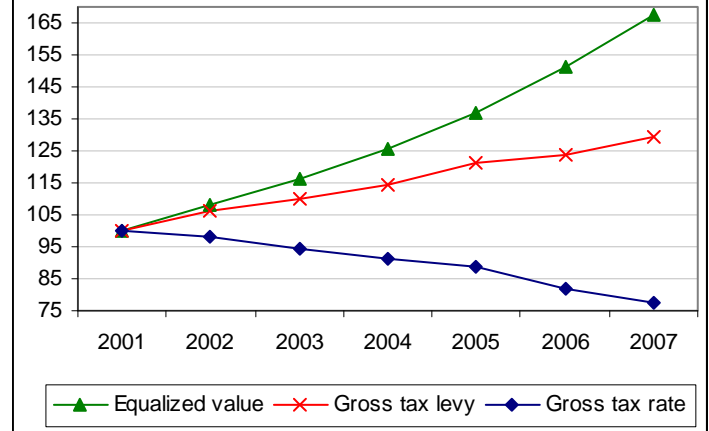
Six of the seven county gross tax levy totals (the total of each municipality's gross tax levy in that county) had a larger increase this year than last year. Ozaukee County's gross tax levy increase of 1.4% from 2006 to 2007 was the only levy increase lower than the previous year's increase. Racine County had the largest one-year gross tax levy increase in the region, going up 8.1%, a large change from last year's increase of 2.3%. Kenosha County had the next largest increase, with the gross tax levy rising 6.5%. Walworth County's total gross tax levy followed, going up 5.9%. Milwaukee County's gross tax levy increased 3.8% from 2006 to 2007. **Chart 2** shows the last four one-year increases for each county and for southeast-

Chart 2: County gross tax levy increases


ern Wisconsin. As shown in the chart, the 2005 to 2006 increase was much lower than the other three years. This year's increase is similar to the other two years. Only 16 municipalities in southeastern Wisconsin had a decrease in their gross tax levy from 2006 to 2007, compared to 32 municipalities last year.

Racine County's total gross tax base increase (8.1%) was the largest in the region by more than two percentage points. Its total school district levy increased 22.1%, due to a transfer in services between the county and the school districts in western Racine County. In June 2003, the Racine County Board of Supervisors passed a resolution dissolving the Racine County Children with Disabilities Education Board (CCDEB), which handled special education services for the county's western school districts. As of July 2006, the special education services were taken over by the districts, causing the dramatic increase in school district tax levies for western Racine County municipalities, while at the same time decreasing the county portion of the levy for each of those municipalities. Although there were decreases to the county levy, special state aid to the county was not transferable to the school districts. To make up for the shortfall, property taxes had to be increased, thus driving up the overall gross tax levy.

As **chart 3** shows, property values in the region have been growing at a faster rate than the gross tax levy. During this same time period, the gross tax rate had been decreasing. Although the growth in property values is not the cause of the levy growth, it would be impossible to decrease the tax rate while increasing the levy if property values were not growing.

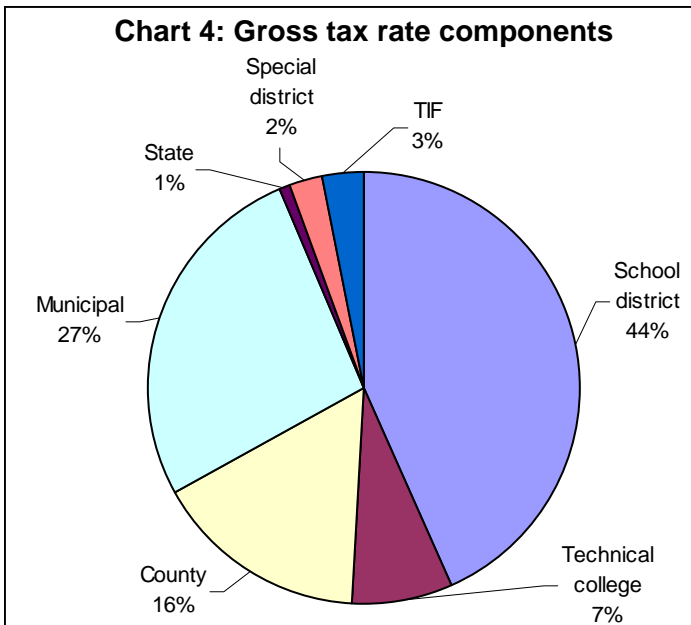
Chart 3: SE WI values, rates, and levies


