

# K-12 PROPERTY TAXES RISE MODESTLY DESPITE STATE-IMPOSED LIMITS

*Despite measures in the current state budget to lower property tax levies for K-12 schools, those levies are rising modestly yet again on December bills – clear evidence of the impact of school district referenda. Property tax levies for counties also rose by the largest percentage in over a decade. Still, due to skyrocketing property values, Wisconsin’s taxpayers will see tax rates drop substantially this year.*

Property taxpayers in Wisconsin will pay \$78.7 million more towards K-12 schools on bills being mailed out this month, preliminary figures from the Wisconsin Department of Revenue (DOR) show. The increase of about 1.5% – from \$5.40 billion last year to \$5.48 billion this year – is relatively modest, especially given larger tax increases in past years and the current high rate of inflation.

However, in the 2021-23 state budget, lawmakers and Governor Tony Evers approved measures that were meant and projected at the time to actually lower K-12 property taxes. The [hundreds of school referenda](#) that have passed in the last handful of years – including last

month – are a likely cause, as voters have opted to override the state measures and increase their own property taxes. As a result, statewide K-12 property taxes will rise for the 11<sup>th</sup>-straight year (see Figure 1).

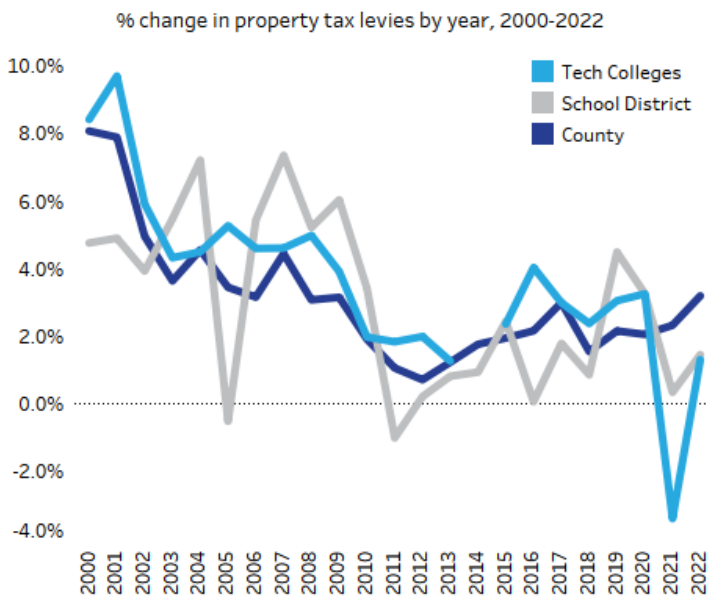
Each December, the Wisconsin Policy Forum analyzes preliminary DOR data to track how property tax levies are changing across Wisconsin’s school districts, counties, technical colleges, and special districts. This analysis looks only at gross property tax levies and does not include the state credits that will lower the net amounts owed by taxpayers.

The latest tax bills come at a time when local governments and school districts have benefited from federal pandemic aid but are also facing rising costs from high inflation. The Consumer Price Index rose 7.7% in October over the same month in 2021, much more than the average statewide increase of any of the local levies.

This year, modest property tax increases for each of those four types of local governments will coincide with about a 14% increase in the value of property in the state – the [highest single-year increase](#) in recent memory. So while many taxpayers will see higher bills (depending, in part, on whether their property has been reassessed this year), tax rates will decline because the value of property is increasing much faster.

Property tax levies for counties will rise by 3.2%, from \$2.38 billion in 2021 to \$2.46 billion in 2022. That is the largest increase since an identical 3.2% rise in 2009. Levies for the state’s 16 technical college districts will rise 1.3% (from \$470.0 million to \$476.2

**Figure 1: Modest Property Tax Increases for All Local Governments in 2022**



Source: Wisconsin Department of Revenue. Note: Technical college levies were bought back significantly in 2014/15 (-48.9%); this year was removed for scale.



million) after dropping last year, and statewide special district levies are rising only slightly.

Data on municipal tax levies will not be available until early next year, but the growth in municipal taxes typically runs somewhat ahead of the increase in county taxes. That suggests that the overall increase in gross property taxes this year likely will be more than last year, but somewhat less than the two previous years.

### ANOTHER INCREASE FOR SCHOOLS

To understand school property taxes, readers need to know that Wisconsin limits the amount of combined property taxes and general school aids a district can receive on a per-pupil basis. In most budgets over the past two decades, lawmakers and the governor have provided for modest increases to the limit of up to 3%.

