



Research Brief

Walworth County surpasses Waukesha in per-capita property wealth

City of Milwaukee continues to fuel region

Property values in the seven counties that make up southeastern Wisconsin were up significantly in two areas – the city of Milwaukee, where the tax base grew rapidly, fueling the rest of the region, and Walworth County, now the richest county in the region in terms of per-capita property wealth.

Southeastern Wisconsin’s overall tax base grew 10.7% from 2005 to 2006, while the state grew 9.6%. The city of Milwaukee, where the overall tax base increased 15.1%, has been the region’s growth driver over the past few years. The last two years, the city’s tax-base growth outpaced both the region and the state.

From 2005 to 2006, Walworth County grew in per-capita property wealth, manufacturing tax base, residential tax base, and overall tax base. In fact, its growth in manufacturing led the region and, in per-capita property wealth, it now surpasses Waukesha County, which perennially held the top spot in that category.

Residential and commercial property made up 94% of the region’s total tax base. The residential tax base grew 10.7% from 2005 to 2006, while the state grew 10.1%. The region’s residential tax base made up 39% of the state’s residential tax base. Commercial and manufacturing tax base gains in the region also outpaced state growth.

Please go to our Web site:

www.publicpolicyforum.org

to download tables in Excel format showing every southeastern Wisconsin municipality’s equalized property value and per-capita property wealth.



Major findings

- Southeastern Wisconsin's overall tax base grew 10.7% from 2005 to 2006, to \$178.3 billion, the same percentage increase as 2004 - 2005. The state's overall tax base grew 9.6% from 2005 to 2006.
- Walworth County now has the greatest per-capita property wealth in southeastern Wisconsin, surpassing Waukesha County. The 2006 per-capita property value in Walworth County was \$132,391, compared to \$130,348 in Waukesha County. The region's 2006 per-capita property value was \$89,844, compared to \$83,482 for the state.
- The city of Milwaukee's tax base grew 15.1% from 2005 to 2006, the biggest increase since 1992. Milwaukee was one of only three cities among the top 20 municipalities in tax-base growth. Walworth County's village of Fontana had the largest increase, 26.1%.
- Residential property dominated the region's tax base, making up 74% of the total tax base. Residential property grew 10.7% from 2005 to 2006 – one percentage point lower than last year's growth, but greater than the state's growth of 10.1%. Commercial property grew 12.3% for southeastern Wisconsin, more than two percentage points higher than the state's commercial growth. The manufacturing tax base in southeastern Wisconsin grew 1.8%, also higher than the state's growth of 1.4%.
- Walworth County had the largest tax-base growth from 2005 to 2006, increasing 14.2%. Four of the seven counties in southeastern Wisconsin had increases above 10%.

Data and methodology

Municipal tax rates are based on each municipality's total property value, also known as the tax base. Because local assessors are responsible for determining the property values for their jurisdictions, it is unfair to compare assessed values across municipalities and counties. Therefore, the state equalizes the assessed values to ensure that property values are comparable across jurisdictions.

Our analysis was based on these equalized values, as determined by the Wisconsin Department of Revenue as of August 15, 2006. Total property wealth has two categories: real estate and personal property. Real estate makes up the overwhelming majority of the tax base and has eight classifications: residential, commercial, manufacturing, agricultural, undeveloped, agricultural forest, forest, and other. The three classifications the Forum considers are residential, commercial, and manufacturing.

Changes in property value are grouped in three ways. Economic changes refer to changes on existing properties or changes as a result of market conditions. There also are new construction changes and other changes, which could include corrections that were made to the value of the property, demolition or destruction of property, and changes in the exempt status or classification of property.

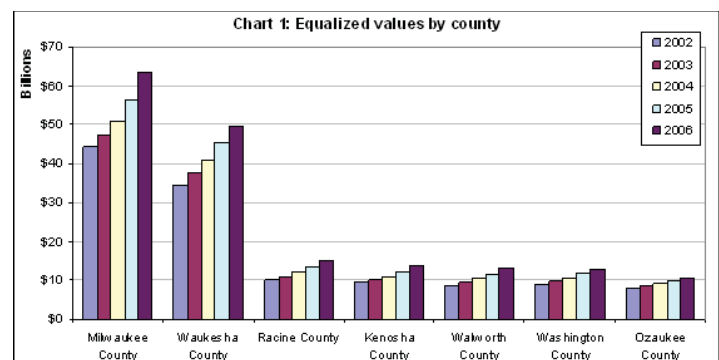
Overall property value

Southeastern Wisconsin had an overall tax base of \$178.3 billion in 2006. The growth of 10.7% from 2005 to 2006 was the same as 2004-2005. Both growth rates were the highest since 1992, the first year of Forum data. The state's tax base grew 9.6% from 2005 to 2006, just over one percentage point below the region. This was the fourth year in a row that southeastern Wisconsin's surpassed the state in tax-base growth. The region's overall growth was due primarily to substantial increases in the residential and commercial tax bases.

