



Legislative Fiscal Bureau

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October 4, 2018

TO: Senator Jennifer Shilling
Room 206 South, State Capitol

FROM: Bob Lang, Director

SUBJECT: 2017(18) Final Property Tax Bill Estimate on a Statewide Median-Valued Home

At your request, this memorandum updates the estimate of the property tax bill on the statewide median-valued home for tax year 2017(18) based on final property tax levies and property tax credit distributions.

The tax bill estimates for a median-valued home are calculated by multiplying the estimated statewide median home value by statewide average tax rates, which result from dividing statewide property tax levies by total state values. The following table compares the 2016(17) (base year) tax bill estimate to the 2017(18) tax bill estimate under 2017 Act 59 (2017-19 biennial budget act) and the final 2017(18) tax bill estimate.

Comparison of 2017(18) Tax Bill Estimates on a Statewide Median-Valued Home Under Act 59 and Final Estimate

	Base Year <u>2016(17)</u>	Act 59 <u>2017(18)</u>	Final <u>2017(18)</u>
Statewide Median Home Value	\$155,657	\$160,622	\$160,622
Gross Taxes	\$3,307	\$3,315	\$3,345
Tax Credits	<u>-455</u>	<u>-466</u>	<u>-469</u>
Net Tax Bill	\$2,852	\$2,849	\$2,876
Change from:			
-Base year		-\$3	\$24
-Act 59			27

The final tax bill estimate for a statewide median-valued home is higher than the estimate under Act 59 by \$27. Similar to the final estimate, the Act 59 estimate used actual 2017 equalized

values. The primary factor affecting the reestimate is higher final school district, municipal, county, and tax incremental district (TID) levies than those estimated under Act 59. Compared to levy estimates under Act 59, the final statewide school district levy was 0.9% (\$42.8 million) higher; the final statewide municipal levy was 1.1% (\$31.8 million) higher; the final statewide county levy was 1.3% (\$28.2 million) higher; and the final statewide TID levy was 1.1% (\$5.2 million) higher. Conversely, the final statewide technical college levy was -0.7% (-\$3.3 million) lower and the final statewide special district levy was -2.3% (-\$2.7 million) lower than those levies estimated under Act 59. Additionally, the final estimated average lottery and gaming credit was \$4 higher than the estimated average credit under Act 59. Also, the final estimated average first dollar credit was \$1 lower than the estimated average credit under Act 59 when accounting for the actual credit distributions in July, 2018.

I hope this information is helpful. Please contact me with questions.

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