



## Property Tax Overview

### Introduction

The property tax is the primary tax for local governments – school districts, technical college districts, counties, municipalities (towns, villages, and cities), and special districts (town sanitary districts, metropolitan sewerage districts, and inland lake districts). Gross property taxes levied in 2022 for collection in 2023 totaled \$12.51 billion, by far the largest tax in the state and local government finance system. For comparison, in fiscal year 2023, state income tax collections were \$9.41 billion and state sales tax collections were \$7.46 billion.

By law, all tangible real property (land and buildings located on that land) and personal property (property with no land attached to it) are to be taxed unless specifically exempt from taxation. Property owned by the federal government, the state, and by local governments is generally exempt. Property owned and used by churches, universities, educational and charitable facilities, non-profit hospitals, and non-profit housing are also generally exempt. Certain types of personal property, such as household personal property, manufacturing machinery and equipment, non-manufacturing machinery, tools, and patterns, inventories, computers, and waste treatment equipment, as well as intangible property, such as bank accounts and corporate securities, are also exempt.

The property tax in Wisconsin is an *ad valorem* (according to value) tax. While local governments are primarily responsible for administering the property tax, state statutes determine how these responsibilities are carried out.

### Classification of Property

"General Property" is defined by statute as including all taxable "real" and "personal" property except that which is taxed under special provisions, such as utility, forest crop, and managed forest property. Taxable real property includes not only the land, buildings, improvements, and fixtures, but also rights and privileges connected with the land. Personal property includes all buildings and fixtures on leased and exempt lands, goods, wares, merchandise, chattels, and effects having any real or marketable value and not included in real property. The assessment date for both types of property is January 1 every year.

Wisconsin law requires the assessor to classify land based on use. Real property is divided into the following statutory classifications:

Table 1: Real Property Classes

<i>Class</i>	<i>Property Category</i>	<i>Description</i>
1	Residential	Includes any untitled parcel on which a dwelling is located.
2	Commercial	Includes parcels where the primary use is the selling of merchandise and/or the provision of a service. Apartment houses with four or more units are included in this class.

<i>Class</i>	<i>Property Category</i>	<i>Description</i>
3	Manufacturing	Includes parcels where the primary use is the assembling, processing, fabricating, making or milling of tangible personal property for profit.
4	Agricultural	Includes land where the primary use is for the growing of annual crops, pasturing animals, or similar activities.
5	Undeveloped	Includes land such as bog, marsh, lowland brush, uncultivated land zoned as a shoreland, and nonproductive land not otherwise classified.
5M	Agricultural Forest	Includes land capable of producing commercial forest products that meets one of the following requirements: 1) it is contiguous to a parcel that has been classified in whole as agricultural and owned by the same person; or 2) it is located on a parcel where at least 50 percent of the acreage has been converted to agricultural land in the property assessment of January 1, 2005, or thereafter.
6	Productive Forest Land	Includes land that is capable of producing commercial forest products.
7	Other	Includes farm buildings and improvements, and the land necessary for these farm-related structures.

Classification is important since it affects the assessed value of land classified as agricultural, undeveloped, and agricultural forest (discussed later).

Personal property is divided into the following classes presented in Table 2 below. Beginning with January 1, 2018 property tax assessments, machinery, tools, and patterns, not including such items used in manufacturing, were exempted from personal property taxes.

Table 2: Personal Property Categories

<i>Category</i>	<i>Description</i>
Boats and Watercraft	Includes steamboats and other vessels.
Machinery, Tools, and Patterns	Includes machinery, jigs, and tools that are not otherwise exempt, such as items not used in manufacturing.
Furniture, Fixtures, and Equipment	Includes furniture and equipment not classified as machinery.
Other	Includes all other non-exempt personal property not included in the other categories.

Beginning with January 1, 2024 property tax assessments, all items of personal property will be exempt from taxation except for buildings, improvements, fixtures, and certain mobile homes on leased lands, exempt lands, and managed forest lands (MFL). If the buildings, improvements, and fixtures on leased, exempt, and MFL lands, are owned by a person other than the landowner, the assessor may create a separate tax parcel.

### **Value Assessment**

For property taxation purposes, there are two critical values that can determine how much a property owner will pay: 1) assessed value, and 2) equalized value.

