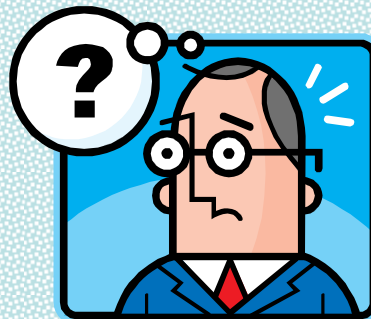


Reducing the property tax incentive for sprawl through cost containment & reduction

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How much would we have to cut City of La Crosse expenses to reduce taxes enough to discourage the property tax incentive for urban sprawl?

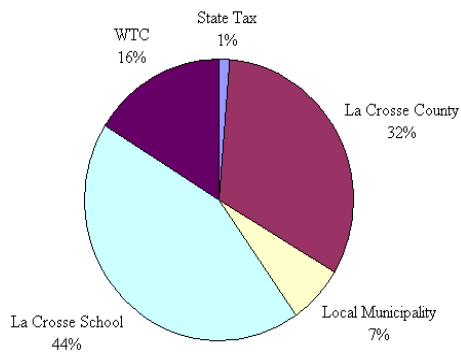


Local municipality is the incorporated City or Village; or the unincorporated town government

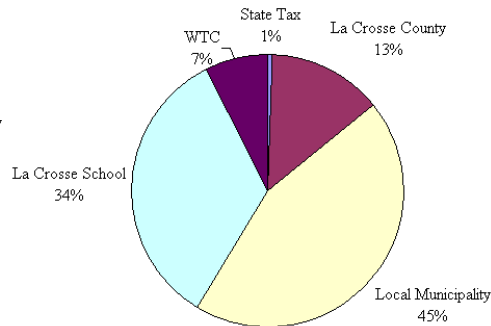
State of Wisconsin PROPERTY TAX BILL FOR 2007 LA CROSSE COUNTY City of Onalaska						Real Estate Bill Number
Tax Parcel 18-						Correspondence should refer to tax number. See reverse side for Important Information.
Assessed:	Land Value	Improvement	Total Assessed	Woodland	Ave. Assmt. Ratio	
37600	143100	180700	0	0	0.8753	
Est Fair Mkt:	43600	163500	206500	0		
Taxing Jurisdiction	2006 Est. State Aids Allocated Tax Dist	2007 Est. State Aids Allocated Tax Dist	2006 Net Tax	2007 Net Tax	% Tax Change	Net Property Tax
State of Wisconsin	0.00	0.00	34.73	35.03	0.90	Delq Wtr 60.57
La Crosse County	1,272,700.00	1,291,210.00	758.85	769.55	1.40	Delq Swr 53.33
Local Municipality	1,488,120.00	1,556,679.00	1,171.75	1,173.37	0.10	
Onalaska School	14,450,487.00	14,889,964.00	1,246.31	1,324.27	6.30	
WTC	1,041,053.00	1,021,528.00	391.74	395.13	0.90	
			Total	3,693.38	2.60	
			Lottery Credit	86.03	-10.30	
			Net Property Tax	3,517.35	2.90	
School taxes reduced by school levy tax credit:	252.18		Net Assessed Value Rate (Does NOT reflect lottery):	0.020461275		
Total Due For Full Payment						3,734.12
						Pay By 01/31/08
Or Pay the Following Installments						
1st Installment to local treas						2nd Installment to county treas
1885.45						1848.67
by 01/31/08						by 07/31/08
WARNING: If not paid by due dates, installment option is lost and total tax is delinquent subject to interest and if applicable, penalty. Failure to pay on time. See reverse.						

In La Crosse County, the local municipal levy represents 7% - 45% of your property tax bill

Town of Medary



City of La Crosse



What is the “Levy”?

- The LEVY is the total annual cost to be covered by the local taxpayer for municipal services
- It typically represents the difference between a municipality’s annual expenditures and annual revenues
- The Levy is assessed against every real property based on each property’s proportional assessed value.

How much was the 2008 Levy for La Crosse?

