AGENDA

SCHOOL DISTRICT OF NEW GLARUS
BUDGET COMMITTEE MEETING
MONDAY, OCTOBER 10, 2022
HIGH SCHOOL LIBRARY/MEDIA CENTER, ROOM 183 JOIN ZOOM MEETING USING LINK
HTTPS://US02WEB.ZOOM.US/J/82760114688?PWD=BEPWWTBJY0E0CU5YL2PF R3HMVHBMDZ09 BY PHONE USING 1-646-568-7788 MEETING ID 827 6011 4688 & PASSWORD 977269
1701 2ND STREET
NEW GLARUS, WISCONSIN 53574
6:30 PM

DEPARTMENT OF PUBLIC INSTRUCTION
2021-22 REVENUE LIMIT WORKSHEET

DISTRICT: - DRAFT New Glarus 3934

DATA AS OF 8/19/2022, 8:45 AM

Line 1 Amount May Not Exceed (Line 11 - (Line 7B+Line 10)) of Final 21-22 Revenue Limit

2021-22 General Aid Certification (21-22 Line 12A, src 621)	+	6,658,158
2021-22 Hi Pov Aid (21-22 Line 12B, Src 628)	+	0
2021-22 Computer Aid Received (21-22 Line 12C, Src 691)	+	6,716
2021-22 Aid for Exempt Personal Property (21-22 Line 12D, Src 691)	+	26,782
2021-22 Fnd 10 Levy Cert (21-22 Line 14A, Levy 10 Src 211)	+	3,619,601
2021-22 Fnd 38 Levy Cert (21-22 Line 14B, Levy 38 Src 211)	+	0
2021-22 Fnd 41 Levy Cert (21-22 Line 14C, Levy 41 Src 211)	+	0
2021-22 Aid Penalty for Over Levy (21-22 FINAL Rev Lim, June 2022)	-	0
2021-22 Total Levy for All Levied Non-Recurring Exemptions*	-	118,023
NET 2022-23 Base Revenue Built from 2021-22 Data (Line 1)	=	**10,193,234**

*For the Non-Recurring Exemptions Levy Amount, enter actual amount for which district levied; (7B Hold Harmless, Non-Recurring Referenda, Declining Enrollment, Energy Efficiency Exemption, Refunded/Rescinded Taxes, Prior Year Open Enrollment Pupils, Reduction for Ineligible Fund 80 Expends, Other Adjustments, Private School Voucher Aid Deduction, Private School Special Needs Voucher Aid Deduction)

September & Summer FTE Membership Averages

Count Ch. 220 Inter-District Resident Transfer Pupils @ 75%.

Line 2: Base Avg:((19+.4ss)+(20+.4ss)+(21+.4ss)) / 3 = **906**

	2019	2020	2021
Summer FTE:	47	16	24
% (40,40,40)	19	6	10
Sept FTE:	906	901	875
New ICS - Independent Charter Schools FTE	0.00	0.00	0.00
Total FTE	925	907	885

Line 6: Curr Avg:((20+.4ss)+(21+.4ss)+(22+.4ss)) / 3 = **886**

	2020	2021	2022
Summer FTE:	16.00	24.00	34
% (40,40,40)	6	10	14
Sept FTE:	901.00	875.00	853
New ICS - Independent Charter Schools FTE	0.00	0.00	0
Total FTE	907.00	885	867

The Line 6 "Current Average" shown above is used for Revenue Limits. The average used for Per Pupil Aid does not include "New ICS - Independent Charter Schools FTE." The PPA average appears below after data is entered for 2022:

886

Line 10B: Declining Enrollment Exemption =		**225,016**
Average FTE Loss (**Line 2 - Line 6,** if > 0)		20
X 1.00	=	20
X (Line 5, Maximum 2022-2023 Revenue per Memb) =		11,250.81
Non-Recurring Exemption Amount:		225,016

Fall 2022 Property Values

2022 TIF-Out Tax Apportionment Equalized Valuation	680,661,438

CELL COLOR KEY: Auto-Calc | DPI Data | District-Entered

Worksheet is available at: http://dpi.wi.gov/sfs/limits/worksheets/revenue

Calculation Revised: 8/5/2020. Rounding in Total FTE buckets.

2022-2023 Revenue Limit Worksheet

1. 2022-23 Base Revenue (Funds 10, 38, 41)	(from left)		10,193,234
2. Base Sept Membership Avg (2019+.4ss, 2020+.4ss, 2021+.4ss)/3	(from left)		906
3. 2022-23 Base Revenue Per Member (Ln 1 / Ln2)	(with cents)		11,250.81
4. 2022-23 Per Member Change (A+B)			0.00
2022-23 Low Revenue Ceiling per s.121.905(1):		10,000.00	
A. Allowed Per-Member Change for 22-23		0.00	
B. Low Rev Incr ((Low Rev Ceiling-(3+4A))-4C) NOT<0		0.00	
C. Value of the CCDEB (22-23 DPI Computed-CCDEB Dists only)		0.00	
5. 2022-23 Maximum Revenue / Member (Ln 3 + Ln 4)			11,250.81
6. Current Membership Avg (2020+.4ss, 2021+.4ss, 2022+.4ss)/3	(from left)		886
7. 2022-23 Rev Limit, No Exemptions (Ln7A + Ln 7B)	(rounded)		10,193,234
A. Max Rev/Memb x Cur Memb Avg (Ln 5 x Ln 6)		9,968,218	
B. Hold Harmless Non-Recurring Exemption		225,016	
8. Total 2022-23 Recurring Exemptions (A+B+C+D+E)	(rounded)		0
A. Prior Year Carryover		0	
B. Transfer of Service		0	
C. Transfer of Territory/Other Reorg (if negative, include sign)		0	
D. Federal Impact Aid Loss (2020-21 to 2021-22)		0	
E. Recurring Referenda to Exceed (If 2022-23 is first year)		0	
9. 2022-23 Limit with Recurring Exemptions (Ln 7 + Ln 8)			10,193,234
10. Total 2022-23 Non-Recurring Exemptions (A+B+C+D+E+F+G+H+I)			225,421
A. Non-Recurring Referenda to Exceed 2022-23 Limit		0	
B. Declining Enrollment Exemption for 2022-23 (from left)		225,016	
C. Energy Efficiency Net Exemption for 2022-23 (see pg 4 for details)		0	
D. Adjustment for Refunded or Rescinded Taxes, 2022-23		405	
E. Prior Year Open Enrollment (uncounted pupil[s])		0	2
F. Reduction for Ineligible Fund 80 Expenditures (enter as negative)		0	
G. Other Adjustments (Fund 39 Bal Transfer)		0	
H. WPCP and RPCP Private School Voucher Aid Deduction		0	
I. SNSP Private School Voucher Aid Deduction		0	
11. 2022-23 Revenue Limit With All Exemptions (Ln 9 + Ln 10)			10,418,655
12. Total Aid to be Used in Computation (12A + 12B + 12C + 12D)			33,498
A. 2022-23 JULY 1 ESTIMATE OF GENERAL AID		0	
B. State Aid to High Poverty Districts (not all districts)		0	
C. State Aid for Exempt Computers (Source 691)		6,716	
D. State Aid for Exempt Personal Property (Source 691)		26,782	
DISTRICTS MUST USE THE OCT 15 AID CERT WHEN SETTING THE DISTRICT LEVY.			
13. Allowable Limited Revenue: (Line 11 - Line 12) (10, 38, 41 Levies)			**10,385,157**
14. Total Limited Revenue To Be Used (A+B+C)		Not >line 13	**0**
Entries Required Below: Enter amnts needed by purpose and fund:			
A. Gen Operations: Fnd 10 Src 211		0	(Proposed Fund 10)
B. Non-Referendum Debt (inside limit) Fund 38 Src 211		0	(to Budget Rpt)
C. Capital Exp, Annual Meeting Approved: Fund 41 Src 211		0	(to Budget Rpt)
15. Total Revenue from Other Levies (A+B+C+D)			2,490,288
A. Referendum Apprvd Debt (Fund 39 Debt-Src 211)		2,490,288	
B. Community Services (Fund 80 Src 211)		0	(to Budget Rpt)
C. Prior Year Levy Chargeback for Uncollectible Taxes (Src 212)		0	(to Budget Rpt)
D. Other Levy Revenue - Milwaukee & Kenosha Only		0	(to Budget Rpt)
16. Total Fall, 2022 REPORTED All Fund Tax Levy (14A + 14B + 14C + 15)			**2,490,288**
Line 16 is the total levy to be apportioned in the PI-401.		Levy Rate =	0.00365863

Districts are responsible for the integrity of their revenue limit data & computation. Data appearing here reflects information submitted to DPI and is unaudited.

School District of New Glarus

P. O. Box 7
1701 Second Street
New Glarus, WI 53574

District (608) 527-2410
Fax (608) 527-5101
www.ngsd.k12.wi.us

To: Board of Education
From: Tammy Marty, Business Manager
Re: 2022 – 2023 Original Budget and Tax Levy adjustments
Date: October 10, 2022

In October, the following factors are finally known: third Friday count, summer school count, state aid, and equalized property values. As of today, we know the third Friday count, summer school count and equalized property values.

This partially sets the stage for the BOE to adopt the final or original budget and to set the tax levy for the 2022-2023 school year. Explanation of changes is as follows:

2022-2023 Revenues:

General Fund - 10

- Property Taxes – will be adjusted when equalized aid is known on October 15th
- Open Enrollment – adjustment reflects increase from initial estimate
- Transportation aid – adjustment reflects estimate provided by the DPI
- Equalization aid – will be adjusted when amount is known on October 15th
- Per Pupil Aid – adjustment reflects increase for three year rolling average
- Federal Grants – adjustment reflects increase in Title I and true up of remaining ESSER II funds
- Other Revenue Thru State – additional funds from Governor – a portion to be allocated to mental health

Special Education - Fund 27 –

- Categorical aid – adjustment based on prior year actual expenditures
- Interfund transfer increase due to adjustment of salary and benefits and reallocation of staff

Referendum – Fund 39

- Property taxes – will be adjusted when equalization aid is known on October 15th

2022 - 2023 Expenditures:

General Fund – 10

- Reflect adjustments and reallocation of staff for of salary and benefits, interfund transfer, open enrollment, governors money allocation and added back in funds for professional development, technology, curriculum, and capital maintenance projects

Special Education - Fund 27 -

- Adjustment of salary and benefits and reallocation of staff

Referendum Debt – Fund 39

- This will be determined when equalization aid is known on October 15th

UNBALANCED BUDGET

Fund 10 and Fund 27 represent an unbalanced budget after adjustments presented above and utilizing Fund Balance.

Fund 10 and 27	
Revenue	14,844,331
Expense	15,019,331
Deficit/Excess	**(175,000)**

Tax Levy – Recommendation will be provided October 25th.

SCHOOL DISTRICT OF NEW GLARUS
PROPOSED REVENUES
October 10, 2022

GENERAL FUND - 10					
	ANNL MTG BUDGET REVENUES 2022-2023		ORIGINAL BUDGET REVENUES 2022-2023		% Incr/Decr FROM ANNUAL MTG
Property Taxes	**$**	**3,883,047.00**	**$**	**3,883,047.00**	**0.00%**
Mobile Home/DNR Tax	$	10,600.00	$	10,600.00	0.00%
Interest	$	6,000.00	$	6,000.00	0.00%
Local Revenue	$	127,510.00	$	127,510.00	0.00%
Open Enrollment	$	922,156.00	$	1,032,440.00	11.96%
Transportation Aid	$	10,890.00	$	13,640.00	25.25%
Library Aid (Common School Fund)	$	41,000.00	$	41,000.00	0.00%
Equalization Aid	**$**	**6,535,458.00**	**$**	**6,535,458.00**	**0.00%**
Exempt - Computer/Personal Property Aid	$	33,498.00	$	33,498.00	0.00%
Per Pupil Aid	$	655,433.00	$	658,154.00	0.42%
Grants - State	$	8,200.00	$	8,200.00	0.00%
Grants - Federal	$	389,622.00	$	389,845.00	0.06%
Grants/Donations - Local	$	3,500.00	$	3,500.00	0.00%
Other Revenue Thru State	$	-	$	82,582.00	100%
Total General Fund Revenues	**$**	**12,626,914.00**	**$**	**12,825,474.00**	**1.57%**

SPECIAL PROJECTS FUNDS - 21 & 27					
Fund 21 - Special Revenue	$	140,150.00	$	140,150.00	0.00%
Fund 27 - Special Education Grants	$	228,391.00	$	228,391.00	0.00%
Fund 27 - Special Education - Categorical Aid	$	469,638.00	$	459,184.00	-2.23%
Fund 27 - Special Education - High Cost	$	25,000.00	$	25,000.00	0.00%
Fund 27 - Special Education - Medicaid	$	50,000.00	$	50,000.00	0.00%
Fund 27 - Operating Transfer from Fund 10	$	1,245,828.00	$	1,292,353.00	3.73%
Total Special Projects Revenues	**$**	**2,159,007.00**	**$**	**2,195,078.00**	**1.67%**

DEBT SERVICE FUNDS & OTHER CAPITAL DEBT - 39 & 46, 49					
Fund 39 - Referendum Approved Debt	**$**	**3,165,788.00**	**$**	**2,490,788.00**	**-21.32%**
Fund 46 - Long Term Cap Maint Trust Fund	$	500.00	$	500.00	0.00%
Fund 49 - Construction Fund	$	30,000.00	$	30,000.00	0.00%
Total Debt Service Revenues	**$**	**3,196,288.00**	**$**	**2,521,288.00**	**-21.12%**

