



Wisconsin Taxpayers Alliance

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NEWS

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Local Spending Increases Average 3.2% Since 2002 Future Increases May Be Slowed By Growing Debt

MADISON—A new study of 231 major Wisconsin cities and villages reports operational expenditures increased an average of 3.2% per year from 2002 to 2006. Spending on core services (administration, streets, fire-ambulance services, and police protection) increased an average of 3.4% annually. Inflation averaged 2.9% during the period, according to *MunicipalFacts08*, an annual publication from the Wisconsin Taxpayers Alliance (WISTAX).

Spending

In 2006, cities and villages with more than 2,000 residents spent an average of \$785 per person on operations (excluding debt service and capital payments). Among 231 communities studied, Howards Grove spent the least per person, \$228. Lake Delton (\$3,622) spent the most. Larger communities tended to have higher operational expenses per capita than smaller ones; however, tourist destinations like Lake Delton and Wisconsin Dells (\$2,164), though small in population, spent more due to an influx of summer tourists.

Debt

Between 2002 and 2006, municipalities increased long-term, general obligation debt more rapidly than any other major category studied (24.9%, or an average of 5.7% per year). On a per capita basis, debt rose 21.2% from \$1,140 in 2002 to \$1,382 in 2006. Although debt is paid off over time, annual debt service payments can “crowd out” spending on regular services.

Five communities (Saint Francis, Silver Lake, Stanley, Thiensville, and West Salem) reported no debt in 2006. The state allows municipalities to carry debt up to 5% of their equalized (full-market) property value. Four communities were at 80% or more of that limit: Menasha (92.1%), Antigo (91.1%), Johnson Creek (82.0%), and Jackson (80.8%).

Property Taxes

Growing operational spending and debt levels have increased the need for additional local revenues. Municipal property taxes were the largest source of local funds for most communities. Between 2003-04 and 2007-08, property taxes in municipalities studied rose an average of 4.1% per year, from \$1.14 billion to \$1.34 billion. After property taxes grew more than 4.0% in both 2005-06 and 2006-07, their increase slowed this year to 3.2%.

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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.

Due to the greater number of services they provide, larger municipalities often had higher per capita property taxes than smaller ones. In 2007, the median (half higher, half lower) per capita property tax among the smallest municipalities (2,000 to 3,000) studied was \$362.35 compared to \$534.81 in the largest (30,000 to 150,000).

Property Values

Although property values continued to rise, recent growth has slowed. After three consecutive years of property value growth topping 8%, values grew 5.7% in 2007. Average annual growth between 2003 and 2007 among municipalities studied ranged from -0.1% in Redgranite to 22.0% in Merton.

More Information

MunicipalFacts08 is Wisconsin's most comprehensive resource for comparing municipal finances. In addition to spending, the 102-page book provides information on property taxes, property values, debt, and state income taxes by municipality. *MunicipalFacts08* groups 231 municipalities by population, making it easy to compare taxes and spending in similar-sized cities and villages. Included are virtually all cities and villages with 2006 populations between 2,000 and 150,000 (which excludes Milwaukee and Madison).

MunicipalFacts08 was researched and printed with support from 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 *MunicipalFacts08*, 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. The price is \$17.95 plus tax with discounts for WISTAX members. 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.)