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Workshop Policy Brief

Prepared for the League of Wisconsin Municipalities

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Question:
What factors are associated with passage of municipal levies?

- Highlights:**
- Purpose of levy increase matters
 - Better communication, better results
 - Referendum statute needs clarity

The full report is available at
<http://www.lafollette.wisc.edu/outreach-public-service/service-learning>

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Pushing the Limits: Factors Contributing to Success of Municipal Levy Referenda

There are approximately 600 municipalities in Wisconsin. These entities provide services that are funded primarily through property taxes. In 2005, the state enacted property tax levy limits to restrict the amount of additional revenue a municipality could raise through the property tax. Facing declining aid from the state, and a restriction on other sources of revenue, municipalities have proposed levy referenda to raise additional property tax that exceeding state levy limits.

Local governments in Wisconsin held 109 local property tax levy referenda between 2006 and 2018, as shown in the table below. A total of 38 levies passed, or 35 percent, but there was a wide variation by type of municipality.

Passage Rate by Government Type, 2006-2018

Municipality Type	Passed	Failed	Total	% Passed
City	11	7	18	61%
Village	11	22	33	33%
Town	9	33	42	21%
County	7	8	15	47%
Total	38	70	108	35%

Source: Wisconsin Elections Commission, Wisconsin Department of Revenue

This analysis examined how demographic and socioeconomic factors are related to levy passage. The purpose, amount of tax increase, duration of increase, and area homeownership rate are important predictors of passage. Meanwhile, lack of clarity in the referendum statute contributes to voter skepticism and confusion for municipal officials.

Recommendations for Municipalities

- Wording of ballot items matters. Referendum questions should include the estimated impact on property tax payments per \$100,000 of assessed property value to provide voters with more information on the personal effect of the proposal.
- Timing matters. Holding a referendum during a general election can reduce costs and increase turnout.
- Communication matters. Municipalities with a robust communications and education plan were more successful.

Recommendations for The State of Wisconsin

- Review the recording mechanism for municipal levy referenda. This report identified differences and inconsistencies in how agencies recorded referenda.
- Review the impact of existing levy limits on municipal operations. Municipal officials identified challenges related to levy constraints that may limit public services.