FOOD & COMMUNITY SERVICE FUNDS - 50 & 80					
Fund 50 - Local Sources	$	432,306.00	$	432,306.00	0.00%
Fund 50 - State/Federal Sources	$	213,627.00	$	213,627.00	0.00%
Fund 80 - Community Services	$	-			
Total Fd & Community Service Revenues	**$**	**645,933.00**	**$**	**645,933.00**	**0.00%**

Total Revenues	**$**	**18,628,142.00**	**$**	**18,187,773.00**	**-2.36%**

SCHOOL DISTRICT OF NEW GLARUS
PROPOSED EXPENDITURES
October 10, 2022

GENERAL FUND - 10					
Instruction	ANNUAL MTG BUDGET EXPENDITURES 2022-2023		ORIGINAL BUDGET EXPENDITURES 2022-2023		% Incr/Decr FROM ANNUAL MTG
Undifferentiated Curriculum	$	2,640,546.00	$	2,643,491.00	0.11%
Regular Curriculum	$	3,183,620.00	$	3,201,594.00	0.56%
Vocational Curriculum	$	367,624.00	$	367,624.00	0.00%
Physical Curriculum	$	278,164.00	$	278,164.00	0.00%
Co-Curricular Activity	$	208,118.00	$	208,118.00	0.00%
Special Curriculum	$	6,500.00	$	6,500.00	0.00%
Total Instruction	**$**	**6,684,572.00**	**$**	**6,705,491.00**	**0.31%**
Support Services					
Pupil Services	$	288,398.00	$	380,980.00	32.10%
Instructional Services	$	642,336.00	$	634,402.00	-1.24%
General Operations	$	387,120.00	$	387,120.00	0.00%
School Building Operations	$	741,634.00	$	722,807.00	-2.54%
Business Services	$	220,793.00	$	220,793.00	0.00%
Building Operations	$	671,138.00	$	669,126.00	-0.30%
Maintenance	$	281,379.00	$	281,379.00	0.00%
Capital Maintenance Projects (Facilities)	$	190,000.00	$	258,692.00	36.15%
Pupil Transportation	$	280,752.00	$	280,752.00	0.00%
Central Services	$	70,206.00	$	70,206.00	0.00%
Insurance	$	133,366.00	$	133,366.00	0.00%
Debt Services	$	97,073.00	$	97,073.00	0.00%
Other Support Services (Tech)	$	411,399.00	$	455,986.00	10.84%
Total Support Services	**$**	**4,415,594.00**	**$**	**4,592,682.00**	**4.01%**

Non-Program Transactions					
Operating Transfers to another Fund	$	1,245,828.00	$	1,292,353.00	3.73%
General Tuition/Non-Open enrollment	$	20,000.00	$	20,000.00	0.00%
Co-Curricular Cooperative Programs	$	61,300.00	$	61,300.00	0.00%
General Tuition/Open Enrollment	$	374,520.00	$	328,548.00	-12.27%
Other Non-Program Transactions	$	100.00	$	100.00	0.00%
Total Non-Program Transactions	**$**	**1,701,748.00**	**$**	**1,702,301.00**	**0.03%**
TOTAL GENERAL FUNDS	**$**	**12,801,914.00**	**$**	**13,000,474.00**	**1.55%**

SPECIAL PROJECTS FUNDS - 21 & 27					
Fund 21 - Special Revenue Fund	$	145,150.00	$	145,150.00	0.00%
Fund 27 - Special Education Grants	$	228,391.00	$	228,391.00	0.00%
Fund 27 - Special Education Regular	$	1,790,466.00	$	1,826,537.00	2.01%
TOTAL SPECIAL PROJECTS FUNDS	**$**	**2,164,007.00**	**$**	**2,200,078.00**	**1.67%**

DEBT SERVICE FUNDS & OTHER CAPITAL DEBT - 39, 46 & 49					
Fund 39 - Referendum Approved Debt	**$**	**3,224,588.00**	**$**	**2,549,588.00**	-20.93%
Fund 46 - Long Term Cap Maint Trust Fund	$	-	$	-	0.00%
Fund 49 - Construction Fund	$	6,026,084.00	$	6,026,084.00	0.00%
TOTAL DEBT SERVICE FUNDS	**$**	**9,250,672.00**	**$**	**8,575,672.00**	**-7.30%**

FOOD & COMMUNITY SERVICE FUNDS - 50 & 80					
Fund 50 - Food Service	$	647,436.00	$	647,436.00	0.00%
Fund 80 - Community Service	$	2,000.00	$	2,000.00	0.00%
TOTAL FOOD & COM. SRV. FUNDS	**$**	**649,436.00**	**$**	**649,436.00**	**0.00%**

TOTAL EXPENDITURES-ALL FUNDS	**$**	**24,866,029.00**	**$**	**24,425,660.00**	**-1.77%**

This sheet explains the terms on your tax bill, this is NOT your tax bill.

SAMPLE REAL ESTATE PROPERTY TAX BILL

Land Value vs. Improvements Value:
Your property parcel is divided into your lot/land, and your improvements (house, garages, outbuildings, etc) are taxed at the same rate, although the values are likely different.

Total Assessed Value: This is the dollar value your municipality's assessor has determined for your property. **This is the value your municipality uses to calculate the total property tax you pay** for municipal services, as well as school district costs, County services, local technical colleges, and the State Forestation Tax. As you can see, it is the sum of your land value and improvements (house, garages, etc).

Average Assessment Ratio: This number represents the municipal average assessed value of all taxable property when compared to the estimated fair market value (in the municipality your property is located). This value multiplied by Total Estimated Fair Market Value should be comparable to the Total Assessed Value (since this is your municipality average it may not be exact).

Estimated Fair Market:
The estimated value calculated by the Wisconsin Department of Revenue, based on "Arms Length Sales" (sales between a willing buyer and seller) during the past year. As with the assessed value box, this is divided up between land/lot & improvements.

Property Address
100 ANY ST

STATE OF WISCONSIN
REAL ESTATE PROPERTY TAX BILL FOR 2018
CITY OF SUPERIOR
DOUGLAS COUNTY

BILL NO. 999999
~~Correspondence~~ should refer to parcel number
PARCEL#: 01-000-00000-00

SEQ# 236

Assessed Value Land	Ass'd Value Improvements	Total Assessed Value	Ave. Assmt. Ratio	Est. Fair Mkt. Land	Est. Fair Mkt. Improvements	Total Est. Fair Mkt.	A star in this box means unpaid prior year taxes
14,600	127,600	142,200	0.9635	15,200	132,400	147,600	

Taxing Jurisdiction	2017 Est. State Aids Allocated Tax Dist.	2018 Est. State Aids Allocated Tax Dist.	2017 Net Tax	2018 Net Tax	% Tax Change
STATE OF WISCONSIN				0.00	
DOUGLAS COUNTY	1,564,902	1,596,787	701.00	706.66	0.8%
CITY OF SUPERIOR	9,643,397	9,680,837	1,131.89	1,121.01	-1.0%
WITC (VTAE)	1,440,042	1,467,889	54.68	56.28	2.9%
SUPERIOR SCHOOL DIST	27,268,555	29,504,397	1,260.14	1,145.15	-9.1%
Total	39,916,896	42,249,910	3,147.71	3,029.10	-3.8%
First Dollar Credit			72.62	67.18	-7.5%
Lottery & Gaming Credit			127.08	163.15	28.4%
Net Property Tax			2,948.01	2,798.77	-5.1%

Gross Property Tax	3,029.10
First Dollar Credit	-67.18
Lottery Credit	-163.15
Net Property Tax	2,798.77

SAMPLE

School taxes reduced by school levy tax credit $ 275.42

IMPORTANT: Be sure this description covers your property. This description is for property tax bill only and may not be a full legal description.
0000 000/000
PLAT: N/A-NOT AVAILABLE
SUPERIOR CITY E 1/4 OF LOT # & W 1/2 OF LOT # BLK ## ### RP ###

Net Assessed Value Rate (Does NOT reflect credits)
0.021301703

TOTAL DUE FOR FULL PAYMENT
PAY BY January 31, 2019
▶ $ 2,798.77

Warning: If not paid by due dates, installment option is lost and total tax is delinquent subject to interest and, if applicable, penalty.
Failure to pay on time. See reverse.

PA-685/3 (R. 8-15)

RETAIN THIS PORTION AS YOUR COPY

SEE REVERSE SIDE FOR IMPORTANT INFORMATION

Installments may be paid as follows:
1317.81 DUE BY 01/31/2019
1480.96 DUE BY 07/31/2019

FOR INFORMATIONAL PURPOSES ONLY
- Voter Approved Temporary Tax Increases

Taxing Jurisdiction	Total Additional Taxes	Total Additional Taxes Applied to Property	Year Increase Ends
SUPERIOR SCHOOL DIST ★	4,186,489.44	357.91	2018

PAY 1ST INSTALLMENT OF:	AND PAY 2ND INSTALLMENT OF:	OR PAY FULL AMOUNT OF:
$1,317.81 By January 31, 2019	$1,480.96 By July 31, 2019	$2,798.77 By January 31, 2019
Amount Enclosed: $	Amount Enclosed: $	Amount Enclosed: $
Make Check Payable and Mail to: DOUGLAS COUNTY TREASURER, CAROL JONES, 1313 BELKNAP STREET, RM 102, SUPERIOR WI 54880, (715) 395-1348	Make Check Payable and Mail to: DOUGLAS COUNTY TREASURER, CAROL JONES, 1313 BELKNAP STREET, RM 102, SUPERIOR WI 54880, (715) 395-1348	Make Check Payable and Mail to: DOUGLAS COUNTY TREASURER, CAROL JONES, 1313 BELKNAP STREET, RM 102, SUPERIOR WI 54880, (715) 395-1348
2018 Real Estate Property Bill # 172855	2018 Real Estate Property Bill # 172855	2018 Real Estate Property Bill # 172855
Parcel # 01-000-00000-00	Parcel # 01-000-00000-00	Parcel # 01-000-00000-00
Alt. Parcel #	Alt. Parcel #	Alt. Parcel #
DOE, JOHN & JANE	DOE, JOHN & JANE	DOE, JOHN & JANE
Include This Stub With Your Payment	*Include This Stub With Your Payment*	*Include This Stub With Your Payment*

Taxing Jurisdiction:
While this property tax bill shows main taxing jurisdictions in this county: County, School District, Local Technical College, the Local Municipality where the property is located, and the State of Wisconsin; Wisconsin's 2017-19 State budget (2017 Wisconsin Act 59), eliminated the forestation state tax, thereby reducing the 2017 property tax amount to $0. Some properties may be in "special purpose districts" such as a lake district or sanitary district. If so a portion of your property tax is also shared by this special district.

Net Assessed Value Rate:
This is the combined mill rate off all the taxing jurisdictions listed below, applied to your Total Assessed Value. The product of these two values equals your Total Tax before the lottery credit is applied.

★ **Recently Passed Referenda:**
Per Wisconsin Act 55 (2015), State of Wisconsin requires any referenda passed after December 31, 2014 to be listed on your property tax bill (county, school district, technical school or local municipal referenda).

Payment:
Your tax due is stated in the *TOTAL DUE* box. You have two payment options:
1. Pay in full by January 31; or
2. Two payments: one by January 31, and the second by July 31.

Use the provided payment coupons to make the correct tax payment by mail, or directly to the Douglas County Treasurer. **Note:** if payment is not made by due date, the installment option is no longer available, and other penalties apply as described.

