



**For more information:**

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

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## **Region's property tax levies increase slightly in 2013**

*But property tax rates increase sharply in response to decline in values*

**MILWAUKEE** – *Wednesday, June 26, 2013* – In the aggregate, local governments and school districts in southeast Wisconsin levied 1% more in property taxes for 2013 than they did in 2012, reversing a trend of slowing growth or decline in the prior two years. The slight increase in overall levies was accompanied by a more substantial 6.3% increase in the aggregated gross tax *rate* for municipalities and school districts in the region, from \$22.04 per \$1,000 of property value in 2012 to \$23.42 in 2013, the highest rate since 2002.

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 report explains that property tax rates are closely tied to property values, which declined substantially in 2012, thus negatively impacting rates for 2013 municipal, county and school district budgets.

The report notes that last year, after three years of steady decline in property values, the Forum's analysis found that the rate of decline had slowed and growth in the property tax rate diminished, leading it to ask whether the region had "hit bottom." One year later, the answer is "no."

"In this year's report, we find the one-year decline in the region's aggregate property valuation to be the steepest ever," says the report. "To accommodate this fourth consecutive year of declining values, tax rate growth increased considerably, though the resulting aggregate tax levy grew only slightly."

The report suggests that strict new local government property tax levy limits imposed by the 2011-13 State Budget continue to be a factor in limiting overall property tax levy growth. It also notes that while that is good news for taxpayers, "the combination of declining property values and strict levy limits undoubtedly will continue to pose a challenge for state and local governments and school districts, particularly if their ability to wring additional savings from fringe benefit budgets, and/or to generate additional revenue from user charges and fees, are exhausted."

Other key findings from the 2013 analysis of property values and taxes in southeast Wisconsin:

- Overall, total property values in southeast Wisconsin decreased 5% in 2012—the fourth consecutive year with a decrease, and the largest decrease since at least 1992. Aggregate property values in every county in southeast Wisconsin decreased for the third year in a row.
- The decline in *residential* property values was once again the driving force behind the overall decrease in values. In 2012, the value of residential property in the region totaled \$121.9 billion, a decrease of 6% from 2011. The value of commercial property declined 2.4%.
- School districts account for the largest percentage of the aggregate tax levy in southeast Wisconsin, at 45%. In 2013, the budgeted aggregate school district levy for southeast

Wisconsin is less than 1% higher than the prior year. Over the past five years, the school district tax levy has increased 6.4%

- To calculate an average tax bill in southeast Wisconsin, we apply the average residential property value in the region to the gross tax rate. The resulting hypothetical average tax bill in 2013 is \$4,402, a slight increase over the 2012 average tax bill.

The Forum report was sponsored by Baird. It can be downloaded from the Forum's Web site at [www.publicpolicyforum.org](http://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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