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A monthly review of Wisconsin government, taxes and public finance

# The Wisconsin Taxpayer



## **Also in this issue:**

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State Educational Levels Compared

Wood County Adopts Sales Tax

State Population up 2.35%

The Changing Municipal Tax Base

## Perspectives on Municipal Finance

*From 1992 to 2002, municipal property taxes in the state's 220 most populous cities and villages rose at a higher rate than personal income and more than twice the rate of inflation. Municipal debt continues to increase less than property values.*

**I**n 2002, Wisconsin's 220 largest cities and villages levied \$1.40 billion in property taxes to pay for a variety of local services.

Property tax levies in these municipalities—which are affected by a number of factors, including changing demands for services, levels of state aid and municipal debt—rose nearly 70% over the decade. In 2001, these municipalities received \$681.6 million in state shared revenues, up 13.5% from 1991. They also had \$3.53 billion in general obligation debt, up 77.4% from a decade earlier.

This issue of *The Wisconsin Taxpayer* examines trends in municipal finance, including property taxes, property values and municipal tax rates for the state's 220 largest cities and villages. It also examines trends in debt, which increased significantly during the pe-

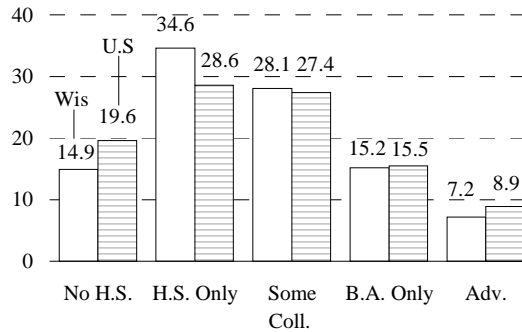
## State Educational Levels Compared

The percentage of Wisconsin residents who were high school graduates ranked well compared to other states, according to a new study from the U.S. Census Bureau. In 2000, 85.1% of state residents age 25 or older had completed high school, compared to 80.4% nationally. The state tied with Oregon for 14th-highest on this measure.

However, the state lagged on residents with higher education degrees. Only 7.2% of Badgers had an advanced degree compared to 8.9% nationally. The percentage of the state's population with only a bachelor's degree was on par with the nation (15.2% here vs. 15.5% U.S.). The figures were similar for residents with some college, but no degree.

According to the study, educational levels nationwide have risen steadily over the past several decades. □

**State and U.S. Educational Attainment**  
Pct. of Population 25 or older, 2000



## Wood County Adopts Sales Tax

Wood county will begin collecting its new 0.5% county sales tax beginning January 1, 2004, becoming the 58th of the state's 72 counties to adopt the tax. County supervisors voted 23-14 to enact the tax, which will be imposed in addition to the 5.0% state sales tax. Half of the \$6.65 million the county is expected to receive in net sales tax revenue will be applied to reduce county property taxes, while the remaining half will be used to pay operating expenses. State law requires that proceeds from the county sales tax be used for property tax relief. □

## State Population up 2.35%

Wisconsin's population rose 2.35% from 2002 to 2003, to 5.49 million, according to preliminary estimates from the state Department of Administration. Among the state's 72 counties, St. Croix county had the highest increase (11.0%). Among municipalities over 10,000 population, the city of Hudson in St. Croix county had the highest growth rate (15.1%), followed by the town of Bellevue (12.5%), the city of Sun Prairie (10.9%), and the villages of Howard (10.3%) and Pleasant Prairie (9.5%). □

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### Postmaster:

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phone: 608-255-4581  
fax: 608-255-0642  
e-mail: [wistax@wistax.org](mailto:wistax@wistax.org)  
website: [www.wistax.org](http://www.wistax.org)

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# Perspectives on Municipal Finance

*Continued from page 1*

riod, and shared revenue payments, which are one of the principal sources of municipal revenue.

## MUNICIPAL PROPERTY TAXES

### Levies

Overall, municipal property tax levies in the 220 municipalities rose 69.8% from 1992 to 2002, or 2.5 times the rate of inflation. Excluding Milwaukee, levies in the 219 remaining municipalities rose 75.5%. Of the 220 municipalities, levies in the 147 cities rose 65.3%, while those in the 73 villages more than doubled (105.1%).

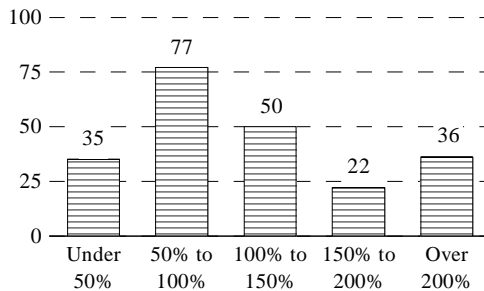
For comparative purposes, personal income during the period climbed 64.1%, or an average of 5.1% annually.

