

FOCUS

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In brief

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Finding the "freeze" and other tax-bill tips

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The bottom line

Understandably, most taxpayers will focus on the bottom line. On the sample tax bill below for the Village of Bascom in Commons County, Mr. Buck E. Badger (A on tax bill) is being billed a total of \$3,436.43 (B) in property taxes. That is reduced by a state lottery credit of \$74.86 for a 2005 net amount due of \$3,361.57 (C). Generally speaking, the lottery credit has trended down over the past decade as lottery sales have dropped from their peak ten years ago.

The net tax amount due this year (\$3,361.57) is \$32.74, or 1% (D), more than the \$3,328.83 (E) in property taxes billed last year.

Although the total change in levies statewide will be small this year, individual tax bills will both rise and fall. A freeze on every individual bill is unlikely for a variety of local circumstances affecting state school aid payments, state levy limits and differing increases in land value (see Focus #21-05).

Not just taxes

Increasingly, municipalities are charging for services such as

STATE OF WISCONSIN PROPERTY TAX BILL FOR 2005
VILLAGE OF BASCOM
COUNTY OF COMMONS

BILL NUMBER: 1650978

19043/17
1 VARSITY LN
SEC. 01, T 05 N, R 09 E
LOT 2 CSM 3514 CS14 / 91&92
R2069 / 36&37-7/24/80 DESCR AS
PARCEL NUMBER:
165/0509-013-6362-8

BUCK E BADGER
1 VARSITY LANE
BASCOM WI 53500

Assessed Value Land	Ass'd. Value Improvements	Total Assessed Value	Ave. Assmt. Ratio	Net Assessed Value Rate		
31,500	138,500	170,000	0.8822	(Does NOT reflect Lottery Credit)		
Est. Fair Mkt. Land	Est. Fair Mkt. Improvements	Total Est. Fair Mkt.	School taxes reduced by school levy tax credit			
35,700	157,000	192,700	\$ 195.39			
Taxing Jurisdiction		2004 Est. State Aids Allocated Tax Dist.	2005 Est. State Aids Allocated Tax Dist.	2004 Net Tax	2005 Net Tax	% Tax Change
STATE OF WISCONSIN			161,134	35.62	36.20	1.6%
COMMONS COUNTY		159,772	1,387,928	475.64	485.37	2.0%
VILLAGE OF BASCOM		1,345,929	9,801,734	1,283.11	1,328.97	3.6%
BASCOM SCHOOL DISTRICT		9,560,805	191,460	1,385.99	1,341.46	-3.2%
TECHNICAL COLLEGE		202,715		233.75	244.43	4.6%
Total		11,269,221	11,542,256	3,414.11	3,436.43	0.7%
		Lottery & Gaming Credit		85.28	74.86	-12.2%
		Net Property Tax		3,328.83	3,361.57	1.0%

Make Check Payable to: VILLAGE OF BASCOM 123 CAMPUS DR. BASCOM WI 53500	Full Payment Due On or Before January 31	\$ 3,741.94
	Or First Installment Due On or Before January 31	\$ 2,061.16
	And Second Installment Payment Payable To: COMMONS COUNTY TREASURER PO BOX 2005 VAN HISE WI 53007	\$ 1,680.78

Net Property Tax	3,361.57
GARBAGE COLLECTION	95.00
SIDEWALK	285.37
TOTAL DUE FOR FULL PAYMENT	\$ 3,741.94

PAY BY JANUARY 31

Warning: If not paid by due dates, installment option is lost and total tax is delinquent subject to interest and if applicable, penalty. (See reverse)

garbage pickup separate from the general property tax. Municipalities like this because it removes spending from the property tax levy, thereby reducing the tax rate and levy increase.

Others, however, fear that it makes municipal spending less visible and, therefore, more likely to rise, allowing property taxes merely to be shifted to other programs. Some taxpayers also realize that a tax-to-fee shift can reduce the income tax deduction for state-local taxes, since fees are not deductible. A smaller deduction means more income tax paid.

In Mr. Badger's case, he must pay for two services not billed as property taxes, a \$95 fee for garbage pickup and a \$285.37 special assessment for sidewalks (F). This brings the total amount due to \$3,741.94 (G).

More stories to tell

Tax bills are no one's idea of light reading, but they have a lot more to teach—about tax trends, assessment practices, and even state budget priorities—than simply the amount due.

In addition to name, address and governmental information (A) at the top left of the bill, a legal description of Mr. Badger's property and his parcel number appears at the top right (H).

■ *Individual levies.* In Wisconsin, property taxes can be confusing be-

cause they are levied by many governments. In Bascom, Buck E. Badger has to pay 2005 amounts ranging from \$36.20 to the state to \$1,341.46 to the local school district (I). Amounts for 2004 are shown for comparison (J).

At 1.0%, the overall net-levy change is almost flat (D). However, in this example, school taxes fell 3.2%, while the local technical college levy (4.6%) rose the most (K), followed by the village levy (3.6%).

School taxes generally dropped because of state-imposed revenue limits, coupled with increased state school aid. Technical colleges were exempted from the "freeze" limits, while municipalities and counties could increase their levies up to 2%—more if there was new construction to tax.

■ *Tax rate.* The total net tax rate, after all state aid and tax credits (except the lottery credit), is \$.02021, or \$20.21 for each \$1,000 of assessed value (L). For the mathematically inclined, multiplying the tax rate by the assessed value gives the amount of tax due, before the lottery credit is subtracted: $0.02021429 \times \$170,000 = \$3,436.43$.

■ *Assessment.* Buck's total assessment of \$170,000 is the combination of the assessed value of the land (\$31,500) and improvements (\$138,500) (M). This may not equal the full- or market-

value of Mr. Badger's property (O). The state estimates the total value of all assessments in Bascom at 88.22% of fair market value. This is indicated by the average assessment ratio (N).

Two possible conclusions can be drawn from this. First, village assessments are becoming dated. Because state law requires that assessments be periodically adjusted to keep pace with the market (in other words a ratio of 1.00), a 0.8822 assessment ratio suggests the village might be due for a re-assessment soon.

Second, if Bascom's assessments are too low and Buck E. Badger's property is typical, then the fair market value of his property might be higher than its assessment. The fair-market value of Badger's property is \$192,700 (O).

What you really pay

Wisconsin is rather unusual among the states in the share of all taxes collected by the state but used to subsidize local services. State aid to local governments is about 60% of the state budget.

Mr. Badger's bill shows that state aid paid to local units serving him totalled over \$11 million (P) in 2005. Although this may help relieve local property taxes, it also results in higher state income, sales and gas taxes.

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