Understanding Your County Property Tax Bill

UW Extension
University of Wisconsin-Extension

For questions or more information, please contact:

James R. Anderson III, PhD
Community & Economic Development Educator
UW-Extension Douglas County
(715) 395-1547 • James.Anderson@ces.uwex.edu • http://douglas.uwex.edu

Communicating Taxpayer Impact of Property Tax Bills

WASDA New Superintendents Workshop

November 17, 2021 – 10:00-10:40am

Lisa Voisin
Managing Director
414-765-3801
lvoisin@rwbaird.com

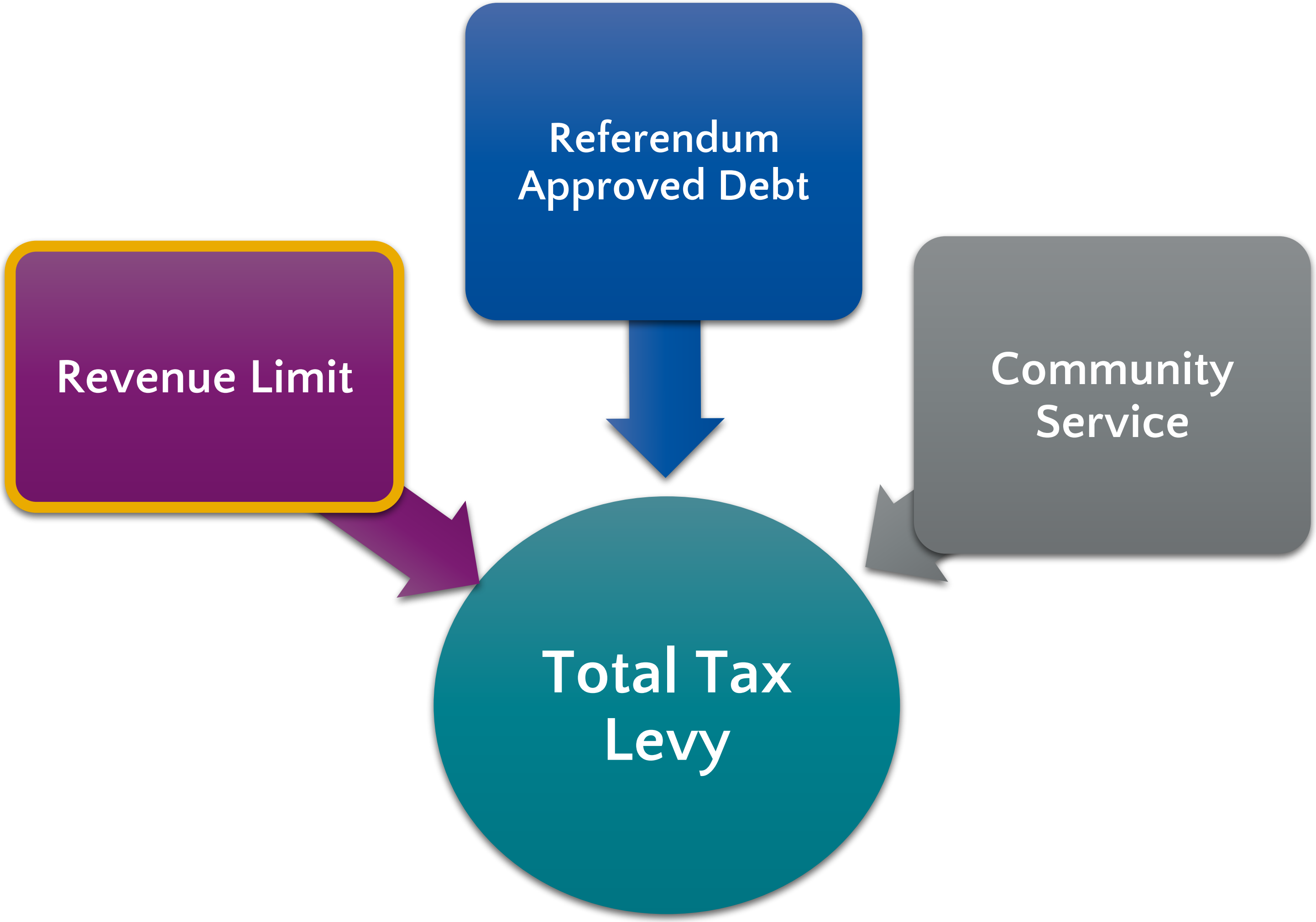
Kevin Mullen
Director
414-765-8709
kmullen@rwbaird.com

Focus for Today

- Review Tax Levy and Mill Rate
- Equalized vs. Assessed Value
- Dive Into a Property Tax Bill
- Horror Stories

Review Tax Levy and Mill Rate

School District Tax Levy Composition



Calculating Mill Rate

Total Levy / Total Property Value (Equalized Valuation TID OUT) per Thousand = **Mill Rate**

Mill Rate Calculation:

- **$9,239,889** / $859,892,306 * 1,000
- $10.75 Mill Rate
  - $1,075 on $100,000 home (school portion only!)

Source: Department of Public Instruction

Equalized vs. Assessed Value

Assessed Value vs. Equalized Value

Assessed Value

- Calculated by local municipality
- Determined periodically "as needed"
- Maintains tax equity within the municipality

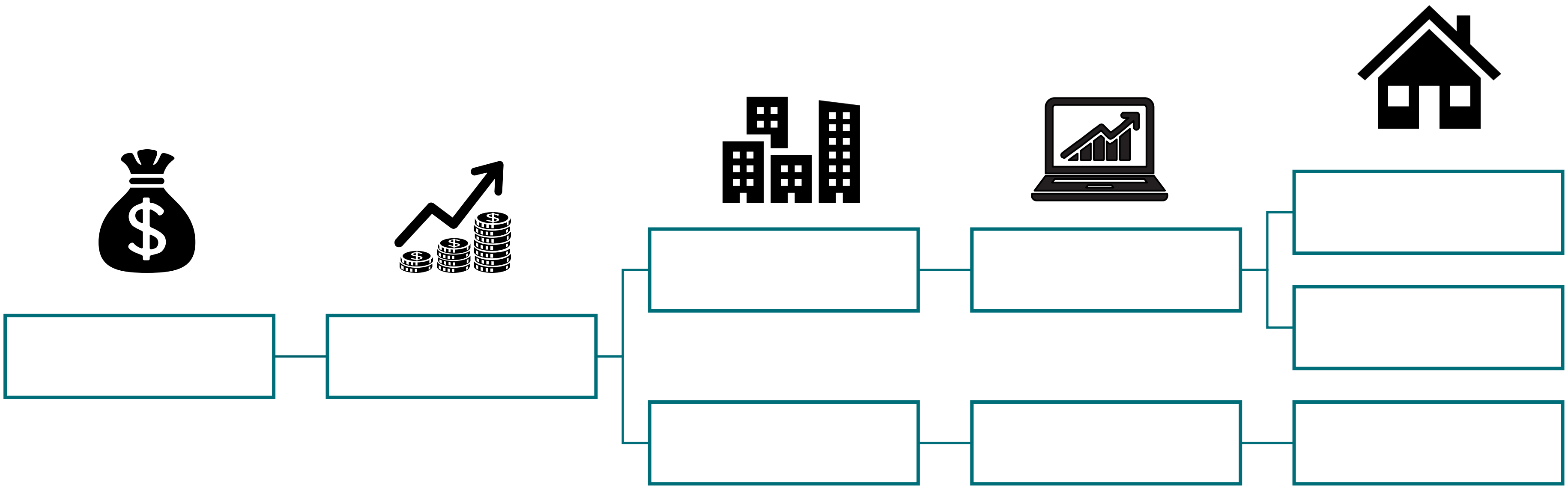
Equalized Value

(Fair Market Value)

- Calculated by the State (Department of Revenue)
- Determined annually
- Maintains tax equity between different taxing jurisdictions (City, School District, Tech College)

Accurate property values are required to fairly distribute the property tax burden

Levy Distribution



15

Levy Distribution

- The annual school tax levy will be apportioned amongst the individual municipalities based upon Equalized (EQ) Property Value.

- The district approves the levy and communicates the calculated mill rate impact.

	2020-21 Equalized Value	% of District	2020-21 Tax Levy
T. Caledonia	$ 203,322,760	14.14%	$ 1,689,010
T. Dekorra	$ 251,898	0.02%	$ 2,093
T. Fort Winnebago	$ 88,228,800	6.14%	$ 732,920
T. Lewiston	$ 138,815,728	9.65%	$ 1,153,147
T. Marcellon	$ 1,146,660	0.08%	$ 9,525
T. Pacific	$ 223,055,675	15.51%	$ 1,852,932
T. Wyocena	$ 5,027,981	0.35%	$ 41,768
C. Portage	$ 691,906,500	48.12%	$ 5,747,693
T. Douglas	$ 20,633,111	1.43%	$ 171,400
T. Moundville	$ 49,902,200	3.47%	$ 414,539
V. Endeavor	$ 15,128,600	1.05%	$ 125,674
T. Greenfield	$ 460,411	0.03%	$ 3,825
Total	**$ 1,437,880,324**	**100.00%**	**$ 11,944,526**

16

Why it Matters…

Town of Slacker	Assessed Value (90%)
Home 1	$90,000
Home 2	$180,000
Total Value	**$270,000**

Town of Slacker	Equalized Value
Home 1	$100,000
Home 2	$200,000
Total Value	**$300,000**

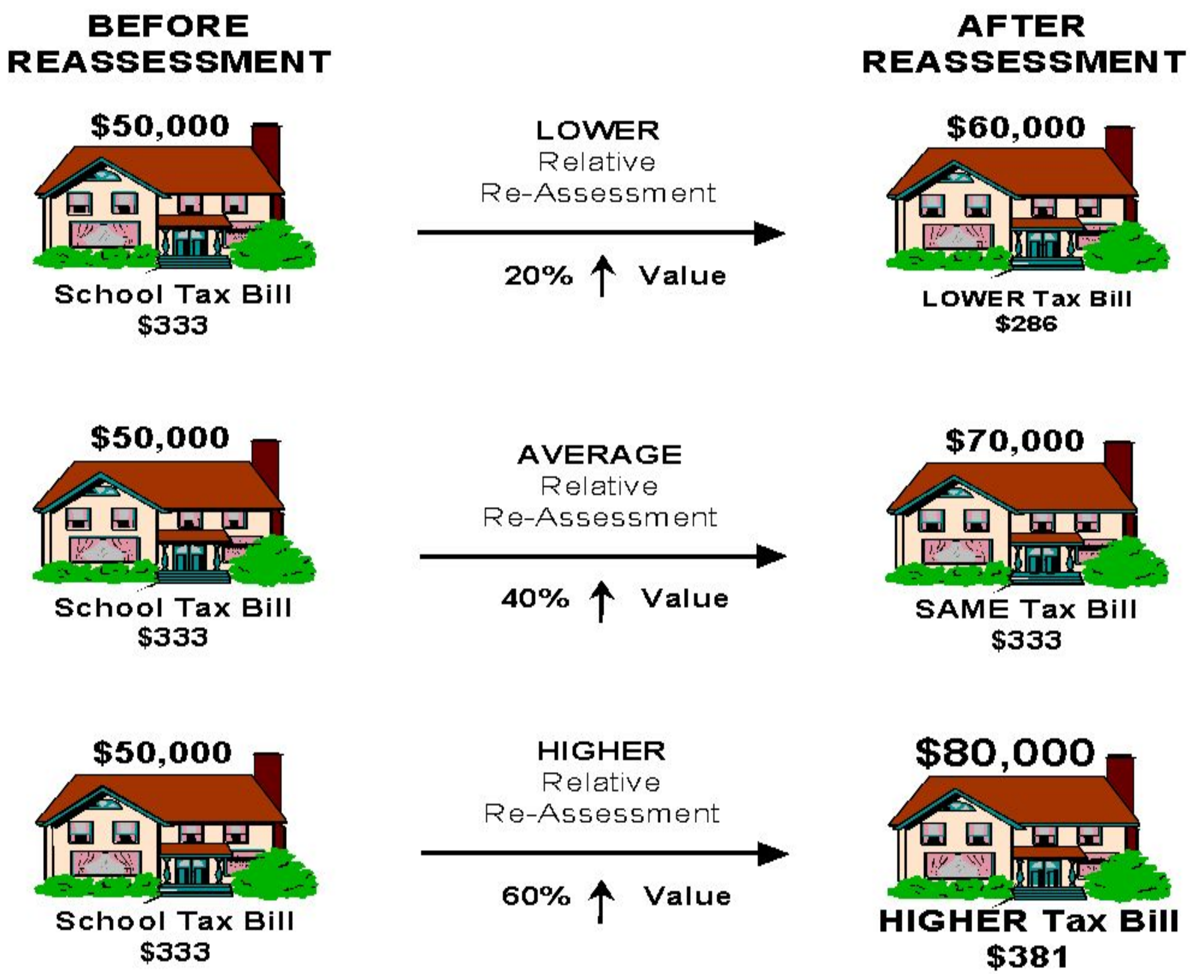
City of Gogetter	Assessed Value (110%)
Home 1	$110,000
Home 2	$220,000
Total Value	**$330,000**

City of Gogetter	Equalized Value
Home 1	$100,000
Home 2	$200,000
Total Value	**$300,000**

If the school levy were apportioned using Assessed Value, taxpayers in the Town of Slacker would underpay and the City of Gogetter taxpayers would overpay.

Will Reassessment Matter?