Four counties in southeastern Wisconsin grew their property values more than 10% from 2005 to 2006. Walworth County had the largest overall growth in southeastern Wisconsin for the second year in a row. Its overall tax base increased 14.2%. Milwaukee County had the next highest overall tax-base growth, 12.2%. This year, Waukesha County had the sixth highest increase among the region's seven counties, 8.9%. Last year, it ranked second. For the second year in a row, Ozaukee County had the lowest tax-base growth in southeastern Wisconsin, increasing 7.3% from 2005 to 2006.

Both Milwaukee and Waukesha counties have larger overall tax bases than other counties in southeastern Wisconsin. Milwaukee County had an overall tax base of \$63.6 billion in 2006; Waukesha County was next at \$49.5 billion. Racine County was next at \$14.8 billion. If you add the tax bases for Kenosha, Ozaukee, Racine, Walworth, and Washington counties, they total \$65.2 billion or just over \$2 billion more than Milwaukee County alone. **Chart 1** shows steady tax-base growth in the seven counties since 2002, with Walworth having the highest five-year growth, 53.8%, or more than seven percentage points higher than the next highest county, Kenosha at 46.4%.

All but one of the region's municipalities, the village of Lac La Belle in Waukesha County, saw an increase in the overall tax base from 2005 to 2006. The village of Fontana in Walworth County had the largest property value increase, 26.1%. Of the 20 municipalities in southeastern Wisconsin with the greatest increases, only three were cities: Oak Creek, Lake Geneva, and Milwaukee. Seventy-nine of the municipalities in the region had increases above 10% from 2005 to 2006, compared to 86 last year. There were five municipalities in southeastern Wisconsin where the overall tax base increased more than 20%.



City of Milwaukee

The city of Milwaukee had an overall tax-base growth of 15.1% from 2005 to 2006, the highest since 1992. **Charts 2 & 3** paint compelling pictures for the city of Milwaukee and southeastern Wisconsin. **Chart 2** shows percentage tax-base increases for the city of Milwaukee, the region, and the state. Before 2003, the city of Milwaukee's overall growth trailed the state and region. During this time, southeastern Wisconsin's growth was lower than the state as a whole. Starting in 2003, when the city of Milwaukee's one-year increases began to accelerate, however, the region's increases surpassed the state. For the second consecutive year, the city of Milwaukee's percentage increase was higher than the region and the state. As long as the city's overall tax-base growth continues, the region will continue to surpass state growth.

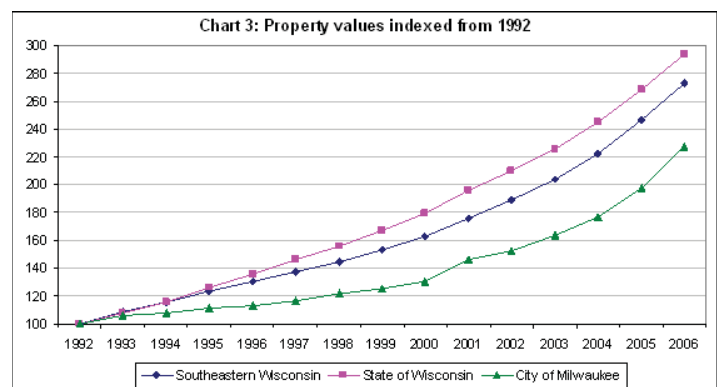
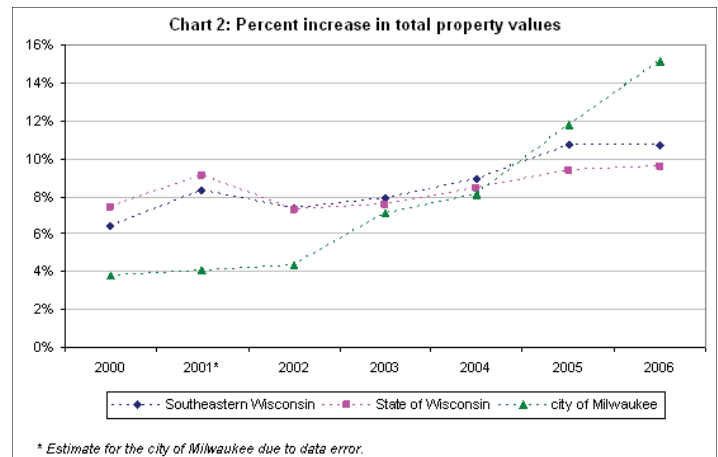
Chart 3 tells the story for the city of Milwaukee from another perspective. It shows the tax bases for the city of Milwaukee, southeastern Wisconsin, and the state of Wisconsin indexed to 1992. Although the city of Milwaukee had large increases the past couple of years, it was still well behind both the region and state. Nevertheless, it has made gains, albeit small, on both.

