

Completed notes

Metropolitan Study Commission, Committee on Revenue
Sources & Distribution, "Report on Property Taxation in Mil Cnty"
Milw, Wis, April 28 1958

[can get more recent info of this sort from Wis Taxpayer
and from CGRBI]-

- p7 - (reliance on property taxes has dropped) -- In 1929, prop taxes, throughout the nation, were 75.6% of all state & local revenues and 95.3% of all exclusively local revenues. By 1950, they constituted only 42.4% of all state & local revenues and 89.2% of all exclusively local revenues....
- In Wisconsin, the decline of property taxation has been greater than in the United States as a whole. In 1929, property taxes amounted to 68.04% of all state and local revenues, but in 1950, they amounted to only ~~49.2~~ 49.93%. By 1955, the percentage had inched slightly upward to 51.66, still well below the national averages.
- 8 In its decline, the property tax ~~has~~ largely has been displaced by state aids and shared taxes.
- 9 Chart: Table 2, cities; table 3, villages. Property, income, misc, and public utility taxes charted as to the percent of revenue to unit they provide. 1957
- 11 1956: used files of property division of wis. state dept of taxation to find sales values of land. (houses & land)
- table 4: charts above as distribution around assessed value.
- 13 found only 13% pay full value.
- 14 analyzed assessed values of 16 similar houses: same contractor, design, materials, w. purchase price of \$15,800. In one community, the house (not land) was assessed at \$5,000 and a similar at \$7,000.
- 15 similar study & results for Milwaukee bungalows...
- 18 "(footnote 1.) "Ratios of assessments to full value are calculated by the Property Division of the Wisconsin Department of Taxation through analysis of sales data & field appraisals. Although there are some weaknesses in the equalization procedure, it is believed to be reasonable sound. When compared to equalization performance in other states, that executed in Wisconsin is generally regarded as superior.

1 - riew

pp 278-~~31~~ 324

citation: Riew, John, / "Fiscal disparities in the Milwaukee, Wisconsin metropolitan area," in Fiscal Balance in the American federal system, Vol 2, Metropolitan Fiscal disparities, by the Advisory commission on intergovernmental relations, Washington, D.C., October 1967.

283 - property tax rate in the city has always (since 1957 at least) exceeded that of suburbs, and disparity has grown.

source for tax info: county clerk's abstract of assessments & taxes

find out which / Divides municipalities into: 2 industrial (over 60% property); 5 balanced (40-60%) and 21 residential (6 high income, 7 medium income, and 8 low income); and central city.

285: interesting table. CC has highest property tax rate, but of residential, high income has highest rate. (1966)

General property tax in Wis. is a composite of state, county, local and school levies. State negligible; county varies & is often outside local control.

p 286: table showing rate for local and school taxes for municipalities. Central city 3-6 times higher for local, ~~150% higher~~ school rate same or lower than suburban municipalities. Medium income residential had highest school rate.

286 : "The central city disadvantage largely involves the local rate; ...the lesser variation (in school tax) and the fact that school expenditures dominate the local budget, make the school tax an equalizing element in the overall property tax.

287--County levies 10.2 mills in 1966. spends more for welfare and corrections, health recreation, highways. Central city pays the 10.2; other suburbs are lower (why?)

288-- chart of central city tax rate, 1951-65. maintained 26-27 mills until ~~1~~ 1957; then sudden increases. Source: Wis dept. taxation. school levy contributed most.

289-- chart, 1957-66. ~~Expenditures~~ ^{\$59 million - \$67} Expenditures increased 33%; debt servicing 300%. ^{\$7 million - \$21}

290 - expenditures increased without rise in the tax base. chart of prop values by use & type. source: statistical report of property values from sup. of assessments to county board and dept. of taxation. ~~city milw.~~ city milw.

"This failure is largely attributable to the slow increase in residential valuation" compared to mercantile & mfg. properties.

