

Use-Value Assessment in Wisconsin: Estimates of Property Tax Shifts



Wisconsin Taxpayers Alliance

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Introduction

There are several ways to describe the effects of Wisconsin's use-value law. Our report, "Use-Value Assessment in Wisconsin," focuses primarily on the effects within the agricultural sector—the overall decline in agricultural property taxes and the percentage shift within and out of the farm sector. However, there is another way to examine the effects. As use-value shifted property taxes from farmland to farm improvements and residential, commercial, manufacturing and other property outside the agriculture sector, it is useful to examine the change in property taxes within each sector.

In this supplement to our use-value report, we examine the effect that use-value had on taxes paid in and out of the agricultural sector by estimating what property taxes would have been in each sector had use-value not been implemented.

Methodology

This exercise begins with data from a Wisconsin Department of Revenue (DOR) study. In that study, DOR researchers estimated the amount of property taxes that were shifted from agricultural land to agricultural improvements and to property outside the farm sector because of use-value.

The first three columns in the table below show what property taxes actually were in 2000-01 under use-value assessment. Property is categorized as farmland, agricultural improvements and nonagricultural property.

Using the DOR figures as to the amount of

property taxes shifted from farmland to agricultural improvements and to nonagricultural property, we estimated what property taxes would have been had use-value not been adopted.

For example, DOR estimated that agricultural land taxes in Adams county were \$1.4 million lower under use-value compared to market value. Thus, our estimate of market value property taxes for agricultural land is obtained by adding the \$1.4 million to the actual property taxes paid. Of that \$1.4 million total, DOR estimated that \$112,949 was shifted to agricultural improvements. Thus, our market value estimate taxes in this sector is \$112,949 less than what was actually paid under use-value. The remaining \$1.3 million was shifted outside the agricultural sector. Thus, we subtract that amount from taxes actually paid to get the market value tax estimate for this sector. These figures are found in the next three columns.

Assumptions

There is an implicit assumption in this calculation that should be understood. It is assumed that the total property tax levy in each county would have been the same without use-value as it was under the program.

This may not be a perfect assumption for all counties. For example, counties with large amounts of farmland would have experienced a large decline in their equalized values. To generate the same level of property taxes, they would have had to increase their tax rate significantly. This would be politically difficult, and thus the total levy under use-value may have been smaller

than under the previous assessment system.

Second, the large decline in property values would have meant more state aid for these areas. Thus, property taxes would have funded spending to a lesser degree under use value.

Thus, in areas with a lot of farmland, our non-use-value estimates of property taxes are likely to be low. As a result, our estimates of the shift are lower bounds on the true shift.

Results

The last six columns in the table are our estimates of the changes in property taxes in each sector due to use-value and the county's rank statewide. Since use-value lowered the assessments of farmland, agricultural land taxes were significantly lower under use-value. In counties with large amounts of agricultural land, there were large increases in the property taxes of agricultural improvements. Since the tax burden had to be shifted away from farmland, and agricultural improvements accounted for a relatively large share of other property, taxes in this sector rose significantly.

In counties with little farmland (for example Milwaukee or Waukesha), there was still a large reduction in farmland property taxes. However, that reduction was shifted to a much larger non-farm sector, and thus the increase in taxes for agricultural improvements and in the nonfarm sector was comparatively small.

