

A Guided Tour of Your Property Tax Bill

Hundreds of thousands of property tax bills arrive in mailboxes across Wisconsin every December. Although most taxpayers glance only at the bottom line, Wisconsin's property tax bill contains useful information about tax trends, property values, tax rates, and state payments to local governments. A guided tour of a sample bill illustrates what a taxpayer can learn from studying a tax bill. Refer to the accompanying sample tax bill for Mr. Buck E. Badger when reading this handout.

What And When To Pay

Mr. Badger lives in the mythical city of Bascom Hill in Dane County (A). A legal description of his property and the parcel number appear at the top of the bill (B). Mr. Badger owes total net property taxes of \$3,675.19, plus a \$112 fee for trash removal (C). This brings the total amount due to \$3,787.19 (D).

The total property tax levied for 200 was \$3,760.91 (E). This is found by multiplying the net tax rate, 0.02705685 (F) by the total assessed value, \$139,000 (G), i.e., $0.02705685 \times \$139,000 = \$3,760.91$. The net tax rate is almost \$27.06 per \$1,000 of assessed property value. The tax rate is determined by dividing the tax levy by the assessed value of all property within the taxing jurisdiction. An \$85.72 state lottery credit reduced the total tax levied (E) to a net of \$3,675.19 (H). This is 7.3% higher than the previous year's net levy of \$3,424.79.

In Wisconsin, property taxes are confusing, because they are levied by multiple governments, usually at least five. Mr. Badger will pay taxes to five taxing jurisdictions (I): state of Wisconsin; county; municipality (city, village or town); technical college district; and local school district. These are common throughout the state. Some areas of the state may have additional taxing jurisdictions, such as sanitation or road districts. In Bascom Hill, Mr. Badger will pay amounts ranging from \$31.19 to the state of \$1,826.53 to the local school district (J). The largest percentage increase over 1999 was for schools (7.1%); the city portion increase the least (0.3%) (K).

Mr. Badger can pay his taxes in one of two ways. He can pay the full amount (D) to the municipal treasurer by January 31, 2001. He may also pay in installments (L). The city of Bascom Hill allows payment in two installments; the first payment of \$1,906.74 is paid to the city treasurer by January 31, 2001; the second, to the county treasurer by July 31, 2001. Municipalities also have the option of allowing three or more installments.

Assessments

Buck's assessed value for land (\$32,100) (M) and improvements (\$106,900) (N) totaled \$139,000 (G). The Wisconsin Department of Revenue annually estimates the fair market value of all taxable property within each municipality.

The average assessment ratio of 0.8913 (O) indicates that the city of Bascom Hill assesses property at 89.13% of the property's estimated market value. Therefore, the assessed value of Mr. Badger's property, \$139,000 (G) is 89.13% of the property's estimated property value, \$156,000 (P).

Property Tax Relief

More than 60% of Wisconsin's state budget is made up of state aids to local governments, what some call "property tax relief". Mr. Badger's tax bill illustrates this. State aid paid to the four local units of government in Bascom Hill (city, schools, county and technical college) total nearly \$7.9 million (Q). The state aid allocated to each taxing jurisdiction is shown for two years (R). In the sample, state aid to all four local taxing units increased from 1999 to 2000.

Reading and Understanding Your Property Tax Bill

Instructions

Using the handout, "A Guided Tour of Your Property Tax Bill" as a guide, complete the worksheet for your local property tax bill in your groups. Record your answer to each question below:

1. How much in total net property taxes is owed?
2. Are there any fees or assessments added to the net property tax? If so, for what and how much?
3. What is the total amount due?
4. The total property tax levied, \$ _____, can be found by multiplying the net tax rate, _____, by the total assessed value \$ _____.
5. Is the net property tax lower than the total property tax? If so, what reduced the total tax levied and by how much?
6. How many taxing jurisdictions levy property taxes in your community? Name them.
7. Which taxing jurisdictions levied the highest amount of tax and how much? Is that an increase or decrease over the previous years? By what percent?
8. Which taxing jurisdictions saw the smallest tax increase or the greatest percent decrease?
9. In what ways can you pay your taxes?
10. What is the total assessed value?
11. What is your total estimated fair market value?
12. At what percentage of estimated fair market value does your municipality assess property?
13. What is the total state aid allocated to your local units of government?
14. How much state aid was allocated to your local school district? How does this compare to the previous year?
15. Given that more than 60% of the state budget goes to local property tax relief, what does the state aid allocated to your various local units of government tell you about the state's spending priorities?