291-- chart of estimated costs of housing. source: milw. dept. of building inspection & safety engineering. Great decrease in number of permits granted for residential single family and duplexes. expressways & urban redevelopment...encroach heavily upon residential properties. 1960-66, \$8 million taken off private tax rolls.

292-- chart of mean per capita equalized values by type (real prop, pers prop) among types of municipalities, 1966.

Industrial had highest per capita. High income residential second. Central city slightly lower than low income residential.

293-- chart of mean per capita equalized real property by use among types of munidipalities. '66
In mercantile, central city, balanced and industrial about equal. In manufacturing, industrial far highest. Residential lowest in central city...equals 1/4 that of high income residential.

292- Central city doesn't fare as badly in total valuation as in residential valuation, but the difference is made up of business properties, many of which are absentee owned.

check: p. 293, second to last graf.

294-- per capita values by type, 1960

in 1960, central city had more residential propl value than low income residential ^{had};
now (1966) position is reversed. ... "The spread between the central city and the suburb in per capita residential valuation has greatly widened during the period.

295-- mean per capital equalized real property by use, 1960

*I wonder if this is real, or
deps. assessment changes.*

loss in per capita residential valuation for the central city...

Variation in per capita ^{residential} ~~total~~ valuation among the urban area municipalities has incReased.

296- Outstanding debt (non-chool) per valuation is about 17.0-20.5 mills, except in industrial and high income residential units, with no or little.

296- chart: mean, median, range of adjusted gross income per return among. munic. 1965

297- the industial units, tho property rich, are income poor.

297 - gross income per capita, 1965, among munic.

spread between central city and high inc. residential is even larger per capita than per return.

central city exceeds ~~in~~ industrial in per capita income, but not per 'return
(could this be a measure of family size, thru this chart...there must be better ones tho.)

families larger in ^{balanced} ~~low~~ and lo income residential than central city. — [note: larger family size, not nec. more children. see p 303.]

298 gross income per capita among munic, 1959

disparities ^{from} ~~since~~ 1965 between central and others (except industrial) increased.

EXPENDITURES

nonschool: the central city spends substantially more per capita than most suburbs (8th of 29). exceeds suburbs greatly in: police, health & sanitation, and fire. Suburb exceeds cc in highway and general government.

299 Chart of expend. per capita among. munic, 1966. ^(dollars) source: annl rept. of municipal clerk, madison. range for total \$54 - 142

Chart of expend. per property valuation among munic, 1966. (mills)
largest expenditures of cc over suburbs are in ~~general govt~~ police, fire, health&sanit.

300 biggest total spenders per capita are industrial & high income. ~~exceed~~ they ~~greatly~~ exceed the cc in highway, police and genl govt. For industrial, largest single ~~spread~~ item is fire; is 3X city amt.

cc has economies of scale on genl govt spending.

chart: expenditures per valuation, full value, among munic, 1966.
Central city is highest, hi inc. residential next.
(what is full value local rate??)

difference between spending per valuation and rate per valuation is made up by the present arrangement of transfer payments.

level of spending per capita has increased more for residential munic. than others.
chart on above.

~~302 what about these indexes???~~

SCHOOL EXPENDITURES

the report of a school district is not broken down by the municipalities within it. so he apportions expenditures and enrollment among them for joint school district, acc. to population aged 1-18.

CC falls greatly behind suburb in school spending. Per pupil operating expenditure = \$508, 28th out of 29 munic. High inc. residential are highest.

303 chart on spending per capita and per pupil . source: annual report of school district, part I, II, IV, state dept. of public instruction, madison.

303 chart of population age 1-19 as percent of total among munic. 1965-66.
all residential highest, then balanced, then industrial, then central city.

304 chart of per pupil expenditures among munic, ~~1962-1959~~ 1959-60
rank order: high inc. res; med inc res; ind; balances; low inc. res; cc.

spread in ~~the~~ spending between hi inc res suburbs and other suburbs has decreased by ^f1965-66.

