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Tax rates increase as property value growth declines

Forum report indicates values likely to decline in 2009

MILWAUKEE, Wisconsin – *Friday, August 7, 2009* – After several successive years of property tax rate decreases and a slight increase in 2008, gross property tax rates in southeastern Wisconsin increased 2.8% in 2009, according to the Public Policy Forum’s latest property tax & values report.

Each of the seven counties in the region experienced an overall property tax rate increase, and 112 of the 147 municipalities in the region saw their tax rates go up. Only two years ago, each of the counties had rate decreases of more than 3%, while all but five municipalities saw decreases.

“Considering the likelihood that property values in the region will decline in many southeastern Wisconsin counties and municipalities in 2009, local officials face difficult challenges in controlling property tax rates, particularly when other negative factors produced by the economic downturn are taken into account,” says Rob Henken, Forum president.

Even before the economic downturn, according to the report, growth in the region’s property values slowed dramatically. From 2007 to 2008, the total equalized property value increased

2.2%, the smallest increase in a decade. Twenty-eight municipalities had decreases in their total value during that same time.

“The year before – in 2007 – only three municipalities had a decrease, and in 2006 only one lost value, so a trend is underway,” Henken says. “And the impact of the values decline has been felt on tax rates rather significantly.”

The gross tax rate in southeastern Wisconsin was \$19.34 per \$1,000 of assessed property value in 2009 – a \$0.53 increase over 2008. Although this was an increase for the second year in a row, the 2008 regional increase was only \$0.03, and largely attributable to an increase in Milwaukee County linked to Milwaukee Public Schools. Otherwise, the region experienced decreases from 2001 through 2007.

“The strong linkage between property values and tax rates and the developing trends shown in this report indicate that local officials will have a hard time minimizing tax rate increases while maintaining existing levels of government service in 2010,” says Henken.

The Forum report was funded by Robert W. Baird & Co., Inc.

Milwaukee-based Public Policy Forum, established in 1913 as a local government watchdog, is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of public policy issues.

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