- The Town of Slacker reassessment results in an average value increase of 40% throughout the Town



18

Taxation of Agricultural Land

- Agricultural land in Wisconsin is valued at a set rate per acre based upon land productivity.
- The State publishes a value per acre for every community by 4 classes of farmland.
- The process is intended to support & maintain farming in the State and keep farmland valued at very low levels to discourage commercial development of farmland.
- Example residential value = **$60,000/acre**; agricultural value = **$250/acre**

19

Dive Into a Property Bill

Example Property Bill

BAIRD

Parcel #: 345-0822-00
Alt. Parcel #: 3450822000

Property Address: 6132 WASHINGTON CIR

Assessed Value Land	Ass'd. Value Improvements	Total Assessed Value	Ave. Assmt. Ratio	Net Assessed Value Rate (Does NOT reflect credits)
174,300	384,700	559,000	1.0153	0.022409168

Est. Fair Mkt. Land	Est. Fair Mkt. Improvements	Total Est. Fair Mkt.	A Star in this box means Unpaid Prior Year Taxes	School taxes reduced by school levy tax credit
171,700	378,900	550,600		$ 748.95

Taxing Jurisdiction	2018 Est. State Aids Allocated Tax Dist.	2019 Est. State Aids Allocated Tax Dist.	2018 Net Tax	2019 Net Tax	% Tax Change
STATE OF WISCONSIN				0.00	
MILWAUKEE COUNTY	5,626,248	5,573,836	3,422.49	3,252.65	-5.0%
CITY OF WAUWATOSA	4,021,983	4,332,966	4,086.04	3,940.83	-3.6%
WAUWATOSA SCH DIST	25,939,897	27,929,622	3,614.65	4,393.71	21.6%
MATC	6,017,595	6,039,054	702.05	651.41	-7.2%
METRO SEWER DIST			970.89	906.06	-6.7%
CO SALES TAX CR			-613.12	-617.94	0.8%
Total	41,605,723	43,875,478	12,183.00	12,526.72	2.8%
First Dollar Credit			54.00	66.32	22.8%
Lottery & Gaming Credit			131.14	184.02	40.3%
Net Property Tax			11,997.86	12,276.38	2.3%

Parcel #: 345-0822-00

Make Check Payable to:

CITY OF WAUWATOSA
7725 W. NORTH AVE
WAUWATOSA WI 53213
414.479.8960

Full Payment Due On or Before January 31, 2020

$12,276.38

Or pay the following installments to:

4052.52 DUE BY 01/31/2020
4111.93 DUE BY 03/31/2020
4111.93 DUE BY 05/31/2020

Net Property Tax 12,276.38

FOR INFORMATIONAL PURPOSES ONLY
- Voter Approved Temporary Tax Increases

Taxing Jurisdiction	Total Additional Taxes	Total Additional Taxes Applied to Property	Year Increase Ends
WAUWATOSA SCH DIST	11,450,000.00	963.41	2039

TOTAL DUE FOR FULL PAYMENT

Pay By January 31, 2020

▶ **$** 12,276.38

Warning: If not paid by due dates, installment option is lost and total tax is delinquent subject to interest and, if applicable, penalty. **Failure to pay on time. See reverse.**

PA-686/3 (R. 8-15)

Example Property Tax Bill

Assessed Value Land	Ass'd. Value Improvements	Total Assessed Value	Ave. Assmt. Ratio	Net Assessed Value Rate (Does NOT reflect credits)	0.022409168
174,300	384,700	559,000	1.0153		
Est. Fair Mkt. Land	Est. Fair Mkt. Improvements	Total Est. Fair Mkt.	.0093401 Year Taxes	School taxes reduced by school levy tax credit	$ 748.95
171,700	378,900	550,600 A	B	–	C

Taxing Jurisdiction	2018 Est. State Aids Allocated Tax Dist.	2019 Est. State Aids Allocated Tax Dist.	2018 Net Tax		2019 Net Tax		% Tax Change
STATE OF WISCONSIN					0.00		
MILWAUKEE COUNTY	5,626,248	5,573,836	3,422.49		3,252.65		-5.0%
CITY OF WAUWATOSA	4,021,983	4,332,966	4,086.04		3,940.83		-3.6%
WAUWATOSA SCH DIST	25,939,897	27,929,622	3,614.65	=	4,393.71	D	21.6%
MATC	6,017,595	6,039,054	702.05		651.41		-7.2%
METRO SEWER DIST			970.89		906.06		-6.7%
CO SALES TAX CR			-613.12		-617.94		0.8%

A × School Levy Rate B – C = D

"In addition to changes in the school districts levy and mill rate, the individual taxpayers' school levy impact can change year to year due to changes in assessed value, assessment ratio, resulting fair market value, and the school levy credit."

2015 Wisconsin Act 55

- Municipalities are required to list:
  - the total amount of tax levied on the property that is the result of a referendum to exceed, on a nonpermanent basis, a school district revenue limit,
  - and indicate the year in which the authorization to exceed the limit no longer applies.
  - A separate listing is required for each such authorization.
- This legislation applies to increases in revenue and tax levy limits approved after December 31, 2014.

FOR INFORMATIONAL PURPOSES ONLY
- Voter Approved Temporary Tax Increases

Taxing Jurisdiction	Total Additional Taxes	Total Additional Taxes Applied to Property	Year Increase Ends
WAUWATOSA SCH DIST	11,450,000.00	963.41	2039

Example Property

Presented by: **Shar Borg Team***
Brokered by: **First Weber Group**

Veterans: Start Your $0 Down VA Home loan online! | See how much you can afford today!

$419,900 Est. Payment $1,382/mo
3 bed **2.5** bath **2,436** sqft **6,098** sqft lot
2513 N 81st St, Wauwatosa, WI, 53213

- **Assessed Value– $370,400**
- **Assessment ratio 1.0153**
- **Est. FMV – $364,800**
- **Sale Price – $419,900**

2019 Property Tax Bill

Property Address: 2513 N 81ST ST

Parcel #: 332-0292-00
Alt. Parcel #: 3320292000

Assessed Value Land 105,000	**Ass'd. Value Improvements** 265,400	**Total Assessed Value** 370,400	**Ave. Assmt. Ratio** 1.0153	**Net Assessed Value Rate (Does NOT reflect credits)**	0.022409168
Est. Fair Mkt. Land 103,400	**Est. Fair Mkt. Improvements** 261,400	**Total Est. Fair Mkt.** 364,800	**A Star in this box means Unpaid Prior Year Taxes**	**School taxes reduced by school levy tax credit**	$ 496.26

Horror Stories

Alma Center School District

FRAC SAND MINES

Issue	New Frac Sand mines created double digit growth in property value: 81% increase over 5 years.
Concerns	Severe fluctuations in property value created peaks and valleys in the District Mill Rate, and collection of State Equalization aid
Outcome	Mill rate remained relatively steady as they were allowed to overlevy for their referendum debt, essentially allowing the new sand mines to help prepay their debt.
Strategy	**Planning is Key**. Used flexibility in debt levy to mitigate the drop in mill rate

26

MUNICIPALITY MISSTATES TIF DISTRICT VALUE

Issue	The District was notified late in the Summer that the City had misstated TID increment the prior year. The correction by restated TID increment by $19,000,000, resulting in **NEGATIVE 5.00%** growth in the District's value.
Concerns	The School District had approved a Building Referendum in April of 2018. The tax impact of the referendum assumed growth in equalized value of 1.00%. The tax rate for first year of the referendum would be much higher than the increase communicated to the public.
Outcome	The District adjusted the repayment schedule to adjust for the loss of equalized value.
Strategy	**Planning is Key**. The District was conservative with it's initial projections. The District planned to lock in the long –term borrowing in the Fall when details of the levy were known.

PROPERTY ASSESSMENT DISPUTE

Issue	Lands' End challenged the City of Dodgeville's property tax assessment for its headquarters and sought a refund of the overage of taxes paid.
Concerns	Lands' End was the largest taxpayer and employer in the District. The District had to levy a tax to for "Rescinded Taxes" over a period of years
Outcome	Mill rate remained relatively steady as they were allowed to levy for the repayment over a period of years.
Strategy	**Planning is Key**. Used flexibility "drop in levy" after the taxes were paid in full to build in a new borrowing for auditorium.

Questions?

Lisa Voisin

Managing Director

414-765-3801

lvoisin@rwbaird.com

Kevin Mullen

Director

414-765-8709

kmullen@rwbaird.com

Important Disclosures

Robert W. Baird & Co. Incorporated is providing this information to you for discussion purposes only. The information does not contemplate or relate to a future issuance of municipal securities. Baird is not recommending that you take any action, and this information is not intended to be regarded as “advice” within the meaning of Section 15B of the Securities Exchange Act of 1934 or the rules thereunder. In providing this information, Baird is not acting as an advisor to you and does not owe you a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934. You should discuss the information contained herein with any and all internal or external advisors and experts you deem appropriate before acting on the information.

THE WISCONSIN
TAXPAYER

Vol. 82, Number 9 | September 2014

Navigating the Property Tax

Understanding Property Valuation and Taxation in Wisconsin

The property tax is Wisconsin's largest, oldest, and most confusing tax. At least five governments use the tax, and two different methods of valuing property are used to distribute taxes among property owners. One source of confusion arises when tax rates and levies move in opposite directions, a common occurrence over the past 20 years. In addition, property owners are often unaware of how changing property values, both within a municipality and among municipalities, can cause individual property tax bills to rise, even when levies are "frozen."

No tax produces more confusion, more questions, and more misleading information than the property tax. That is to be expected: Multiple governments levy the tax and two different methods are used to value property.

December is property tax time in Wisconsin and questions abound, including:

- Why did the school property tax rate decline, yet my school taxes rose?
- Why did my property taxes increase more than my friend's from across town?
- My property tax bill lists two values for my property. Which one is correct?

Understanding a few key concepts can help citizens navigate the often murky waters of Wisconsin's property tax and get a better handle on annual changes in their bill.

WHO TAXES?

The property tax is not easy for taxpayers, the press, or public officials to understand. This is not surprising. At least five units of government rely on property tax revenues. Moreover, it is not always the same local government that assesses, prepares tax bills, and receives payments.

Property Tax Users

To chart a course through the confusion that is the property tax, a good place to start is to determine which governments rely on it. The four main users are K-12 schools, municipalities, counties, and technical colleges. Other users include the state and various special districts.

K-12 schools are the largest user of Wisconsin's property tax, levying $4.7 billion, or 44.3% of last year's $10.61 billion gross levy (see Figure 1 on page 2). Municipalities are next in line: Towns, villages, and cities levied 27.5% of the 2014 total, which includes levies for tax incremental finance (TIF) districts. The state's 72 counties levied 19.0% of the total. The last of the major users are the 16

Also in this issue:

technical college districts, which levied 7.5% of the total. Combined, these four local governments accounted for more than 98% of all Wisconsin property taxes in 2014.

The remainder is levied either by the state (0.7%) to pay for forestry programs, or by other small taxing districts (e.g., lake or sanitary districts).

Property Tax Limits

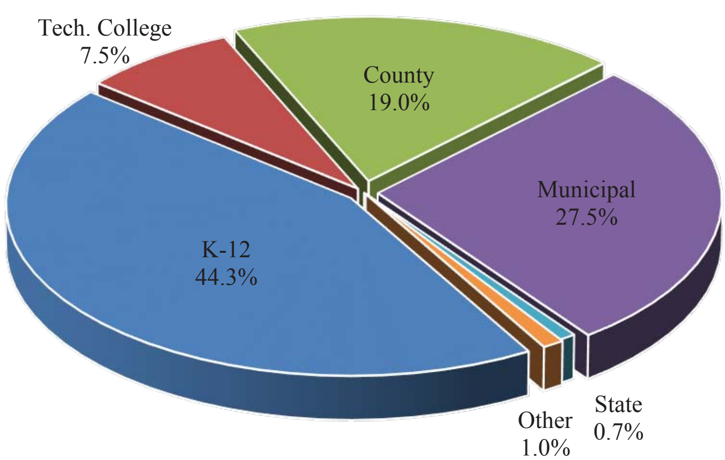
All major users of the property tax are now limited in how much they can increase their levies each year.

K-12 Schools. Since 1993-94, K-12 schools have faced state-imposed revenue limits. Technically, the state limits the combination of school property taxes and general state school aid, so the caps are really an indirect limit on property taxes. If state aids remain unchanged or decline while the revenue limit rises, school officials are allowed to raise property taxes up to their cap. Districts can also exceed their revenue limits with voter approval.

School revenue limits were tightened in recent years. Historically, the limits grew with enrollment and inflation. However, in 2010 and 2011, allowable increases were less than inflation, and in 2012, they were cut 5.5%. Since then, modest increases have been allowed. Total school levies declined 1.0% in 2012, then rose 0.2% and 0.8%, respectively, in subsequent years.

Municipalities and Counties. Since 2006, the state has also limited municipal and county levy increases. Until 2011, allowable increases ranged from 2% to 3.86%, plus an allowance for new construction added to the tax rolls. Since 2012, no levy increase, except for new construction, has been without voter approval.

Figure 1: Who Levies Property Taxes?
Share of Statewide Total Levy by Taxing District, 2014
(Total = $10.61 Billion)



Exceptions to the limits are allowed for general obligation debt service and levies for tax incremental finance districts. Over the past three years, municipal levies statewide have increased between 1.5% and 2.0%; county levies, between 0.7% and 1.2%

Technical Colleges. Starting with tax year 2015 (December 2014 bills), Wisconsin's technical college revenues are limited in a way similar to those for schools. Limited revenues are the combination of property taxes and state aids and can increase at the rate of new construction. Technical college levies have risen 2.0% or less in each of the past four years.

Setting Levies

Many local governments begin developing their budgets in the spring or summer and finalize them in the fall. Subject to the limits described, local officials set property tax levies when budgets are finalized in October or November. Levies for technical colleges, K-12 schools, and counties are then divided among underlying municipalities. Municipal totals are then apportioned to property owners. The graphic on page 7 illustrates how local property tax levies make it to the property tax bill.

THE WISCONSIN
TAXPAYER

September 2014 Vol. 82 Number 9
Publication Number USPS 688-800
Periodical postage paid at Madison, Wisconsin

Subscription Price:
$17.97 per year
Published each month, except July, by the Wisconsin Taxpayers Alliance,
401 North Lawn Avenue, Madison, Wisconsin 53704-5033

Postmaster:
Send address changes to *The Wisconsin Taxpayer,*
401 North Lawn Avenue, Madison, Wisconsin 53704-5033
Phone: 608.241.9789 Fax: 608.241.5807
Email: wistax@wistax.org Website: www.wistax.org

PROPERTY TAX RATES

One of the most common sources of confusion among property owners at tax time is what they read, hear, and eventually see about levies and tax rates.

When their budgets are finalized, local governments determine the amount of property taxes, subject to state limits, they need from citizens (i.e., the levy). At that time, they also know the total value of taxable property in their taxing jurisdiction (municipality, school district, county, etc.). The tax rate results from dividing the levy by total taxable property value.

$$\textbf{Tax Rate} = \frac{\textbf{Tax Levy}}{\textbf{Total Property Value}}$$

Unlike sales or income tax rates, which are fixed in state law, property tax rates float each year as levies and values change.

