THE WISCONSIN
TAXPAYER

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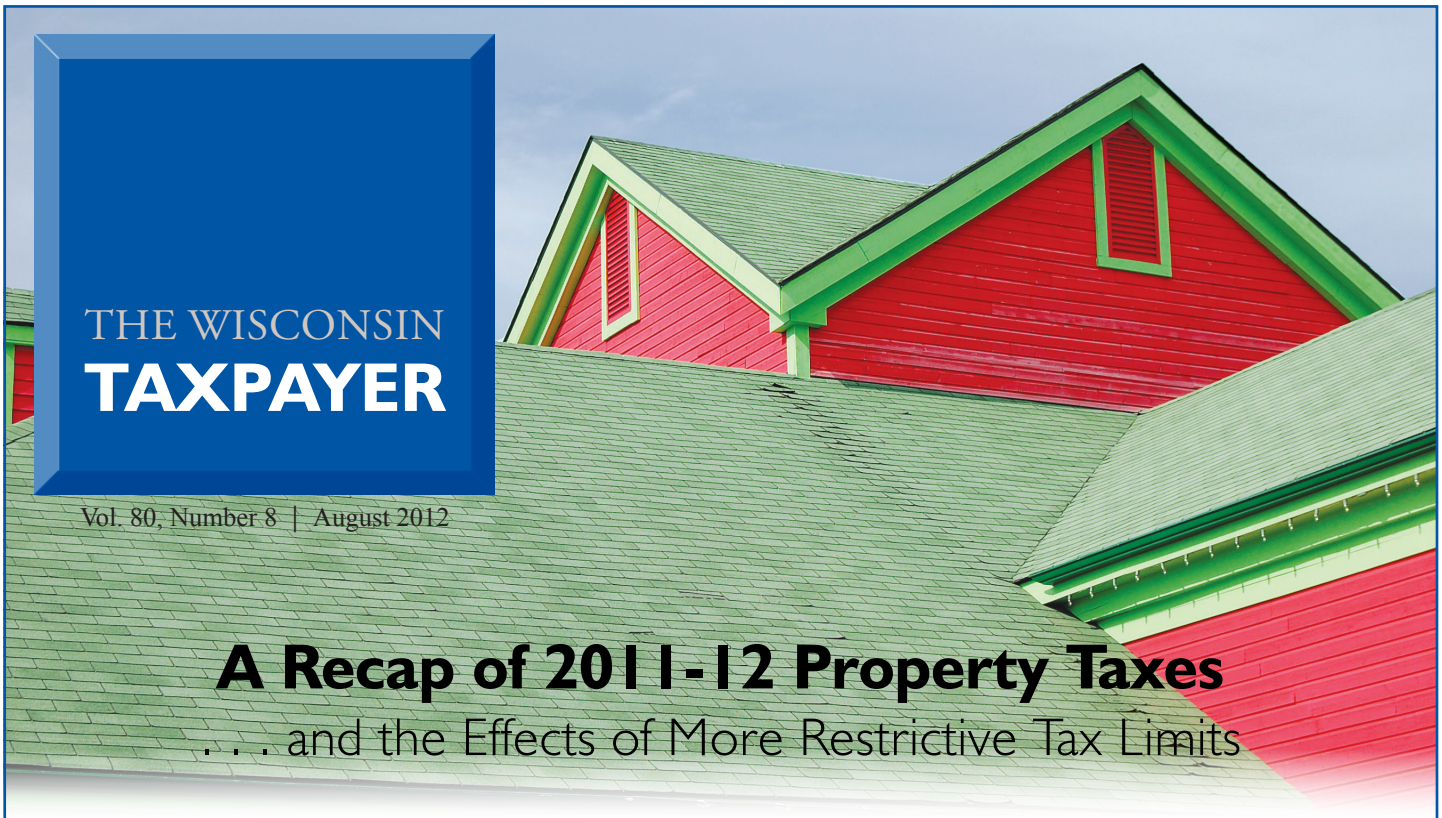

A Recap of 2011-12 Property Taxes

. . . and the Effects of More Restrictive Tax Limits

Property tax levies totaled $10.38 billion in 2012, up 0.2% from 2011. After subtracting more than $1 billion dollars in state-funded credits, net property taxes were $9.36 billion, also 0.2% more than the prior year. One-year changes varied by taxing unit: schools, -1.0%; counties, 1.1%; municipalities, 1.6%; and technical colleges, 1.8%. Net property taxes on the median value home statewide rose 23.5% over the last ten years. However, both the 2012 tax on the median value home and ten-year change varied widely by county.