Trends. Only nine of the state's largest cities and villages (population over 2,000) held their local property tax increases to the rate of inflation (28.2%) or less. The group included three of the state's largest cities: Appleton, Milwaukee and Racine.

Thirty-eight cities and villages held their levies to less than twice the inflation rate, while 73, still less than a third, held property taxes to less than three times inflation. Thirteen increased levies by less than their rate of population growth plus inflation.

The chart above shows the distribution of levy increases from 1992 to 2002. Local levies more than doubled in nearly half (108) of the municipalities studied and more than tripled in 36.

**More Than Half of Local Levy Increases  
Between 50% and 150%**  
1992 to 2002



The highest percentage increases in municipal levies tended to occur in the 83 municipalities with 2002 populations between 4,000 and 12,000, a group that includes some of the fastest-growing cities and villages in the state. On average, levies increased 110.0% in this group from 1992 to 2002. Levies more than tripled in nearly one-fourth (18) of the municipalities in the group.

The story is much the same for total net property taxes, which include school, county, technical college, county and other property taxes, in these communities: Only 35 had levy increases less than inflation during the period, while three saw their net levies fall (the village of West Milwaukee, and the cities of Racine and Park Falls). Net levies more than doubled in 26 municipalities and more than tripled in three (the villages of Cottage Grove, Jackson and Wrightstown).

By Municipality. As shown in the table on page 4, the fast-growing village of Plover in Portage county had the highest percentage

## Highest Percentage Increases in Municipal Levies, 1992 to 2002

Rankings Among 220 Municipalities (\$ in Thous.)

Municipality	2002 Pop.	Municipal Levy		
		2002	% Chg. 92-02	Rk.
Plover (v)	10,855	\$3,947.5	736.5	1
Cottage Grove	4,229	1,656.5	525.1	2
Howards Grove (v)	2,842	541.0	481.7	3
Jackson (v)	5,316	1,771.0	429.1	4
Wauwaukee (v)	9,435	4,352.4	386.0	5
Sussex (v)	9,166	2,858.6	323.5	6
Holmen (v)	6,621	1,199.8	322.5	7
Chetek	2,199	872.4	299.1	8
Wrightstown (v)	2,137	681.1	292.8	9
Luxemburg (v)	2,017	471.7	285.7	10
Slinger (v)	4,048	1,451.6	282.0	11
Oostburg (v)	2,712	829.8	281.3	12
Poynette (v)	2,349	1,104.5	280.0	13
De Forest (v)	7,688	3,701.3	270.9	14
Fitchburg	21,257	9,643.9	258.1	15

increase from 1992 to 2002 in municipal levies in the group (736.5%), reaching \$3.9 million. One of the principal reasons for the increase is that the village levied substantially to raise funds to retire debt in tax incremental financing (TIF) districts during the period. Plover also had the highest increase in the group from 1997 to 2002 (162.8%). Others with increases exceeding 400% were Cottage Grove (525.1%), Howards Grove (481.7%) and Jackson (429.1%).

The village of Nekoosa had the lowest percentage increase in municipal levies during the period (8.5%), followed by the village of Williams Bay (16.6%), and the cities of Racine (16.9%), Wautoma (21.4%) and De Pere (23.1%).

### Rates

Municipal, or local-purpose, tax rates for most municipalities in the group declined during the period. All of the municipalities saw their net rates fall.

From 1992-93 to 2002-03, the average municipal property tax rate in the group de-

clined from \$8.76 in 1992-93 to \$8.09 in 1997-98 to \$7.71 in 2002-03.

However, declining tax rates generally do not indicate that property tax payments by property owners within the municipality are falling. Localities with rising property values will be able to reduce their tax rates and still receive the same amount, or more, in property tax revenue.

As a result, comparing municipal property tax levies over time provides a more complete indication of trends in tax revenues available to municipal governments and of the extent to which property owners are providing revenue to those municipalities.

Differences in municipal rates will reflect the amount of taxable property, which differs significantly among cities and villages, as well as spending levels. In general, the higher the property tax base, the greater the ability to finance services. In addition, differences in levies and rates will reflect disparities in levels of service.

To illustrate, some municipalities run their own disposal services, which tend to be more costly than contracting for service. Others operate swimming pools. Some municipalities do not provide a 24-hour police department. Fire protection and ambulance services may be full-time or part-time. In some cases, services are provided by the county, such as library, emergency communications or ambulance service.

The municipal rate is calculated by dividing the municipal levy by the municipality's property value, excluding property in TIF districts:

$$\text{Equalized Municipal Rate} = \frac{\text{Municipal Levy}}{\text{Equalized Value}}$$

The village of Plover (208.0%) had the largest increase in property tax rates over the 10 years studies (see table on page 5).