SHARED TAXES, CREDITS, AIDS.

SOURCE: taxes, aids and shares in wis. municipalities, 1966.

304 major amounts: individual income, corporate income, ad valorem utility tax. ^f (to place of origin)

305 highway privilege tax (based on # of cars & trucks registered) and liquor tax (on population) are insignificant.

305 chart of mean per capita shared taxes among munic, 1966.

306 chart of mean per capita highway privilege tax, liquor tax shares among munic, 1966.

308 chart of per capita genl property tax credit among munic, 1966.
funds from sales tax revenue are allocated on the basis of: property tax effort, measured in full value rate, and on the equalized valuation for each municipality.

allocating on property tax helped cc, while other factor based on valuation undoes former effect somewhat.

see sheet 6

306 X formulas for figuring property tax, highway tax, and liquor tax credits.

307 industrial gets highest stock tax credit; industrial and residential get highest real estate tax credit.
Low income suburb gets lowest in both, with low tax and low valuation.

Homestead relief credit explained. CC and low inc. residential benefit most.

Aids: main are highway and school. source for formula, "taxes, aids, shares" book.

308 Highway: ~~increases~~ aid is larger for the more sparsely populated residential suburbs. However, the amount involved is insignificant and its variation among munic. is small.

308 chart of highway aids per pup among munic.

School aid. *supposed to equalize, but it doesn't* "...the only element in the ~~state~~ whole state transfer system which provides a substantial, if capricious, equalizing influence.

is based on: 1) property valuation per pupil (the lower the valuation, the more aid)
2) educational quality and 3) organization of the school district (whether elementary or high school).

309-10 X *see sheet 6* formula for school aid. and chart of amts. given per pupil and per capita among munic, 66.

Low income suburb got most per pupil, central city got least, amts ranged \$189-67 (mean)
low income got most per capita, and cc got least. " " \$ 38-9

310 there is equalization among the residential suburbs.

X 311 cc fared badly because: fewer people aged 1-19 than suburbs; lowest ratio of average daily attendance (possibly because more went to parochial schools);

X 312 industrial gets high aid because utility properties are not included in valuation for school purposes.

311 balanced suburbs got low aid because: high per capita valuation (because of business properties) but low ratio of average daily attendance to population.

HIS APPRAISAL

311 shouldn't use municipalities own tax effort or resources as basis for allocation. If shared taxes are for public shared services, then they should be returned from state to a joint fund, not to municipality. County would be better. Or to municipality on basis of population would be better.

~~tax~~ shared taxes the most important to fix because involve the largest amounts.

312- chart - ratio of shared taxes to property tax levy; represents the *(increases in property tax levy)* ~~required increases~~ necessary to replace shared taxes. 18% for cc to 39% for h.i. residential

313 on tax credits: he thinks that 14 mills is too low for a minimum rate for aid, when Milwaukee has a rate of 40.7 mills

because each mill above 14 is worth more in credit, some munic. levy more and spend more to get more from state.

Homestead relief discriminated against the poor homeowner who lives in a low value house.

313 school aid.

criteria for ability to finance schools (per capita) should be differentiated from the criteria for amount of aid (per pupil).

wants better distinctions of quality of school and type.

314 chart: all transfer payments per capita, among munic, 1966. (their property values equivalent?)
cc received \$88 per capita, suburban average \$133. Industrial group gets \$315.
low income residential, \$90.

FEDERAL AID

main items are highways and urban development. *Welfare?*

Highways. Milw. Cnty has paid \$60 mil for constructing highways and the fedl govt 9X that.

considering the road layouts, the change in land values, the residence-to-work distances, the expressways heavily favor the suburb. loss of taxable properties for city.
reduced off-peak hour use of buses unfavorable to central city.

