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Contact: Dale J. Knapp or Todd A. Berry
(608) 255-4581 or wistax@wistax.org**County Sales Tax Yielded Only Partial Property Tax Relief, WISTAX Finds**
Only Six of 49 Counties Had Total Relief

MADISON—State law requires a county sales tax to be used “only for the purpose of directly reducing the property tax levy,” but new research from the Wisconsin Taxpayers Alliance (WISTAX) finds that only six of 49 counties studied did so. The nonpartisan, nonprofit research group found that property tax relief was “unlikely” in another 21 counties.

These are some of the major findings in the recently released WISTAX study, “Do County Sales Taxes Lower Property Taxes?” WISTAX researchers analyzed 20 years of sales tax and property tax data to isolate the portion of county sales tax dollars used for relief. Counties were then categorized by the percentage of sales tax revenues used to reduce the levy.

Buffalo, Door, Langlade, Oconto, Ozaukee and Richland counties were cited as allocating the greatest percentage (near 100%) of their sales tax revenues to property tax relief.

Fifteen counties were classified as providing some property tax relief with new sales tax revenues. (*Editor: See table on reverse side.*) These counties experienced a reduction in the property tax levy, but it was much less than the amount of sales tax revenues. Total sales and property tax revenues in these counties were higher than they would have been without the sales tax. The 15 counties were: Ashland, Bayfield, Burnett, Crawford, Dane, Douglas, Dunn, Jackson, La Crosse, Milwaukee, Oneida, Pierce, Portage, St. Croix and Vilas.

Twenty-one counties showed no evidence of property tax relief. In these counties, there appeared to be no reduction in the property tax levy and the combination of sales and property taxes was higher than property taxes would have been without a sales tax. The figures for seven other counties were inconclusive.

Overall, WISTAX found that, on average, 28.3% of Wisconsin county sales tax revenue is used to reduce property taxes. Over the first five years, an average of nearly one-third of the revenue goes to property tax reductions, but in the sixth and seventh years, the percentage falls to about 20%. However, as noted, the experience varies greatly by county.

WISTAX President Todd Berry noted that “these findings suggest some reason for caution in assuming that further local-option taxes, if created, would reduce the property tax.”

WISTAX researchers found spending pressures and “tax exporting” to be factors in the adoption of county sales taxes. Examining the 12 counties that implemented a sales tax in 1991, the study notes that nine

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(75%) had above-average spending increases in the three years prior to the sales tax. For counties that rely on tourism, the sales tax can be a way to shift the burden of county government away from residents to nonresidents. Of the 36 most tourism-intensive counties, only Menominee, Kewaunee and Florence have no sales tax. And of the state's top 10 tourism counties, all implemented the county sales tax in or before 1994.

The WISTAX study notes rising revenues generated from the sales tax due to the strong economy. From 1987 to 2001, inflation-adjusted per capita revenues rose 3.0% per year. In 2001, 55 counties received a total of \$222.5 million, or \$62.06 per person, from the county sales tax.

Revenues vary significantly by county. In 2001, Door county generated \$96.91 per capita, 8.7% more than the next highest county (Sauk, \$89.16). Both counties have many tourist attractions that generate large retail sales. Other counties that generated large per capita sales tax revenues were Oneida (\$85.48), Vilas (\$84.45), Dane (\$83.57), Sawyer (\$79.61) and La Crosse (\$78.26). Forest county in northern Wisconsin generated the least per person, \$33.83.

The first counties to adopt a county sales tax were Barron and Dunn, effective April 1, 1986. An additional 10 counties adopted the tax in 1987. Effective April 1, 2002, Grant county's sales tax began, bringing to 56 the number of counties with the tax. The 0.5% county sales tax is piggybacked on the 5% state sales tax and applies to the same products and services taxed by the state.

For a free copy of the report on county sales taxes, write the Wisconsin Taxpayers Alliance, 335 W. Wilson St., Madison, WI 53703-3694, or e-mail wistax@wistax.org or visit www.wistax.org. □

Probability of Property Tax Relief

First Four Years of County Sales Tax

The Most Relief

Buffalo	Langlade	Ozaukee
Door	Oconto	Richland

Some Relief

Ashland	Douglas	Oneida
Bayfield	Dunn	Pierce
Burnett	Jackson	Portage
Crawford	La Crosse	St. Croix
Dane	Milwaukee	Vilas

Inconclusive

Barron	Marathon	Trempealeau
Chippewa	Rusk	Waushara
Iowa		

Unlikely Relief

Adams	Kenosha	Sauk
Columbia	Lincoln	Sawyer
Dodge	Marquette	Shawano
Forest	Monroe	Vernon
Iron	Pepin	Walworth
Jefferson	Polk	Washburn
Juneau	Price	Waupaca