The state budget, collective bargaining, and fringe benefit changes were the focus of Wisconsin politics in 2011. But amidst the Madison protests and partisanship of the last 18 months, many other changes included in the budget received less attention than they would have in prior years. Among those were new limits on local property tax levies. While often characterized as a tax "freeze" by some state leaders, just-released figures recapping 2011-12 property taxes finally permit a comparison of rhetoric and reality.

OVERVIEW

While property taxes statewide were not "frozen" in 2012, increases were generally small.

Total

In 2011-12 (2012), Wisconsin local governments and schools levied a total of $10.38 billion in property taxes (taxes levied in 2011, payable in 2012). After subtracting state tax credits—school levy, first dollar, and lottery—totaling $1.03 billion, taxpayers paid $9.36 billion in net property taxes. Both gross and net levies were up 0.2% from 2011.

Trends

Changes. This year's statewide property tax increase was the smallest since 1997, when the total levy fell more than 9% due to an infusion of approximately $1 billion of state money to buy down school taxes. From 2000 through 2011, net property taxes rose an average of 4.8% per year, compared to 0.2% in 2012.

Relative to Income. Property taxes can also be measured relative to ability to pay (i.e., personal income). Personal income is a broad measure that includes wages, benefits, dividends, interest, and rental income, among others. In 2012, net property taxes statewide were 4.2% of personal income (see Figure 1, page two).

Following the 1997 property tax buydown, statewide levies hovered between 3.9% and 4.3% of personal

Also in this issue:

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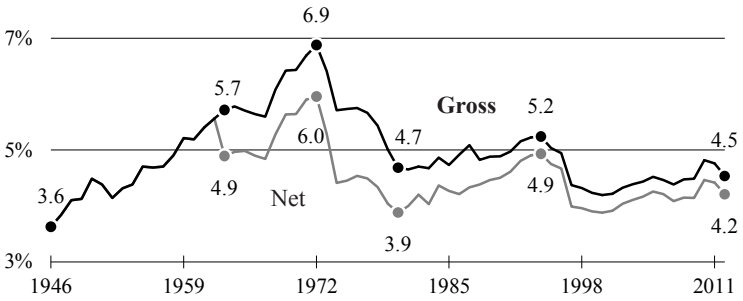
Figure 1: Property Taxes Rise and Fall Relative to Income
Gross and Net Levies Relative to Personal Income, 1946-2012



income through 2009. Declining incomes due to the recession pushed the property tax share to 4.5% in 2010. However, more restrictive property tax limits this year combined with renewed income growth (5.2%) returned the property tax share of income to its 1997-2009 range.

IMPACT OF PROPERTY TAX LIMITS

State officials often stress the importance of local control; that is, allowing locally elected officials—not state and federal officials—to make local tax and spending decisions affecting their constituents. Over time, however, lawmakers and governors of both political parties have limited the ability of local governments to make property tax decisions.

K-12 Schools

Since 1993-94, Wisconsin's public K-12 school districts have been limited in the amount they can raise from a combination of property taxes and state general aids. These revenue limits have usually been allowed to rise at the rate of inflation plus growth in student numbers. Districts can exceed their limits by referendum.

School property tax increases are thus tied to both the allowable revenue increase and changes in school aids, which are both set in the state budget. The 2011-13 state budget reduced 2012 state general aids about 8%. Typically, a large aid reduction would lead to significantly higher school levies as districts replaced lost aid with local property taxes. However, lawmakers also reduced for the first time per student revenue limits (by 5.5%), which capped school tax increases.

The combined effect was a 1.0% decline in statewide school property taxes, from $4.7 billion last year to $4.6 billion. This was the first reduction in statewide school property taxes since 2006 (see Table 1, page three). School levies accounted for nearly 45% of total property taxes in 2012.

Although lower revenue limits were largely responsible for the statewide school tax decline, tax changes varied by district due to the mechanics of the school aid formula and to new or expiring referenda. Among the state's 424 school districts, Highland (22.3%), Reedsville (17.1%), Cassville (13.5%), and Twin Lakes #4 (12.8%) had the largest levy increases in 2012. Eleven districts raised levies by more than 10%, while another 25 increased school property taxes 5% or more.