316 Urban devel: offers cleared land at a favorable price. 600/^{apts}for middle income families in the Juneau village.

Also, 1,052 units for elderly and 254 for low income large families will be completed by end of current year. Here fed assistance is loan for construction and subsequent subsidizing of cost-rent differential.

adv & disadvantages of Juneau village. cost more in services, but add to taxes.
If improves image of central city, may be worth it.

317 RECOMMENDED STATE ACTION:

improve distribution of tax money

us ability to pay as criterion for education aid....use per capita, not per pupil
coordinate state aid to localities...too many payments...should have urban affairs agncy.
more aid for "spillover" functions to cc.

317 RECOMMENDED MUNICIPAL ACTION

318 reduce property tax...hinders housing development & construction in cc
raise municipal charges and fees...use non property taxes esp city income tax.
redevelop central business area...specialized financial, head offices, etc.
improve mass transit

improve public schools...flight of middle income residents has been the main cause of deterioration of the tax base, image, morale of city.

State - Local financial relationship - Marquette - citation p 3
X - seep. 3 ^{to local}

- 8- ~~X~~ chart - state aids ^{to local} per capita in nation ^{check} (includes shared taxes?)
Wis. ranks 5th highest
- 9- chart - breakdown ^{by function + state} of per/capita payments for Wis + 4 other N Central states.
- 10- Wis has $\frac{1}{3}$ un-earmarked payments - unusually high %.
Only one higher is New Hampshire, where total pmts. are small.
Wis education pmts are small -
- 11- ~~X~~ Wis. has highest % of state budget to local govt;
9th highest ~~in~~ in part of local govt financed by state aids.
- 16- Tho there is usually negative correlation in states between per capita income + state aids, Wis., with high p.c. income, has high state aids.
- 17- Of \$7,602 millions in state aid, ^(total for all states) ~~\$6,104~~ ~~\$6,931~~ are ~~6~~.
\$7,043 ^{millions} are based on need, + \$6,931 ^{millions} for specific functions.
source: U.S. Census of Gov'ts, 1957.
- 18- Wis differs remarkably from this: ~~need based~~
need-based grants only $1\frac{1}{2} \times$ non-need based (most ^{states} $12 \times$)
96% of non-need based are for genl purposes (most: 67%)
- 24 Milwaukee county expenditure per \$1000 = valuation comp to all other counties in state.
Milw. cnty spends ~~more~~ ^{less} on educ, highways, welfare
rest " " " health, police + fire, sanit, parks, interest
- 26 Spending per capita, ~~exact reverse of above~~. similar
- 25- ~~X~~ Educ, highways + welfare get most state aids, thus M.C. loses out.
- 31- Measure ~~of~~ equalizing effect of state payments ^{county} on expenditures:
31% dispersion gross / 19% net.
- get formulas

2- State-local financial relationship

p 32 - explanation of how "guaranteed valuation" works.

33 - highways: complicated piecemeal system
dispersion after aids larger than before; aids have dis-equalizing effect.

* Welfare - % of fed'l govt - not state at all. - not in this study

36 - Study of Revenue Needs, Expenditures & Trends in Milwaukee County. -

40 - Assume dispersal of \$100 mil extra state funds (~~to county~~ ^{figured by county})

- ① at present ratio of shared taxes → less equalized
- ② " " " state aids → more equalized
- ③ " " " aids + taxes → more dispersed.

* 43 - 36.3% of Wis revenue retained by state arose in Mil. C. as shared taxes
~~52.6%~~ 52.6% total -

has foolish recommendations -

66 - 1957 distribution of motor vehicle.

3 - state-local, etc.

citation: State-Local Financial Relationship (a study of shared taxes and aids in Wisconsin, by Alan H. Smith, associate professor of finance, Marquette University; publ by Bureau of Business and Economic Research, Marquette University, Milwaukee. 1960.

9- ~~xxx~~ state aid ^{to local govts} includes: public welfare, education, highways, health/hospitals, miscellaneous, and for general local government support.