County	2000-01 Property Taxes Under Use Value			Estimated Taxes Without Use Value			Percent Difference and Rank					
	Ag. Land Taxes	Ag. Imp. Taxes	Non-Ag. Taxes	Ag Land Taxes	Ag Imp Taxes	Non-Ag. Taxes	Ag Land Taxes	Rank	Ag Imp Taxes	Rank	Non-Ag. Taxes	Rank
Adams	\$710,021	\$661,494	\$24,903,289	\$2,125,974	\$548,545	\$23,600,285	-66.6%	61	20.6%	20	5.5%	21
Ashland	157,906	226,686	14,551,432	185,529	224,192	14,526,303	-14.9%	2	1.1%	68	0.2%	66
Barron	1,651,332	2,515,570	37,729,856	3,159,217	2,231,088	36,506,453	-47.7%	13	12.8%	40	3.4%	37
Bayfield	396,291	285,545	21,540,807	550,160	272,340	21,400,143	-28.0%	4	4.8%	60	0.7%	64
Brown	1,496,977	2,549,444	249,470,603	4,103,694	2,300,619	247,112,711	-63.5%	55	10.8%	42	1.0%	62
Buffalo	1,441,238	1,893,357	9,439,407	2,922,028	1,480,496	8,371,478	-50.7%	17	27.9%	11	12.8%	3
Burnett	258,495	308,562	20,806,962	556,922	292,502	20,524,595	-53.6%	27	5.5%	57	1.4%	53
Calumet	1,197,544	1,604,333	36,296,602	2,687,706	1,363,372	35,047,401	-55.4%	34	17.7%	26	3.6%	34
Chippewa	1,572,671	2,009,257	44,058,802	3,089,050	1,781,929	42,769,751	-49.1%	16	12.8%	39	3.0%	41
Clark	2,359,085	3,861,236	19,730,824	3,989,010	3,314,601	18,647,534	-40.9%	5	16.5%	29	5.8%	19
Columbia	2,704,616	3,141,159	49,294,495	6,259,642	2,424,690	46,455,938	-56.8%	38	29.5%	9	6.1%	16
Crawford	1,412,514	1,635,014	12,042,911	2,888,402	1,235,924	10,966,113	-51.1%	18	32.3%	6	9.8%	7
Dane	4,295,971	8,197,381	588,754,764	17,004,488	6,683,937	577,559,691	-74.7%	65	22.6%	15	1.9%	47
Dodge	4,240,496	6,388,187	79,319,264	9,972,432	5,118,452	74,857,063	-57.5%	42	24.8%	14	6.0%	17
Door	654,022	1,056,731	53,284,715	1,353,258	1,005,122	52,637,088	-51.7%	22	5.1%	58	1.2%	57
Douglas	202,114	175,086	35,347,695	263,371	172,619	35,288,905	-23.3%	3	1.4%	66	0.2%	67
Dunn	2,446,829	3,055,957	33,527,981	4,705,725	2,636,693	31,688,349	-48.0%	14	15.9%	30	5.8%	20
Eau Claire	1,179,869	1,510,898	84,009,786	2,435,866	1,344,088	82,920,599	-51.6%	21	12.4%	41	1.3%	56
Florence	67,713	72,324	6,352,276	186,082	69,996	6,236,235	-63.6%	56	3.3%	62	1.9%	49
Fond du Lac	2,529,251	3,666,623	84,994,053	6,016,734	3,113,043	82,060,150	-58.0%	44	17.8%	24	3.6%	33
Forest	71,184	130,157	10,639,637	83,383	129,805	10,627,790	-14.6%	1	0.3%	70	0.1%	68
Grant	4,426,936	4,323,665	27,475,885	8,150,982	2,766,790	25,308,714	-45.7%	11	56.3%	2	8.6%	10
Green	2,856,754	3,577,774	32,049,446	6,385,941	2,631,038	29,466,995	-55.3%	32	36.0%	4	8.8%	9
Green Lake	889,737	1,793,202	24,425,227	2,525,726	1,523,599	23,058,841	-64.8%	57	17.7%	25	5.9%	18
Iowa	2,436,544	3,274,769	22,478,911	6,179,615	2,174,819	19,835,790	-60.6%	50	50.6%	3	13.3%	2
Iron	34,126	42,850	9,202,038	58,510	41,754	9,178,750	-41.7%	7	2.6%	65	0.3%	65
Jackson	1,225,064	1,286,237	14,905,646	2,396,621	1,072,848	13,947,478	-48.9%	15	19.9%	22	6.9%	13
Jefferson	2,176,432	4,835,614	75,502,138	6,819,301	4,060,520	71,634,363	-68.1%	62	19.1%	23	5.4%	24
Juneau	1,057,397	1,344,759	21,012,395	2,372,965	1,117,924	19,923,662	-55.4%	33	20.3%	21	5.5%	23
Kenosha	697,852	1,109,929	171,126,749	4,187,335	976,767	167,770,428	-83.3%	69	13.6%	36	2.0%	46
Kewaunee	1,159,888	1,812,858	15,168,220	2,405,148	1,543,493	14,192,325	-51.8%	23	17.5%	27	6.9%	12
La Crosse	756,634	1,527,063	105,218,118	2,572,691	1,265,814	103,663,310	-70.6%	63	20.6%	19	1.5%	51
Lafayette	3,694,408	3,344,469	9,869,416	6,455,548	2,009,033	8,443,712	-42.8%	8	66.5%	1	16.9%	1
Langlade	508,940	764,972	18,486,649	1,183,006	696,513	17,881,042	-57.0%	40	9.8%	47	3.4%	36
Lincoln	296,629	566,339	30,392,470	688,188	539,315	30,027,935	-56.9%	39	5.0%	59	1.2%	58
Manitowoc	1,907,261	2,773,315	69,340,091	4,372,853	2,417,075	67,230,739	-56.4%	37	14.7%	32	3.1%	40

