*Fiscal Facts by Wisconsin Policy Forum*

**Municipal debt up overall in 2019, but property values grew faster**

Municipalities throughout Wisconsin saw significant increases in debt in 2019, though property values — which help determine municipal borrowing levels — grew at an even greater rate.

These are among the top findings of the latest edition of the Forum’s Municipal DataTool. This online interactive tool is a user-friendly way to access and compare data on all 602 cities and villages in Wisconsin — from the village of Big Falls (population 57) to the city of Milwaukee.

The data used in this year’s Municipal DataTool comes from reports compiled by the Wisconsin Department of Revenue in 2019 and 2020. As such, much of the data reflects conditions prior to the COVID-19 pandemic.

It shows a 5.2% increase in general obligation debt — from $7.3 billion in 2018 to $7.7 billion in 2019 — that easily outpaced inflation. General obligation debt is backed by the full faith and credit of municipalities and is often used for the funding of capital projects such as streets and buildings.

In Wisconsin, municipal borrowing is limited to 5% of the equalized property value for a given city or village.

Notably, the total equalized property values for Wisconsin municipalities grew 6.2%, from $352.4 billion in 2018 to $374.4 billion in 2019. As such, the amount of municipal debt as a percentage of the allowed state limit decreased from 39.1% in 2018 to 38.7% in 2019 — the third consecutive annual decrease.

State levy limits on municipalities may be contributing to their rising debt levels. Under state law, municipalities generally can only raise taxes for operations by the percentage increase in their property values due to net new construction.

Since debt payments are excluded from the limits, municipalities may be turning to borrowing to fund spending they would have traditionally paid for in cash. This ongoing trend bears monitoring in the years to come.

Data used for the Forum’s DataTool are grouped into the following areas: property taxes, spending, debt, fund balances, shared revenue (a key form of state aid) and property values, and income and population. The latest seven years of data are provided, enabling users to see trends over time. For each subject, users may choose data from as many as 10 municipalities to compare, as well as compare across all municipalities in a county.

The Municipal DataTool is free and available to all at the Forum’s website, wispolicyforum.org.

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