For example, suppose a school district sets its property tax levy at $500,000 in October. If the district's total property value is $50 million, then the school tax rate is $500,000 divided by $50 million, or 0.01. Usually, the rate is expressed as taxes required for each $1,000 of value. In this case, the rate would be $10 for every $1,000 of value.

Changing Tax Rates

As mentioned, property tax rates depend on both levies and values. Because the two can move in the same or in opposite directions, there is much opportunity for taxpayers to be misled by comments about levies and rates made by officials and the press. Table 1 illustrates some possibilities.

In the earlier example, a school district with $50 million of property value levied $500,000 at a tax rate of 0.01, or $10 per $1,000 of value. Now suppose that in each of the next three years, the levy increases 5% (columns 1 and 2). However, the school tax rate declines, then remains unchanged, and then increases. Each outcome depends on changes in property values.

❶ In the first year, district property values jump 10% from $50 million to $55 million. Values (+10%) increase more than the levy (+5%), so the tax rate drops to $9.55 per $1,000. Local officials and the press sometimes highlight the falling rate, leading citizens to believe mistakenly that property taxes are declining. In fact, property taxes are rising in this example.

Table 1: Levy and Rate Changes Can Vary
How Value and Levy Changes Affect Property Tax Rates

	Property Tax Levy		Property Value		Tax Rate	
	Chg.	Amount	Chg.	Amount	↑↓	Per $1,000
		$500,000		$50,000,000		$10.00
❶	+5% →	525,000	+10% →	55,000,000	↓	9.55
❷	+5% →	551,250	+5% →	57,750,000	↔	9.55
❸	+5% →	578,813	+2% →	58,905,000	↑	9.83

Rapidly-rising values were common in Wisconsin during much of the 1990s and early 2000s. Annual increases of 6%-to-9% were common. Property tax levies were also increasing—but at a slower rate. As a result, tax rates fell.

❷ In the second year of the example, values rise 5%. With value change matching the levy change, the tax rate remains unchanged. Again, note that the unchanged rate masks a 5% increase in the levy.

❸ Finally, in the third year, values grow less than levies, and the tax rate rises. This is what has happened in recent years in parts of Wisconsin. Property tax levies increased little or even fell. Yet, declining property values resulted in higher rates.

Equalized or Assessed Rates

When property owners read about tax rates, they may also be unaware that there are two types—equalized-value rates and assessed-value rates. The rate calculation is the same as shown above. However, one uses current market (or equalized) property values and the other uses assessed values, and the two should not be used interchangeably. These two value types are clarified in the forthcoming discussion.

PROPERTY VALUES

Recall that setting a tax rate depends on two factors: The levy—the amount of property taxes a local government wants—and the value of the land and buildings being taxed. Wisconsin uses two methods to value property, and they are often confused.

Assessed Values

Most homeowners are familiar with their assessed value—the value of their property set by a local assessor. Assessors establish values after reviewing the sale prices of similar properties nearby and sometimes by inspecting the property.

By law, a property is to be assessed at full value; that is, the price at which it would sell on the open market. Assessed values may be current, or they may be several years old. State law requires that the total assessment of various property types (e.g., residential or commercial) each be within 10% of fair-market value at least once every four years.

Some municipalities have an assessor's office that updates values annually, usually with the help of computerized systems. Other municipalities, particularly smaller ones, contract with a private assessor or firm to do a revaluation once every few years. A revaluation brings assessments in line with market values. Revaluations are often completed by April or May in time for the board of review (see gray box, page 6).

Why Important? Assessments are the cornerstone of the property tax system. Property taxes owed are determined by multiplying an owner's assessment by the local tax rate.

But beyond tax rate calculation, assessed values are fundamental to understanding how the entire property tax system works. Here is why: An individual owner's share of total municipal assessed value is the same as his or her share of taxes due. If a home represents 1% of total municipal assessed value, then the owner pays 1% of the property taxes in the municipality. In other words, assessed values determine how a community's total property tax will be divided among individual property owners.

Another example reinforces the point: Consider a village with a $100,000 levy and assessed value totaling $20 million. The levy is distributed to each taxpayer based on his or her share of total assessed value. Thus, the owner of a home assessed at $200,000 is billed for 1% ($200,000 divided by $20 million) of the $100,000 levy, or $1,000. Note that the owner's assessment directly affects his or her property tax bill.

Assessment Changes. When a property is revalued, its assessed value may increase, decrease, or stay the same. Property improvements, such as a new room or garage, are likely to increase value. A contaminated water supply or failing septic system might have the opposite effect. Change in value also reflects the strength or weakness of the local real estate market.

One of the most confusing aspects of the property tax is how to interpret the tax impact of an assessment change. Almost without exception, owners are convinced that an assessment increase means a tax increase when the opposite might also be true.

An oversimplified illustration follows. Suppose "Smalltown" has only two properties, one owned by Jack and one by Jill. Each home is valued at $200,000, so town value totals $400,000. Note that each property represents half the town's value. If the town levy is $10,000, then Jack and Jill are each responsible for half of that, or $5,000. Both Jack's and Jill's share of the tax levy are the same as their share of the town's value (see Figure 2).

Figure 2: Assessments and Taxes in "Smalltown"
Lesson: Share of Assessment Equals Share of Property Taxes

	Jack	Jill	Town
		Assessment	
$	$200,000	$200,000	$400,000
%	**50%**	**50%**	100%
		Property Tax	
$	$5,000	$5,000	$10,000
%	**50%**	**50%**	100%

Now, suppose the town levy remains unchanged at $10,000 but properties are revalued. Both homes double in value to $400,000, and the town's total assessed value is now $800,000 (see Figure 3). Even though each assessment has doubled, tax bills remain unchanged: Jack and Jill each continue to account for half the town's value and each pays half the levy, or $5,000.

Figure 3: Smalltown Revaluation I: Taxes Unchanged
Lesson: If All Values Increase Same, No Property Tax Increase

	Jack	Jill	Town
		Assessment	
$	$400,000	$400,000	$800,000
%	**50%**	**50%**	100%
		Property Tax	
$	$5,000	$5,000	$10,000
%	**50%**	**50%**	100%

Smalltown's experience suggests another property tax rule of thumb. If all properties increase in value by the same percentage and the total levy is unchanged, the tax on each property will remain unchanged. Likewise, if all values decline by the same percentage and the levy is constant, tax bills remain the same. It is when values grow at different rates that tax shifting occurs (see page 5).

Assessment Appeals. If a property owner believes her assessment is incorrect, she may appeal it. However, that appeal must be timely—in the spring, and not in December when property tax bills arrive. How to appeal an assessment is outlined on page 6.

Equalized Values

A problem arises with assessed values when a school, a technical college district, or a county includes several municipalities. One municipality may not have updated its property values and is assessing at 90% of market value, while another might keep its assessments current and be at 100% of market value. This difference means that identical homes could be valued differently in the two communities, one at $90,000 and the other at $100,000.

This potential discrepancy in assessments between municipalities is why Wisconsin uses a second form of valuation—equalized values—which are often confused with assessed values.

Equalized value differs from assessed value in three important ways. First, it does not measure the value of individual properties; it measures the value of groups of properties, often an entire municipality. Second, equalized values are estimated by the Wisconsin Department of Revenue, not by local assessors. Third, equalized values are estimates of current fair-market value, while assessed values can be several years out of date. Equalized values are estimated as of January 1 and reported on August 15 of each year.

How Are They Used? Equalized values are used by schools, counties, and technical colleges in a manner similar to the way municipalities use assessed values. Property tax levies are apportioned to underlying municipalities based on their shares of total equalized values.

For example, a school district with $50 million of equalized value is comprised of a city with 60% ($30 million) of the value and a town with 40% ($20 million). Of the $500,000 school levy, 60% ($300,000) is assigned to the city for collection from individual taxpayers, while 40% ($200,000) is assigned to the town.

Equalized values avoid local differences in assessment timing and provide a uniform estimate of market value throughout the state. Thus, they enable a "fair" distribution of property tax levies in counties and educational districts.

TAX SHIFTING . . .

The prior discussion of property values explains how tax levies are distributed, first from counties and schools to underlying municipalities, and then from municipalities to local property owners. Values also play a hidden role in the state property tax system.

Taxpayers understand that rising municipal, school, or county levies usually translate into higher property tax bills. However, what many do not understand is how different rates of value growth among municipalities, or within a municipality, can also affect their bill. This leads to the painful topic of tax shifting, probably the least understood aspect of the property tax.

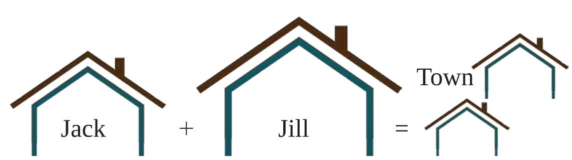
. . . From Changing Assessed Values

Return to the two-home town example. If the property tax levy is unchanged, even when both assessments doubled from $200,000 to $400,000, tax bills did not change. Before and after revaluation, each home accounted for half of town value and paid half the $10,000 levy.

But what if Jack's home increased in value by 50% to $300,000, while Jill's more than doubled to $500,000? Even with no change in the levy, tax bills will change.

The reason goes back to the "share of value equals share of tax" rule of thumb. While each house formerly accounted for 50% of town value, Jack's now accounts for 37.5% ($300,000÷$800,000) while Jill's accounts for 62.5% ($500,000÷$800,000). Jack is billed for 37.5% of the $10,000 levy, or $3,750; Jill 62.5% or $6,250. Even with no change in the town levy, Jack receives a property tax cut, while Jill sees an increase (see Figure 4).

Figure 4: Smalltown Revaluation II: Taxes Shift
Changing Valuations Can Shift Property Tax Burdens



	Jack	Jill	Town
		Assessment	
$	$300,000	$500,000	$800,000
%	**37.5%**	**62.5%**	100%
		Property Tax	
$	$3,750	$6,250	$10,000
%	**37.5%**	**62.5%**	100%

. . . From Changing Equalized Values

When assessed values change at different rates, individual tax burdens shift, as shown above. This same dynamic can occur when equalized values change. Once again, equalized values are used to distribute school, county, and technical college levies to underlying municipalities. If one town's equalized value increases faster than others', its share of district value—and total tax levy—will also rise.

The prior school example is instructive. The district had $50 million of equalized value, $30 million in a city and $20 million in the neighboring town. Of the total $500,000 levy, 60% ($300,000) was apportioned to the city and 40% ($200,000) to the town.

Suppose strong demand for lake property helps increase the town's equalized value by 50% to $30 million, while city values remain the same. The school district's total equalized value is now $60 million, with each municipality claiming half.

The school levy remains unchanged at $500,000, but the town and city are now each responsible for half ($250,000). The city's portion of the school levy declines $50,000 from $300,000 in the prior year, while the town's portion rises by the same amount. As those levies are then distributed to local taxpayers, city residents experience a school tax cut, while town residents see an increase—despite no school levy change.

This is why taxpayers often question "tax freeze" claims. Even if all property tax levies are frozen, differential value change causes a shift in the allocation of those levies. In the end, some taxpayers experience property tax increases, despite promises of a freeze.

The Perfect Storm?

Put property-value changes within a municipality (revaluation) together with equalized value changes across municipalities, and the result is a "double whammy" for taxpayers. More of the school, county, and technical college levies move to communities with faster-rising equalized values. And within those communities, fast-appreciating properties represent a growing share of assessed values, and their owners pay a larger share of the tax.

A final layer of complexity is then added to the tax bill. The school levy might be rising 2%, the county levy 3%, and the municipal levy 1%. When these varying levy changes are added to the tax shifting described above, property owners face a "perfect storm." With all of the subtle complexities of the property tax, it is no wonder it is the state's most disliked tax. ☐

Assessment Appeals

Upon completion of a revaluation or reassessment, property owners receive a notice of the new assessed value. If the owner believes the assessment is too high, he or she can appeal. However, owners who refuse an assessor's written request by certified mail to view the property cannot contest their assessment. Moreover, a taxpayer who waits until the property tax bill arrives in December has no recourse.

A local board of review hears and decides property assessment appeals. The board must schedule its first meeting in the 30 days after the second Monday in May, but it may schedule a later date if assessments are not completed. Written or verbal notice of intent to file an objection must be provided to the board of review's clerk at least 48 hours prior to the board's first meeting.

An owner who is unhappy with his or her assessment should first talk with the local assessor. Municipalities hold an "open book" where assessments may be reviewed and the assessor questioned. The assessment roll must be open for a minimum of two hours prior to the board of review's first meeting. An individual who believes a property is unfairly assessed must file an objection during these two hours.

In deciding to appeal, a taxpayer should be aware that the assessor's value is presumed correct unless proved otherwise by factual evidence presented at the hearing. Also, small percentage differences in value are not sufficient to warrant a change.

The property owner is expected to establish what he or she feels is the fair market value of the property during the appeal. If the owner's property was recently purchased, the purchase price is the best evidence of fair market value. The next best indicator of current market value is sale of comparable properties in the area. These properties are affected by similar factors, such as proximity to schools, parks, shopping, or employment.

Taxpayers considering an appeal should call their municipal clerk to verify dates for the open book period and the board of review meeting. Those pursuing an appeal must follow appeals process guidelines.

Individuals dissatisfied with the decision of a board of review have two additional appeal options. First, they may ask the Wisconsin Department of Revenue to review the board's decision. Requests must be filed within 20 days of the board's decision.

