WISCONSIN POLICY FORUM

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Southeast Wisconsin's property tax collections growing more slowly than property values

As municipal and county leaders grapple with spending and taxing decisions in their 2019 budgets, new data collected by the Wisconsin Policy Forum shows property taxes collected in the seven-county southeast Wisconsin region grew by 1.0% ($40 million) in 2018. Meanwhile, property values in the region grew 4.6%, the highest rate of growth in the past decade. In fact, for only the second time since 2006, the region's growth rate exceeded that of the state as a whole (4.5%).

Those findings are included in WPF's latest property tax and values report, an annual publication that measures trends in property values and examines how they impact the capacity of local governments and school districts to raise revenues. Given WPF's new statewide focus, this year's report also includes key property tax and value information for each of the state's 72 counties.

Despite the small increase in property tax collections, the report also finds the region's aggregate property tax *rate* declined for the fourth consecutive year, from $22.11 per $1,000 of equalized value in 2017 to $21.57 in 2018 (2.4%). The region's 2018 aggregate rate now is roughly equivalent to the 2011 rate, which means an average property taxpayer whose property value has not changed would be paying about the same amount in property taxes as he or she paid seven years ago.

The decrease in rates "suggests a benefit for taxpayers, as school districts and local governments are not increasing their tax levy collections to the level that might be expected by the growth in values, in part because of levy limits imposed by the state," says the report.

"On the other hand, the fact that property tax collections are not keeping up with the increase in values may pose a problem for some local governments and school districts, which may be precluded from tapping into their growth in values to the extent desirable to fund needed services because of the manner in which levy limits are constructed," the report adds.

Other key findings from the 2018 analysis of property values and taxes in southeast Wisconsin:

- The region's aggregate equalized property values totaled $194 billion in 2018, exceeding 2008 pre-recession levels and attaining their highest level since the Forum began collecting data in 1999. That total and the 4.6% growth rate would have been even higher if not for a recent state law change that exempted certain types of personal property from valuation and taxation. We estimate the regional increase would have been closer to 5.3% if not for that change.

- For the fifth consecutive year, every county in the region experienced an increase in aggregate property values in 2018, led by Kenosha County at 6.5%. Milwaukee County's values grew by 4.3%, the lowest in the region.

- Commercial property values in southeast Wisconsin skyrocketed in 2018. The 7.2% increase in value was triple the rate of commercial growth in 2017. Kenosha County led the way with a 9.2% increase, and Milwaukee County also saw impressive growth in commercial values at 8.7%.

- The 1.01% increase in the region's aggregate gross property tax levy collections in 2018 is slightly higher than last year's increase of 0.97%. Every county in the region except Walworth County experienced an increase in property tax levy collections, with Kenosha County's the largest at 2.9%.

- To calculate an average tax bill in southeast Wisconsin, we apply the region's average residential property value to the aggregate gross tax rate. The hypothetical average tax bill in the region decreased by $3 to $4,289 in 2017.

The report was sponsored by Baird, Ehlers, the Commercial Association of Realtors Wisconsin, and the Greater Milwaukee Association of Realtors. *The publication is presented this year as an interactive, web-based report.* It can be accessed here. To access statewide data only, click here.