- City of La Crosse 2009 annual expenditures:
 - \$68.7 million
- Minus City of La Crosse 2009 annual revenues (not taxes)
 - (\$34.7 million)
- However, we can’t forget about the TIF increment:
 - \$2.2 million
 - Approximately 6.65% of Total value of La Crosse is in TIF
 - Max. 12% per State Statute
- Total City Levy for 2009 budget: **36.2 million**

Note: the 2008 Levy pays the 2009 budget

Mill Rate =
Annual Levy/Annual Assessed Value

- 2008 Levy: **\$36.2 million**
- \$36.2 million/\$2.933 billion
- \$12.36 per \$1,000 of assessed value

How much would we have to cut City of La Crosse expenses to reduce taxes enough to not encourage urban sprawl?

- | | |
|----------------------------|----------------|
| La Crosse: | • Onalaska: |
| • \$12.36/\$1,000 | \$6.01/\$1,000 |
| • If La Crosse = Onalaska | • Holmen: |
| 51% cost reduction | \$4.59/\$1,000 |
| • If La Crosse = Holmen | • Shelby: |
| 63% cost reduction | \$3.81/\$1,000 |
| • If La Crosse = Shelby or | • West Salem: |
| West Salem | \$3.55/\$1,000 |
| ~70% cost reduction | • Medary: |
| • If La Crosse = Medary | \$0.77/\$1,000 |
| 94% cost reduction | |

But.....

- Debt service can't just "not be paid"
- Do we really want to cut Police or Fire?
 - By the way We cant!
 - **Wis Act 28** prohibits cuts to these Departments (below 2009 levels)
 - Police, Fire & debt service represent 52% of the City of La Crosse's operating expenses
 - So if we can't cut from the 52% – how much can we cut from the other 48%?

Therefore....

- If you cut 100% of all other programs, you would drop the mill rate by 48%
- To equal Onalaska's mill rate, La Crosse needs a 51% reduction to its budget
 - City Hall would have no IT Department
 - City Hall would have no HR Department
 - City Hall would have no Assessor or City Attorney
 - City Hall would have no Mayor's staff
 - The City of La Crosse would have no Park's and Recreation staff

So how much should the City cut?

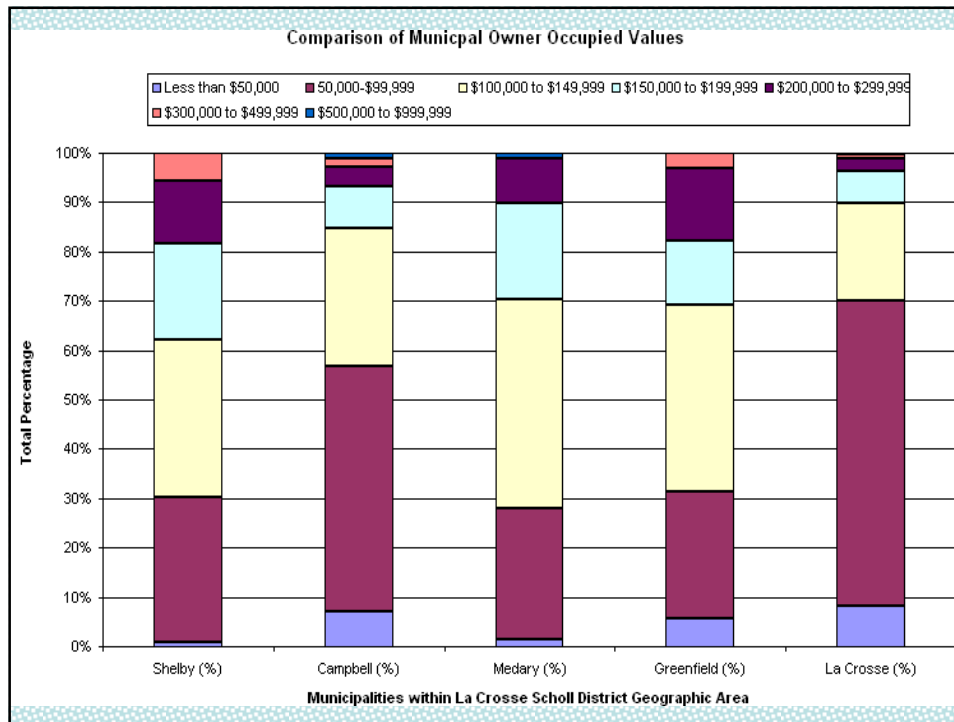
- Current Mill Rate
\$12.36/\$1,000
- A reduction to \$11/\$1,000
means a 27% reduction to all
Departments*
- A reduction to \$10/\$1,000
means a 40% reduction to all
Departments*
- A reduction to \$9/\$1,000
means a 56% reduction to all
Departments*



