http://newiprogressive.com/images/stories/S5/tax-bill-s5.jpg



Senator Vinehout is often asked why property taxes increased while folks hear their property taxes are supposed to be less. She offers some reasons why some people are facing a bigger bill.

MADISON, WI - “I’m paying higher property taxes and I haven’t had a raise in years.” Sound familiar?

You are not alone.

Property taxes are a regressive tax – the tax falls harder on those with less means. Property tax bills take a bigger bite out of the paychecks of people who have not received a raise in years. At the same time, the very wealthy see their tax bill as a smaller share of their increasing piece of the pie.

I fielded many questions lately about property taxes.

Folks are hearing taxes are supposed to be lower. However, they see increases in property taxes and want to know why. “Who is benefiting when I’m not?’ one woman asked.

In some cases, recently passed school referenda are showing up on some tax bills.

Additionally, this year, people are learning that newly passed federal tax changes will prevent them from deducting their property taxes on their federal tax return.

Last month a report by the Wisconsin Taxpayers Alliance provided insight into understanding property taxes. Since statehood and before, the property tax has been Wisconsin's largest state or local tax. After World War II, needs on a local level grew quickly. Property taxes increased as communities needed schools and other services for their residents. To help offset the increases, lawmakers sent state money to locals in the form of tax credits.

Wisconsin has a long history of providing public services locally. In contrast to some states where services are provided by the state, Wisconsinites value local services and local decision-making. But the state has not kept up in "sharing" the money through an aid called "shared revenue."

For example, state spending for local aid (shared revenue) from the state was lower in 2017 than in 2007 using last year's estimates from the Legislative Fiscal Bureau.

When needs grow, and state money does not keep pace, locals make decisions that end up raising property taxes. Schools are an example. Local schools are funded by state aid and local property taxes.

In recent years, the state has not kept up with the cost of local schools. In real dollars (adjusted for inflation), schools will be getting less in the next two years than a decade ago. To make up for rising costs and less state aid, referenda passed at record high rates. Passing school funding referenda raises property taxes.

When the Legislative session begins in January, a set of bills are pending that would help lower residential property taxes.

Big retail companies, like Walgreens, use a loophole to have their property taxes lowered, which shifts more of the tax to homeowners.

Known as the “dark store loophole” big retail companies have their property assessed as if the store was vacant and that lower value is used in computing property taxes. For example, the Mayor of Appleton testified, that a new drugstore cost $4.7 million to build and was assessed at $1.7 million. The city lost in court and paid the drugstore $800,000 in tax refunds.

“This is not about raising property taxes,” the Mayor told our committee. “This is about fairness. Because residents will pay more. We’re not raising taxes but your taxes are going up.”

The Appleton scenario was repeated as community after community came to testify. To make matters worse for local homeowners, the big stores used more local services that cost the city more resources.

The Mayor of Oshkosh testified, “Easily our police department responds to about 2,000 calls per year [from the big box stores]. The demand for services at these types of stores exceeds anything the so-called “dark store” would ever generate. … This is an unfair shift to residential property owners and their families.”

There are two bipartisan bills to fix the problem. The bills need votes to pass.

Solving the issue of high property taxes means, in part, providing more money from the state to locals. In my alternative budget, I added more money for schools, fixed the school aid formula so the money went where it was needed, and I increased aid to locals (shared revenue) by ten percent.

Increasing state aid makes schools and local government less reliant on property taxes, which takes the increasing burden off local property owners.