# WISCONSIN POLICY FORUM

# A RECORD YEAR FOR REFERENDA

*Although school referenda are larger and draw more attention, voters are increasingly approving measures to raise taxes for other local governments such as cities and villages as well. Last week's election suggests the trend is growing, with notable implications for both local services and taxpayers.*

**T**his November, Wisconsin voters weighed in on more than 250 referendum questions, approving some types of them in record numbers and shifting the course for their local governments for years to come.

In all, 104 of the referenda asked voters to allow a school district, town, city, village, or county to exceed state limits on local property taxes (see Figure 1). In unofficial vote tallies, 82 of them, or 78.8%, passed. In approving them, voters authorized at least an additional $11.4 million in municipal and county property taxes for services such as public safety, as well as up to $299.6 million to operate K-12 schools and up to $1.4 billion in new debt for school buildings and other projects.

The successful referenda to exceed state-imposed property tax and school revenue limits confirm the growing importance of these ballot measures and

suggest they could become a long-term feature of the state's political landscape. County and municipal referenda passed in record numbers in 2022, while voters also approved the largest number of referenda for school districts' operating budgets in more than two decades.
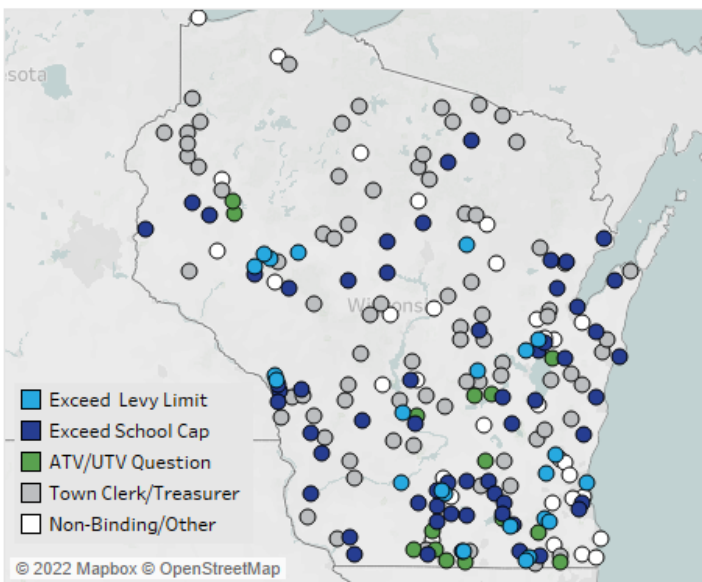
## MUNICIPAL AND COUNTY REFERENDA

To report on these local measures, we draw on data from the Wisconsin Department of Public Instruction (DPI), the Wisconsin Elections Commission (WEC), the League of Wisconsin Municipalities (LWM), the Department of Revenue, and the election websites of the 72 county clerks throughout the state. Though we attempted to include all referenda on November election ballots across Wisconsin, a handful may have escaped our notice.

As the Forum has documented, the frequency of referenda to exceed local property tax limits has risen in recent years as the state's restrictions have posed greater challenges to both local and school district finances. In the case of municipalities, counties, and technical colleges, the state generally has limited annual increases in their operating budgets to the previous year's rate of local net new construction - a metric that at the state level has lagged inflation in recent years. The current state budget also provided little in the way of increased shared revenue (or general aid payments) to local governments though it did provide some additional aid for local roads.

When combined with the impacts of skyrocketing inflation, these policies have resulted in the largest number of referenda to increase local property taxes in our data going back to the implementation of levy limits in 2006. Eighteen of 23 municipal, town, and county referenda (78.3%) were approved this November and



**Figure 1: Hundreds of Referenda on the Ballot**
Referendum questions in November 2022 general election
Mouse over for result