A total of 247 districts reduced their tax levies, with the largest drops occurring in Rio Community (-24.7%) and Glenwood City (-22.1%). A complete list of school tax levies and changes is available online at www.wistax.org/facts.

Technical Colleges

Prior to 2012, the state's 16 technical colleges were not allowed to increase their operating tax rates above $1.50 per $1,000 of equalized property value. However, with property values in many areas of the state rising 7%-10% annually until the last few years, the rate limits had little effect on technical college tax increases. As long as levies grew less than property values, property tax rates fell (rate = levy/value).

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For example, in 2006, levies in Chippewa Valley (Eau Claire), Madison, Blackhawk (Janesville), and Milwaukee all rose more than 6%. However, in each case, property tax rates fell due to equalized value increases ranging from 6.9% in Chippewa Valley to 10.2% in Madison. Statewide from 1993 through 2007, property values rose an average of 8% per year, while technical college levies were up an average of 6.5% annually.

In 2012, technical colleges were not allowed to increase levies or rates above 2011 levels unless voters approved. Due to a referendum in one district and exceptions allowed for debt service, technical college levies statewide rose 1.8% in 2012 to $771.3 million. No levy increase exceeded 2%, except in the Madison Area Technical College district, where property taxes were up 14.7% due to passage of a building referendum. If the Madison district is excluded from the total, technical college taxes statewide fell 0.2%.

Tax levies this year were less than 2011 amounts in five districts: Chippewa Valley, Milwaukee, Southwest Wisconsin (Fennimore), Northeast Wisconsin (Green Bay), and Moraine Park (Fond du Lac).

Counties

Beginning in 1994, counties have not been permitted to raise rates for operating purposes above their 1993 levels. Similar to the technical colleges caps, these county rate limits were largely ineffective due to rapidly rising property values. County levies rose an average of 5.9% per year during 1993-2005.

Since 2006, counties have been subject to additional limits on their actual levies. These state-imposed levy limits restrict property tax increases to the greater of the percentage change in net new construction or a specified statewide percentage, which ranged from 2% to 3.86% during 2006-11. The limits do not apply to debt service, and like school revenue limits, can be exceeded by referendum.

For 2012, state lawmakers tightened county levy limits. While counties were allowed to increase property taxes at least 3% in 2011, they were guaranteed no such increase in 2012; tax increases were allowed only to accommodate new construction and exceptions, such as debt service.

Due to the tighter limits, county tax levies statewide rose 1.1%, from $1.95 billion in 2011 to $1.97 billion. The increase was less than the 1.9% and 3.2% increases during the prior two years, and the 4.4% average annual increase during 2000-11.

Of the state's 72 counties, 17 reduced their levies from 2011, while four left them unchanged. Crawford (6.3%), Columbia (5.4%), Kewaunee (4.6%), Dane (4.5%), and Calumet (4.3%) were the only counties where levy increases exceeded 3%.

Municipalities

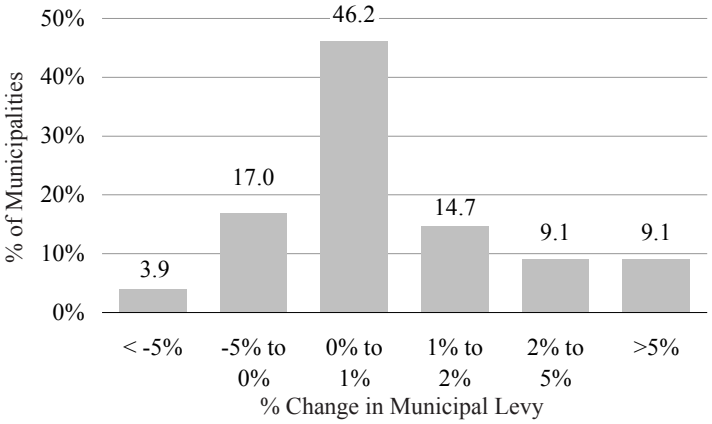
Municipalities (cities, villages, and towns) were not subject to property tax limits prior to 2005. Since then, they have faced the same limits as counties: Municipal property taxes are allowed to increase at the greater of net new construction or a set percentage (0% for 2012).