Property tax rates

The gross tax rate for southeastern Wisconsin, using the total of every southeastern Wisconsin municipality's gross tax levy and the total equalized value of all properties in southeastern Wisconsin, is \$18.78 per \$1,000 of assessed property in 2007, a decrease of 5.5%. **Chart 4** on the next page shows the breakdown of the gross tax rate into its various components. As the chart shows, school districts make up the largest portion of the gross tax rate, 43%. Last year, school districts made up 42% of the gross tax rate. The school district tax rate for the region is \$8.17 per \$1,000 of assessed property in 2007, a decrease of 3.3%.

Every county's gross tax rate decreased from 2006 to 2007. Racine County had the smallest decrease, 3%, but that was expected because of the change in special education services. Racine County's school district tax rate increased 9.5%, and was the only county total with an increase. Every Racine County municipality had an increase in the school district portion of the gross tax rate, including the city of Racine which was not affected by the change in special education services. Five of the municipalities in Racine County had an increase in their gross tax rate from 2006 to 2007. Kenosha County's school district tax rate decreased 0.5%, the smallest decrease in the region. Walworth County municipalities had the largest decrease in the school district tax rate, 7.6%. It also had the second largest decrease in the gross tax rate, 7.3%. Milwaukee County's 7.5% decrease was the largest decrease in the gross tax rate.

Taxpayers in southeastern Wisconsin municipalities are most concerned with the net tax rate because that, along with the value of their home, determines how much is paid in taxes each year. The net tax rate takes into account the state credits that are applied. For southeastern



Wisconsin, the rate in 2007 is \$17.52 per \$1,000 of assessed property. That’s down 6.7% from 2006 to 2007. All but four municipalities in southeastern Wisconsin had a decrease in their net tax rate. In 2007, Milwaukee County taxpayers face the highest net tax rate in southeastern Wisconsin, \$21 per \$1,000 of assessed property values. Kenosha County has the next highest net tax rate at \$17.79, followed closely by Racine County at \$17.62. These three counties are the only county totals above \$17 and are home to the three largest cities in southeastern Wisconsin. Waukesha County has the lowest net tax rate in the region, \$14.72.

The village of West Milwaukee in Milwaukee County has the highest net tax rate in southeastern Wisconsin, \$25.55 per \$1,000 of assessed property. Eight of the 10 highest net tax rates in the region are in Milwaukee County municipalities, and only four of the top 20 are not located in Milwaukee County. The highest ranking township net tax rate in southeastern Wisconsin is in Watford, which ranked 50th among 147 municipalities. Towns typically have a lower tax rate because they offer fewer services, thus keeping government spending down. The last 13 ranked municipalities in terms of net tax rate in southeastern Wisconsin are towns. The town of Paris in Racine County has the lowest net tax rate in southeastern Wisconsin at \$9.47, and is the only municipality with a net tax rate below \$10 per \$1,000 of assessed property. The next lowest town in southeastern Wisconsin is Eagle in Waukesha County with a net tax rate of \$11.26. In 2007, there are only five cities in southeastern Wisconsin ranked in the bottom half in net tax rate.

Average tax bills

Two years ago, the Forum decided to estimate what the average residential tax bill in each municipality might be. This was done by comparing the average home sale price from the previous year to the current net tax rate to get an “average” net tax bill. In most cases, homes sold are just a small sampling of the properties in each community and may not reflect what is actually occurring in the municipality. Caution should be used when looking at the average tax bills for each municipality because the average home sale price may not portray property values accurately.

The average home sale price for southeastern Wisconsin was \$224,833 in 2006, an increase of 3.3% from 2005. The percent increase from 2004 to 2005 was 8.9%, 5.6 percentage points higher. The average home sale prices in southeastern Wisconsin, ranged from \$2.4 million in the village of Chenequa in Waukesha County, to \$128,796 in the city of Racine. Thirty-six of the 84 villages and cities in southeastern Wisconsin had a decrease in their average home price from 2005 to 2006. When the average home sale price was applied to the net tax rate, it showed a decrease in the average tax bill in southeastern Wisconsin. The average net tax bill is \$3,940, based on the 2007 net tax rate of \$17.52 and the 2006 average home sale price of \$224,833. The southeastern Wisconsin tax bill decreased 3.6% from 2006 to 2007, while the net tax decreased 6.7% and the average home sale price increased 3.3%. **Table 1** shows the average tax bill for all seven counties.