8- Wisconsin aid in 1957 was \$64.11 per capita. State aids in 1957 ranged from \$7.81 per capita in New Hampshire to \$81.44 in California.

48 states distributed as follows:

less than \$20 per capita	-- 5 states
\$20-\$30	12
30- 40	12
40- 50	9
\$50 or over	10.

Wisconsin ranks fifth highest in the nation .

11 Wisconsin state budgets: 56.3% goes to local governments, highest percent in nation

38.5 % of local government budgets come from state; ninth highest in the nation.

his source for all above: U.S. Census of Governments, 1957.

25 -"While Milwaukee county expenditure (in relation to the value of taxable property) in gross is over 2 percent lower than that for the state as a whole, after state grants are taken off, the net expenditure in the county is over 10% higher than the ~~x~~ state as a whole. The specific aids system necessarily discriminates in favor of those counties which spend relatively more on those three functions (education, highways, welfare) and against those counties such as Milwaukee, which spend relatively less. "

for amounts see charts, p 24 & 26-- spending on functions by counties, per valuation & per capita.

43 "In the year ended June 30, 1958, the state of Wisconsin RETAINED for its own purposes \$141,493,000 of all taxes, of which \$55,044,000 or 36.3%, arose within Milwaukee county. ^{are available}...no ~~figures~~ figures on proportion of non-shared taxes derived from this county, but the greater part of these consists of motor vehicle taxes and evidence of motor vehicle use and other factors makes it seem highly probable that non-shared taxes ~~derived from~~ arise in Milwaukee county to at least a greater degree than shared taxes. It may be therefore be taken that the county area contributed at least 36.3% of all taxes retained by the State of Wisconsin.....Citizens Govt.RB ~~xx~~ has estimated that the county contributed in 1957 to 1958 52.6% of the revenues used to run the state government."

A GUIDE FOR AGENCY SCHOOL COMMITTEES

PUBLISHED BY William C. ~~Kahl~~ Kahl, state superintendent of schools, department of public instruction, madison, wis. February 1968.
summary of chapter 116.51, laws of 1967

10-duties of the agency school committee: (ASC)

generally, to evaluate the district structure, formulate plans to strengthen administration of it, develop criteria ~~next to the educational program~~ and statistics on the educational program, staff, enrollment, transportation, organization, plant, equalized valuation, etc.

11- also can develop plan for new school districts, and try and convince residents to implement them, facilitate legal steps for change.

11- legal steps: 1) ^{if a} petition ^{is} signed by 10% of the electors residing in the area proposed to be detached and attached, or upon its own motion, ^{the ASC} can hold public hearing and conference, & order detachment or attachment of territory.

2) agency can file petition or hold public conference, and order dissolution or creation of districts.

3) public hearing must be set within 30 days of petition filing.

4) must be 10 day notice of hearing.

12-- 5) hold hearing

6) within 30 days after hearing, agency ^(S) committee holds conference

7) comm. reaches decision on petition or ~~resolution~~ resolution

8) adopt a resolution, issue an order about the districts, set effective date

13- for less than one year, more than 30 days

9) file order with secretary of ASC

10) certified copy sent to officials...??

If order involves a high school, referendum can be held..

~~XXXXXXXXXXXXX ASC is the final power in the case. 11.2 sounds like~~

2-- ASC is of the Cooperative Educational Service Agency

19 CESA's in the state.

ASC a subset of CESA, as its "primary reorganization authority," but jurisdiction is congruent with cesa.

ASC has 7 members, with three year terms

3-- Appeals to the state appeal board (made up of 4 presidents of 4 ~~agency~~ ASC's,) may be made on orders of the ASC.

4 state appeal board, ~~may~~ after review, may affirm, reverse, or modify the order appealed from within 120 days.

"An order of school district reorganization, issued by the state appeal board, is subject to referendum election or appeal to circuit court or both."

8-- ASC members appointed by the board of control of CESA.