Second, taxpayers may also challenge the board of review's decision or DOR's ruling in circuit court. The court does not hear new evidence; rather, it looks at the prior record and either upholds or invalidates the assessment. That is why it is important to present all evidence related to a property's assessment during the board of review meeting. ☐

Understanding the Property Tax Process

How Local Property Tax Levies Make it to Your Property Tax Bill

(1) January 1: Equalization Process Begins.

The Wisconsin Department of Revenue (DOR) begins estimating equalized (fair market) values for all taxing jurisdictions in the state.

(2) Spring: Local Assessments. Municipal assessment updates are usually completed by spring. Assessed values are used to distribute to local property owners all property taxes apportioned to the municipality, including those for schools, counties, and technical colleges. To illustrate, consider John and Jane Doe, whose home is assessed at $200,000. They live in Badgerville, where assessments of all taxable property total $200 million. Given their share of total value ($200,000 ÷ $200,000,000=0.1%), the Does will be billed for 0.1% of all property taxes Badgerville collects.

Does' assessment: $200,000 ÷

Total Badgerville assessment: $200,000,000 = 0.1% Does pay 0.1% of all Badgerville property taxes.

(3) August 15: Equalized Values Set. DOR reports equalized values for local taxing jurisdictions. These values are used to apportion tax levies from schools, counties, and technical colleges to underlying municipalities. For example, Badgerville has $210 million in total equalized values (equalized values do not necessarily equal assessed values). The county in which it is located has $2 billion of equalized property value. Since Badgerville's values are 10.5% of the county total, it is responsible for 10.5% of the county levy.

Badgerville eq. values: $210 million ÷

County eq. values: $2 billion = 10.5% Badgerville is apportioned 10.5% of county levy

(4) October/November: Property Tax Levies Set. The budget process for most local governments begins in the spring or summer, and concludes in October or November. That is when property tax levies are set.

(5) November/December: Tax Levies Apportioned. After all local governments have set their levies, those tax totals are apportioned to underlying municipalities. Here, the county levy is $8 million. Since Badgerville's equalized values accounts for 10.5% of total county values, it is responsible for 10.5% of the county levy, or $840,000.

County levy: $8 million ×

Badgerville share of eq. values: 10.5% = $840,000 County levy apportioned to Badgerville

(6) December: Property Tax Bills Prepared and Mailed. After total levies have been apportioned to municipalities, local officials use assessed values to calculate individual property tax bills. Total property taxes billed to Badgerville residents is $4 million. The assessed value of the Doe's property is 0.1% of the total, thus they are billed for 0.1% of the total, or $4,000.

Total levies assigned to Badgerville: $4,000,000 ×

Does' assessment share: 0.1% = $4,000 Does' property tax

wistax

Wisconsin Taxpayers Alliance

401 North Lawn Avenue • Madison, WI 53704-5033
608.241.9789 • www.wistax.org

PERIODICALS
USPS 688-800

WISTAX NOTES

■ **Wisconsin Births Continue to Fall.** The number of babies born in Wisconsin declined in 2013 for the sixth consecutive year. Last year's drop was 663. The 66,566 births in 2013 was the lowest number since 1997.

Declining births have long-term implications for Wisconsin's economy and government. During 2009-13, about 341,000 children were born in Wisconsin. Many will enter the workforce in about 20 years, but they will replace a much larger group who will be retiring. For example, the size of Wisconsin's 41-to-45 year old population is approximately 375,000. It is challenging to increase employment when there are not enough workers to replace retirees.

In the near term, the decline in births will impact K-12 schools. In many parts of the state, declining enrollment is a problem as school revenues are tied directly to the number of students. With birth rates continuing to fall, the financial challenges associated with declining enrollment will only continue.

■ **School Aids Rise, Vary.** The state is providing an additional $85.5 million in general school aids for 2014-15. However, not all districts will receive more, due to variations in district spending, enrollment, and property values.

In 220 districts, aids are rising by a total of $120.2 million, while in 202 districts, aids are falling a total of $34.7 million. General school aids will total $4.35 billion in 2014-15.

Wisconsin's school aid formula distributes funds each year based on spending and property values per student. In general, districts with more value per student are aided less; those with less are aided more.

However, declining school aid does not necessarily mean school spending is also falling (or vice versa). Wisconsin schools face state-imposed revenue limits, which cap the amount of revenue districts can collect from a combination of general school aid and local property taxes. This year, all districts are allowed a $75 per student increase in their limits. The state is also providing a $150 per student aid payment (up from $75 last year) that is not subject to revenue limits. The net effect is a $150 per student increase in district revenues. ☐

**UNITED STATES POSTAL SERVICE
STATEMENT OF OWNERSHIP,
MANAGEMENT, AND CIRCULATION**

1. Publication title—The Wisconsin Taxpayer.
2. Publication number—688-800.
3. Filing date—September 19, 2014.
4. Issue frequency—Monthly, except July.
5. No. of issues published annually—11.
6. Annual subscription price—$17.97.
7. Mailing address of known office of publication—401 North Lawn Ave., Madison, Dane County, Wisconsin 53704-5033.
8. Mailing address of headquarters or general business office of publisher—401 North Lawn Ave., Madison, Dane County, Wisconsin 53704-5033.
9. Publisher—Wisconsin Taxpayers Alliance, 401 North Lawn Ave., Madison, Dane County, Wisconsin 53704-5033.
   Editor—n/a.
   Managing Editor—Todd A. Berry, 401 North Lawn Ave., Madison, Dane County, Wisconsin 53704-5033.
10. The owner is the Wisconsin Taxpayers Alliance (a nonstock corporation), 401 North Lawn Ave., Madison, Dane County, Wisconsin 53704-5033.
11. Known bondholders, mortgagees, and other security holders owning or holding 1% or more of total amount of bonds, mortgages, or other securities—none.
12. The purpose, function, and nonprofit status of this organization and the exempt status for federal income tax purposes have not changed during preceding 12 months.

A.	Total no. of copies (net press run)	5,530	5,606
B.	Paid circulation		
	1. Mailed outside-county	2,736	2,899
	2. Mailed in-county	684	431
	3. Distribution outside the USPS	0	0
	4. Other classes mailed through the USPS	221	196
C.	Total paid distribution	3,641	3,526
D.	Free or nominal rate distribution		
	1. Mailed outside-county	11	8
	2. Mailed in-county	8	9
	3. Mailed through other classes	89	51
	4. Outside the mail	279	159
E.	Total free or nominal rate distribution	387	227
F.	Total distribution (C + E)	4,028	3,753
G.	Copies not distributed	1,502	1,853
H.	Total (F + G)	5,530	5,606
I.	Percent paid	90%	94%

I certify that all information furnished is true and complete.

Todd A. Berry, President and Managing Editor

THE WISCONSIN
TAXPAYER

Vol. 85, Number 6 | June 2017

Property Assessment

Understanding Property Valuation and Shifting Tax Burdens

While assessments are fundamental to Wisconsin's property tax system, most property owners know little about them even though they can impact their property tax bill. Property revaluations do not necessarily mean tax increases, but can lead to a shifting of the tax. Property tax bills are also affected by changes in equalized values, or state estimates of the current fair market value of taxable property.

Each November, newspapers around the state report on municipal, county, and school property tax levies set by local officials. In December property owners are billed for their share of those levies.

Often, those bills spark questions, such as:

- Why did my school property taxes increase when the school levy was unchanged this year?
- My assessment increased 10% last year after the town revalued properties, yet my taxes declined. Why? or
- The assessed value of my property has not changed for the past three years, yet my property taxes keep increasing. How can that be?

To be sure, property tax levies play a large role in determining individual tax bills. That said, answers to the above questions have more to do with property valuation.

Taxpayers often underestimate the role of valuation in Wisconsin's property tax system. In Wisconsin, two measures of value—assessed and equalized—are used to apportion property taxes. Uneven changes in either can shift property taxes between property owners, resulting in higher bills even when levies are unchanged.

ASSESSMENT BASICS

Why Assess?

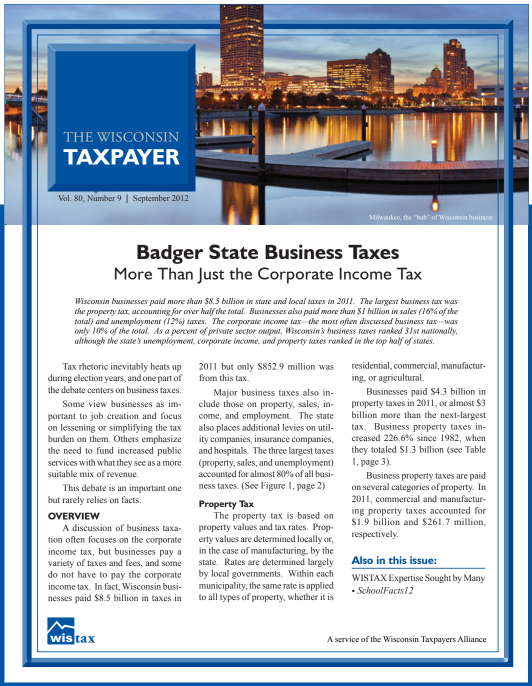
In order to impose a tax, government officials must know an item's value or, in some cases, the quantity sold. The sales tax is applied to the price of the good or service purchased. The income tax is imposed on the dollar value of wages and investment earnings. Gas taxes and cigarette taxes are applied to each gallon or pack, respectively.

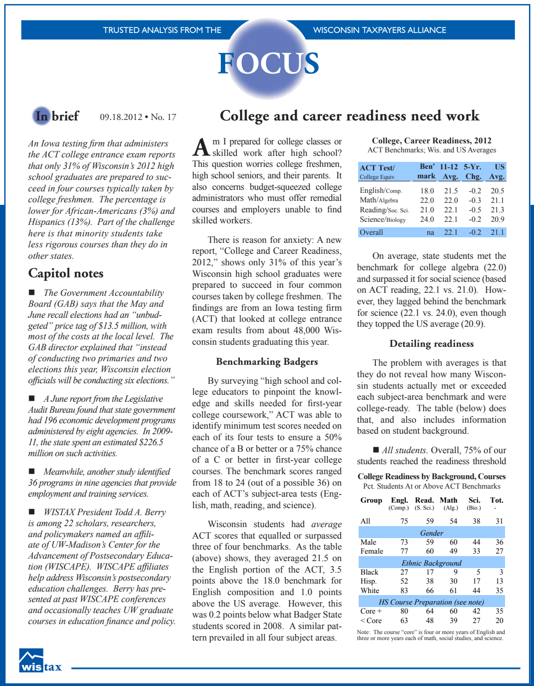
Similarly, the property tax is applied to the value of property. However, while prices and incomes are known with a high degree of certainty, property values are often not.

For a recently sold home, market value is typically the selling price.

Also in this issue:

Here's how to continue receiving reports like these . . .





Contributors to the Wisconsin Taxpayers Alliance (WISTAX) receive our lead research periodicals free. Becoming a contributor is the most cost-effective way to obtain our research.

Or, you can subscribe to individual publications. *The Wisconsin Taxpayer* is our monthly research magazine that covers a wide range of topics, from state and local taxes to school test scores and municipal spending. *Focus* is our bimonthly newsletter offering analysis of emerging issues.

For more information about becoming a WISTAX contributor, click here.

For more information about subscribing to *The Wisconsin Taxpayer* magazine, click here.

For more information about subscribing to our *Focus* newsletter, click here.

However, two similar homes may sell at different prices because one owner needs to sell quickly and the other does not. Moreover, most properties are rarely sold, making their value uncertain.

Wisconsin's constitutional uniformity clause states "the rule of taxation shall be uniform." Uniformity applies not only to tax rates within a jurisdiction, but to property valuations as well. Thus, to determine value for property tax purposes, we turn to assessments, or a local assessor's best estimate of each property's value.

More Than Just Homes. When residents think assessments, they typically think homes. That is unsurprising as they receive property tax bills for their homes each December.

However, businesses, farm and forest land, and even some personal property are subject to the property tax and must also be valued. Questions of who assesses, how properties are assessed, and how assessments are used are answered next.

Who Assesses?

Most property is assessed by a local assessor. The one exception is manufacturing, which is assessed by the Wisconsin Department of Revenue (DOR).

Large municipalities often employ their own full-time assessor. Smaller communities typically hire, on a part-time basis, private contract assessors. Whether they are public- or private-sector employees, all assessors are certified by DOR and must follow the department's long, detailed property assessment manual.

How Are Properties Assessed?

While most residents are interested in the nuts and bolts of residential assessment, they should understand that assessments of other properties affect residential property tax bills. Not all properties are assessed in the same way as homes.

Residential. To estimate the value of a home, the assessor views individual properties, preferably inside and out. He or she measures square footage, takes note of fixtures such as showers, cabinets, sinks, etc., and rates construction quality. The assessor also considers recent sales in the area. These factors help determine an assessed value reflecting the current market.

Note that assessed values are as of January 1. If a home was damaged in February, that damage would not be reflected in the current year's assessment.

Commercial Property. Like residential, commercial property is valued at market. However, the current market value is often more difficult to determine for commercial property, especially for "big box" stores, as sales are rare and configurations can vary. The state assessment manual requires assessors consider three approaches to value:

- The cost approach looks at the net cost of replacing the building;
- The market approach considers recent sales of similar properties; and
- The income approach values the property based on the income the property produces.