Assessed values are the values the assessor places on the properties and are used to distribute the municipality's tax burden among the individual property owners. In Wisconsin, the

Department of Revenue (DOR) assesses manufacturing real and personal property, while the municipal government assessors are responsible for all other property. All non-agricultural assessments must be based on the market value of property as of January 1. However, state law recognizes that every municipality cannot be assessed exactly at market value each year. As such, the law allows each municipality to be within 10 percent of market value, provided there is equity between the taxpayers of the municipality.

Because assessors in different taxing districts may value property at different percentages of market value, it is necessary for DOR to convert the assessed values by taxing jurisdiction, to a uniform level. These uniform values are called equalized values. Tax levies for overlying jurisdictions (counties, technical college districts, and school districts) are allocated to each municipality based on that municipality's share of the jurisdiction's total equalized value. As such, any of the following, in addition to other factors, may affect property tax bills: 1) changes in municipal, school or county property tax levy; 2) differences in rates of equalized value growth among municipalities or within a municipality; and 3) changes in municipal equalized value share of the school and/or county equalized value. Because of the mechanism discussed above, county, school, and technical college districts, for example, would levy a larger share of the property tax from a municipality with higher equalized value growth rate.

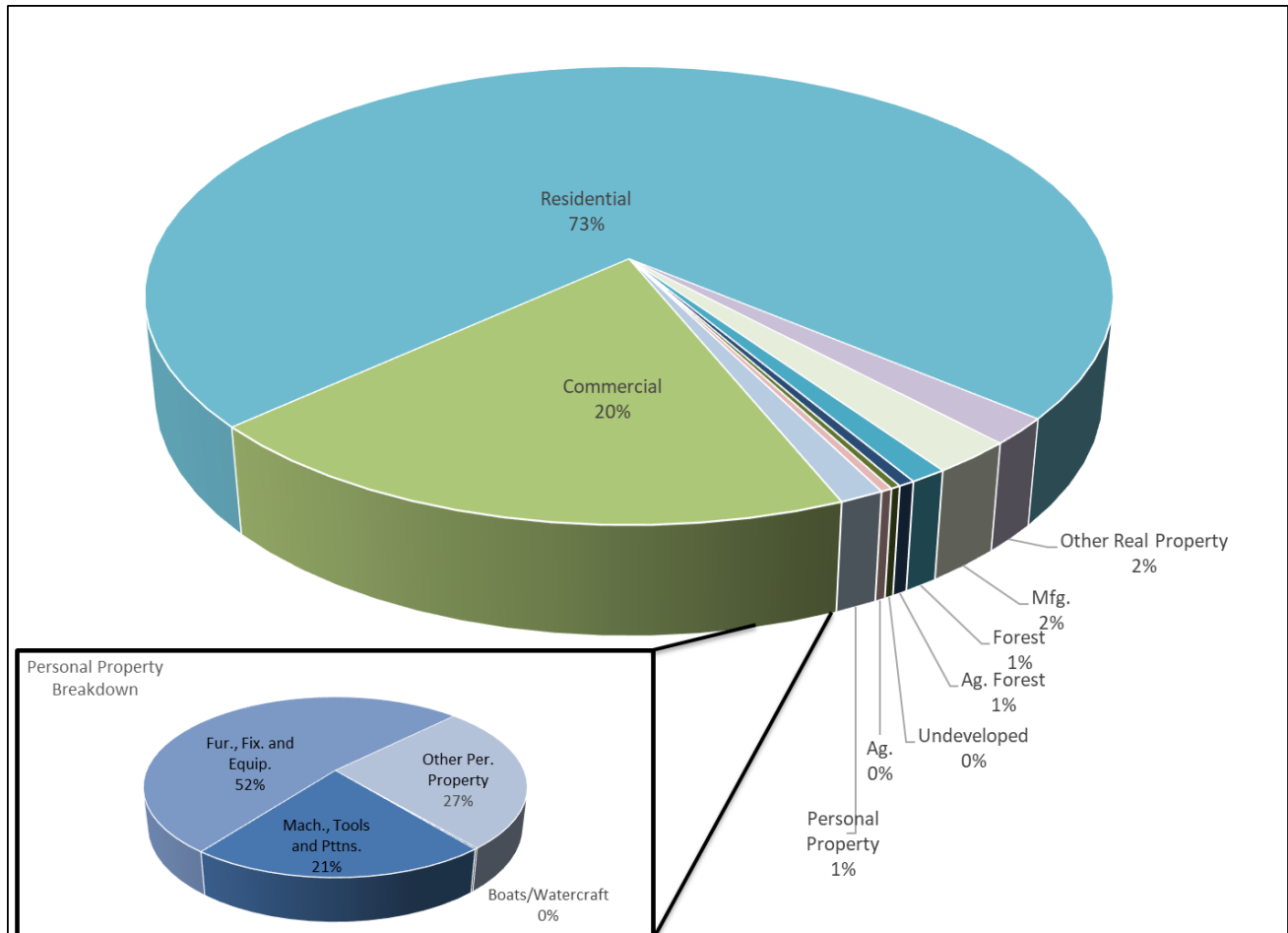
The following table shows data for 2022 and 2023 on equalized values by class:

Table 3: Equalized Value by Property Class for 2022 and 2023

Property Class	Equalized Value	
	Y 2022	Y 2023
<b>Real Property:</b>		
Residential	\$538,421,848,300	\$613,887,918,700
Commercial	\$147,666,091,900	\$163,744,112,500
Manufacturing	\$17,860,400,000	\$19,994,966,700
Agricultural	\$2,532,777,800	\$2,801,541,200
Undeveloped	\$2,256,894,100	\$2,388,212,400
Agricultural Forest	\$3,678,950,500	\$4,016,214,600
Forest	\$8,366,389,400	\$9,028,928,700
Other	\$14,140,599,000	\$15,869,282,200
<b>Real Property Total:</b>	<b>\$734,923,951,000</b>	<b>\$831,731,177,000</b>
<b>Personal Property:</b>		
Boats & Watercraft	\$20,782,400	\$20,493,300
Machinery, Tools, and Patterns	\$2,131,041,800	\$2,316,234,800
Furniture, Fixtures, and Equipment	\$5,165,451,000	\$5,678,314,400
Other	\$2,860,729,400	\$2,864,786,500
Prior Year Error Adjustment	\$59,583,500	\$42,647,000
<b>Personal Property Total:</b>	<b>\$10,178,004,600</b>	<b>\$10,879,829,000</b>
<b>Total Equalized Value</b>	<b>\$745,161,539,100</b>	<b>\$842,653,653,000</b>

Undeveloped land and agricultural forest land are assessed at 50 percent of full value. The chart below shows percentage shares of all the property categories:

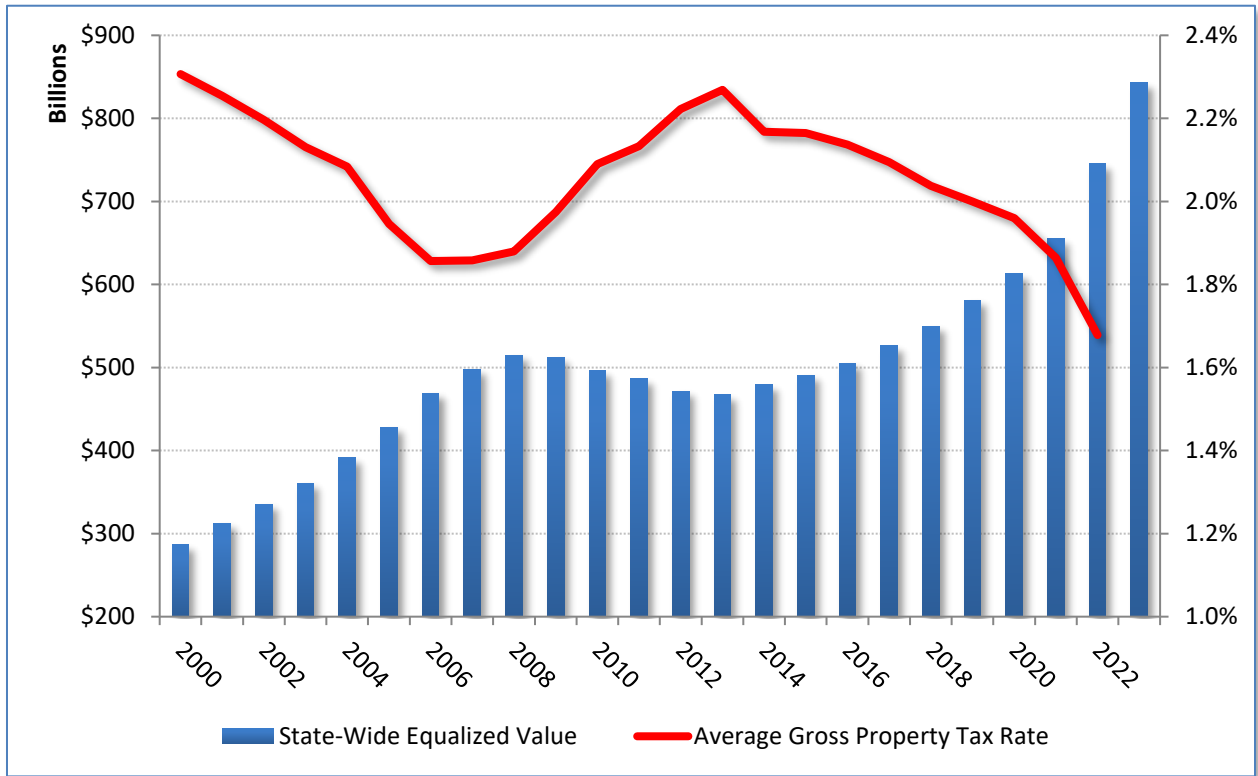
Chart 1: Breakdowns of Equalized Value for 2023



### Property Tax Levies

The property tax is generally considered a residual revenue source for local governments. Every fall, the governing body of each local taxing jurisdiction determines its budget for the following year. The budgeted amount is reduced by other anticipated revenues, with the remaining amount raised from the property tax. State law may, however, limit the amount that may be raised (as discussed later in this report). The property tax rate is determined by the levy amount, which is set during the budget process, and the taxing jurisdiction's equalized value. As such, the decline in a municipality's equalized value often leads to an increase in property tax rate and vice versa. The chart on the next page shows the state-wide equalized value and the average gross property tax rate over the last 21 years (see Appendix 2 for detail):

Chart 2: State's Total Equalized Value (Nominal) and the Average Gross Property Tax Rate (2000-2023)



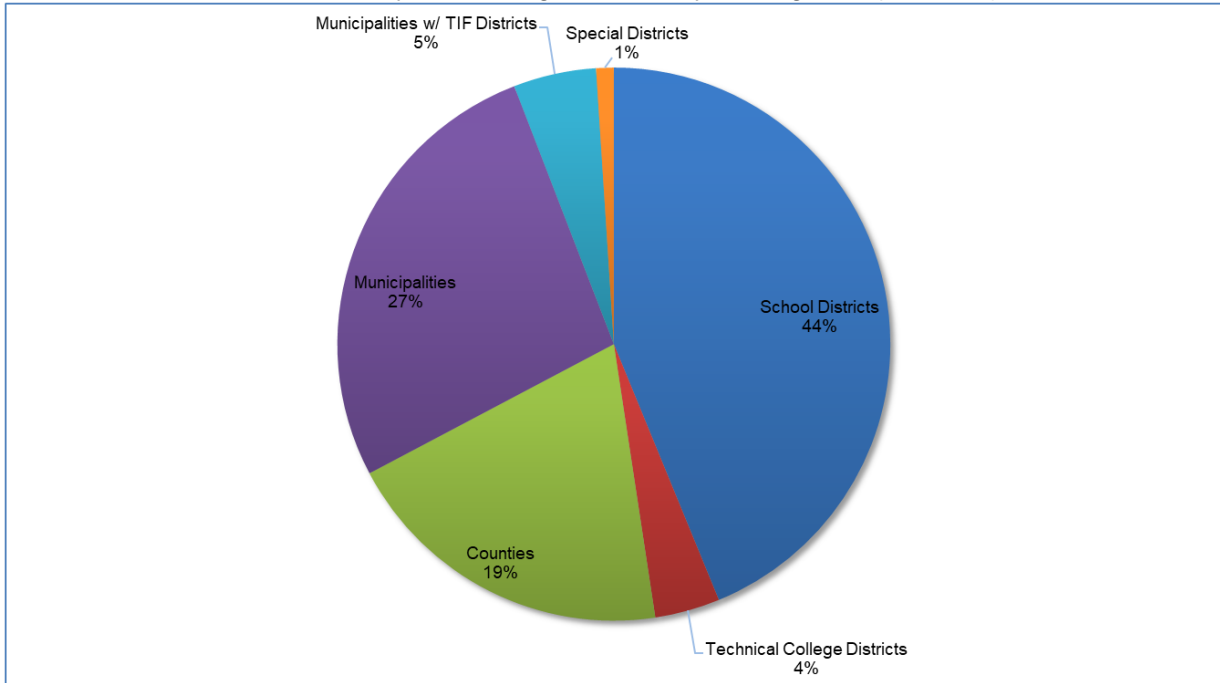
State total property tax levies for the 2022-23 property tax year are noted in Table 4, as follows:

Table 4: Property Tax Levies by Type of Taxing Unit, 2022-23

Type of Unit	# of Units	# of Units with Levy	Amount Levied
School Districts	421	421	5,477,089,639
Technical College Districts	16	16	476,178,879
Counties	72	72	2,458,293,964
Municipalities	1,913	1,913	3,360,011,805
Municipalities w/ TIF Districts[1]	445	440	605,371,027
Special Districts	537	384	128,715,423
Total	3,404	3,246	12,505,660,736

The following chart shows percentage shares among the above taxing jurisdictions for the 2022-23 tax year:

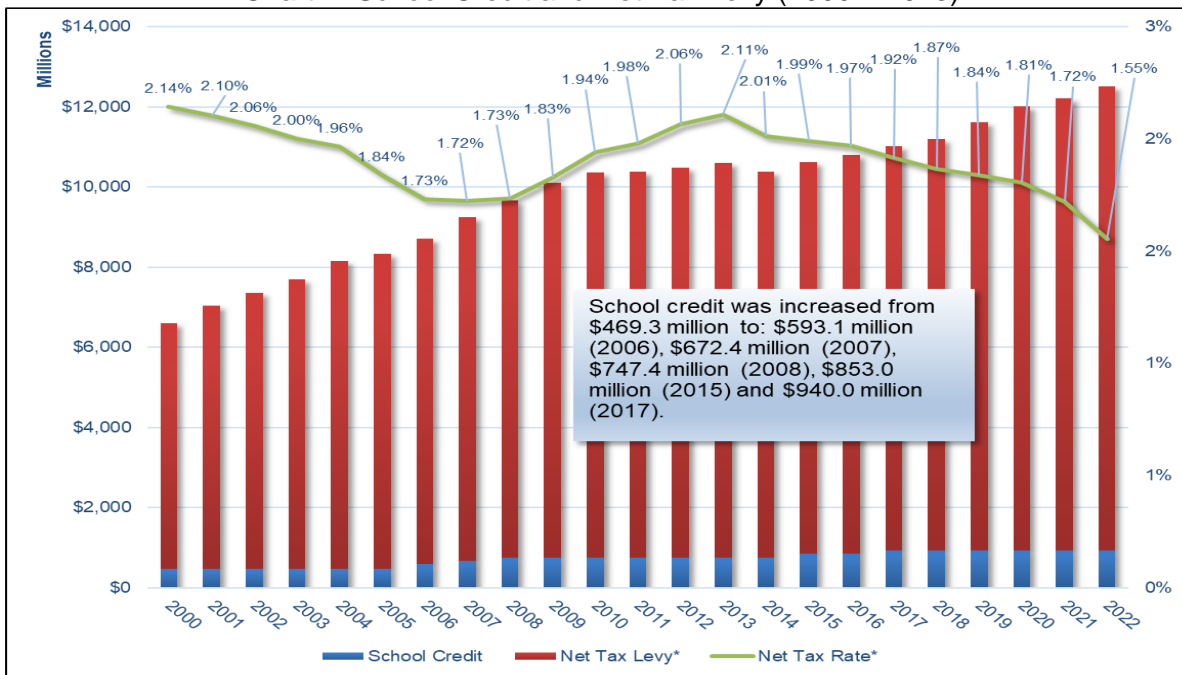
Chart 3: Levy Percentage Shares by Taxing Unit (2022-23)