Using the average home sale price as a proxy of the average assessed residential property in each municipality results in the village of Chenequa having the highest net tax bill in the region, \$31,913. The city of Racine has the lowest net tax bill, \$2,739. The highest eight average tax bills in southeastern Wisconsin are located in Waukesha or Milwaukee county. The city of Milwaukee has an average net tax bill of \$3,272 in 2007, ranking it 74th among 84 villages and cities.

Table 1: 2007 average tax bills by county

	2007 net tax rate	2006 average sale price	2007 average tax bill
Ozaukee County	15.40	\$311,149	\$4,791
Waukesha County	14.72	\$304,541	\$4,482
Walworth County	14.90	\$292,814	\$4,363
Milwaukee County	21.00	\$183,907	\$3,862
Kenosha County	17.79	\$199,097	\$3,541
Washington County	15.19	\$228,926	\$3,478
Racine County	17.62	\$183,171	\$3,228
SE WI	17.52	\$224,833	\$3,940

2007 net tax rate ranking for southeastern Wisconsin municipalities

	2007 net tax rate	Rank		2007 net tax rate	Rank		2007 net tax rate	Rank
Kenosha County	\$17.79		Racine County	\$17.62		Town of Jackson	\$12.65	124
Town of Brighton	\$13.40	108	Town of Burlington	\$14.98	80	Town of Kewaskum	\$13.17	114
Town of Bristol	\$15.15	76	Town of Dover	\$14.52	86	Town of Polk	\$12.16	129
Town of Paris	\$9.47	147	Town of Norway	\$14.72	84	Town of Richfield	\$13.92	96
Town of Randall	\$13.41	106	Town of Raymond	\$15.46	70	Town of Trenton	\$11.80	137
Town of Salem	\$15.73	69	Town of Rochester	\$15.36	71	Town of Wayne	\$12.31	128
Town of Somers	\$15.99	59	Town of Waterford	\$16.48	50	Town of West Bend	\$11.84	136
Town of Wheatland	\$15.29	72	Town of Yorkville	\$15.88	63	Village of Germantown	\$16.78	46
Village of Paddock Lake	\$17.41	39	Village of Caledonia	\$16.13	56	Village of Jackson	\$15.78	67
Village of Pleasant Prairie	\$15.90	62	Village of Elmwood Park	\$14.33	90	Village of Kewaskum	\$16.43	52
Village of Silver Lake	\$17.76	32	Village of Mount Pleasant	\$15.96	60	Village of Newburg	\$14.74	83
Village of Twin Lakes	\$16.75	47	Village of North Bay	\$15.81	65	Village of Slinger	\$17.59	35
City of Kenosha	\$20.46	21	Village of Rochester	\$15.73	68	City of Hartford	\$18.09	29
Milwaukee County	\$21.00		Village of Sturtevant	\$17.52	37	City of West Bend	\$17.63	34
Village of Bayside	\$22.11	9	Village of Union Grove	\$20.15	23	Waukesha County	\$14.72	
Village of Brown Deer	\$22.68	3	Village of Waterford	\$19.65	24	Town of Brookfield	\$13.34	110
Village of Fox Point	\$21.49	13	Village of Wind Point	\$14.44	87	Town of Delafield	\$12.05	130
Village of Greendale	\$22.34	8	City of Burlington	\$19.06	27	Town of Eagle	\$11.26	146
Village of Hales Corners	\$20.65	19	City of Racine	\$21.27	14	Town of Genesee	\$11.44	143
Village of River Hills	\$20.79	17	Walworth County	\$14.90		Town of Lisbon	\$13.22	112
Village of Shorewood	\$22.92	2	Town of Bloomfield	\$16.03	58	Town of Merton	\$11.41	144
Village of West Milwaukee	\$25.55	1	Town of Darien	\$11.58	140	Town of Mukwonago	\$11.87	135
Village of Whitefish Bay	\$20.31	22	Town of Delavan	\$14.36	89	Town of Oconomowoc	\$11.52	141
City of Cudahy	\$22.57	4	Town of East Troy	\$13.46	105	Town of Ottawa	\$12.01	131
City of Franklin	\$20.70	18	Town of Geneva	\$14.57	85	Town of Summit	\$11.69	139