Over the past few years, some commercial property owners have challenged assessments based on what is termed the "dark store theory," or the notion that the store's value is the same as a similar empty storefront. Most have won and have had assessments reduced, affecting the tax bills of others in the community (see shifting discussion on page 5).

Agricultural Property. Prior to 1998, farmland was valued based on its "highest and best use." For farms on the edge of urban areas, that often meant

THE WISCONSIN
TAXPAYER

June 2017 Vol. 85 Number 6
Publication Number USPS 688-800
Periodical postage paid at Madison, Wisconsin

Subscription Price:
$17.97 per year
Published each month, except July, by the Wisconsin Taxpayers Alliance,
401 North Lawn Avenue, Madison, Wisconsin 53704-5033

Postmaster:
Send address changes to *The Wisconsin Taxpayer,*
401 North Lawn Avenue, Madison, Wisconsin 53704-5033
Phone: 608.241.9789 Fax: 608.241.5807
Email: wistax@wistax.org Website: www.wistax.org

valuing farmland based on what a developer might pay to create a subdivision or build a shopping center even if the owner intended to keep it in agricultural use.

The 1995-97 state budget changed farmland assessment from “highest and best use” to “use-value.” Under use-value, an acre of farmland is valued based on the net income that could be generated growing corn.

A 2002 DOR study estimated that use value reduced farmland values by almost 90%, from $20.7 billion under the old system to $2.8 billion under use-value assessment.

Ag-Forest and Undeveloped Land. State law defines agricultural forest land as “producing or capable of producing commercial forest products” and meeting other specific conditions. For ag-forest and for undeveloped land, the assessor determines the market value. Once determined, the two property types are then assessed at 50% of that value for property tax purposes.

Challenging Assessments. Assessments can be challenged by property owners at the annual board of review (see gray box on page 7 for details).

How Are Assessments Used?

Quality assessments are fundamental to a fair property tax system as they are used to apportion property taxes among a community’s property owners. At its most basic, a property owner’s share of the total tax levy is the same as his or her share of total assessed values.

Smallville Example. A simple example helps understanding. Smallville is a community with a small store and two residents, each with their own home. Andrew’s home is assessed at $100,000; Betty’s at $150,000. The store is assessed at $250,000. The total assessed value of Smallville is $500,000 (see Figure 1).

Property taxes in the village, including municipal, school, and county levies, total $10,000. The village divides that amount among property owners according to their share of total value. Since the assessed value of Andrew’s home is 20% of the total ($100,000 ÷ $500,000), he pays 20% of the tax, or $2,000. Betty’s home accounts for 30% of total value ($150,000 ÷ $500,000), so she pays 30% of the tax, or $3,000. The value of the store is half the village total, and the owner pays half the levy, or $5,000.

The example highlights the importance of accurate assessment in apportioning the property tax among owners. If assessments are not current or

Figure 1: Assessments and Taxes in Smallville
Total Assessed Value $500,000; Total Property Taxes $10,000

				Smallville Total
Assess.	$100,000	$150,000	$250,000	$500,000
% of Total:	20%	30%	50%	100%
Taxes:	$2,000 =	$3,000	$5,000	$10,000
% of Total:	20%	30%	50%	100%

accurate, some property owners will pay more than their “fair share” of the property tax, while others will pay less.

Property Tax Rates. Relying on assessments to distribute the property tax is a novel idea for many taxpayers. They are familiar with a local property tax rate applied to the value of their property. This rate, though, is simply an alternative method of determining property taxes.

Local governments do not directly set property tax rates; they approve property tax levies. Once the levy is set, the property tax rate is calculated: total levy divided by total value. In Smallville, the property tax rate is $10,000 levy ÷ $500,000 value = 0.020, or more commonly expressed as $20 per $1,000 of assessed value.

Applying the rate to the value of the three properties yields the same result as dividing total taxes among owners using assessment shares: $2,000 for Andrew (0.02 x $100,000); $3,000 for Betty (0.02 x $150,000), and $5,000 for the store’s owner (0.02 x $250,000).

Rates Can Be Deceptive. The problem with focusing on tax rates is it masks the importance of assessment in determining individual property tax bills. Moreover, because rate arithmetic is not well understood, it can also be used to confuse taxpayers.

For example, suppose the village increased the levy 10% to $11,000 while assessed property values rose 20% to $600,000. Local officials could tout a rate drop to $18.33 per $1,000 of value ($11,000 ÷ $600,000), despite the increased levy and property tax bills.

Assessments vs. Revaluations

Many taxpayers confuse two property tax terms: assessment and revaluation. Assessment occurs annu-

Figure 2: Assessments, Taxes in Smallville After Revaluation
Total Assessed Value $600,000; Total Property Taxes $10,000

				Smallville Total
Assess.	$105,000	$225,000	$270,000	$600,000
% of Total:	17.5%	37.5%	45.0%	100%
Taxes:	$1,750	$3,750	$4,500	$10,000
% of Total:	17.5%	37.5%	45.0%	100%

ally. Each spring, local assessors compile an assessment roll, a list of a community's taxable properties and their assessments or assessed values.

These amounts may be the same as in the prior year, or they may differ. In many communities, assessed values remain unchanged in most years. However, if a home was expanded or damaged in the prior year, the assessed value should be updated to reflect those changes.

Due to the uniformity clause, sale of a home does not necessarily trigger an assessment change. If assessment of one property is updated to current market value while others are assessed based on the market several years prior, properties are not assessed uniformly.

A community-wide revaluation remedies that situation. During a revaluation, the assessor again inspects individual properties, measures, and considers recent sales. New assessed values are generated reflecting current market conditions.

Municipalities must revalue at least once every five years. In addition, at least once every five years, assessments for each major class of property must be within 10% of market value. State law defines a major class as a property type—residential, commercial, agricultural, etc.—that accounts for more than 10% of total value in the community.

Why Revalue? A return to the Smallville, several years later, shows the importance of revaluation. While assessed values have remained unchanged (there has been no revaluation), inflation and other factors have affected property values in the village. In particular, Betty's lake front property is in high demand; similar properties in the area have sold for more than $200,000. Yet, the three taxpayers continue to pay taxes based on dated assessed values.

The village board votes to revalue and the three properties are reassessed: Andrew's home at $105,000; Betty's at $225,000; and the store at $270,000. Total assessed values in Smallville are now $600,000 and total property taxes are unchanged at $10,000 (see Figure 2).

Even though Andrew's home increased in value from $100,000 to $105,000, its share of total assessed value declined from 20% to $17.5% ($105,000 ÷ $600,000). Thus, Andrew's property tax bill dropped from $2,000 to $1,750 (17.5% of the $10,000 total levy). The value of the store also rose, but like Andrew's home, it now accounts for a smaller share of total value: 45% versus 50% before revaluation. Taxes on the property fall from $5,000 to $4,500.

Because the market for properties similar to Betty's was strong, its share of total value increased from 30% to 37.5%, resulting in a higher tax bill–$3,750 vs. $3,000 prior to revaluation.

Note that after revaluation, the tax rate declined from 0.02 to 0.0167 ($10,000 ÷ $600,000), or $16.70 per $1,000 of value. The decline was due solely to rising values; the levy remained unchanged at $10,000.

This revaluation example highlights two important property tax issues. First, because assessments were out of date prior to the revaluation, Andrew and store's owner were paying more than their "fair share" of the property tax, while Betty was paying less. All

Figure 3: Timeline for Estimation and Use

DOR begins process of calculating equalized values. Local assessors begin assessment process. Equalized and assessed values are as of January 1.

Local assessments usually completed. Assessment roll compiled.

Board of review convenes. Property owners can discuss, challenge assessment.

January | February | March | April | May | June three are now paying property taxes based on the current market value of their properties.

Second, revaluation does not necessarily mean a property tax increase. The value of Andrew's home and the store rose after revaluation. Yet, their property taxes declined because the value of Betty's home increased more. Often, changes to an individual's property taxes are the result of shifting property values.

Other Assessment Shifts. A similar result occurs when assessments are successfully appealed. For example, instead of revaluation, suppose the owner of the store appealed her assessment and had it reduced from $250,000 to $200,000. That property would now account for 44.4% of total values ($200,000 ÷ $450,000 total value); property taxes would fall from $5,000 to $4,440.

The decline in the store's value shifts property taxes to other properties. Andrew's share of value rises to 22.2%, Betty's to 33.3%. As such, they are now apportioned larger shares of the levy. Andrew's tax bill increases from $2,000 to $2,220; Betty's from $3,000 to $3,330.

EQUALIZED VALUES

Assessed values are consistent estimates of value within a community, and thus can be used to distribute property taxes among all property owners within that community. But counties, technical college districts, and most K-12 school districts are comprised of multiple municipalities, some of which may have assessed values near market value due to recent revaluation and others with dated assessments. Thus, assessed values are inappropriate for apportioning these levies to underlying municipalities.

Instead, Wisconsin uses a second measure of value unfamiliar to many residents. Equalized values are state estimates of the current market value of all taxable property in the state.

Equalized vs. Assessed

There are two important differences between assessed and equalized values. First, while assessed values can be dated, equalized values are always current. Second, while assessed values are estimates for individual properties, equalized values are for groups of properties—entire municipalities, counties, and school districts.

When estimating equalized values, DOR considers property sales, assessments, property appraisals, and other information. While local assessments are generally published in the spring, equalized values are not reported until August. Like assessments, equalized values are as of January 1.

Use of Equalized Values

During October and November, municipalities, counties, K-12 schools, and technical colleges set their property tax levies. For a county or a technical college levy, that amount is paid by residents of many underlying municipalities. A school district's levy is often paid by residents of two, three, or more municipalities.

In Wisconsin, these levies are not passed directly to local taxpayers. Rather, they are apportioned to the underlying municipalities using equalized values. The municipality then bills local property owners for not only the municipal levy, but the municipality's share of the county, school, and technical college levies as well.

The apportionment is similar to the one just discussed using assessed values. Each municipality is billed for a share of the overlying taxing unit's levy equal to its share of equalized property values. For example, if the total equalized property value in a city accounts for 10% of the value in the county, the city is apportioned 10% of the county levy.

The City of Antigo in Langlade County illustrates this process (see Table 1, page 6). In 2015-16,

of Assessed and Equalized Property Values

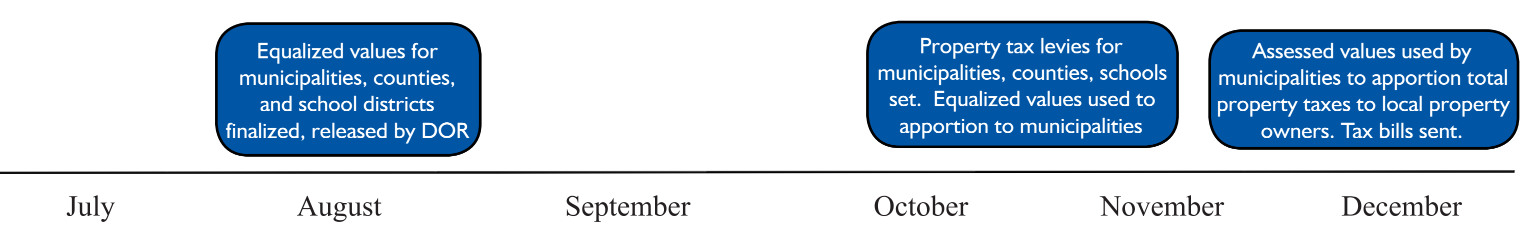


Table 1: Apportioning Tax Levies in Antigo
2015-16, $ Millions

Taxing District	2015 Eq. Value	Antigo Share	Total Levy	Apportioned to Antigo
City of Antigo	$358.0	100.0%	$3.5	$3.5
Langlade County	1,664.2	21.5	9.2	2.0
Antigo Schools	1,068.4	33.5	9.2	3.1
Northcentral Tech	15,251.0	2.3	19.2	0.4

its equalized value totalled $358 million, which was 21.5% of the Langlade County total. Thus, the city was apportioned 21.5% of the county's $9.2 million levy, or $2.0 million. Similarly, Antigo was billed for 33.5% of the school district levy ($3.1 million of $9.2 million total) and 2.3% of Northcentral Technical College's levy ($0.4 million of $19.2 million total). The city also levied $3.5 million for municipal purposes.

Combined, city residents were responsible for $9.0 million in total property taxes. That amount was then apportioned to local taxpayers using assessed values.

Equalized Values and Tax Shifting

The discussion on pages four and five highlights the property tax shifting that can occur during a revaluation. A similar, and more common, shifting of property taxes occurs when equalized values in one community are rising faster than those in neighboring communities. Table 2 illustrates.

School District AB is comprised of Town A and City B, each of which is home to two residents. In year one, each home is assessed at $100,000 and each municipality's equalized value equals its assessed value (1).

The school district levies $4,000 (2), which is divided equally between the two municipalities based on equalized values (both $200,000). In both municipalities, the $2,000 levied is split evenly between the two residents (3) based on assessed values of $100,000 each.

In the second year, equalized values rise in the town due to an abundance of lake property in high demand. Total equalized value there rises to $300,000 (4), while the city remains at $200,000. Total school district equalized values are now $500,000, of which Town A accounts for 60%.

The district's levy remains unchanged at $4,000, but Town A is now apportioned 60% of that amount, or $2,400 (5); City B is apportioned the remaining $1,600 (40% of the $4,000 levy). Each of these amounts are then distributed to residents based on assessments. Despite an unchanged school levy, town residents each pay $1,200 in school taxes compared to $1,000 in the prior year (6). School taxes for city residents decline to $800.