**Property Tax Credits**

The School Levy Tax Credit is distributed to municipalities based on their share of statewide school levies. The credit reduces individual property tax bills and is not considered a source of revenue by school districts and other local governments when setting their annual budgets and determining their property tax levies. For the 2022-23 property tax year, the credit totaled to \$940.0 million. Since 2000, the amount of school levy tax credit was increased five times from \$463 million to \$940 million. For the 2023-24, the credit will increase to \$1,195,000,000.

Chart 4: School Credit and Net Tax Levy (2000 – 2023)



\*Figures do not consider the lottery and first dollar credits.

The credit is calculated based on the prior 3 years' school tax levies (school district levies and levies for county-operated schools for children with disabilities) levied in each municipality. The credit appears on property tax bills as a reduction to the school property tax levy.

The Lottery and Gaming Credit is paid on primary residences, which is generally defined as an owner-occupied house used as its owner's residence for 6 months or more each year. The credit equals the school district property tax levy on a certain amount (that can vary from year to year) of the residence's market value. For the 2022-23 property tax year, the credit market value was \$27,900. Total credits available were about \$319.41 million, and the average credit was \$214.

The First Dollar Credit is paid to all real estate parcels on which an improvement is located. The credit equals the school district property tax levy on a certain amount (that can vary from year to year) of the parcel's market value. For the 2022-23 property tax year, the credit market value was \$8,500. Total credits available were \$150.0 million, and the average credit was \$65.

Under the school district revenue limit, the amount of revenue that a school district can raise from general school aids (consisting of equalization aid, special adjustment aid, inter-district integration aid, and intra-district integration aid) plus property taxes (excluding levies for referendum approved debt and community service programs) may not exceed a certain level, defined by law. The amount can vary from year to year, is measured on a per-pupil basis, and is generally based on the revenue limit of the prior year.

Municipalities and counties are subject to a levy limit. Under the limit, property tax levies may not increase by more than the greater of zero percent or the percentage increase in unit's equalized value due to net new construction in the prior year. Adjustments to the limit are permitted for referendum approved increases, changes in costs for servicing some debts, and transfers of service responsibility to another local unit of government. Counties were subject to a tax rate limit under which the operating tax rate and debt tax rate could not exceed the rates for 1992-93. The limit was suspended for the 2011-12 and 2012-13 tax years and repealed effective with the 2013-14 tax year.

Starting in the 2014-15 property tax year, technical college districts are subject to a revenue limit. Under the revenue limit, district revenues, including property tax levy and state aid, may not increase by more than the percentage increase in the district's equalized value due to net new construction in the prior year.

### **Property Tax Collection Process**

The municipal clerk is responsible for issuing property tax bills. In most municipalities, the clerk calculates the tax rates to be used in the various tax rate areas in his or her municipality and notifies the county treasurer or tax lister of these rates. Tax bills are then prepared by the respective county official. The bills must be mailed in early December.

The initial property tax payment is normally paid to the municipal clerk or treasurer. Generally, a real estate property tax bill is due for payment no later than the following January 31. However, a real property owner may opt to pay his or her bill in installments. In most of the state, property taxes can be paid in 2 installments, due on January 31 and July 31. Some municipalities permit payments in multiple (from 3 to 7) installments, with the final installment due no later than July 31. Real property taxes in the City of Milwaukee can be paid in up to 10 installments.

## **Property Tax Settlement**

Property tax settlement is the process by which amounts collected by municipal and county treasurers are distributed to those governmental entities that levied a property tax.

In two-installment municipalities, there are four settlements. In January, the municipal treasurer pays out for taxes collected in December. In February, the municipal treasurer pays out for taxes collected in January. The tax roll and collection process then transfers to the county. In August, the county treasurer pays out the remaining amounts due. Unpaid real estate taxes are generally retained by the county for subsequent collection.

In municipalities that allow 3 to 7 installments, the municipal treasurer is required to pay out for taxes collected at each installment date. The tax roll and collection process are turned over to the county after the last installment, at which point the county retains unpaid real estate taxes for subsequent collection. The City of Milwaukee (up to 10 installments) has a similar process but retains the responsibility for collecting unpaid real estate taxes.

