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Region's property tax levies increase only minimally in 2014

Rate of growth in property tax rates also slows as values begin to recover

MILWAUKEE – *Friday, September 5, 2014* – The aggregate property tax levy in the southeast Wisconsin region grew by only 0.2% (\$8 million) from 2013 to 2014, continuing a three-year stretch of minimal increases or declines. The slight increase in overall levies was accompanied by a 2.2% increase in the aggregated gross tax *rate* for property owners in the region, from \$23.42 per \$1,000 of property value in 2013 to \$23.93 in 2014, which compares to a \$1.38 rate increase in 2013.

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.

“This year's 0.2% increase in the region's aggregate gross property tax levy – combined with last year's growth of 1% and a decline in 2012 of 0.3% – means that the average property owner in the region has seen little change in his or her property tax bill in the past three years, unless the value of his or her property increased or decreased substantially,” says the report.

The report notes that this “good news for taxpayers” is attributed – at least in part – to local government and school district property tax levy limits that were strengthened in the last two state budgets. It also cautions, however, that “local officials may have been required to find other means to accommodate any inflationary cost increases associated with the provision of critical programs and services, which may suggest either growing fiscal stress or service-level impacts depending on the strategies used and the overall fiscal condition of the governmental body.”

The report explains that while the aggregate gross levy in the region grew only minimally in 2014, property tax rates grew by a larger percentage. The 2014 property tax rates are closely tied to 2013 property values. Those values declined by 2.7%, thus creating the need for higher rates to generate the same amount of property tax levy from property owners.

Recently released data from the Wisconsin Department of Revenue show that property values in the region rebounded from five consecutive years of decline in 2014, growing by 2.6%.

According to the report, that should ease the pressure on property tax rates next year, but the need to accommodate the declining values in 2013 caused the regional property tax rate to grow by 2.2% in 2014.

Other key findings from the 2014 analysis of property values and taxes in southeast Wisconsin:

- Every county in the region experienced an increase in property values in 2014, led by Waukesha County at 3.8%.
- Residential property comprises 71% of total property value in the region and increased by 2.5%, led by 4.1% growth in Ozaukee County. Each of the seven counties saw residential property values increase in 2014, though the City of Milwaukee experienced a 1.9% decline.
- In 2014, 114 of the region’s 147 municipalities experienced property value growth. That compares to 29 in 2013 and only eight in 2012.

- For the seventh consecutive year, the aggregate hypothetical gross tax rate in the region increased. Milwaukee County has the highest gross tax rate in the region at \$29.64 per \$1,000 of assessed value after an increase of \$0.49 from 2013 to 2014. Kenosha County had the largest increase among counties in the region at \$1.16 per \$1,000, while Waukesha County had the smallest increase at \$0.23 per \$1,000.
- The property taxes levied by school districts are the largest component of the annual property tax bill, accounting for 44% of the aggregate tax levy in southeast Wisconsin. In 2014, the budgeted aggregate school district levy for southeast Wisconsin *decreased* by 0.8%, thus helping to minimize overall growth caused by increases at other levels of government.
- To calculate an average tax bill in southeast Wisconsin, the analysis applies the average residential property value in the region to the gross tax rate. The resulting hypothetical average tax bill in 2014 is \$4,416, a slight increase over the 2013 average tax bill of \$4,402.

The Forum report was sponsored by Baird. 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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