



February 1998

MENOMINEE COUNTY

Since its creation in 1961, Menominee County has had difficulty in meeting its financial needs because of a severely limited property tax base. Most of its land is tax-exempt because it is held in federal trust for the Menominee Indian Tribe of Wisconsin, whose reservation includes the county and the Town of Menominee. Only 1 percent of land is taxable, and 94.4 percent of that land is residential property in a lakes area, including a development known as Legend Lake. The Tribe continues to purchase small amounts of land to be placed in federal trust, further reducing the tax base.

Like other lake property, the value of taxable land in Menominee County has increased rapidly in recent years. Nevertheless, the total assessed value of \$144 million is lowest among all counties. Department of Revenue data show that all municipalities statewide averaged a total tax levy increase of 4.0 percent in the four-year period from 1992 through 1996, but the increase for Menominee County jurisdictions was 64.1 percent. Taxpayers are concerned that assessments and taxes have risen rapidly, while services are less than those provided by most counties.

Menominee County Is in Poor Fiscal Condition

County expenditures have exceeded revenues for five of the last seven years, so that Menominee County ended 1997 with a deficit of approximately \$75,684. The Town of Menominee also operates with a small deficit. While they have limited debt, the county and the town must manage cash flow closely to stay within current revenues because they have no funds reserved for emergencies or unexpected gaps in cash flow. To address their financial deficits, they might be expected to increase property tax revenues. However, property owners who believe they bear an inordinate tax burden have voted to lower the town levy and have pressured members of the Board to limit growth in the county levy.

Tax Bills Are Comparatively High and Services Are Limited

Tax bills are higher in Menominee County than in most surrounding towns because of the relatively small tax base. Lake property owners have paid an increasing share of the total levy. From a sample of 164 improved lots, we found that individual property tax bills on the median improved parcel increased 59.3 percent for Legend Lake and 86.8 percent in the remaining lakes area between 1992 and 1997; outside the lakes area, the individual property tax bill on the median improved parcel decreased 34.9 percent.

The Menominee County Highway Department has inadequate facilities and equipment to provide road maintenance, and many of the town roads in the densely populated lakes area are not paved. The Town of Menominee Fire Department has old equipment and has provided limited training to its volunteer force. However, taxpayers have expressed greatest concern with the County Board's decision to reduce the Sheriff's Department budget by some \$200,000 in an effort to reduce county expenditures. This action would effectively limit patrols to one deputy covering more than 150 miles of state, county, and town roads per shift and is of particular concern to non-resident lake property owners whose properties are frequently unoccupied, because 84 percent of all major crimes committed in the county in 1996 were property offenses.

Menominee county's poverty rate was 48.7 percent in 1994, compared to 10.7 percent statewide. Significant health and social problems also place a heavy demand on the Human Service Department. Although costs of \$2,529 per client served were below the statewide average and the proportion funded by local revenues is similar to that in many other counties, the relatively high demand for services and the limited tax base result in a higher burden on Menominee County taxpayers than on taxpayers in other counties. At the same time, Menominee County taxpayers are concerned

that a proposal to annex Middle Village, a tribal housing community on land placed in trust in Shawano County, will increase demand for local services even though its residents will be exempt from property taxes.

The Tribe contributes to the cost of providing local services. For example, it helped to support the fire department with a total of \$213,850 in 1995 and 1996 and is developing a fire numbering system for the entire reservation, including the lakes area. The Tribal Police Department operates a telecommunications center jointly with the Sheriff's Department, although its criminal and civil jurisdiction is limited to Indians.

The Tribe also supplements county human services, using federal and state assistance as well as its own funds. Although it does not, for the most part, use its resources to serve clients who are eligible for services provided by the county, the Tribe does offer additional alcohol and other drug abuse, mental health, day care, and children's services, using funds from federal and state programs as well as from tribal enterprises. The Tribe also operates the Area Agency on Aging and a public health clinic that offers immunizations and women's health services, and it delivers other state and federal programs that are typically administered by Wisconsin counties, such as the Women, Infants, and Children Supplemental Food program. Some services provided by the Tribe are available to non-Indians as well as Indians.

Additional Federal and State Assistance May Be Needed

Uncertainty about Menominee County's financial future is created by the current deficit, already-high tax bills, demand for improvement in current service levels, continuing concerns about low student achievement in the Menominee Indian School District, the very limited potential for growth in the tax base, and the potential for further acquisitions of currently taxable land by the Tribe. With the exception of the current deficit, few of these problems are the result of decisions made by county and town officials. Furthermore, it is evident that most of these problems cannot be addressed by local officials, no matter how closely they work together with the Tribe. While some have suggested that Menominee County be dissolved, it also appears unlikely that such action would resolve these problems.

If property taxes are to be held to a reasonable level and residents of Menominee County are to be provided even minimally acceptable services, the State may have to provide financial assistance to Menominee County, at least for a time. Such assistance could be in the form of one-time payments for capital items the county and town have difficulty purchasing, or as ongoing assistance to offset costs that are difficult to control, such as those related to crime. Meanwhile, the State will need to pursue federal legislation that will cause the federal government to assume greater responsibility for the financial burdens associated with federal trust land. There is also a need to clarify federal, state, and tribal jurisdiction in criminal and civil regulatory matters.

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