Table 1: Wisconsin Property Taxes by Local Taxing Unit
2000-2012, $ Millions

	Gross		Net*		Municipal		County		Tech. College		School	
Year	Levies	Chg.	Levies	Chg.	Levies	Chg.	Levies	Chg.	Levies	Chg.	Levies	Chg.
2000	$6,190.9		$5,505.4		$1,485.5		$1,217.7		$430.1		$2,795.2	
2001	6,604.5	6.7%	6,044.6	9.8%	1,607.1	8.2%	1,316.1	8.1%	466.3	8.4%	2,927.8	4.7%
2002	7,043.7	6.6	6,469.4	7.0	1,713.4	6.6	1,420.0	7.9	511.6	9.7	3,071.8	4.9
2003	7,363.6	4.5	6,788.1	4.9	1,796.0	4.8	1,490.5	5.0	541.9	5.9	3,192.0	3.9
2004	7,687.3	4.4	7,099.8	4.6	1,852.7	3.2	1,544.8	3.6	565.3	4.3	3,367.6	5.5
2005	8,150.8	6.0	7,549.5	6.3	1,949.2	5.2	1,615.2	4.6	590.8	4.5	3,610.7	7.2
2006	8,326.7	2.2	7,737.5	2.5	2,028.6	4.1	1,671.1	3.5	622.0	5.3	3,592.3	-0.5
2007	8,706.4	4.6	7,968.7	3.0	2,099.9	3.5	1,723.9	3.2	650.6	4.6	3,787.8	5.4
2008	9,250.3	6.2	8,446.4	6.0	2,201.7	4.8	1,800.8	4.5	680.6	4.6	4,066.6	7.4
2009	9,667.1	4.5	8,728.8	3.3	2,299.0	4.4	1,856.1	3.1	714.6	5.0	4,279.0	5.2
2010	10,105.6	4.5	9,102.1	4.3	2,372.5	3.2	1,914.6	3.2	742.6	3.9	4,537.6	6.0
2011	10,364.3	2.6	9,338.4	2.6	2,422.2	2.1	1,951.4	1.9	757.3	2.0	4,692.9	3.4
2012	10,384.9	0.2	9,359.4	0.2	2,461.7	1.6	1,972.2	1.1	771.3	1.8	4,645.9	-1.0

*Net levy includes school, lottery, and first dollar credits.

Figure 2: Most Municipal Levies Changed Little
Distribution of 2012 Muni. Prop. Tax Increases, Number = 1,850



Municipal levies rose 1.6% in 2012 to $2.46 billion. About two-thirds of the state's 1,850 municipalities increased levies less than 1% (see Figure 2); more than one in five had a reduction.

Just over 18% of municipalities increased levies more than 2%, with about half of those raising taxes more than 5%. Of the state's 50 largest municipalities, levies were up the most in Middleton (11.5%), Manitowoc (11.0%), Stevens Point (8.1%), Mount Pleasant (6.4%), and Watertown (4.3%).

Property taxes decreased in West Bend (-4.6%), Franklin (-2.4%), and Mequon (-0.3%), all in southeastern Wisconsin. Table 2 shows municipal levies, one-year changes, and municipal rates for the state's 15 most-populous cities.

Pre- vs. Post-Limits

Property tax limits have varied impacts. If effective, they slow property tax growth and provide some relief to property taxpayers. However, the property tax is the primary revenue source for most local governments in Wisconsin. Capping property taxes often requires retrenchment in local services.

Tighter property tax limits in 2012 had obvious effects. Levy increases in most jurisdictions were significantly smaller than in past years. But how effective were the limits in prior years?

Schools. During the five years prior to implementation of revenue limits, school property taxes rose an average of 9.1% per year. In the subsequent eleven years, school taxes never rose more than 5.6% in a year, with a median increase of 3.9%. However, mounting state budget problems limited school aid increases during 2004-11, and school property tax increases topped 5% in most years, highlighting the tie between their effectiveness and the state's financial condition.

Counties and Municipalities. During 2000-05, municipal levies rose an average of 5.6% per year (cities 5.4%, villages 7.2%, and towns 4.7%), while county levy increases averaged 5.8%. Levy limits slowed annual municipal property tax growth to 3.7% (cities 3.7%, villages 4.6%, and towns 2.8%). County levies rose an average of 3.2% during these years.