De Pere had the greatest percentage decline in its municipal-purpose rate over the decade (-56.3%), followed by the villages of Lake Delton (-55.3%) and Howard (-42.4%), the city of Altoona (-42.2%) and the village of Williams Bay (-40.7%). By 2002-03, all five had fallen to the bottom 10% of the group (the 22 municipalities with the lowest rates).

With most municipal rates declining, the practical effect of a rate increase for a given municipality is that it moves up in its comparative rank. Selected municipalities that rose or dropped considerably in rate rankings over the decade are shown in the table on pages 6 and 7. These are ranked on the basis of the percentage increase in their average rates from 1992-93 to 1997-98 and from 1997-98 to 2002-03. Those with the greatest percentage increase in their average rates are shown on page 6, while those with the largest declines are shown on page 7.

Delavan had the highest percentage rise between the periods. The city's tax rate rose substantially from 1992-93 to 2002-03. Its rate ranking rose from 189th in 1992-93 to 145th in 1997-98 to 15th in 2002-03.

The village of Lake Delton had the greatest decline in average rates between the periods. Its rate ranking fell from 174th in 1992-93 to 194th in 1997-98 to 220th, or the lowest rate in the group, in 2002-03. From 1992-93 to 2002-03, Lake Delton's village levy rose 75.9%, the 140th-highest percentage increase in the group, while its property values went up 268.2%, the fourth-highest increase in the group.

The village of West Milwaukee had the highest municipal rate in the group each year from 1992-93 to 2002-03. The city of Racine had the second-highest rate in the group each year during the period except 1999, when it ranked third, behind

### Highest and Lowest Percentage Changes in Municipal Rates, 1992-93 to 2002-03 Rankings Among 220 Municipalities

Municipality	2002 Pop.	Municipal Rate		
		02-03	% Chg.	Rk.
Plover (v)	10,855	\$6.88	208.0	1
Howards Grove (v)	2,842	3.68	161.3	2
Delavan	8,128	9.93	87.8	3
Jackson (v)	5,316	6.63	67.0	4
Brillion	2,963	9.21	66.0	5
Chetek	2,199	9.27	62.4	6
Oostburg (v)	2,712	6.95	57.5	7
Platteville	9,999	9.37	54.2	8
Waterloo	3,286	10.83	51.4	9
Chilton	3,764	7.07	45.8	10
Paddock Lake (v)	3,068	6.87	44.2	11
Slinger (v)	4,048	7.48	43.4	12
Waunakee (v)	9,435	6.20	41.7	13
Columbus	4,564	12.13	40.7	14
Elm Grove (v)	6,281	7.26	39.7	15
Walworth (v)	2,389	\$5.82	-31.1	206
Fredonia (v)	2,016	5.44	-31.3	207
Algoma	3,348	7.88	-32.3	208
Ashland	8,651	8.38	-32.8	209
Hudson	9,657	5.07	-33.8	210
Wisconsin Dells	2,433	7.91	-34.3	211
Pewaukee (v)	8,275	5.59	-35.2	212
Berlin	5,338	6.89	-36.9	213
Bloomer	3,364	5.08	-37.9	214
Sauk City (v)	3,147	6.21	-38.9	215
Williams Bay (v)	2,481	3.71	-40.7	216
Altoona	6,756	4.61	-42.2	217
Howard (v)	14,376	4.25	-42.4	218
Lake Delton (v)	2,194	2.57	-55.3	219
De Pere	21,332	4.70	-56.3	220

the village of Sturtevant. After West Milwaukee and Racine, the highest average rates during the period were in the cities of Wisconsin Rapids, Marshfield and Wau-paca.

### Levies, Rates and Property Values

Changes in property tax rates depend on changes in levies and property values. From 1992-93 to 2002-03, municipal rates declined in 126 of the 220 municipalities, as increases in property values outpaced levy increases.

**Trends in Municipal Rates and Rankings**  
Rankings Among 220 Municipalities, 1992-93 to 2002-03

Municipality	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03
Delavan	\$5.29	\$5.42	\$5.25	\$5.37	\$5.79	\$6.57	\$7.69	\$8.74	\$9.60	\$10.20	\$9.93
Rank	189	185	187	180	176	145	104	56	26	15	15
Plover (v)	2.23	3.05	3.74	4.36	4.34	4.37	4.81	5.08	5.30	5.89	6.88
	219	218	212	204	205	207	202	200	194	175	140
Jackson (v)	3.97	3.76	4.65	4.54	5.20	6.81	6.96	6.97	6.84	7.07	6.63
	207	213	203	202	190	135	136	139	146	130	150
Waterloo	7.16	6.72	6.29	6.06	8.01	8.81	9.29	9.95	9.76	10.01	10.83
	131	145	157	159	88	54	34	18	22	18	6
Oostburg (v)	4.41	4.66	4.24	4.80	5.54	5.78	5.95	6.39	7.27	7.11	6.95
	205	202	208	191	181	176	176	162	121	125	135
New Glarus (v)	7.18	6.80	6.57	7.47	8.15	9.14	9.29	10.58	11.40	10.49	9.77
	129	142	144	104	82	41	33	12	5	9	19
Elm Grove (v)	5.20	5.48	5.22	5.34	5.39	8.24	7.98	7.62	7.50	7.38	7.26
	191	184	188	182	186	76	90	99	103	110	118
Sturtevant (v)	5.94	6.56	6.68	6.57	6.01	6.18	6.67	15.60	7.11	7.10	7.18
	168	150	141	144	164	163	150	2	133	127	122
Chilton	4.85	5.00	4.92	4.72	4.88	5.80	6.53	6.42	6.81	6.94	7.07
	198	193	194	194	197	173	158	159	148	138	128
Chetek	5.71	6.01	6.16	7.09	6.88	7.75	8.59	8.22	8.69	9.07	9.27
	176	170	161	120	131	97	62	77	53	36	27