## **Delinquent Property Taxes**

Annually, on September 1, the county treasurer issues a tax certificate to the county that includes all parcels of real property for which property taxes remain unpaid as of August 31. The issuance of the tax certificate begins what is known as the redemption period. Any person may redeem the land described in the tax certificate by paying all the unpaid taxes plus interest and penalties. Generally, the redemption period is two years. A county can generally force collection of delinquent taxes two years after the issuance of the tax certificate. There are three methods to force collection of the delinquent taxes: (a) take a tax deed, (b) commence an action to foreclose the tax certificate, or (c) commence an action to foreclose the tax lien.

Most counties do not maintain ownership of tax-deeded property. Once a marketable title is obtained, counties usually sell the property. If the property sold had been used by the former owner as a homestead at any time during the 5 years preceding the county's acquisition, the former owner may be entitled to some of the net proceeds (excess of sale price over unpaid taxes, penalties, and interest plus costs related to acquiring and selling the property).



## Appendix

Appendix 1: State-Wide Gross Property Tax Levy			
Year	Levy Amount (Nominal)	Adj. Levy Amount (in 2022 Dollars)	% Change (Adj. Levy Amount)
2000	\$6,604,531,389	\$11,383,855,797	
2001	\$7,043,666,360	\$11,808,175,352	3.73%
2002	\$7,363,577,315	\$12,150,598,534	2.90%
2003	\$7,687,307,320	\$12,399,835,602	2.05%
2004	\$8,151,045,737	\$12,806,242,471	3.28%
2005	\$8,326,736,844	\$12,656,284,645	-1.17%
2006	\$8,709,669,302	\$12,825,089,775	1.33%
2007	\$9,250,316,430	\$13,241,106,367	3.24%
2008	\$9,667,123,868	\$13,329,229,795	0.67%
2009	\$10,105,672,880	\$13,978,692,020	4.87%
2010	\$10,364,621,230	\$14,106,027,881	0.91%
2011	\$10,384,819,360	\$13,703,281,707	-2.86%
2012	\$10,469,859,150	\$13,534,891,754	-1.23%
2013	\$10,605,522,055	\$13,512,184,946	-0.17%
2014	\$10,383,690,172	\$13,019,702,002	-3.64%
2015	\$10,620,135,324	\$13,300,112,099	2.15%
2016	\$10,792,117,848	\$13,345,765,323	0.34%
2017	\$11,016,093,416	\$13,338,542,256	-0.05%
2018	\$11,198,940,459	\$13,236,635,902	-0.76%
2019	\$11,618,243,838	\$13,487,836,892	1.90%
2020	\$12,016,938,949	\$13,780,679,450	2.17%
2021	\$12,207,775,193	\$13,371,348,846	-2.97%
2022	\$12,505,660,736	\$12,505,660,736	

Appendix 2: State-Wide Total Equalized Value and Average Gross Property Tax Rate		
Year	State-Wide Equalized Value	Average Gross Property Tax Rate
2000	\$286,321,491,800	2.3067%
2001	\$312,483,706,600	2.2541%
2002	\$335,326,478,700	2.1959%
2003	\$360,710,211,300	2.1312%
2004	\$391,187,814,700	2.0836%
2005	\$427,933,562,000	1.9458%
2006	\$468,983,199,800	1.8564%
2007	\$497,920,348,700	1.8578%
2008	\$514,393,963,700	1.8793%
2009	\$511,911,983,100	1.9741%
2010	\$495,904,192,300	2.0900%
2011	\$486,864,232,800	2.1330%
2012	\$471,092,529,200	2.2225%
2013	\$467,502,564,000	2.2685%
2014	\$479,023,957,200	2.1677%
2015	\$490,602,544,050	2.1650%
2016	\$505,124,328,250	2.1370%
2017	\$525,984,545,850	2.0944%
2018	\$549,532,691,500	2.0379%
2019	\$580,872,723,300	2.0001%
2020	\$613,136,907,500	1.9599%
2021	\$654,820,375,856	1.8643%
2022	\$745,161,539,100	1.6782%
2023	\$842,653,653,000	