INDIVIDUAL TAX BILLS

In addition to state policies, other factors play a role in determining what property owners pay. The total value of all taxable property in a community helps determine the local property tax rate (rate = levy/value). That rate is applied to the value of a taxpayer's property to determine taxes owed.

How these factors affect property taxes can be determined using the median (half lower, half higher) value home in each county. Property values vary widely across the state. In 2010, the median home value in Menominee County was only $92,600, but in Waukesha County it was $262,200. Statewide, the median home value was $169,000.

Property tax rates also vary due to differences in levies and property values. The countywide average net property tax rate ranged from $9.32 per $1,000 of equalized (or fair market) property value in Vilas County to $25.27 in Milwaukee County.

Median Tax Bills

Variation in both average tax rates and median home values results in significant differences in property

Table 2: Municipal Levies in Large Cities
2011-12

		Municipal Levy		
Municipality	**Pop.**	$ Mil.	% Chg.	Rate
Milwaukee	595,525	$236.8	1.1%	$8.82
Madison	233,890	186.7	3.9	8.65
Green Bay	104,250	52.5	1.7	9.12
Kenosha	99,450	57.2	1.4	10.30
Racine	78,700	47.2	2.9	12.97
Appleton	72,715	37.6	1.6	8.11
Waukesha	70,735	51.5	0.1	9.16
Oshkosh	66,080	30.1	2.1	8.69
Eau Claire	66,060	35.1	3.2	8.38
Janesville	63,515	29.4	2.5	7.72
West Allis	60,365	38.7	1.5	10.19
La Crosse	51,195	34.4	1.0	12.09
Sheboygan	49,230	21.2	0.0	8.72
Wauwatosa	46,380	36.6	0.0	7.30

taxes from county to county. Taxes on the median-value home were lowest in Iron ($1,501), Menominee ($1,746), Sawyer ($1,747), Forest ($1,749), and Marinette ($1,779) counties. They were less than $2,000 in 10 counties, all in the northern half of the state. Taxes were highest in Dane ($4,811), Waukesha ($4,307), Milwaukee ($4,187), Ozaukee ($4,169), and Pierce ($4,128) counties. Table 3 lists estimated property taxes in the state's 10 largest counties; figures for all 72 counties are available at www.wistax.org/facts.

Table 3: Estimated Property Tax on Median-Valued Home in Largest Counties
Values, Levies, Property Taxes, and 10-Year Changes

	Med. Home Value ($ Thous.)		Eq. Value ($ billions)		Net Levies: All Gov'ts, ($ millions)		Estimated Property Taxes	
County	2010	10-Yr. % Ch.	2010	10-Yr. % Ch.	2011-12	10-Yr. % Ch.	2011-12	10-Yr. % Ch.
Milwaukee	$165.7	32.3%	$61.10	46.3%	$1,543.99	38.0%	$4,187	24.8%
Dane	230.8	38.6	50.20	70.9	1,046.25	63.8	4,811	32.8
Waukesha	262.2	34.3	49.55	55.7	813.97	36.1	4,307	17.4
Brown	159.1	14.5	18.16	43.9	373.73	36.5	3,275	8.6
Racine	175.7	35.4	15.04	58.0	302.75	45.5	3,536	24.7
Outagamie	153.5	25.2	13.31	54.1	263.11	43.2	3,033	16.3
Winnebago	140.5	25.2	11.97	47.4	256.45	41.4	3,010	20.0
Kenosha	182.4	28.8	13.72	60.6	297.25	58.1	3,953	26.8
Rock	138.0	15.1	9.86	38.6	224.90	40.4	3,147	16.6
Marathon	139.5	22.6	9.72	49.8	206.29	43.9	2,959	17.7

Relatively low property taxes in northern counties are due to several factors. First, these counties have few, if any, large cities. More-populous cities tend to require more public services and, as a result, have higher tax rates. Second, vacation homes in the north raise total equalized values and reduce tax rates. Applying lower tax rates to modestly priced residences yields lower taxes.

Higher-taxed counties were generally opposite. They tended to be more urban and offer more services, which raises rates. Moreover, home values are much higher in these counties, resulting in higher taxes.

Ten-Year Changes

The 2010 statewide median home value was $169,900. During the preceding 10 years, market forces increased the value of that home 33% from about $127,000 in 2000. Over the past 10 years, net property tax levies statewide rose 44.3%, but property taxes on that "typical" home rose only 23.5%.