*Trends.* The table below shows changes in municipal equalized values, levies and tax rates between 1992-93 and 2002-03. The 220 municipalities are grouped by rate of

change in equalized values: the top 25%; middle 50%; and bottom 25%.

**Do Changes in Equalized Values Matter?**  
220 Municipalities Grouped by Eq. Val. Change

	Percentage Change* in:		
	Eq. Vals.**	Levies	Tax Rates
<i>Top 25%</i>			
Cities	158.8	148.5	-4.0
Villages	227.1	208.6	-5.7
All 220	186.2	169.0	-6.0
<i>Middle 50%</i>			
Cities	87.5	70.0	-9.3
Villages	137.5	121.9	-6.6
All 220	105.2	83.6	-10.5
<i>Bottom 25%</i>			
Cities	60.5	42.0	-11.5
Villages	66.2	61.6	-2.7
All 220	61.4	44.2	-10.7

\*Change between 1992-93 and 2002-03.

\*\*Excludes property in tax incremental financing districts.

Municipalities in the top 25% of equalized value growth had the highest average levy increases, as expected. Levies for those municipalities in the top 25% rose 169.0%, more than twice the rate for the middle 50% and nearly four times the rate for the bottom 25%.

Municipalities in the bottom 25% of equalized value growth had the smallest levy increases. Cities had lower rates of increases in property values and levies in all three groups.

Changes in equalized values frequently reflect municipal growth patterns, which, in turn, primarily reflect demand for services. Rapidly growing municipalities increase levies faster, in part, because of greater demands for municipal services. Costs rise because, in many instances, additional employees are hired to meet the increased demand.

## Trends in Municipal Rates and Rankings, cont.

<b>Municipality</b>	<b>92-93</b>	<b>93-94</b>	<b>94-95</b>	<b>95-96</b>	<b>96-97</b>	<b>97-98</b>	<b>98-99</b>	<b>99-00</b>	<b>00-01</b>	<b>01-02</b>	<b>02-03</b>
Lake Delton (v)	\$5.73	\$5.99	\$5.52	\$4.66	\$5.90	\$5.26	\$4.62	\$3.02	\$1.97	\$2.79	\$2.57
<i>Rank</i>	174	172	182	197	169	194	206	219	220	218	220
De Pere	10.75	8.89	7.56	6.55	5.92	5.55	5.40	4.91	4.78	4.58	4.70
	18	59	106	145	168	179	191	201	203	204	203
Altoona	7.97	8.10	8.10	8.25	8.86	7.69	7.13	5.58	4.91	4.48	4.61
	97	89	84	69	52	104	131	186	201	206	205
Bloomer	8.17	8.51	8.63	7.55	6.86	6.13	6.02	5.81	5.27	5.10	5.08
	92	73	62	103	133	166	172	179	196	196	196
Williams Bay (v)	6.25	6.74	6.26	7.11	6.20	5.54	5.13	4.85	4.54	4.15	3.71
	156	144	158	119	157	182	199	204	206	211	215
Ashland	12.47	13.36	12.11	11.51	9.99	8.93	8.74	8.32	8.34	8.07	8.38
	5	3	5	5	21	48	55	72	70	78	61
Howard (v)	7.38	6.96	6.07	5.93	5.18	4.80	4.49	4.89	4.42	4.34	4.25
	124	132	164	161	191	202	208	202	209	207	208
Sauk City (v)	10.16	9.60	8.78	8.28	7.86	7.66	6.67	6.92	6.44	6.06	6.21
	28	38	58	68	95	105	149	141	159	168	159
Mauston	11.29	11.46	11.89	9.97	8.67	8.07	7.62	7.74	8.11	7.94	7.87
	13	10	7	20	60	82	106	94	76	82	80
Pardeeville (v)	8.04	8.34	9.10	8.03	7.19	6.58	6.11	6.15	6.25	5.75	5.71
	93	80	49	79	120	144	167	169	166	185	180

Municipal rates dropped an average of 6.0% for the top group, significantly less than the declines for the bottom (-10.7%) and middle groups (-10.5%).