Legend:
- Exceed Levy Limit
- Exceed School Cap
- ATV/UTV Question
- Town Clerk/Treasurer
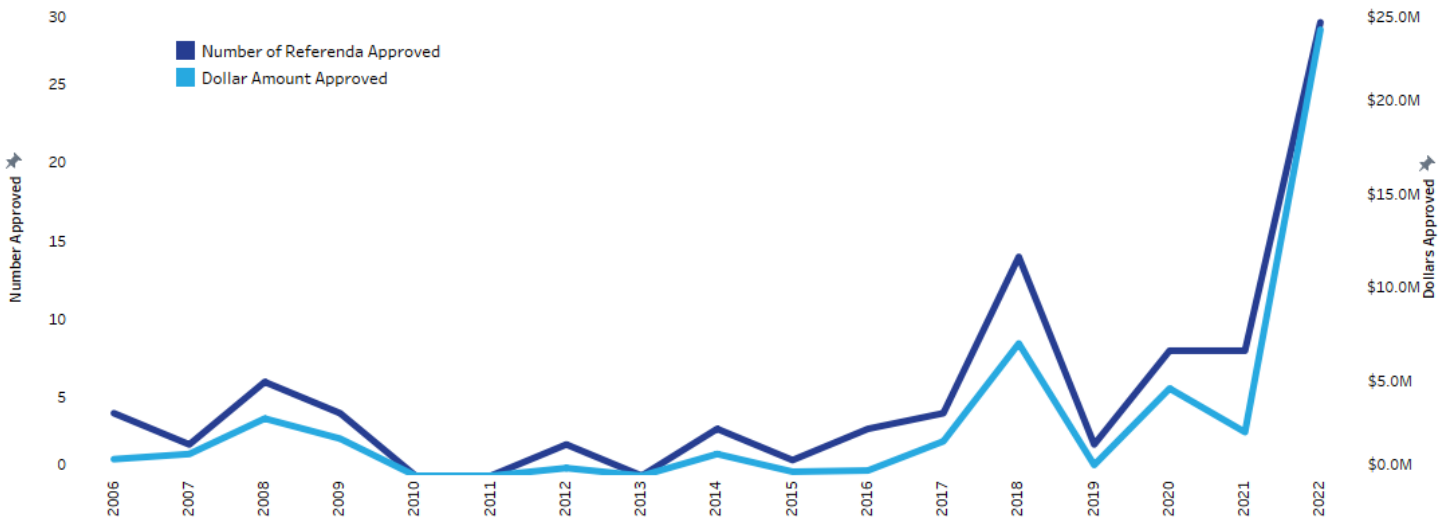- Non-Binding/Other

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Sources: Wisconsin Elections Commission, county elections websites

**Figure 2: 2022 A Record Year for Local Referenda**
Total number and new levy authorization in municipal, town, and county referenda by year, 2006-2022

Legend:
- Number of Referenda Approved
- Dollar Amount Approved

Sources: Wisconsin Elections Commission, county elections websites, League of Wisconsin Municipalities; prior to 2016 some referenda may have been missed.

an additional 11 passed in other elections throughout the year. The total of 29 local measures approved in 2022 was more than double any other year on record (see Figure 2).

After combining the 18 fall and 11 previous referenda, the $23.8 million in new annual levy authority approved in 2022 is by far the most in a single year and more than triple the amount of the next highest year. Though still a relatively modest part of overall municipal and county levies, which typically grow by $120 million to $150 million per year, these referenda could have much greater effects if taken up by more large communities.

Voters approved fewer than seven measures in each year from the implementation of levy limits in 2006 to 2017. In 2018, however, 14 municipal, town, and county referenda passed in total. Still, the amount of new levy authority approved in 2022 ($23.8 million) is nearly equal to the total amount approved from 2006 until last year ($25.6 million).

In 21 of the 23 referenda on local ballots last week, the questions to voters noted that some or all of the tax dollars would be spent on public safety – police, fire protection, emergency medical services (EMS), or all three. This included all four referenda in cities: Chippewa Falls (police, fire protection, and EMS personnel and wages), Eau Claire (additional police, fire, and EMS personnel), Middleton (additional police, parks, and communications staffing), and Whitewater

(fire and EMS staffing). Each of these four referenda passed by at least a 12 percentage point margin and together authorized $4.5 million in additional taxes.

As we have noted, police, fire protection, and EMS make up a significant share of all municipal spending, so cities and villages may prioritize funding these services. Also, police and firefighters generally were not subjected to the restrictions on union bargaining that were placed on other local government employees by 2011 Wisconsin Act 10, which may increase spending pressures for those functions. The popularity of these services among voters may also play a role in both the crafting of referendum questions and the high rates of passage.

Notably, the largest local referendum failed: Washington County voters rejected by 43.6% to 56.4% a measure that would have increased property taxes by up to $3.6 million to fund an anti-crime plan. However, the referendum still outpolled Democratic candidates such as Governor Tony Evers (30.7%) and U.S. Senate candidate Mandela Barnes (29.2%).

### SCHOOL DISTRICT REFERENDA

In the fall election, Wisconsin voters approved 64 (79.0%) of 81 school referenda. Combined with elections in the spring, 133 ballot items in 106 school districts were approved in 2022 – the second-highest number of questions passed in any year since 2000, behind only 2018 (140).

The overall rate of passage of referenda this year was 80.1%, the third highest in any year since 2000 and behind only 2020 (85.6%) and 2018 (89.7%). While passage rates dipped in 2021 to 60.6%, they have remained strong in even-numbered years with either fall midterm or presidential elections.

For school districts, state law limits the combined revenues that they can collect from local property taxes and state general school aids. As we [have discussed](), the growth in these revenue limits has lagged the rate of inflation and tightened district budgets. School referenda ask voters to decide whether districts can raise property taxes beyond state caps either to fund capital projects or to raise ongoing spending on education on a permanent basis (recurring) or for a limited number of years (non-recurring).

The state budget effectively increased general school aids by $381.9 million in the current 2022-23 school year but did not authorize an increase in per pupil revenue caps for districts. The combined effect of those two actions was to provide more state money to school districts but prevent them from using it to spend more on education, which in turn puts downward pressure on local property taxes. An increase in aid in other areas, such as state special education aid and federal pandemic aid, may also have relieved some pressure on districts to raise property taxes.