One of the main reasons property taxes grew less than home values is new construction "absorbed" some of the levy increases. As new homes and businesses were built, their owners paid a portion of the property tax. New construction accounted for about half of the statewide increase in equalized values. A second reason is property tax shifting. While the value of this home grew 33%, the value of commercial properties rose more than 60%. Thus, the property tax burden shifted from in-place residential property to commercial over the 10 years.

Ten-year tax increases on the median-value home were under 12% in Brown, Marinette, Ozaukee, Richland, and St. Croix counties. They were over 34% in Adams, Columbia, Menominee, Sauk, and Walworth counties.

In the state's largest counties (Table 3), property taxes on the typical home rose least in Brown (8.6%), Outagamie (16.3%), Rock (16.6%), Waukesha (17.4%, and Marathon (17.7%). Dane was the only large county where property taxes rose more than 30%.

This variation reinforces some of the shifting discussed earlier. Since the mid-1990s, agricultural property has been assessed based on its use rather than market value. The result has often been declining agricultural values and a shift in property taxes from farmers to other property owners, including homeowners. In some counties, rapid commercial development shifted property taxes away from homeowners.

A shift in tax burden to homeowners can also occur in counties where development lags. If home values rise more than other properties, homeowners take on a greater share of the levy.

While shifting occurs in all counties, the most important factor in determining tax increases for homeowners is levy growth. In counties where school, county, municipal, and technical college levies are rising rapidly, the tax on the median value home also climbs significantly. Taxpayers who do not want a December tax surprise should consider attending upcoming budget meetings for their local governments. □

DATA SOURCES:

U.S. Census Bureau; Wisconsin Legislative Fiscal Bureau; Wisconsin Department of Revenue; WISTAX calculations.

UNDERSTANDING THE PROPERTY TAX BILL

Every December, taxpayers receive a special holiday gift in the mail—their annual property tax bill. While most ignore the details and immediately look for the "total due," the tax bill includes much more than the amount of tax due. Taxpayers can benefit from better understanding their annual bills.

AMOUNT OWED

Property Taxes

The sample 2011-12 tax bill below is received in December 2011 and is due in 2012. It shows that, in the Village of Bascom in Commons County, Buck E. Badger is being billed $3,516.19 (**A** on tax bill) in total property taxes. That amount is reduced by the state-funded first dollar ($79.76) and lottery and gaming ($74.86) credits, resulting in a net tax bill of $3,361.57 (**B**). Net property taxes due this year were 1% (**C**) more than the prior year (**D**). In addition to name, address, and governmental information, a legal description of Mr. Badger's property and his parcel number appears at the top right (**G**).

Additional Charges

In addition to property taxes, some municipalities bill for other services provided; the most common being garbage pickup. This practice removes some costs from the property tax, slightly reducing the tax rate. It can also help communities remain below state-imposed limits that restrict the allowable increases on local tax levies.

STATE OF WISCONSIN
PROPERTY TAX BILL FOR 2011
VILLAGE OF BASCOM
COUNTY OF COMMONS

BUCK E BADGER
1 VARSITY LANE
BASCOM WI 53500

BILL NUMBER: 1650978 (G)
19043/17
1 VARSITY LN
SEC. 01, T 05 N, R 09 E
LOT 2 CSM 3514 CS14 / 91&92
R2069 / 36&37-7/24/80 DESCR AS …
PARCEL NUMBER:
165/0509-013-6362-8

Assessed Value Land	Ass'd. Value Improvements	Total Assessed Value	Ave. Assmt. Ratio	Net Assessed Value Rate (Does NOT reflect Lottery Credit)	0.02021429 (L)
31,500	138,500 (M)	170,000	0.8822 (N)		
Est. Fair Mkt. Land	Est. Fair Mkt. Improvements	Total Est. Fair Mkt.	☐ A Star in this box means Unpaid Prior Year Taxes	School taxes reduced by school levy tax credit	$ 195.39 (K)
35,700	157,000	192,700 (O)			