Residential, commercial, and manufacturing tax bases

Ninety-four percent of the region's property was either assessed as residential or commercial, with 74% being residential, same as last year. Six of the seven counties in southeastern Wisconsin had more than 75% of their property assessed as residential in 2006. Only Milwaukee County was below 75%, with 67% of its property residential. Walworth County had the highest percentage of residential property, at 83%. For the state, 73% of the property was assessed as residential.

Residential property values grew 12.3% from 2005 to 2006 in southeastern Wisconsin, more than two percentage points higher than the state increase of 10.2%. Most of the region's growth in such property was because of economic change. Walworth County not only had the largest overall tax-base growth in the region, but the largest residential property value increase as well, 15.2%. Racine County had the next highest residential tax-base growth with an increase of 11.9%. Milwaukee County's increase of 11.5% was the third highest in the region. Two counties, Waukesha and Ozaukee, had residential tax base increases of less than 10%, 9.1% and 8.1% respectively.

Seven of the top 10 municipalities in southeastern Wisconsin had residential tax-base increases above 20%. The village of Fontana had the highest residential tax-base growth from 2005 to 2006, 26.8%. It also had the largest overall tax-base growth. Only three cities made the top 20 in residential tax-base growth in the region: St. Francis, Lake Geneva, and Franklin. The village of Lac La Belle was the only municipality to have a residential tax-base decrease. Another 11 municipalities had increases of less than 5%. Last year, no municipality had a decrease in residential property, and only one had growth under 5%.



In 2006, 20% of the region's tax base was assessed as commercial property, with Milwaukee County having the highest percentage, at 28%. For the state, 17% of the property was assessed as commercial. In 2006, 44% of the state's commercial tax base was in the region, one percentage point higher than in 2005.

Southeastern Wisconsin's commercial tax base increased 12.3% from 2005 to 2006; for the state, it increased 10.2%. Milwaukee County had the largest growth in its commercial property tax base from 2005 to 2006, 15.5%. Four of the seven counties had commercial property value increases of more than 10%. Ozaukee County had the lowest growth in the region, 4.2%. The town of Erin in Washington County had a 241% increase in its commercial tax base from 2005 to 2006, the largest in southeastern Wisconsin. The increase was due primarily to new construction. Eleven municipalities had commercial tax-base increases above 20%. The city of Milwaukee's commercial tax base, the largest in the region, ranked 18th in growth. Seven municipalities had a decrease in commercial property value from 2005 to 2006.

Manufacturing property made up the third largest portion of southeastern Wisconsin's tax base, but it is not nearly as large as residential or commercial property, accounting for just 2.5% of the region's total tax base. The manufacturing tax base in southeastern Wisconsin grew 1.8% from 2005 to 2006, while the state grew 1.4%. For the third year in a row, Racine County's manufacturing tax base decreased. Walworth County

had the highest increase, 2.8%, in the region. Twenty-six municipalities had no property assessed as manufacturing.

Per-capita property wealth

Walworth County is now the region's richest county in per-capita property wealth, surpassing Waukesha County. Walworth County's per-capita property value increased 12.8% from 2005 to 2006, the greatest among southeastern Wisconsin counties. Walworth County's per-capita property value in 2006 was \$132,391, followed by Waukesha County's \$130,348. In 2006, there were four counties in southeastern Wisconsin that had per-capita property values above \$100,000: Walworth, Waukesha, Ozaukee, and Washington.

Although Milwaukee County had the lowest per-capita property wealth in the region, it had the second highest growth (12.5%) from 2005 to 2006, just behind Walworth County. Ozaukee County had the lowest growth in the region, 6.6% from 2005 to 2006. Southeastern Wisconsin had per-capita property of \$89,844 in 2006, while the state was at \$83,482.

The village of Chenequa in Waukesha County had the highest per-capita property wealth in southeastern Wisconsin, \$923,521. Four municipalities (out of 147 municipalities) in 2006 had per-capita property values above \$500,000, 11 above

\$200,000, and 90 above \$100,000. Of the top 10 municipalities in per-capita property values, half were in Walworth County; four were in Waukesha County; and one – village of River Hills – was in Milwaukee County. The village of Lac La Belle in Waukesha County was the only municipality that had a decrease in per-capita property wealth from 2005 to 2006. There were three municipalities – city of Racine, village of Sharon, and city of Whitewater – that had lower per-capita property values than the city of Milwaukee. Two years ago, the city of Milwaukee had the lowest per-capita property wealth in southeastern Wisconsin.

Conclusion

Southeastern Wisconsin has had four straight years with an overall tax base growth greater than the state, due mainly to the city of Milwaukee's steadily rising property value. From 2005 to 2006, southeastern Wisconsin saw its residential, commercial, and manufacturing tax bases grow more than the state. Walworth County had the highest growth in overall tax base, residential tax base, and manufacturing tax base. It also had the highest growth in per-capita property value, making it the region's leader.