

For more information:

For immediate release

Rob Henken
President
Public Policy Forum
414-276-8240
414-708-4392 (cell)
rhenken@publicpolicyforum.org

Property tax levies increase as property values decline

*Forum report analyzes impacts of lower property values on
local governments and school districts*

MILWAUKEE, Wisconsin – *Friday, July 9, 2010* – Despite the first region-wide decrease in property values since at least 1992, gross property taxes levied in southeastern Wisconsin increased 3.9% in 2010, according to the Public Policy Forum's latest property tax and values report. The increase was made possible by a significant increase in the aggregated gross tax *rate* for all municipalities and school districts in the region, from \$19.34 per \$1,000 of property value in 2009 to \$20.36 in 2010.

Each of the seven counties in the southeast Wisconsin region experienced an increase in its aggregate gross tax rate from the previous year. In most cases, the increases are significantly higher than the previous year. For example, Washington County had a 5.4% increase this year, compared to a 0.8% increase last year. Kenosha County, meanwhile, saw an increase of 6.2% from 2009, the largest increase in the region this year. Milwaukee County had the highest gross tax rate in Southeastern Wisconsin at \$24.77. Milwaukee County also is the only county in the region with three straight years of increases in the aggregate gross tax rate.

“Ironically, the good news – if one can call it that – is that the average hypothetical property tax bill in the region dropped about \$200 in 2010 because the growth in tax rates was eclipsed by the drop in value of the average home,” says Rob Henken, Forum president.

Previous Forum reports have documented how slower rate of growth in property values during the past few years has put greater pressure on local elected officials to increase property tax rates to fund local government and school district services. That stands in contrast to the middle of the previous decade, when escalating property values allowed officials to secure increases in annual tax levies while cutting tax rates.

The \$1.02 increase in the gross tax rate in southeastern Wisconsin between 2009 and 2010 compares to a \$0.53 increase the previous year and a \$0.03 increase in 2008. The region experienced decreases from 2001 through 2007.

“The strong linkage between property values and tax rates and the developing trends shown in this report indicate that local officials will have a hard time minimizing tax rate increases while maintaining existing levels of government service in 2011,” says Henken. “This growing pressure on property tax rates also illustrates the need for policymakers to consider revenue diversification at the local level.”

It is important to note that when the report references the gross tax rate or levy for a particular county, it does not refer to the rate or levy attributable to county government in that county, but to the aggregate total of all taxing jurisdictions in the county (including the county government).

The Forum report was funded by Robert W. Baird & Co., Inc. It can be downloaded from the Forum's Web site at www.publicpolicyforum.org.

Milwaukee-based Public Policy Forum, established in 1913 as a local government watchdog, is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of public policy issues.

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