Taxing Jurisdiction	2010 Est. State Aids Allocated Tax Dist.	2011 Est. State Aids Allocated Tax Dist.	2010 Net Tax	2011 Net Tax	% Tax Change
STATE OF WISCONSIN			35.62	36.20	1.6%
COMMONS COUNTY	159,772	161,134	475.64	485.37	2.0%
VILLAGE OF BASCOM	1,345,929	1,387,928	1,361.61 (I)	1,408.73 (H)	3.5%
BASCOM SCHOOL DISTRICT	9,560,805	9,801,734	1,385.99	1,341.46	-3.2%
TECHNICAL COLLEGE	202,715	191,460	233.75	244.43	4.6% (J)
Total	11,269,221	11,542,256 (P)	3,492.61	3,516.19 (A)	0.7%
First Dollar Credit			78.50	79.76	1.6%
Lottery & Gaming Credit			85.28	74.86	-12.2%
Net Property Tax			3,328.83 (D)	3,361.57 (B)	1.0% (C)

Make Check Payable to:
VILLAGE OF BASCOM
123 CAMPUS DR.
BASCOM WI 53500

Full Payment Due On or Before January 31
$ 3,741.94
Or First Installment Due On or Before January 31
$ 2,061.16

And Second Installment Payment Payable To:
COMMONS COUNTY TREASURER
PO BOX 2005
VAN HISE WI 53007

And Second Installment Due On Or Before July 31
$ 1,680.78

Net Property Tax	3,361.57
GARBAGE COLLECTION	95.00 (E)
SIDEWALK	285.37

TOTAL DUE FOR FULL PAYMENT
PAY BY **JANUARY 31**
▶ $ 3,741.94 (F)

Warning: If not paid by due dates, installment option is lost and total tax is delinquent subject to interest and if applicable, penalty. (See reverse)

A side effect of shifting services from property taxes to user fees is its impact on federal (and sometimes state) income taxes. While property taxes paid can be deducted from income when calculating federal income taxes owed, fees cannot. In other words, removing services from property tax funding can raise federal income taxes.

In the sample tax bill, Mr. Badger is charged for two services not funded with property taxes, a $95 fee for garbage pickup and a $285.37 special assessment for sidewalks (**E**). Adding these two charges to the tax bill brings the total amount due to $3,741.94 (**F**).

MORE INFORMATION

Tax bills are no one's idea of light reading, but they have a lot more to tell—about tax trends, assessment practices, and even state budget priorities—than the amount due.

Individual Levies

In Wisconsin, property taxes can be confusing because they are levied by multiple governments. In the sample bill, Mr. Badger has to pay property taxes to the state ($36.20), county ($485.37), village ($1,408.73), local school district ($1,341.46), and local technical college ($244.43, **H**). Some taxpayers may also pay to lake or sewer districts, or to other local taxing bodies.

Levies for each taxing unit are listed for both 2011 and 2010 (**I**) which enables comparison. Mr. Badger's school taxes fell 3.2% this year, while the local technical college district and village levies rose 4.6% (**J**) and 3.5%, respectively.

To some, a net levy increase of just 1.0% might be surprising considering all taxing units, except the local school district, increased their levies by 1.6% or more. However, because schools generally account for the largest portion of taxes due, they have a larger effect on the total bill than other individual taxing units.

The Bascom school district levy differs slightly from other levies listed on Mr. Badger's tax bill because of the school levy credit (**K**). Unlike the first dollar and lottery and gaming credits—which are subtracted from the gross tax total at the bottom of the bill—the school levy credit is subtracted directly from the school levy. In Mr. Badger's case, the Bascom school levy (before the credit) was $1,536.85. After reducing it by the credit amount ($195.39), the levy shown on the tax bill was $1,341.46. Thus, the school levy shown on the tax bill is a net amount.

Tax Rate

Often, most property tax discussion focuses on tax rates. The rate is determined by dividing the tax levy by assessed property value. In Mr. Badger's case, the net tax rate, after all state aid and tax credits (except the lottery credit), is $.02021 (**L**). The rate is typically expressed per $1,000 of property value, in which case Mr. Badger's rate was $20.21 for each $1,000 of assessed value.

Values

The tax bill lists two values associated with the Badger property. The first is the assessed value (**M**): Mr. Badger's land is assessed at $31,500 and his improvements at $138,500. The assessed value is determined annually by a local assessor, although it can remain unchanged for several years if the municipality does not do an annual revaluation.