City of Glendale	\$21.10	15	Town of La Fayette	\$12.99	120	Town of Vernon	\$11.34	145
City of Greenfield	\$20.56	20	Town of La Grange	\$12.58	125	Town of Waukesha	\$11.48	142
City of Milwaukee	\$21.03	16	Town of Linn	\$12.78	122	Village of Big Bend	\$16.14	55
City of Oak Creek	\$18.97	28	Town of Linn	\$12.78	122	Village of Butler	\$16.63	48
City of St. Francis	\$22.05	10	Town of Lyons	\$13.17	113	Village of Chenequa	\$13.49	103
City of South Milwaukee	\$21.61	12	Town of Richmond	\$13.34	109	Village of Dousman	\$14.39	88
City of Wauwatosa	\$19.25	26	Town of Sharon	\$16.35	53	Village of Eagle	\$15.17	75
City of West Allis	\$22.42	6	Town of Spring Prairie	\$14.99	78	Village of Elm Grove	\$17.19	41
Ozaukee County	\$15.40		Town of Sugar Creek	\$12.69	123	Village of Hartland	\$14.93	81
Town of Belgium	\$11.75	138	Town of Troy	\$13.83	97	Village of Lac La Belle	\$12.38	127
Town of Cedarburg	\$13.16	115	Town of Walworth	\$13.67	98	Village of Lannon	\$15.27	73
Town of Fredonia	\$11.98	133	Town of Whitewater	\$13.40	107	Village of Menomonee Falls	\$15.86	64
Town of Grafton	\$13.48	104	Village of Darien	\$22.38	7	Village of Merton	\$13.55	101
Town of Port Washington	\$13.15	118	Village of East Troy	\$16.84	45	Village of Mukwonago	\$15.79	66
Town of Saukville	\$12.85	121	Village of Fontana	\$13.15	117	Village of Nashotah	\$14.22	92
Village of Belgium	\$15.09	77	Village of Genoa City	\$21.74	11	Village of North Prairie	\$13.30	111
Village of Fredonia	\$16.52	49	Village of Sharon	\$22.45	5	Village of Oconomowoc Lake	\$11.94	134
Village of Grafton	\$17.42	38	Village of Walworth	\$17.67	33	Village of Pewaukee	\$15.92	61
Village of Saukville	\$17.11	42	Village of Williams Bay	\$13.93	95	Village of Sussex	\$14.75	82
Village of Thiensville	\$17.89	30	City of Delavan	\$19.43	25	Village of Wales	\$13.15	116
City of Cedarburg	\$17.02	43	City of Elkhorn	\$16.96	44	City of Brookfield	\$16.44	51
City of Mequon	\$15.17	74	City of Lake Geneva	\$17.79	31	City of Delafield	\$14.33	91
City of Port Washington	\$16.18	54	City of Whitewater	\$17.25	40	City of Muskego	\$14.99	79
			Washington County	\$15.19		City of New Berlin	\$16.10	57
			Town of Addison	\$14.08	93	City of Oconomowoc	\$13.93	94
			Town of Barton	\$12.40	126	City of Pewaukee	\$13.11	119
			Town of Erin	\$13.51	102	City of Waukesha	\$17.58	36
			Town of Farmington	\$12.01	132	Southeastern Wisconsin	\$17.52	
			Town of Farmington	\$12.01	132	State of Wisconsin	\$17.30	
			Town of Germantown	\$13.62	100			
			Town of Hartford	\$13.62	99			

For a full listing of the data tables, please go to www.publicpolicyforum.org.

2007 Taxing Report Major Findings

- The property tax levy for southeastern Wisconsin increased 4.6%.
- Six of the seven counties in southeastern Wisconsin had a larger property tax levy percent increase this year compared to last year.
- The tax rate per \$1,000 of assessed property for southeastern Wisconsin decreased 6.7%.
- The school district tax levy for southeastern Wisconsin increased 7.1%, the highest of the major taxing jurisdiction.
- The village of West Milwaukee has the highest tax rate in the region, while the town of Paris has the lowest.
- All but four municipalities in southeastern Wisconsin saw a decrease in their tax rate.