*Fiscal Facts by Wisconsin Policy Forum*

**State aid slows property tax growth in Wisconsin**

Wisconsin property taxpayers should see one of the smallest increases in years on their December tax bills, with levies for school districts barely rising, technical college levies declining for only the second time in at least two decades, and a state tax credit rising sharply.

Each December, the Wisconsin Policy Forum examines preliminary state data on property tax levies from school districts, counties, technical colleges, and special districts. Notably, figures for municipalities are not available until next year.

The data gives a crucial early look at collections from Wisconsin’s largest single tax, a key source of funding for local services such as education, public safety, and local roads. After relatively large increases on December 2019 and 2020 property tax bills, a combination of factors points to a lower increase in levies this year.

Property tax bills being mailed out this month for 2022 show an increase in gross property taxes for Wisconsin’s K-12 school districts of just 0.3%, from $5.38 to $5.40 billion, the smallest percentage increase in school district levies since 2016. The nonpartisan Legislative Fiscal Bureau in June actually projected school district taxes would fall; some factors that may account for this difference include difficult-to-predict voter-approved school referenda as well as changes to the final state budget.

Property tax levies for counties will rise by 2.3% statewide, similar to the increase from last year. Levies for Wisconsin’s 16 technical colleges will fall by 3.4% — just their second decline of the 21st century — due to additional state aid dollars. Property tax levies for Wisconsin’s more than 500 special districts will grow by 2.5% in 2021, with most of that total coming from the Milwaukee Metropolitan Sewerage District.

Notably, this analysis looks at gross property tax levies before state credits are used to lower the net bills for property taxpayers. While two of the credits essentially will stay the same, the state lottery credit is budgeted to rise by $85 million this year, which should help to hold overall property taxes for home and business owners to one of the smallest increases in recent years.

Factors that may have held down property tax levies this year include an increase in state school aid coupled with no change in the state’s per-pupil revenue limits, as well as declining enrollment and the continued availability of federal pandemic relief dollars for immediate needs in school district budgets.

Looking ahead, the state budget is likely to hold down K-12 property taxes again in 2022-23. However, rising residential construction in calendar year 2021 may allow municipalities, counties, and technical colleges to increase their property tax levies by greater amounts a year from now without exceeding state limits.

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