The bill also shows the estimated fair-market value (**O**). This figure is derived from the Wisconsin Department of Revenue's annual estimates of equalized values. Equalized values are used to fairly distribute total county, school, and technical college levies among the municipalities within those taxing districts. These estimates are as of January 1 of the year the property tax bill is sent; in this case, January 1, 2011.

The average assessment ratio (**N**) shows taxpayers at what percent of market value their property is being assessed. Assessed and fair-market values can differ significantly if a municipality does not keep its valuations current. In such cases, the average assessment ratio will differ from 1.00 (or 100%). In Mr. Badger's case, his home is assessed at 88.22% (0.8822) of fair -market value ($170,000/$192,700).

State Aids

State-local finance in Wisconsin is rather unusual compared to other states. While the majority of tax revenue here is collected at the state level, most services are provided locally. As a result, state aids to local governments comprise the majority of spending in the state budget.

Mr. Badger's bill shows that state aid paid to local units serving him totaled over $11 million in 2011 (**P**). □

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USPS 688-800

WISTAX NOTES

■ **GDP Rises.** Wisconsin's real GDP rose 1.1% in 2011. The state's growth was 26th highest nationally and below the national average (1.5%). Real GDP rose fastest in North Dakota (7.6%), Oregon (4.7%), West Virginia (4.5%), and Texas (3.3%). Six states had declines. All of Wisconsin's neighbors grew faster (see chart). Real GDP is an inflation-adjusted measure of total state output, or gross domestic product (hence, GDP).

Private sector GDP rose 1.3% here, while public sector output was off 0.2%. National figures showed a similar pattern, with private production up 1.8% and public down 0.5%.

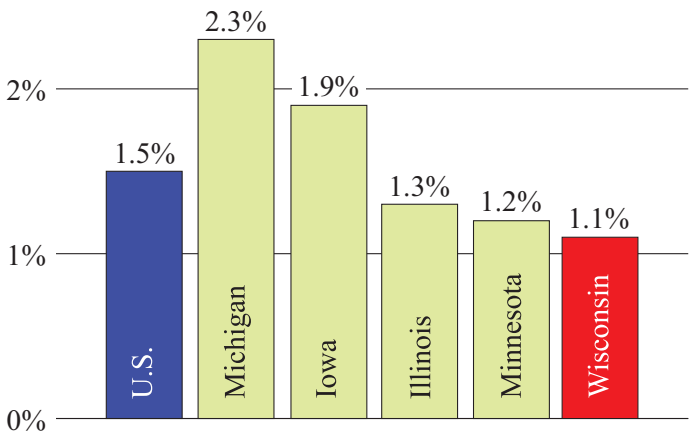
The state's manufacturing sector was strong in 2011, with manufacturing of durable goods up 7.4% and nondurables up 3.8%. Nationally, production of durable goods rose 7.9%, nondurables 0.3%.

■ **Lottery Sales Near $550 Million.** Lottery ticket sales generated $547.4 million in fiscal 2012, up 8.9% from the prior year. The gain was due primarily to two factors: A doubling of the price of Powerball to $2 beginning in January and increased Mega Millions sales due to a $650 million jackpot in March.

Proceeds from lottery sales are used to fund property tax credits. Lottery officials expect this year's sales to generate about $150 million in credits. Over the previous five years, total credits have ranged from $127.1 million to $160 million. Property tax levies are about $10 billion.

■ **Badger Millionaires.** Wisconsin had 3,431 individuals or couples who reported more than $1 million in 2010 federal adjusted gross income (for income tax purposes). The concentration of millionaires in Wisconsin was relatively small—0.13% of all Badger filers, compared to 0.20%

Wisconsin GDP Grows Slowly
Real GDP Growth, 2011



nationally. The highest concentrations were on the east coast: Connecticut (0.52%), District of Columbia (0.43%), New York (0.39%), New Jersey (0.32%), and Massachusetts (0.32%).

Illinois (0.23%) ranked seventh nationally and was the only neighboring state above the U.S. average. Wisconsin's percentage ranked 33rd.

In 2010, IRS figures show millionaires were concentrated in a few states. Ten states were home to 55.5% of all millionaires, despite having only 39% of the total population. □

In FOCUS . . . recently in our biweekly newsletter

- Causes and cures of voter dissatisfaction (#13-12)
- The states and school spending in a recession (#12-12)
- The state lottery: Property tax relief? (#11-12)