But in recent years the state has tightened state and local school funding. The Forum noted in October that this policy has helped lower the property and overall tax burden in the state to below the national average but also contributed to a drop in Wisconsin’s [ranking in K-12 spending](#) to below the U.S. average.

The 2021-23 budget [did not allow for any increases to the revenue limit](#), however, although it did raise the amount of general school aids by \$192.8 million last year and again by \$189.1 million this year. The combined effect of those two actions was to put

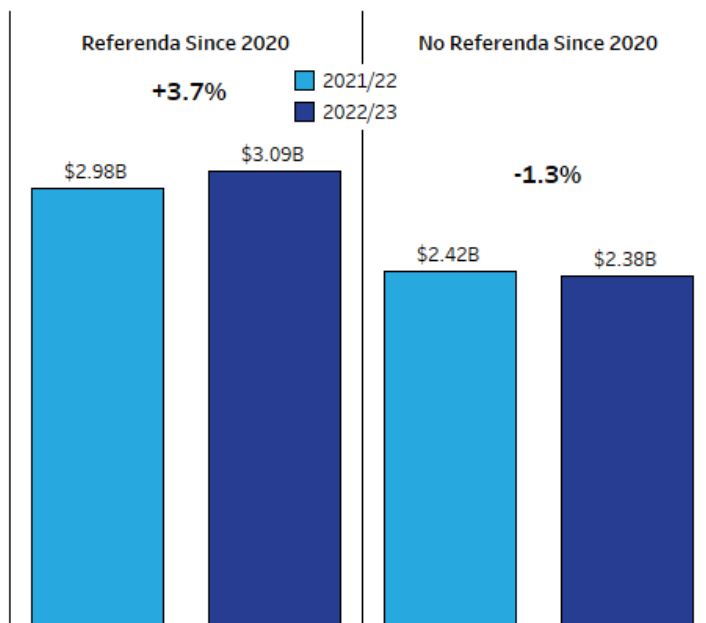
downward pressure in both years on property taxes. On a longer-term basis, the decline of public school enrollment before and especially during the pandemic also exerts downward force on property taxes.

A [June 2021 Legislative Fiscal Bureau \(LFB\) memo](#) projected that school levies would fall under a version of the state budget that was close to the final legislation, dropping by 2.6% last year and by 1.9% on this December’s bills. Instead, school levies inched up by 0.3% last year and are rising by 1.5% on this month’s bills. In all, 219 districts will increase their levies, 186 will see decreases, and 16 will keep their levies the same.

The likely cause of these unexpected increases is the significant number and amount of recent K-12 referenda approved by voters. As the Wisconsin Policy Forum has [written about extensively](#), school district referenda in recent years have passed at higher rates and in higher numbers than they have for the past two decades. Since the beginning of 2018, voters around the state have approved 456 referendum questions – more than one per district. That includes 246 for operating budgets and 210 for borrowing for capital projects. Figure 2 illustrates the linkage – property tax levies increased 3.7% on December tax bills in those districts that have adopted referenda since 2020 while they fell 1.3% in districts that have not. In all, 285 of the 421 (67.7%) K-12 districts have passed at least one referendum in the last five years, with many passing more than one (see Figure 3 on page 3).

**Figure 2: Referenda Linked to Rise in Property Taxes**

Change in K-12 property tax levy for districts that passed...



This year, Milwaukee Public Schools (MPS) will raise its levy by more than \$14 million, an increase of 4.7% that is greater than the statewide average. The Madison Metropolitan School District (MMSD) is raising its levy by just under \$6 million, or about 1.6% - just above average. While not the sole cause, it is worth noting that in 2020, both of the state’s largest districts passed operating referenda to exceed levy limits with increases that ramped up over multiple years; MMSD also passed a debt referendum.