* (Except Police, Fire & Debt Service)

Why does the local municipal tax difference encourage urban sprawl?

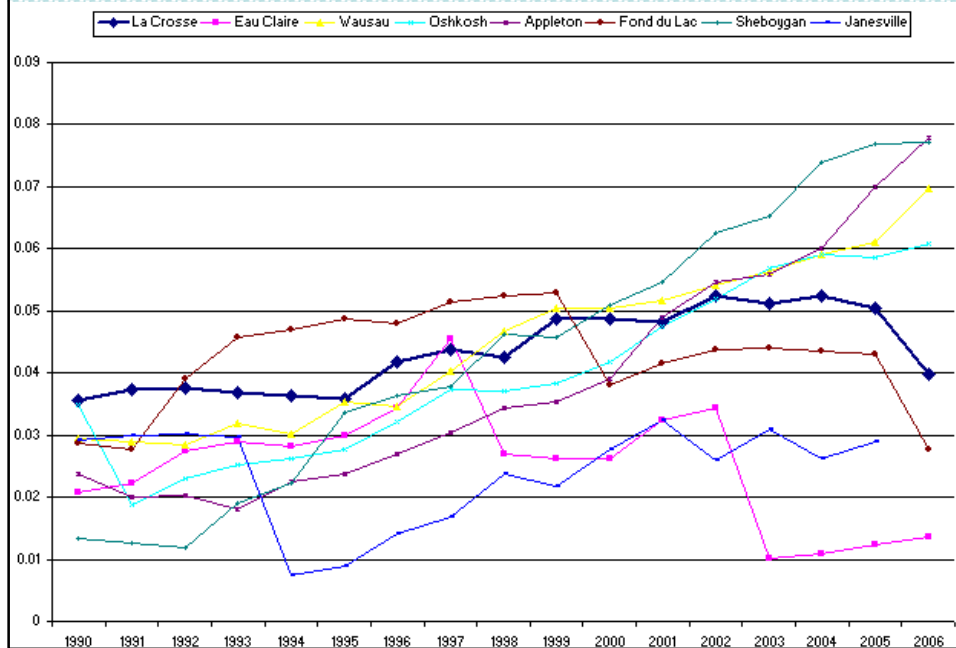
- A \$100,000 house in La Crosse pays \$1,236.00 in local municipal tax
 - \$103.00 in monthly escrow (about 0.1% of home value)
- How much house could you purchase in the surrounding municipalities of La Crosse County to have a comparable monthly escrow payment?
- A \$1,600,000 house in Medary pays about \$1,236.00 in local municipal tax
 - \$103.00 in monthly escrow (about 0.006% of home value)
- In Medary you can have 16 times more house for the same local municipal property tax cost!



How does TIF affect City residents?

- TIF's are supposed to facilitate development (if not but for the TIF...)
- But for arguments sake – How much of a difference would that \$195.2 million increment make assuming all the TIF assisted development *had* occurred without a TIF?
- \$36.3M would decrease by \$2.2M or 6.24%
- \$12.36 becomes \$11.55
- A \$100,000.00 value house would save \$86/year, or \$7.17/month

Does the City have too much TIF?



In conclusion

- Cost reduction would require major reductions to see minimal drops in Mill rate
- City of La Crosse can't reduce taxes through expense reduction adequately enough to eliminate urban sprawl
- City's TIF policy is comparable to similar Wisconsin Cities, however:
 - When comparing municipal budgets with similar Wisconsin communities, City leads many categories cost/Department