



Wisconsin Taxpayers Alliance

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NEWS

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Municipal Spending Grows 2.7% in 2005 But Debt Has Risen More Than 6% Per Year Since 2000

MADISON—A new study of 229 major Wisconsin cities and villages shows spending on basic administrative, street, fire-ambulance, and police services increased 2.7% in 2005, down from a 4.3% increase the previous year. The growth is the smallest in at least five years, according to *MunicipalFacts07*, an annual publication from the Wisconsin Taxpayers Alliance (WISTAX), citing recently released Department of Revenue data.

Spending varied according to municipal size, with larger cities and villages generally spending more per capita than their smaller neighbors. Among municipalities with populations between 2,000 and 3,000, median (half higher, half lower) spending on these basic services was \$432 per person, compared to \$513 in cities and villages with between 30,000 and 150,000 citizens. Per capita spending ranged from \$151 in Howards Grove to \$1,179 in Lake Delton.

Broader spending measures increased less. Operating expenditures, which include all spending except debt service and capital spending, rose 1.7% in 2005, down from a 3.9% increase in 2004. The increase was the smallest since at least 2000.

Despite positive spending news, rising municipal debt continues to be a concern. Debt totals impact property tax levies, municipal bond ratings, and interest rates. Total long-term general obligation debt in the 229 municipalities increased 6.1% per year from 2000 to 2005, growing from \$2.9 billion to \$3.7 billion. Just two communities in the study, Stanley and West Salem, had no debt in 2005, while Kenosha led the group, with \$177.9 million.

For the first time, *MunicipalFacts* also measures municipal debt compared to state-imposed debt limits. This measure provides users with another way to compare their municipality's finances. According to WISTAX, Wisconsin Dells exceeded its limit by more than 10% in 2005, while another seven were within 20% of their maximums. Wisconsin Dells also led the study in per capita debt, at \$7,291 per person.

In other findings, WISTAX reported that in 2006-07, municipal-purpose property tax levies in these cities and villages increased 3.97% this year, down slightly from 4.01% the previous year. In both years, municipal property tax growth was limited to the greater of 2% or the increase in property values due to new construction. Over the past five years, annual levy growth has averaged 4.1%.

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The Wisconsin Taxpayers Alliance, founded in 1932, is the state's oldest and most respected private government-research organization. Through its research, publications, civic lectures, and school talks, WISTAX aims to improve Wisconsin government through citizen education. Nonprofit, nonpartisan, and independently funded, WISTAX is not affiliated with any group—national, state, or local—and receives no government support.

Municipal size is an important factor in property tax burdens. Median per capita property taxes among the smallest municipalities in the study (2,000 to 3,000) were \$347. In the largest communities (30,000 to 150,000), the median was \$507.

Despite an apparent slowdown in the real estate market, the most recent municipal data show strong growth in Wisconsin property values. In 2006, equalized (full-market) values rose 8.3% over the previous year. Over five years, growth has averaged 8.1% per year. Observers expect data to show considerably slower growth when 2007 figures become available.

MunicipalFacts07 is Wisconsin's best resource for comparing municipal finances. In addition to spending, the 102-page book provides financial information on property taxes, property values, and debt. *MunicipalFacts07* groups municipalities by population, making it easy to compare taxes and spending in similar-sized cities and villages. Figures are published for 229 Wisconsin cities and villages. Included are nearly all cities and villages with 2005 populations between 2,000 and 150,000 (which excludes Milwaukee and Madison). The only exceptions are municipalities that incorporated after 2001.

In addition to the previous financial information, *MunicipalFacts07* also has a wealth of demographic details. The publication allows citizens to compare municipalities by income, state income taxes, and population. Plus, each community's property tax base is broken down by class: residential, commercial, manufacturing, and other types.

MunicipalFacts07 was researched and printed with the generous assistance of Virchow, Krause & Company, LLP, one of the nation's largest certified public accounting and consulting firms, and Ehlers & Associates, Inc., an independent financial advisory firm serving Wisconsin local governments.

For more information or to purchase a copy of *MunicipalFacts07*, which is available for \$16.95 (plus tax), write WISTAX at 401 North Lawn Avenue, Madison, WI 53704-5033; e-mail wistax@wistax.org; visit www.wistax.org; or call 608.241.9789. Now in its 75th year, WISTAX is a nonprofit, nonpartisan organization dedicated to public-policy research and citizen education. □

(Editors Note: An electronic version of this release is available at www.wistax.org.)