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Region's property tax levies rise 1.8% in 2016

But property tax rate declines as property values continue to rebound

MILWAUKEE – *Thursday, September 8, 2016* – Aggregate property taxes collected in the southeast Wisconsin region grew by 1.8% (\$69 million) from 2015 to 2016, with each of the seven counties in the region seeing an increase in collections. However, reflecting rising property values, the aggregate gross property tax rate for property owners in the region decreased from \$22.63 per \$1,000 of equalized value in 2015 to \$22.60 in 2016. This is the second consecutive year the region's tax rate has declined after consecutive increases from 2008 through 2014.

Those findings are included in the Public Policy Forum's latest property tax and values report, an annual publication that measures trends in property values – one of the region's most critical indicators of economic health – and examines how they impact the capacity of local governments and school districts to raise revenues.

"The growth in property tax collections in 2016 essentially was commensurate with the 2.0% growth in values experienced in 2015," says the report. "In other words, local governments and school districts collectively captured the increased property tax payments created by the growth in value, but did not seek increases above that amount."

The report also finds that in 2016, property values in the region showed even better growth, increasing by 3.2%.

"The region has returned to an economic paradigm in which modest growth in property values can be expected," says the report. "That, in turn, provides local officials with wherewithal to enjoy modest growth in property tax levies without necessitating an increase in property tax rates."

Other key findings from the 2016 analysis of property values and taxes in southeast Wisconsin:

- For the third consecutive year, every county in the region experienced an increase in property values, led by Kenosha County at 5.6%. Property value growth for the State of Wisconsin as a whole was 3.0%, making this the first year since 2006 that the region's growth exceeded that of the state.
- The City of Milwaukee experienced a robust 4.1% increase in equalized property values, its highest annual growth since 2007. This is only the second year since the onset of the recession that Milwaukee experienced year-to-year growth in equalized property values.
- Residential values – which comprise the greatest share of overall property values in the region – also grew for the third consecutive year at 2.7%. Each of the seven counties in the region experienced growth in residential values, led by Kenosha County at 4.2%.
- Commercial property values continue to drive the region's overall growth, increasing by 4.7% and outpacing the 3.8% growth in commercial value experienced by the state as a whole. This year's growth rate is the highest since 2007.
- Every county in the region saw an increase in its aggregate gross tax levy in 2016, with Racine County experiencing the largest (4.7%) and Milwaukee County the smallest (0.9%).
- The hypothetical average tax bill in the region increased by \$53 (1.2%) to \$4,351 in 2016. Still, because the average residential value remains well below its pre-recession peak, the region's hypothetical gross property tax bill for residents is \$89 lower than the \$4,440 we calculated in 2008.

"For the second consecutive year, the overall message to taxpayers and citizens conveyed by our analysis of property values and taxes in southeast Wisconsin is positive," concludes the report. "Not only was the regional tax rate down slightly for 2016, but 2016 property values showed an even bigger increase than the year before, signaling the potential for another rate reduction in 2017."

The report was sponsored by Baird. It can be downloaded from the Forum's website 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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