

# Wisconsin Association for Equity in Funding: Almost half of school levy credits leave the state

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The Wisconsin Association for Equity in Funding (AEF) [has called for a budget repair bill](#) focused on providing property-taxpayer relief. We are excited to see the Governor making exactly such a proposal, with an estimated \$450 Million for general school aids. But we are left wondering why our elected leaders would support a property tax relief model that sends almost half of the funding out of state?

## **Almost Half of the School Levy Credits Leave the State**

According to the [Lincoln Institute of Land Policy](#), only 51 percent of the total school levy credit reduces property taxes of Wisconsin homeowners on their primary residences. “Among homeowners, the largest credits flow to owners of expensive homes. Even before receipt of the credits, many of these homeowners face below-average property tax burdens relative to income. **Many Wisconsin residents bearing the largest burdens relative to income receive little benefit...**” You can see it on I-94 and I-39 on any summer weekend: license plates on cars from neighboring states heading to cabins in Wisconsin where they get a substantial property tax break thanks to the School Levy Credit.

## **Redistributing Wealth**

Let’s make this clear: the state collects income and sales tax, then turns around and redistributes those funds to the wealthiest property owners through the School Levy Credit. Now some legislators want to do even more redistribution of wealth rather than providing tax relief. Why not simply reduce the tax burden through any

one of a wide variety of methods, not the least of which is general school aid?

### **The School Levy Credit has Already Exploded**

According to the [WI Department of Revenue](#), for the 2024-25 property tax year, the school levy credit totaled \$1.275 billion. Since 2000, the amount of school levy tax credit has been increased from \$463 million, almost almost a threefold increase. **Adding another \$550 million puts the total at \$1.825 billion.** The credit is already more than 22% of total levies. **By our estimate, that would balloon to over 30%.** If we send half of that out of state, we are losing a potential source of tax relief for residents of Wisconsin.

### **Mill Rates Are Steady When Voters Say No to Referendums**

According to the [WI Policy Forum](#), mill rates in districts that do not pass referendums rose very modestly in past budgets. “The data show the impact: in the 275 districts that have passed at least one referendum since the beginning of 2021, K-12 property taxes will rise by 7.6% in 2024. **In the remaining districts, levies will also rise, but by a much smaller 1.0%.**”

Allocating funds to the School Levy Credit benefits the wealthiest property owners rather than equalizing aid to school districts. It does nothing to help schools. The School Levy Credit amount has already been raised substantially. Let's help Wisconsin taxpayers first and dedicate additional funds to general aid.

The Wisconsin Association for Equity in Funding (WAEF) is a group of Wisconsin school districts that seeks financial equity in the state system of school financing. Members include urban, suburban and rural schools, educating about 83,000 students across Wisconsin. The two issues that brought this group together have been the wide differences in the amount school districts have been able to invest in the education of their children (Revenue Limits) and the even wider differences in the property tax burden to pay for that investment.