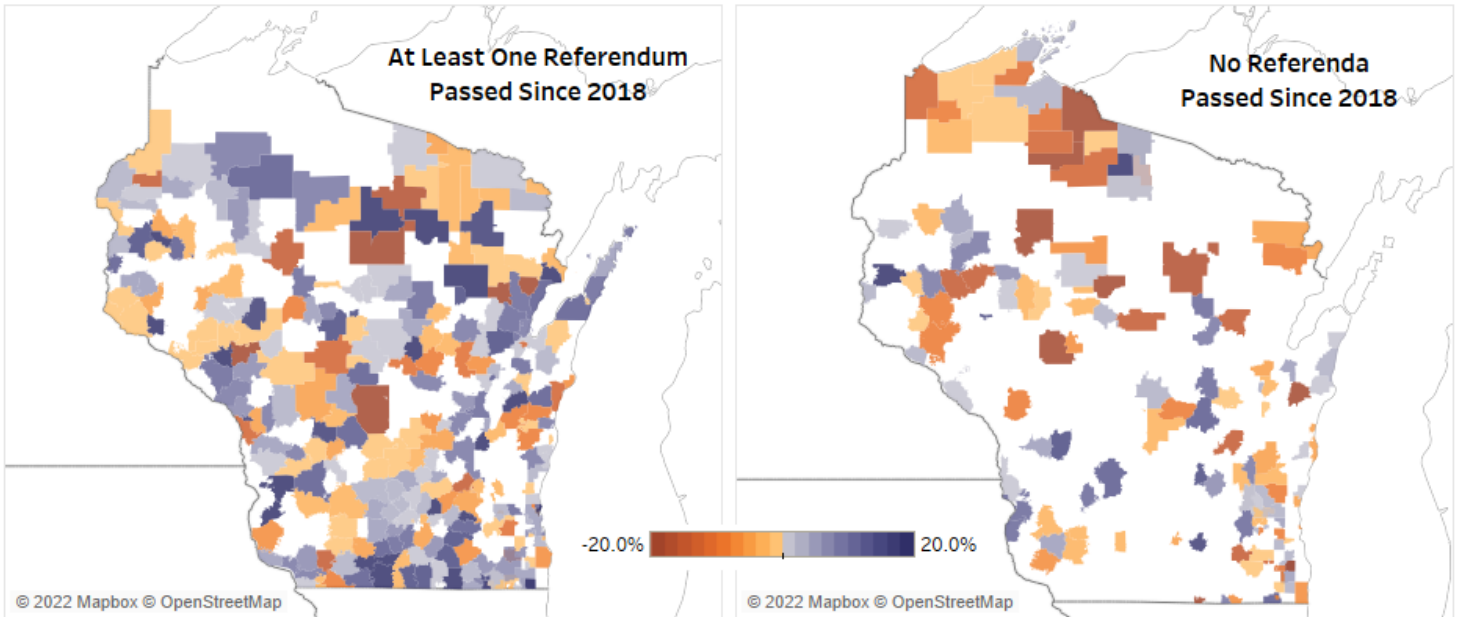
Among districts with total property tax levies of at least \$30 million, four will increase their levy by at least 10%: Oshkosh (11.0%), Oregon (11.0%), Oconomowoc (10.4%), and Hamilton (10.1%). Meanwhile, two districts with similarly large levies will bill property owners for at least 10% less – Waukesha (-10.2%) and La Crosse (-12.1%).

Source: Wisconsin Department of Revenue



**Figure 3: Pervasive Referenda Throughout Wisconsin**

Change in property tax levy from 2021/22 to 2022/23 based on referendum passage



Source: Wisconsin Department of Revenue

Regardless of what is done with the per pupil revenue limit in the upcoming 2023-25 state budget, two additional factors will likely play into the level of property taxation for the state’s K-12 schools in the next two years. The first is that all federal pandemic relief dollars must be spent by September 2024. As the [Forum has discussed](#), thus far, many districts have sought to use those one-time dollars to make up for learning loss, respond to the COVID-19 pandemic, and purchase new technology rather than use the federal funds to pay ongoing expenses. Still, the end of these funds could add pressure for some districts to increase taxes.

Another factor is the rise of enrollment in private schools that receive publicly funded vouchers, which grew from 48,894 in 2021-22 to 52,189 (+6.7%) in 2022-23 after a similar increase the year prior. Public K-12 districts are allowed to increase levies outside of state-imposed limits to cover some decreased funding created by students leaving for voucher schools, so a continued shift may lead to an increase in property tax levies.

