

Prior to 2010, communities could increase their levy up to 3% or whatever the amount of their net new construction was for that year. After 2010, communities could increase their levy by whatever their net new construction (NNC) was.

Since 2010, the Village Board did not increase the levy to the level that they could have because they wanted to keep the tax rate at a reasonable level. From 2010 to 2017, the amount of levy that could have been used but wasn't totaled \$352,960 or an average of approximately \$44,000 per year.

If the Village exceeds their levy limit, it stands to lose approximately \$350,000 in revenue from the State of Wisconsin. This includes transportation aids, shared revenue and any state grants that are received.

Governor Evers proposed increasing the levy limits to 2% or net new construction as part of the 2022 State budget; however, the State Legislature did not approve that request.

Village of River Hills

	<u>Levy Limit</u>	<u>NNC%</u>	<u>NNC\$</u>	<u>CPI-U%</u>
2010	2,971,384	0.664%	\$16,038	---
2011	2,977,069	0.951%	\$23,560	3.70%
2012	2,968,529	0.390%	\$ 9,660	2.00%
2013	3,019,958	0.638%	\$15,782	0.90%
2014	3,168,822	0.299%	\$ 7,546	1.40%
2015	3,150,924	0.267%	\$ 6,568	-0.50%
2016	3,293,232	0.530%	\$13,336	1.10%
2017	3,326,969	0.726%	\$17,683	1.60%
2018	3,373,709	0.000%	\$ 0	1.40%
2019	3,401,156	0.525%	\$13,088	1.30%
2020	3,066,818	0.173%	\$ 1,595	1.10%
2021	3,072,495	0.324%	\$ 8,287	6.10%
2022		0.787%	\$20,197	9.50%

NNC – Net New Construction

CPI-U – Consumer Price Index

The Levy Limit increased \$66,696 over 12 years or an average of \$5,558 per year.

Note that there was a sharp decline from 2019 to 2020 where the village had to cut approximately \$300,000 from the levy. In 2020, the village borrowed

funds and because the village is fiscally responsible, it refinanced three prior loans at a lower interest rate; however, we did not realize that this would have a negative effect on the levy limit. Right now, with the current levy limit, the only way to accomplish purchasing equipment which includes police squads, snow plows, and maintaining streets, is to borrow funds. The amount of debt is excluded from the levy calculation.

The levy limit since 2011 has had an average increase of 0.416% while the cost of living has increased on average 1.83% each year during that time period (2011 to 2021).

For 2021, CPI for the Midwest is 6% and for 2022, CPI for the Midwest through July is 9.5%.

The problem is that expenses exceed the net new construction amount annually.