*By Municipality.* As noted earlier, Plover had the highest percentage increase in municipal levies in the group from 1992 to 2002 (736.5%). Over the decade, property values (including property in TIF districts) increased 147.7%, reaching \$574.0 million. This percentage increase ranked 53rd in the group.

However, because Plover's increase in levies over the decade was nearly five times greater than its rise in property values, its municipal property tax rate rose significantly. From 1992-93 to 2002-03, the village's rate more than tripled, from \$2.23 per \$1,000 of property value to \$6.88. As noted, this percentage increase (208.0%) was highest in the group. From 1997-98 to 2002-03, Plover's percentage increase in its local rate (57.4%) also ranked first.

Besides Plover, only six municipalities had percentage increases in municipal levies over the decade that were more than three times the rate of increase in their property values: the cities of Barron, Brillion, Chetek and Delavan; and the villages of Elm Grove and Howards Grove. All had large increases in their municipal tax rates: Howards Grove (161.3%, second-highest increase in the group); Delavan (87.8%, third-highest); Brillion (66.0%, fifth); Chetek (62.4%, sixth); Elm Grove (39.7%, 15th); and Barron (23.8%, 35th).

### PROPERTY VALUES

Equalized values are full-market municipal property values and are used to calculate tax rates. Since tax rates are levies divided by values, municipalities with higher increases in values can raise levies with little or no change in tax rates.

As noted, municipalities with greater property tax bases are better able to finance ser-

vices. From 1992 to 2002, property values in the group, including property in TIF districts, rose 94.0%, or 6.9% annually. Property values more than doubled in 132 municipalities, and more than tripled in 16. Property in TIF districts rose 122.9%, or 8.3% annually.

Of the 25 municipalities with the highest property growth rates, all were villages except the cities of Verona, Sun Prairie and Tomahawk. Growth was fairly concentrated: just over half (13) were located in only four counties. Six were in Dane county (the villages of Cottage Grove, De Forest, Marshall, Oregon and Waunakee; and Sun Prairie and Verona). Three were in Waukesha (the villages of Hartland, Pewaukee and Sussex). Two were in Brown (the villages of Howard and Wrightstown) and two in Washington (the villages of Jackson and Slinger).

Cottage Grove, as noted, had the highest percentage increase in property values among the 220 municipalities (580.7%). The next highest were the villages of Wrightstown (351.0%), Jackson (289.7%), Lake Delton (268.2%) and Holmen (266.7%). Among the state's 11 cities with 2002 populations over 60,000, Eau Claire had the highest percentage rise in property values (126.2%), followed by Madison (116.4%).

Of the 25 municipalities with the slowest growth in property values, 11 were in Milwaukee county. West Milwaukee had the lowest rise (30.2%), followed by the village of Brown Deer (39.1%), the cities of Racine (42.5%) and Park Falls (43.3%), and the village of Greendale (43.3%).

## DEBT

Local governments may incur debt only for purposes authorized by state law. State statutes prescribe the procedures to be followed and specify whether a referendum is

required. Bonds or promissory notes pledging that the full faith, credit and taxing power of the issuing government will be used to repay the amount borrowed and interest costs are known as "general obligation" debt.

Trends in general obligation debt, and in debt service (or payments on principal and interest used to finance debt) are critical factors in assessing the financial position of a municipal government. Municipalities approaching the state limit for issuance of debt are constrained in their ability to finance projects, including those for economic development.

## Debt As Percent of State Limit

State law generally limits the amount of general obligation debt incurred by a municipality to 5.0% of its property value. The amount of debt incurred is typically expressed as a percent of this limit, while the difference between the amount of existing debt and the debt limit is referred to as the "debt margin."

From 1991 to 2001, total debt of the 220 municipalities rose 5.9% annually, reaching \$3.53 billion. As a percent of the state limit, municipal debt fell from 43.0% in 1991 to 39.7% in 1996, and rose to 39.9% in 2001.

For a given municipality, debt can vary significantly from year to year, making comparisons over time difficult. The table on page 9 shows the 20 municipalities with the highest average annual debt as percent of the state limit from 1991 to 2001, and the 20 with the lowest.

The city of Algoma had the highest average annual debt percentage during this period (88.8%), more than five percentage points higher than Wautoma, which ranked second at 83.5%.