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Marathon	2,564,611	4,723,541	127,626,605	5,973,373	4,178,536	124,762,848	-57.1%	41	13.0%	37	2.3%	43
Marinette	515,811	929,952	40,316,653	1,132,492	845,076	39,784,848	-54.5%	29	10.0%	45	1.3%	54
Marquette	560,000	1,021,698	15,309,966	1,440,879	938,431	14,512,354	-61.1%	53	8.9%	51	5.5%	22
Milwaukee	90,000	487,612	1,058,035,252	1,244,435	481,401	1,056,887,028	-92.8%	71	1.3%	67	0.1%	69
Monroe	1,720,000	2,910,143	28,223,088	4,058,256	2,250,326	26,544,649	-57.6%	43	29.3%	10	6.3%	15
Oconto	1,067,844	1,552,106	35,666,688	2,367,378	1,407,507	34,511,753	-54.9%	31	10.3%	44	3.3%	38
Oneida	58,100	90,130	58,812,724	121,061	89,289	58,750,604	-52.0%	24	0.9%	69	0.1%	70
Outagamie	1,864,307	2,852,747	167,825,255	5,352,000	2,497,955	164,692,354	-65.2%	58	14.2%	33	1.9%	48
Ozaukee	507,488	1,761,163	126,188,272	2,412,206	1,620,528	124,424,189	-79.0%	67	8.7%	52	1.4%	52
Pepin	629,353	731,891	5,840,751	1,389,684	580,025	5,232,286	-54.7%	30	26.2%	13	11.6%	5
Pierce	1,802,800	1,933,381	30,693,345	4,420,043	1,583,488	28,425,995	-59.2%	45	22.1%	16	8.0%	11
Polk	1,211,400	1,792,874	39,597,630	2,993,771	1,657,695	37,950,438	-59.5%	46	8.2%	53	4.3%	28
Portage	1,575,910	1,635,019	61,116,651	4,010,796	1,411,104	58,905,680	-60.7%	51	15.9%	31	3.8%	31
Price	231,924	373,832	15,647,083	411,300	363,143	15,478,396	-43.6%	9	2.9%	64	1.1%	60
Racine	1,030,509	3,165,879	194,628,155	5,989,830	2,934,057	189,900,656	-82.8%	68	7.9%	54	2.5%	42
Richland	1,652,406	2,006,399	12,118,203	3,381,126	1,544,011	10,851,871	-51.1%	19	29.9%	8	11.7%	4
Rock	3,676,145	4,423,041	149,052,347	9,752,148	3,334,541	144,064,844	-62.3%	54	32.6%	5	3.5%	35
Rusk	612,622	789,045	11,472,214	1,102,378	723,100	11,048,403	-44.4%	10	9.1%	48	3.8%	30
Sauk	2,001,054	3,240,606	61,418,508	5,034,645	2,668,081	58,957,442	-60.3%	47	21.5%	17	4.2%	29
Sawyer	130,602	174,020	23,814,972	296,635	167,785	23,655,174	-56.0%	35	3.7%	61	0.7%	63
Shawano	1,460,554	2,526,529	31,151,731	3,204,294	2,213,637	29,720,883	-54.4%	28	14.1%	34	4.8%	26
Sheboygan	1,347,202	2,530,222	123,429,113	3,409,239	2,323,862	121,573,436	-60.5%	49	8.9%	50	1.5%	50
St Croix	1,895,586	2,310,295	63,294,413	5,466,730	1,913,045	60,120,519	-65.3%	59	20.8%	18	5.3%	25
Taylor	887,079	1,453,733	14,400,221	1,520,783	1,334,304	13,885,946	-41.7%	6	9.0%	49	3.7%	32
Trempealeau	1,909,633	2,374,474	19,066,961	4,055,827	1,862,104	17,433,137	-52.9%	26	27.5%	12	9.4%	8
Vernon	2,247,999	3,661,147	16,550,594	4,773,700	2,815,768	14,870,272	-52.9%	25	30.0%	7	11.3%	6
Vilas	13,545	46,172	46,273,587	30,997	46,140	46,256,167	-56.3%	36	0.1%	71	0.0%	71
Walworth	2,220,261	3,478,247	135,356,841	8,357,011	2,976,193	129,722,145	-73.4%	64	16.9%	28	4.3%	27
Washburn	280,011	279,304	20,573,065	705,824	263,449	20,163,107	-60.3%	48	6.0%	56	2.0%	45
Washington	1,018,421	3,350,989	141,457,109	4,351,502	3,156,386	138,318,631	-76.6%	66	6.2%	55	2.3%	44
Waukesha	736,930	2,485,821	549,473,395	6,887,619	2,413,274	543,395,253	-89.3%	70	3.0%	63	1.1%	59
Waupaca	1,530,548	2,015,642	45,868,650	3,147,808	1,823,531	44,443,501	-51.4%	20	10.5%	43	3.2%	39
Waushara	1,087,437	1,393,724	24,184,809	2,784,136	1,221,618	22,660,216	-60.9%	52	14.1%	35	6.7%	14
Winnebago	1,247,014	2,017,227	163,230,775	3,611,400	1,787,798	161,095,818	-65.5%	60	12.8%	38	1.3%	55
Wood	1,044,659	1,802,705	69,293,048	1,943,220	1,639,983	68,557,209	-46.2%	12	9.9%	46	1.1%	61
Total	\$97,600,508	\$145,644,123	\$5,889,758,234	\$248,427,631	\$121,648,523	\$5,762,926,711	-60.7%		19.7%		2.2%	

Menominee excluded.