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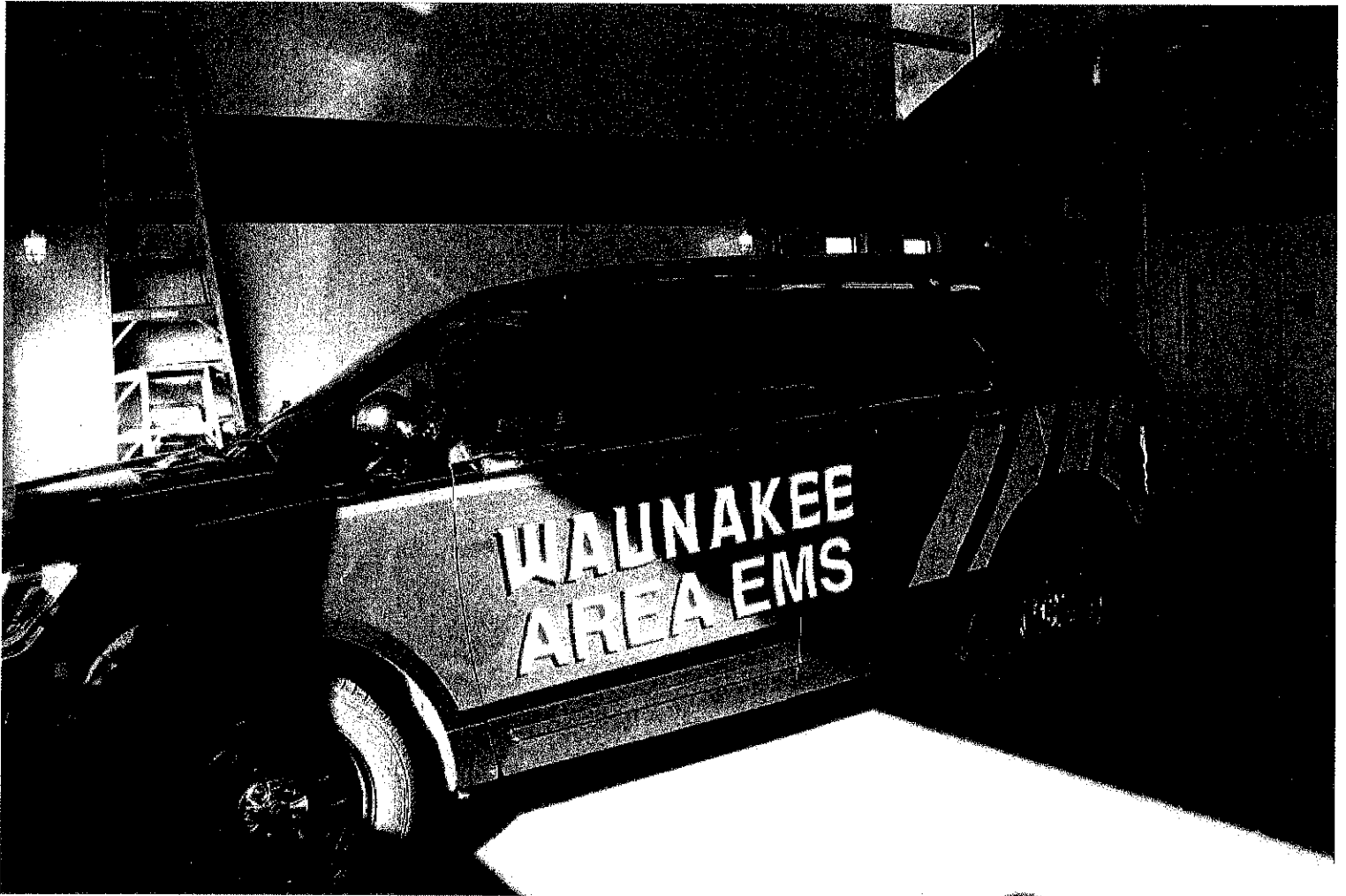
FEATURED

## **Pinched by levy limits, Wisconsin communities ask voters for tax increases**

By Roberta Baumann [tribnews@hngnews.com](mailto:tribnews@hngnews.com)

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Communities across Wisconsin are seeking to exceed levy limits often to increase spending for public safety such as EMS, fire and police protection.

While many Wisconsin voters will cast their ballots for the gubernatorial candidates of their choice Aug. 9, in 10 communities around the state, voters will also weigh in on tax increases to pay for public safety – additional fire, EMS or police services.

Increasingly, during elections throughout the year, municipalities are asking voters permission to exceed state-imposed levy limits, often to fund public safety.

The League of Wisconsin Municipalities' May publication of *The Municipality* notes that eight cities and villages sought to exceed levy limits in the past spring election; in the spring 2021 election, 10 cities and villages held referendums, and 13 the year prior.

Wisconsin began to impose levy limits as part of the 2005-07 biennial budget in an effort to rein in residents' property taxes, and since then, municipalities have been limited in their levies by the increase in net new construction.

Curt Witynski, deputy director of the League of Wisconsin Municipalities calls the limit "a growing concern among municipalities, particularly slow-growth or no-growth communities."

Even growing communities are beginning to feel budget constraints because the limits are measured by growth over the previous year's construction.

Statewide, Wisconsin saw an increase in net new construction of 1.71%, Witynski said.

"That means most communities are going to be in that 1% to 2% range of growth, and there will be a lot underneath that 1% also," Witynski added. "And so that's all they can raise their property taxes this year."

Currently, inflation is about 9%, Witynski pointed out, adding many communities will find themselves in a financial bind.

Public safety costs often drive communities to go to referendum, along with road construction.

Witynski said in the past year or two, municipal leaders have sought to remain competitive with salaries in the private sector and have increased wages to attract and retain employees.

The UW-Madison's Robert M. La Follette School of Public Affairs prepared a report examining municipal finance and referendums in 2020. It notes that a major source of the state's municipal revenues come from property taxes. Municipalities in the state received 42.2% of their revenue

from the property tax, the report notes, “more than any other Midwestern state and twice the United States’ average of 23.3%.”

The report points to declining state aid and restriction of other revenue sources as factors in the heavy reliance on property taxes.

While communities with slow growth are impacted most, even communities experiencing new construction feel pinched. As the Village of Waunakee began to explore the possibility of building an aquatic center, staff worked with a consultant to forecast its financial outlook. As the Tribune reported in April, the fiscal analysis estimated Waunakee’s future levy limit increases at 2.5%, but also anticipated the village needing to exceed that limit in 2026, joining other municipalities across the state in the same situation.

For the League of Municipalities, levy limits are “a perennial issue that we lobby on at the state Legislature, either more flexibility of levy limits or complete elimination of levy limits. So, that would take away the need to go to a referendum,” Witynski said.

Local policymakers could then decide whether to raise property taxes and by how much. They would then face the consequences at election time, Witynski said.

“If people don’t like it, they’ll [vote] them out of office, or not elect them,” he added.

But so far, the lobbying has fallen on deaf ears, Witynski said, because Republicans believe their control over property taxes had put them in the majority in the Legislature.

Gov. Tony Evers introduced measures to increase flexibility in levy limits, allowing for inflationary growth, but those were eliminated from the state budgets, Witynski said.