Also in the table is a "composite rank" of the municipality's debt percentage, which

*Text continued on page 10.*

**Trends in Debt and Debt Service**  
Rankings Among 220 Municipalities, 1991- 2001

Municipality	2001 Debt				Debt as % of State Limit					2001 Debt Service		
	2002 Pop.	Amt. (Thous.)	Per Cap.	Rk.	2001		1991 - 2001			Amt. (Thous.)	Per Cap.	Rk.
					%	Rk.	Avg. %	Rk.	Comp. Rk.			
<b>Highest Average Debt</b>												
Algoma	3,348	\$4,160.0	\$1,241	69	60.1	37	88.8	1	13	\$1,391.8	\$415	24
Wautoma	2,118	3,160.0	1,527	41	82.4	5	83.5	2	1	294.2	142	132
Pleasant Prairie (v)	17,077	58,805.0	3,565	1	79.3	7	80.2	3	3	2,633.2	160	117
Luxemburg (v)	2,017	3,486.0	1,775	26	72.1	15	76.0	4	4	394.9	201	87
Ladysmith	3,896	4,005.0	1,021	107	70.4	20	73.8	5	2	379.9	97	175
Menomonie	15,180	15,931.5	1,055	99	50.8	73	73.1	6	5	3,495.9	231	63
Mosinee	4,134	4,299.8	1,044	101	39.4	115	73.1	7	11	2,341.3	568	12
Park Falls	2,730	4,220.0	1,533	39	85.0	3	72.1	8	15	1,110.4	403	27
Tomah	8,572	10,012.7	1,181	76	55.3	55	71.5	9	7	1,867.0	220	69
N. Fond du Lac (v)	4,707	4,729.7	1,034	105	67.8	25	71.2	10	8	592.4	129	147
Cumberland	2,308	3,624.9	1,582	34	68.6	24	70.4	11	6	2,474.3	1,080	3
West Milwaukee (v)	4,170	4,500.0	1,074	94	47.5	85	69.7	12	11	840.2	200	88
Lancaster	4,075	4,425.0	1,089	91	59.6	39	69.2	13	10	782.3	192	93
Osceola (v)	2,501	4,736.4	1,928	20	77.6	10	68.1	14	14	1,022.7	416	23
Oshkosh	64,132	86,605.1	1,370	54	67.5	27	68.0	15	9	5,866.5	93	178
Elkhorn	7,694	14,941.7	1,988	18	73.5	13	66.6	16	19	1,142.5	152	123
Arcadia	2,394	2,655.0	1,105	86	53.6	62	66.2	17	16	723.6	301	44
Middleton	16,088	53,731.3	3,380	2	71.4	16	65.2	18	17	6,522.3	410	25
Antigo	8,597	10,086.9	1,173	78	70.5	18	64.9	19	20	1,165.9	136	140
Jackson (v)	5,316	11,132.3	2,175	11	78.6	9	64.6	20	27	1,672.3	327	37
<b>Lowest Average Debt</b>												
Mequon	23,121	\$26,424.0	\$1,168	81	17.7	194	20.1	201	203	\$677.7	\$30	216
Oak Creek	29,826	7,870.0	269	208	8.6	211	19.6	202	199	1,574.7	54	206
Elm Grove (v)	6,281	8,619.4	1,374	51	23.6	177	19.1	203	201	1,179.9	188	96
Wauwatosa	46,930	31,842.3	675	170	17.7	195	18.4	204	206	5,169.1	110	165
Allouez (v)	15,479	8,260.2	534	186	21.3	180	18.3	205	204	885.8	57	204
Bloomer	3,364	695.4	207	212	9.9	208	18.3	206	205	380.9	113	158
Brown Deer (v)	12,118	9,131.5	752	159	22.2	178	15.6	207	208	1,148.6	95	176
Nekoosa	2,601	543.9	210	211	11.4	205	15.5	208	207	182.8	71	197
Mineral Point	2,616	878.2	335	205	14.7	202	15.2	209	209	116.7	45	211
St. Francis	8,777	1,565.0	178	215	7.9	212	14.5	210	210	505.1	57	203
Greendale (v)	14,283	4,969.6	346	204	9.8	209	13.1	211	212	1,125.1	78	192
Walworth (v)	2,389	489.2	207	213	7.2	213	12.7	212	211	134.6	57	205
Silver Lake (v)	2,366	213.5	91	216	4.0	215	10.0	213	213	86.5	37	213
Wales (v)	2,542	992.1	392	202	11.7	204	9.8	214	214	233.4	92	179
Fox Point (v)	6,990	6,550.0	946	121	17.0	197	8.5	215	215	702.7	102	173
Pewaukee	12,177	3,147.6	263	209	3.7	216	6.9	216	216	939.7	79	191
Twin Lakes (v)	5,218	2,120.7	411	198	9.4	210	6.0	217	217	262.2	51	207
Paddock Lake (v)	3,068	14.0	5	219	0.2	219	3.2	218	218	117.6	39	212
Howards Grove (v)	2,842	50.0	18	218	0.7	218	0.6	219	219	50.0	18	218
West Salem (v)	4,820	0.0	0	220	0.0	220	0.0	220	220	0.0	0	219

shows the average comparative rank of its debt percentage over the decade. For example, Wautoma ranked first on this measure, meaning that, over the decade, it ranked, on average, higher than any other municipality in the group. The city ranked in the top 10 in seven of the 11 years from 1991-2001, including each of the last six years.