On the other hand, the high rate of inflation and the fact that the federal funds are one-time revenues intended for addressing the pandemic together mean that a number of districts once again have turned to referenda to ensure that they have ongoing revenues to meet their rising costs for normal operations.

Notably, more ballot measures for school operations were passed in 2022 than in any other year since 2000. Voters approved 76 recurring or non-recurring operating referenda this year in 73 districts (see Figure 3) – 11 more than 2018, which was the next highest year over the past two decades.

This year was also notable for the *amount* of school property taxes approved – up to $506.1 million in recurring and non-recurring taxes for district operations over the next several years. This was the most in the past 22 years with the exception of 2020 – when voters in Racine narrowly approved a 30-year, up to $1 billion operating referendum. Additionally, in 57 successful



**Figure 3: Operating Referenda Abound in 2022**
Districts that approved operating referenda in 2022, by vote date (color) and total amount (size)
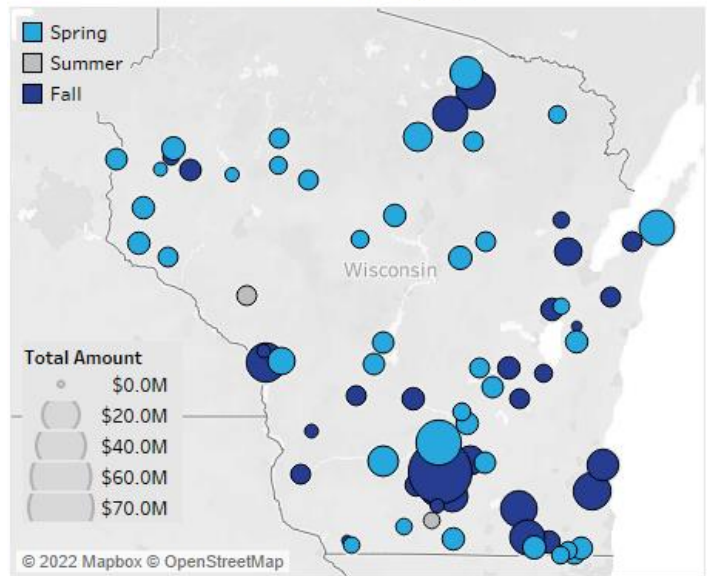
Sources: Wisconsin Department of Public Instruction, county elections websites

capital referenda, voters in 2022 gave school officials authority to issue up to nearly $2.1 billion in debt; no other year since 2000 has surpassed $1.8 billion.

The largest operating measure to pass this November was in the Middleton-Cross Plains School District – a four-year, non-recurring referendum that would allow property taxes to increase by up to $65.5 million more in the final year than they otherwise would have for ongoing items including programming and staff compensation. Ten additional operating referenda that exceeded $10 million also passed in the most recent cycle, including three in other Madison suburbs (Verona, Oregon, and Waunakee).

Of the 32 debt referenda that passed in November, nine authorized at least $60 million in new borrowing. The largest were in Waunakee (up to $175 million for two new school buildings and district-wide renovations) and Appleton (up to $129.8 million for one new school building and other facility upgrades).

### OTHER REFERENDA

In addition to the referenda listed above, voters approved up to $55 million in borrowing to expand and improve the Moraine Park Technical College's facilities.

Besides the many property tax referenda, nearly 80 different towns across the state voted on whether to convert their clerk and/or treasurer positions from

elected to appointed, and voters in 15 communities voted on whether to allow utility vehicles on local roads.

Other municipalities and counties voted on non-binding or other advisory referenda, such as whether or not the state should establish a right to clean water, legalize marijuana, or change elections in Wisconsin.

For a look at those measures, readers can scroll over the map in Figure 1 to read each ballot question.

## WHAT COMES NEXT

Since 2016, school referenda have become a fixture on ballots around Wisconsin as area residents consider the right balance between their own property tax bills and their local school budget. With inflation high and little growth in state levy limits and aid, other local governments are now posing the same question to voters.

In the city of Middleton, for example, voters on Tuesday not only approved millions in new spending for their local school district, but they also agreed to $770,000 more per year for city police, parks, and other priorities.

Notably, however, Middleton is a growing community with the wherewithal to invest in critical services. Local leaders in other parts of Wisconsin may struggle to win support for similar referenda. As Figures 1 and 3 show, there were fewer referenda last week in less prosperous parts of central and northern Wisconsin. That raises a crucial question: Will this trend toward more local referenda add to the disparities between wealthy communities and those of lesser means?

The Forum has noted the state's multi-billion surplus represents a "golden opportunity" to tackle big issues, including possibly the financial challenges facing local governments. Lawmakers and the governor could do so in a range of ways, including providing more state aid, more local revenue options such as sales taxes, or incentivizing greater efficiencies through strategies such as shared services.

If elected officials choose not to consider any of the above, then voters may find a new crop of referenda on their ballots in the state's spring election next year.