

# Are Property Taxes Becoming More Affordable?

It's December again, and the start of a new season: the property tax season. This is the month homeowners see how much their property taxes have increased when their bills arrive in the mail. As of press time, this year's property tax amounts are not yet known. However, a review of property taxes over the past 10 years provides some positive news, along with some warning signs.

## ► Property tax overview

Among all state and local taxes in Wisconsin, the property tax is the largest. In fiscal year 2025, the state income tax generated \$10.4 billion, and the sales tax (state and local combined) brought in \$8.5 billion. Property taxes totaled \$13.6 billion, far exceeding either tax.

Property taxes are often considered the most “visible” form of taxation because of how we pay them. Unlike income taxes, which are automatically withheld from our paychecks, or sales taxes, which are tacked onto everyday purchases in small, easily overlooked amounts, property taxes usually come due in large, lump-sum payments. This makes the tax highly visible, and because of its size, unpopular.

Yet, while visible, these taxes also have the most direct local impact. The money collected pays for local services such as police and fire departments, emergency medical services, public schools, libraries, parks, sidewalks, and transportation networks, among others. In other words, the property tax may be the most disliked tax, but it also funds many of the public services we rely on each day.

While property taxes seem high, the amount that can

be levied for each user of the tax is capped by state law. For most users, these caps can be exceeded by voter approval at a referendum. Some municipalities, counties, and technical colleges have gone to referendum, but K-12 school districts hold most property tax referenda. They also levy the most property taxes.

Last year, school districts levied \$6.1 billion (45% of all property taxes). Municipalities levied \$3.6 billion (27%), counties levied \$2.6 billion (18.8%), technical colleges levied \$516 million (3.8%), and other entities, including tax incremental finance (TIF) districts, levied the remaining \$839 million (6.2%).

## ► A decade of change

Not only do taxpayers generally dislike the property tax because it is so large, but they also believe it increases too much each year. However, a look at statewide data over the last decade shows that average annual growth has been quite moderate. Increases over the past two years, though, point to that changing in the next few years.

From 2014 to 2024, property tax levies statewide increased 31.3%, or an average of 2.8% per year. In five of those years, growth was less than 2.5%. To help make property taxes “more affordable,” the state provides a school levy credit to help offset some of the taxes. In 2014, that credit was \$747 million. By 2024, it had reached \$1.28 billion, a 71% increase. As a result, the tax paid by property owners rose just 2.5% per year over those 10 years. In five of the years, the increase after the credit was less than 2%.

The largest increase on property tax bills was in the



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“other” category, where levy growth averaged 4.1% per year. Municipal levies averaged 3.3% growth, followed by K-12 schools (2.5%), technical colleges (2.4%), and counties (2.3%).

### ► Property tax versus other taxes

To put the 10-year property tax increase in context, we looked at how some other taxes changed during the same period. The rates for income taxes, Wisconsin’s second largest tax, were cut several times, along with many other changes. Even after these cuts, income tax collections increased an average of 3.6% annually, outpacing property tax growth. The third largest tax is the state’s general sales tax. Collections from that tax outpaced both the property and income tax, growing an average of 4.8% per year.

What this all means is that the property tax share of these three taxes has declined from 44.6% in 2015 to 40.7% in 2025.

### ► Property taxes vs. income

One of the major concerns about the property tax is the “ability to pay” for some taxpayers. In other words, does the tax require an atypical amount of the taxpayer’s income?

Here, we look at that concept at a macro level, comparing property tax increases with increases in two measures of income. The first is personal income, which is a broad measure of income in the state published by the U.S. Bureau of Economic Analysis. The second drills down to the household level. Median household income is the estimated income for the household that is right in the middle of the income distribution.

Personal income increased at an average rate of 4.7% per year over the period studied. That is nearly double the increase in net property taxes. Median household income averaged 4.1% growth over 10 years, again much higher

than property tax growth. Looked at another way, the total increase in personal income (58%) and median household income (49%) easily outpaced the overall increase in net property taxes (28%).

### ► Stats vs. personal experience

Many reading this may be saying to themselves, “My property taxes went up a lot more than what this article is showing.”

They may be right. The property tax has local variations that statewide numbers can mask. For example, during this same

period, net property taxes increased less than 1% on average in Forest, Oneida and Lincoln counties but more than 4% in Dane and St. Croix counties.

Within counties, property tax changes vary with municipality. Growing cities and villages typically have rising property tax collections. However, with

more taxpayers and higher property values, the effect on individual property taxpayers will be smaller than the overall increase. Also, communities that have approved referenda will likely have experienced higher increases.

### ► Recent changes

As mentioned at the outset, recent changes are sending some warning signs. Over the past two years, property tax levies increased 4.7% and 4.2%, respectively. These were by far the largest increases over the 10 years studied. That growth was not borne completely by property taxpayers, though. In those two years, the school levy credit was also increased, reducing net tax growth to 2.8% and 3.9%, respectively.

For tax bills mailed this year and next year, though, there will be no increase in the school levy credit to offset the growth in property taxes. That could be troubling if levy growth continues at the same pace as the last two years. ■

*Forward Analytics is a Wisconsin-based research organization that provides state and local policymakers with nonpartisan analysis of issues affecting the state.*



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