Taken together, these figures provide a general indication of those cities and villages that can be viewed as having comparatively high debt during this period. The village of Pleasant Prairie ranked third on each measure, while the village of Luxemburg ranked fourth on each.

Oshkosh was the only city above 60,000 population in the group of 20 municipalities with the highest average annual debt as a percent of the state limit from 1991 to 2001. The city, which historically has had high debt, had the 15th-highest average debt and the ninth-highest composite rank.

The village of West Salem was the only municipality in the group with no general obligation debt in any year during the period. Howards Grove had debt in only three of the years (1991, 2000 and 2001).

In 2001, 10 municipalities incurred debt of at least 80.0% of their respective state-imposed limits. In 2001, Dodgeville reported \$14.2 million in general obligation debt, exceeding its state-imposed limit by 12.5%. Dodgeville's debt has risen significantly in recent years.

The city of Waterloo (85.6%) ranked second in debt as a percent of the state limit, followed by Park Falls (85.0%), Wautoma (84.5%), Burlington (82.4%) and Pleasant Prairie (82.3%).

### **Debt and Debt Service Per Capita**

Of the 220 municipalities, only five had more than \$3,000 in debt per capita in 2001:

Pleasant Prairie (\$3,565), the city of Middleton (\$3,380), the village of Lake Delton (\$3,299), Dodgeville (\$3,295) and the village of Ashwaubenon (\$3,116).

There were 12 in the \$2,000-to-\$3,000 range, and 93 in the \$1,000-to-\$2,000 range. Overall, exactly half, or 110 of these cities and villages had more than \$1,000 in per capita debt, while half had less.

Thirty-three municipalities, primarily smaller cities and villages in the group, had less than \$500 in debt per capita. West Salem ranked lowest in per capita (\$0), followed by the villages of Paddock Lake (\$5), Howards Grove (\$18), Genoa City (\$72) and Silver Lake (\$91).

Debt service can vary significantly from year to year. In 2001, it averaged \$198.40 per person, up from \$144.64 in 1996 and \$116.25 in 1991.

## **SHARED REVENUE**

Shared revenue payments are typically the largest, or the second-largest, source of municipal revenue. The major part of the shared revenue payment is based partially on equalized value per person, with a municipality having a low value per person receiving comparatively more than one with a higher value. Reductions in shared revenue payments can impact local budgets. Municipalities would have to seek other sources of revenues or reduce spending to make up the difference.

One means of representing the relative amount of shared revenue received by a municipality is to express shared revenue as a "shared revenue rate," or the amount of shared revenue per \$1,000 of property value, in a manner similar to the property tax rate.

Because property values have been increasing at higher rates than shared revenue payments, the average shared revenue rate in the group decreased each year from 1991

## Trends in Shared Revenue and Shared Revenue Rates

Rankings Among 220 Municipalities

Municipality	2002 Pop.	Shared Revenues					Shared Revenue Rate				
		2001 Amount		91-01 Chg.			2001 Rate		91-01 Chg.		
		Total (Thous.)	Per Cap.	Rk.	%	Rk.	1991 Amt.	Rk.	%	Rk.	
West Milwaukee (v)	4,170	\$1,163.4	\$278	36	86.9	4	\$3.95	\$6.14	47	55.5	1
Elm Grove (v)	6,281	398.1	63	174	111.4	1	0.39	0.55	196	41.7	2
Bayside (v)	4,329	266.8	62	175	79.9	5	0.44	0.58	193	29.3	3
Lake Geneva	7,196	386.5	54	183	101.2	2	0.52	0.57	194	10.3	4
Thiensville (v)	3,247	216.0	66	170	72.0	6	0.85	0.93	174	9.8	5
Park Falls	2,730	1,022.4	371	7	34.8	33	10.76	10.29	14	-4.4	6
Wauwatosa	46,930	2,741.1	58	178	37.2	26	0.81	0.76	183	-6.4	7
Brillion	2,963	784.3	265	41	54.8	7	6.13	5.74	54	-6.4	8
Racine	81,440	30,095.2	369	8	35.0	32	11.79	10.98	9	-6.8	9
Glendale	13,121	679.9	51	185	30.1	44	0.56	0.50	198	-11.1	10
Milwaukee	595,958	243,680.0	409	4	25.3	51	14.74	12.53	3	-15.0	11
Marinette	11,700	4,959.4	422	3	45.6	13	13.15	11.08	8	-15.8	12
Brookfield	39,173	1,501.6	39	201	44.1	17	0.39	0.33	213	-15.8	13
Fox Point (v)	6,990	317.6	46	193	28.8	46	0.49	0.41	208	-16.6	14
Barron	3,336	803.0	245	53	28.8	47	8.71	7.10	37	-18.4	15
Combined Locks (v)	2,552	\$364.0	\$147	115	-30.9	202	\$6.58	\$2.28	125	-74.6	206
Hudson	9,657	298.2	33	208	-39.8	216	1.42	0.40	210	-74.8	207
Howard (v)	14,376	1,012.0	73	162	-21.0	177	4.53	1.23	163	-75.9	208
Franklin	30,749	837.9	28	213	-39.2	211	1.47	0.41	207	-76.2	209
Pewaukee (v)	8,275	452.5	55	182	-28.8	197	3.12	0.79	180	-76.4	210
Mukwonago (v)	6,312	374.0	60	177	-39.3	213	3.49	0.89	177	-78.1	211
Cross Plains (v)	3,166	203.0	65	172	-42.4	220	3.92	1.12	168	-78.4	212
Luxemburg (v)	2,017	130.7	67	169	-31.4	203	4.85	1.35	158	-78.6	213
Genoa City (v)	2,203	132.4	64	173	-39.5	214	5.40	1.33	160	-78.8	214
Hartland (v)	8,219	446.6	56	181	-39.3	212	2.70	0.64	190	-79.3	215
De Forest (v)	7,688	351.3	47	191	-22.7	181	2.76	0.62	191	-79.4	216
Sussex (v)	9,166	243.6	27	214	-42.4	219	1.35	0.35	211	-81.0	217
Oregon (v)	7,727	337.3	45	194	-38.4	210	3.39	0.79	179	-81.1	218
Waunakee (v)	9,435	299.7	33	207	-34.5	205	2.32	0.47	201	-81.2	219
Cottage Grove (v)	4,229	101.4	24	220	-30.5	200	4.11	0.44	205	-90.4	220

