



# WISCONSIN POLICY FORUM

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## **DataTool Shows Rising Property Values Strengthened Municipal Finances Pre-Pandemic**

*Latest update to online interactive tool provides data on all 602 Wisconsin municipalities*

Cities and villages throughout Wisconsin increased overall spending in 2019 – particularly on street maintenance – but limited increases for police expenditures, according to the latest edition of the Wisconsin Policy Forum’s Municipal DataTool.

Municipal revenues such as local property taxes and overall spending continued to increase, the data show, even as the trend of more rapidly rising property values caused the average municipal property tax rate to decline. In 2019, the growth in debt slowed and statewide municipal fund balances declined on a per-capita basis, a shift after years of increases.

These are among the key findings from the Forum’s latest annual update to its online interactive Municipal DataTool, which provides data on all 602 cities and villages in Wisconsin – from the village of Big Falls (population 57) to the city of Milwaukee.

The data is grouped into the following areas: property taxes, spending, debt, fund balances, shared revenue (a key form of state aid) and property values, and income and population. The latest seven years of data are provided, enabling users to see trends over time.

For each subject, users may choose data from as many as 10 municipalities to compare, as well as compare across all municipalities in a county. The tool also includes a “Key Findings” section that summarizes statewide trends.

The data used in this year’s Municipal DataTool come from reports compiled by the Wisconsin Department of Revenue for 2019 and 2020. As such, it gives a glimpse into the fiscal conditions for municipalities heading into the COVID-19 pandemic.

The 2.3% increase in general obligation debt – from \$7.3 billion at the end of 2018 to \$7.5 billion at the close of 2019 – outpaced inflation but represented a slowdown from recent years. General obligation (G.O.) debt is backed by the full faith and credit of municipalities and is often used for the funding of capital projects such as streets and buildings.

Eight of the top 10 most populous cities in Wisconsin reported increases in their G.O. debt for 2019 including Madison (7.1%), Milwaukee (2.5%), and Appleton (19.9%).

**Correction** - After the publication of the 2021 Municipal DataTool, we discovered an error in general obligation debt data reported to the state Department of Revenue that was replicated in our products. That error – which has been corrected here and in the tool – caused us to originally overstate the growth in municipal debt between 2019 and 2020. We apologize for any confusion or inconvenience.

In Wisconsin, municipal borrowing is limited to 5% of the equalized property value for a given city or village. The total equalized property values for Wisconsin municipalities grew 6.2%, from \$352.4 billion in 2018 to \$374.4 billion in 2019.

As such, the amount of municipal debt as a percentage of the allowed state limit decreased modestly from 41.6% in 2018 to 40% in 2019 – the third consecutive annual decrease.

State levy limits on municipalities may be contributing to at least some degree to their rising debt levels. Under state law, municipalities generally can only raise taxes for operations by the percentage increase in their property values due to net new construction. Since debt payments are excluded from the limits, municipalities may be turning to borrowing to fund spending they would have traditionally paid for in cash. This ongoing trend bears monitoring in the years to come.

Additional trends include:

- As in earlier years, spending on most municipal priorities continued to rise, including a notable 6.6% increase in street maintenance spending and a 4.4% increase in total net operating spending.
- Net police spending per capita rose only 0.6% in 2019, the smallest increase in the previous five years. Milwaukee (-1.6%), Green Bay (-2.6%), and Oshkosh (-0.2%) all reported decreases in police spending from 2018, while Racine reported the largest increase of the top 10 most populous cities at 4.6%.
- Municipalities also saw increases in key revenue sources. Property taxes again grew at a rate above that of inflation in 2020, rising 3% in total (\$2.6 billion to \$2.7 billion) and 2.5% on a per capita (from \$614 in 2018 to \$629 in 2019).
- State shared revenue payments per capita grew more slowly at 1.6%, from \$161 in 2018 to \$163 in 2019. While the majority of municipalities reported increases in shared revenue from 2018, overall spending rose more quickly, which means municipalities became more reliant on other revenue sources.
- The average municipal property tax rate decreased to \$7.15 per thousand – a sixth-straight year of decreases – due to larger increases in property values.
- Despite the revenue growth, statewide municipal fund balances decreased per capita by 3.7% from 2018 to 2019. This decrease comes after consistent growth in fund balances between 2014 and 2018.

Trends noted above should be viewed within the context of inflation: the Consumer Price Index (CPI) rose 1.2% for all items in 2020 and 1.8% in 2019.

This update marks the third-ever edition of the DataTool. It is a digital version of the former MunicipalFacts, previously published annually by one of the Forum's predecessor organizations, the Wisconsin Taxpayers Alliance.

[Click here to access the 2021 Municipal DataTool.](#)

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