ASSESSMENT QUALITY

The most critical, yet overlooked, component of Wisconsin's property tax system is assessment. Equitable distribution of property taxes requires accurate and current assessments.

The challenge for many communities is cost, as revaluations can be expensive. Municipal officials must balance a trade-off between the cost of revaluing and the benefits of up-to-date assessments.

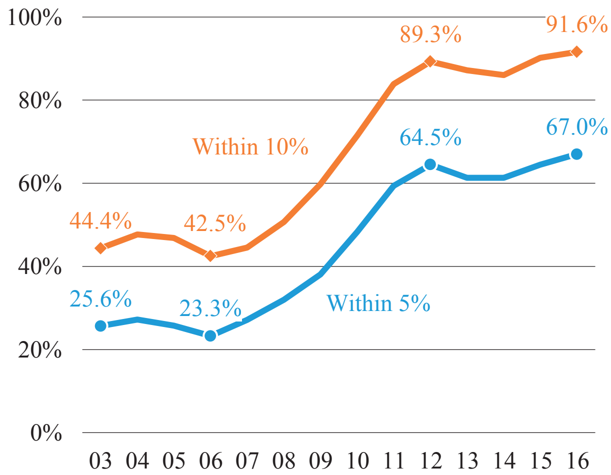
Assessment Ratios

The best way to measure assessment quality is to compare individual property sales with their assessed values. Without access to that information, assessment ratios—total assessed value as a percentage of

Table 2: Changing Equalized Values Shift Property Taxes
Hypothetical School District, Municipalities, $ Thousands

	Year 1						*Year 2*					
	Equalized			**Assessed**			**Equalized**			**Assessed**		
	Value	Share	**Levy**	Value	Share	**Tax**	Value	Share	**Levy**	Value	Share	**Tax**
School Dist. AB	$400		$4.0 2				$500		$4.0			
Town A	$200	50%	$2.0	$200		$2.0	$300	60%	$2.4	$200		$2.4
Home A1				$100	50%	$1.0 3	4		5	$100	50%	$1.2 6
Home A2	= 1			$100	50%	$1.0				$100	50%	$1.2
City B	$200	50%	$2.0	$200		$2.0	$200	40%	$1.6	$200		$1.6
Home B1				$100	50%	$1.0 3				$100	50%	$0.8 6
Home B2				$100	50%	$1.0				$100	50%	$0.8

Figure 4:
Assessment Ratios Improve Due to Recession?
Assessed as % of Equalized Values for All Municipalities



total equalized value in a community—can be examined. As mentioned, state law requires a municipality's assessed values be within 10% of current market values once every five years. Assessment ratios less than 90% indicate the municipality is likely due for revaluation.

In 2016, total assessed value was within 10% of total equalized value in nearly 92% of municipalities; assessed values were within 5% of equalized in 67% (see Figure 4). Those were the highest percentages in many years. The gains since 2006, though, may not be solely due to revaluations.

In 2006, assessed values were within 10% of equalized values in only 42.5% of municipalities. In the years following, ratios improved dramatically so that by 2012, that percentage approached 90%. Clearly, some municipalities revalued during these years.

However, this period included an extended recession in real estate values. Equalized values statewide declined 8.4% during 2008-12. If equalized values fall and assessments remain unchanged, assessment ratios rise. In other words, much of the improvement may have been due to market decline rather than revaluation.

The challenge moving forward is to keep assessments near market value. While the onus for this is on municipal officials, property owners should hold their feet to the fire. After all, revaluations do not mean universal property tax hikes. They just assure that taxpayers are paying the appropriate share of the levy. ☐

Challenging Assessments

When a municipal revaluation is complete, property owners receive a notice of the new assessed value. If the property owner feels the assessment is too high, he or she can appeal, but it must be done in a timely manner. Written or verbal notice of intent to file an objection must be provided to the board of review's clerk at least 48 hours prior to the board's first meeting.

The board of review must schedule its first meeting in the 30 days after the second Monday in May, but it may schedule a later date if assessments are not completed.

Municipalities hold an "open book," during which assessments may be reviewed and the assessor questioned. A property owner who is unhappy with his or her assessment should first talk with the local assessor. The assessment roll must be open for a minimum of two hours prior to the board of review's first meeting. An individual who believes a property is not fairly assessed must file an objection during these two hours.

In making the decision to appeal, the taxpayer should be aware that (1) the assessor's value is presumed correct unless proved otherwise by factual evidence presented at the hearing, and (2) small percentage differences in value are not sufficient to warrant a change.

The property owner is expected to establish what he or she feels is the fair market value of the property during the appeal. If the owner's property was recently purchased, the purchase price is the best evidence of fair market value. The next best indicator of current market value is sale of comparable properties in the area. These properties are affected by similar factors, such as proximity to schools, parks, shopping, or employment.

Taxpayers considering an appeal should call their municipal clerk to verify dates for the open book period and the board of review meeting. Those pursuing an appeal must follow appeals process guidelines.

Individuals dissatisfied with the decision of the board of review have two additional appeal options. First, they may ask DOR to review the board's decision. Requests must be filed within 20 days of the board's decision.

Second, taxpayers can also challenge the board of review's decision or DOR's ruling with the circuit court. The court does not hear new evidence; rather, it looks at the prior record and either upholds or invalidates the assessment. That is why it is important to present all evidence relating to the property assessment during the board of review meeting.

PERIODICALS
USPS 688-800

wistax
Wisconsin Taxpayers Alliance
401 North Lawn Avenue • Madison, WI 53704-5033
608.241.9789 • www.wistax.org

WISTAX NOTES

■ **CAFR Facts.** In April, state accountants released the 2016 edition of the Comprehensive Annual Financial Report, or CAFR for short. The document contains Wisconsin's official financial statements along with other information on state finances.

GAAP Deficit Falls. The statements detail state revenues and spending for fiscal 2016 using generally accepted accounting principles (GAAP). Under GAAP, Wisconsin finished the year with an ending balance of -$1.72 billion in its general fund. The 2016 "GAAP deficit" was a slight improvement over the -$1.78 ending balance in 2015.

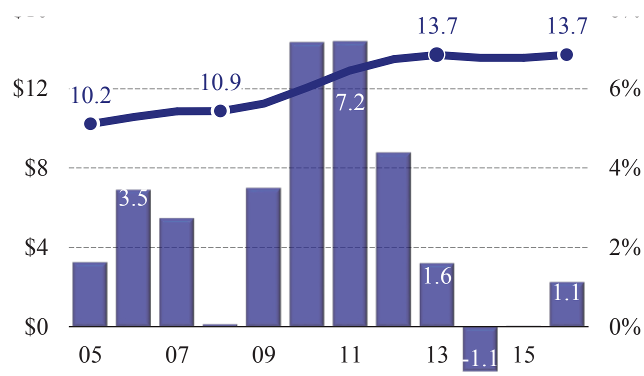
That the state reported a GAAP deficit in 2016 is not surprising: It has reported one in every year since 1990. That said, negative ending balances are rare among the states. Last year, only four other states—Connecticut, Illinois, Kansas, and West Virginia—reported them. Moreover, in both total dollars and per capita (-$299), the Badger State's balance was second-worst behind Illinois (-$9.6 billion total and -$747 per capita).

Wisconsin also reports it finances on a cash basis. Using that approach, the state reported an ending balance of $331 million for 2016.

State Debt Little Changed. At the end of fiscal 2016, Wisconsin had $13.7 billion in outstanding debt, 1.1% more than in 2015 but the same as in 2013. Since 2011, state debt is up 6.1%. During the prior five years, it climbed 22.2%.

Wisconsin issues three types of bonds: general obligation, revenue, and annual appropriation. General obligation debt is backed by the full taxing power of the state. Typically, borrowing for new buildings and land purchases are funding with this type of debt. Over the past decade, general obligation bonds have also been used to pay for transportation projects. Wisconsin had $7.7 billion of general obligation debt at the end of fiscal 2016.

Growth in State Debt Slows
Total State Debt (line, $ Billions) and % Change (bars)



Revenue bonds are backed by a specific revenue source. Most are for transportation and are repaid with gas taxes and vehicle registration fees. Revenue bonds totalled $3.0 billion in 2016.

Unlike the other two bond types, annual appropriation bonds are not backed by a pledged source of revenue. Instead, repayment must be appropriated each year. Wisconsin used this type of borrowing to pay for unfunded post-employment benefits. It also used them in 2009 to refinance its tobacco settlement borrowing. Annual appropriation bonds totalled $3.0 billion in 2016. □

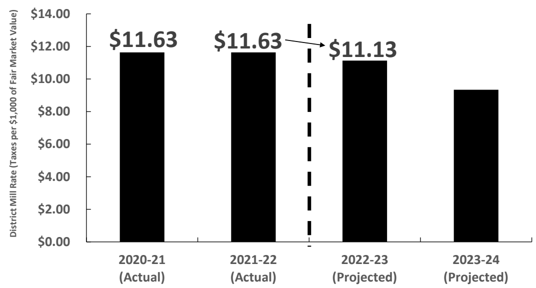
In FOCUS . . . recently in our biweekly newsletter

- Assembly GOP dives into transport finance; gubernatorial cold water (#9-17)
- Budget politics, 2017: "The world turned upside down"? (#10-17)

School District of New Glarus

Mill Rate Comparison

SCENARIO 1: MILL RATE DECREASE OF $0.50

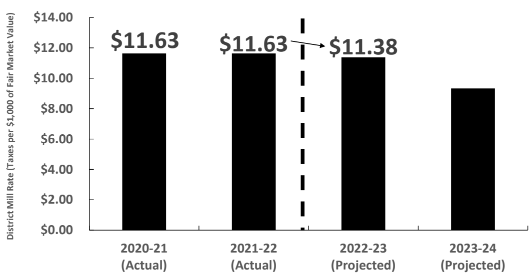


2022-23

	Levy	Mill Rate
Operations	$3,883,047	$5.70
Referendum Debt	$2,490,288	$3.66
Debt Prepayment	$1,200,000	$1.76
TOTAL	**$7,573,335**	**$11.13**

Estimated Savings from Defeasance:	**$378,923**

SCENARIO 2: MILL RATE DECREASE OF $0.25

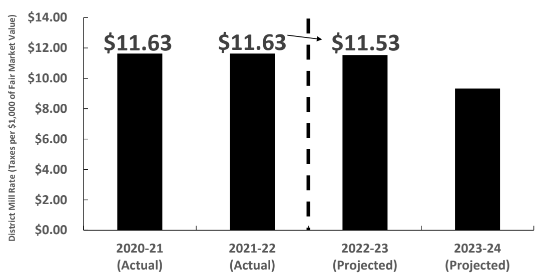


2022-23

	Levy	Mill Rate
Operations	$3,883,047	$5.70
Referendum Debt	$2,490,288	$3.66
Debt Prepayment	$1,370,000	$2.01
TOTAL	**$7,743,335**	**$11.38**

Estimated Savings from Defeasance:	**$433,690**

SCENARIO 3: MILL RATE DECREASE OF $0.10

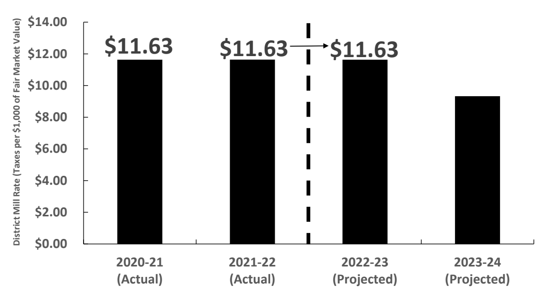


2022-23

	Levy	Mill Rate
Operations	$3,883,047	$5.70
Referendum Debt	$2,490,288	$3.66
Debt Prepayment	$1,475,000	$2.17
TOTAL	**$7,848,335**	**$11.53**

Estimated Savings from Defeasance:	**$467,516**

SCENARIO 4: MAINTAIN MILL RATE



2022-23

	Levy	Mill Rate
Operations	$3,883,047	$5.70
Referendum Debt	$2,490,288	$3.66
Debt Prepayment	$1,545,000	$2.27
TOTAL	**$7,918,335**	**$11.63**

Estimated Savings from Defeasance:	**$490,067**

2022-23 operations estimates are per the District's draft 2022-23 revenue limit worksheet.
Mill rate based on 2022 Equalized Valuation (TID-OUT) of $680,661,438 with annual growth of 0.00% thereafter.
Assumes operating mill rate is flat from 2022-23 to 2023-24

III. **Projections for 2023-24 Budget**

IV. **Adjourn**

PURSUANT TO APPLICABLE LAW, NOTICE IS HEREBY GIVEN THAT A QUORUM OR A MAJORITY OF THE NEW GLARUS SCHOOL DISTRICT BOARD MEMBERS MAY ATTEND THIS MEETING. INFORMATION PRESENTED AT THIS MEETING MAY HELP FORM THE RATIONALE BEHIND FUTURE ACTIONS THAT MAY BE TAKEN BY THE NEW GLARUS SCHOOL DISTRICT BOARD.

UPON REQUEST TO THE DISTRICT OFFICE, SUBMITTED TWENTY-FOUR (24) HOURS IN ADVANCE, THE DISTRICT SHALL MAKE REASONABLE ACCOMMODATIONS INCLUDING THE PROVISION OF INFORMATIONAL MATERIAL IN AN ALTERNATIVE FORMAT FOR A DISABLED PERSON TO BE ABLE TO ATTEND THIS MEETING.