to 2001. The rate fell from \$6.49 in 1991 to \$5.20 in 1996 to \$3.85 in 2001.

As shown above, shared revenue rates rose in five municipalities from 1991 to 2001: West Milwaukee (55.5%), Elm Grove (41.7%), Bayside (29.3%), Lake Geneva (10.3%) and Thiensville (9.8%). The rate fell in all remaining 215 municipalities. Overall, shared revenue rates fell more than 50.0% in 114 municipalities. The declines were greatest in fast-growing localities, primarily villages. In

the 15 municipalities with the highest percentage declines, property values on average nearly tripled during the period.

Cottage Grove had the greatest decline in its shared revenue rate (-90.4%), followed by the villages of Waunakee (-81.2%), Oregon (-81.1%), Sussex (-81.0%) and De Forest (-79.4%). □

### DATA SOURCE

Wisconsin Department of Revenue and WISTAX calculations.

## The Changing Municipal Tax Base

Over the past decade, residential property values in the state's 220 largest cities and villages more than doubled, rising 101.6%, to \$124.0 billion. Commercial values rose 99.5%, to \$48.7 billion, while manufacturing values were up 80.4%, to \$8.8 billion. Residential property's share of the tax base increased 2.1 percentage points from 1992 to 2002, from 63.1% to 65.2%. Commercial rose slightly, from 25.0% to 25.7%, while manufacturing fell from 5.0% to 4.7%, due to slower growth rates.

In 2002, residential property was 70% or more of the tax base in 92 (or nearly half) of the municipalities. It represented 60% or more in 169 municipalities. It comprised 90% or more of the tax base in six municipalities—all villages: Williams Bay (94.0%), Whitefish Bay (93.8%), Wales (92.5%), North Hudson (92.1%), Fox Point (91.7%) and Howards Grove (90.6%). The village of Cottage Grove had the greatest increase in residential values from 1992 to 2002 (654.5%), followed by the villages of Wrightstown (324.1%), Jackson (321.8%), Holmen (304.3%) and Luxemburg (283.6%).

Commercial property made up 40% or more of the tax base in six municipalities. Four are tourist communities: the village of Lake Delton (69.1%); and the cities of Wisconsin Dells (57.1%), Hayward (49.5%) and Rhinelander (43.5%). The other two are the village of Ashwaubenon (44.9%) and the city of Wautoma (41.9%). Commercial values more than tripled in 38 municipalities, primarily small but growing villages. The village of De Forest had the highest percentage increase (688.0%), followed by the villages of Rothschild (552.8%), Lomira (519.5%), Cottage Grove (486.4%) and Wales (401.7%).

Manufacturing property made up 15.0% or more of the tax base in seven municipalities. West Milwaukee, a village, had the highest percentage (26.4%). Next highest were the village of Sturtevant (25.2%), the cities of Schofield (23.9%) and Nekoosa (17.7%), the village of Saukville (17.3%), and the cities of Sheboygan Falls (17.2%) and Arcadia (16.4%). □

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### Wisconsin Taxpayers Alliance

335 W. Wilson St., Madison, WI 53703-3694  
608.255.4581 • [www.wistax.org](http://www.wistax.org)

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