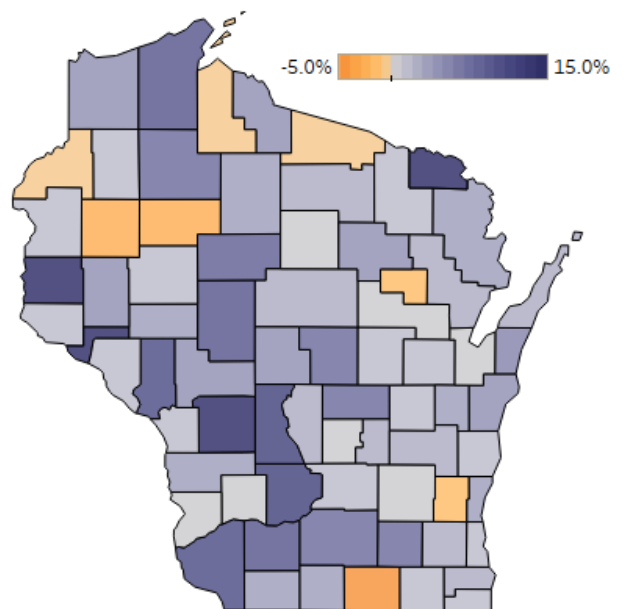
### COUNTY LEVY INCREASES AT RECENT HIGH

Wisconsin’s 72 counties will raise their total property tax levy by \$76.1 million, from \$2.38 billion last year to \$2.46 billion this year. The increase of 3.2% for this year would be the largest since 2009.

Like most other local governments and with a few important exceptions, counties in the state can only increase their property tax levies by the amount of “net new construction” each year within their boundaries – essentially, the value of the newly added property divided by the previous year’s total property value. As the Forum has detailed, since the Great Recession, that rate has generally lagged inflation, and that is certainly the case over the past year.

**Figure 4: Most Counties Increase Property Taxes**

% increase in property tax levies in 2022, by county



Source: Wisconsin Department of Revenue



Because municipalities are also subject to the state limits, municipal levies will likely increase by at least a roughly similar amount this year, though that data is currently unavailable. Notably, there was also an uptick in successful [municipal and county referenda](#) this year.

In 2022, 64 counties will increase their levy, while eight (Ashland, Vilas, Burnett, Menominee, Washington, Barron, Rusk, and Rock) will decrease theirs (see Figure 4). Eight counties (Florence, Pepin, Monroe, St. Croix, Sauk, Juneau, Grant, and Trempealeau) will increase their levy by at least 10%. That said, property values rose by at least 10% in all but two counties, meaning that most state residents will see county property tax rates decline.

Milwaukee County will increase its levy by just under \$3.5 million, or 1.1%. Dane County, meanwhile, will ask voters for an additional \$14.7 million, a 7.0% increase that is more than double the statewide average.

### **TECH COLLEGE, SPECIAL DISTRICT LEVIES ALSO RISE**

In the state budget, legislators and Evers increased state aid to technical colleges for property tax relief by \$29 million last year and an additional \$14 million this year. Last year, that was enough to decrease statewide technical college levies by 3.4% despite those districts being allowed some increase in taxes under their own state limits.

This year, however, the state's 16 technical colleges will increase their collective levies by 1.3%, or about \$6.2 million. Both of the largest districts – Milwaukee Area Technical College (0.4%) and Madison Area Technical College (3.4%) – will increase their levy.

Across more than 500 special districts in the state, levies will rise by just 0.6%, or about \$677,000. The overwhelming majority of the \$123.3 million in statewide special district taxes is levied by the Milwaukee Metropolitan Sewerage District, which is billing \$109.1 million to taxpayers. The Sewerage District levy will increase by 3.0%, while levies for all other special districts combined will decline by 15.0%.

### **CONCLUSION**

Over the past decade in particular, lawmakers and governors in Wisconsin have enacted a number of measures to curb the growth in property taxes, lowering

the state's [property tax ranking](#) nationally but also its [ranking for K-12 spending](#). The latest data show, however, that there are limits to what state officials can do. Since 2016, local voters have cast ballots in favor of higher property taxes and school spending and now that trend may be extending to other local governments as well.

With federal pandemic aid dwindling and inflationary pressures to raise employee wages and benefits still present, local governments in the state will likely face continued pressure to increase property taxes over the next two years. The degree to which they do so will depend in no small measure on the choices that Evers and the Legislature make in the next state budget.

The state, for its part, has a massive surplus that elected officials could use to increase support for local governments and school districts, thus helping to ensure that property tax increases remain manageable for home and business owners. They may also consider that if they do not elect to do so, then voters – via their support for local referenda – may take matters into their own hands, thus causing the state to once again fall short of the goal of many policymakers to hold down local levies.