18ff* characteristics of a desirable administrative unit:

rather general. p20-# pupils per grade; programs, special services to be provided,

call Kees-

* The Wisconsin State Tax Dilemma - Arthur P. Becker - reprinted from the proceedings of the 56th Natl Tax Conf held at Milw, Nov. 11-15 1963. Printed by Natl Tax Assn, Harrisburg, Pa.

- 307 - 1st 50 years - "general property tax reigned supreme."
- 309 - 1905 + 7 income tax amendment passed
- 310 1911 1st income tax law passed
- 311 ... 313 - history of new taxes
- 314: chart of Wis tax revenues by source, 1911-63, %amt & %.
(genl prop, spec prop, Income tax, Inheritance & gift, motor vehicle,)
Lots of tax reports & studies in 1957.
- 316 findings of 1957 committee on revenue sources:
1. wis. a comparatively high tax state: ~~xxx~~ per capita, ~~xxxx~~ taxes as a % of pers. income, etc., and for various classes (individually, agriculture & industry.)
 2. Wis. had most progressive tax structure of the central states but at the same time relied to a greater extent on property taxes than many other states.
 3. Wis's progressive taxes made the tax structure less stable than that of other states.
- 317 chart: tax levies of Wis. and all its political subdivisions, fiscal year ending June 30, 61
44 tax sources; four subdivisions: state, school, local, county
- 318 University of Wisconsin tax study committee (1959) found there "was no evidence which proved or disproved conclusively a correlation between tax differentials and economic growth in Wisconsin and other states." still recommended keeping taxes within reasonable bounds as competitive advantage.
- UNDERLYING CAUSES beneath recurring fiscal crises and rising tax burdens:
- 319- 1: The age structure of the population. Total population increased 14.5 % between 50-58.
- | | |
|---------------------------------------|-----------------------|
| | under 5 yrs, 20% inc. |
| | 5-17, 35% |
| (burdens increased more than workers) | 18-44, 1.7% |
| | 45-64, 10.2% |
| | over 65, 23.7% |
2. demand for a larger quantity and quality of governmental service...
more dependents, so higher welfare expenditures,
more children, more schools.
"the demand for higher quality service made itself felt in accelerated school district consolidation."... "Consolidated districts were able to provide improved educational opportunities and were eligible for higher state aids..."
- 320 3) The influence of motor vehicles.
More for highways and roads, "a major purpose of state & local govt. expenditures..."
ever higher standards for roads and streets.
Urbanization has required more sewers, parks, sidewalks,
- 4) high federal taxes, made people feel the state tax was more a burden
- 5) inflation made the pregressive tax structure a burden
- 321 6) Lack of responsiveness of tax revenues to economic growth and inflation
Income tax has provided 20% or more of total revenues after 1947, but most of revenues were from sources that were unresponsive to income: sales taxes were per unit, not a % of value; property tax base remained low because of reassessment delay.

Source: see "School reorganization," The Wis. Taxpayer, (vol 29, #7, July 1961)

Source: see "continuing revenue survey commission, progress report #2, 1960, maybe more??

322 7) excessive property tax exemptions: "larger cities tend to have most of the tax exempt property -- and also the highest property tax rates.

323 The city of milwaukee had 11% tax exempt valuation in 1957.

→ 8) excessive fragmentation of local government.--leads to "an extremely wide range of effective property tax rates.

→ "School districts have been the greatest offenders in this regard...4(even after consolidation) it still ranked among the top five states with the greatest number of districts.

"excess of rural local government (1,276 town governments in 1957) produced an unnecessary wide disparity between effective property tax rates.... An important role has been played by Wis's shared tax system in preserving and even promoting the excessive fragmentation of local government."

9) The shared tax program: "unique extent to which reliance is placed on state collection of all major taxes, except p roperty tax, and the extensive sharing of these tax revenues on a percentage basis or through aids granted for specific pruposes...

323 Major shared tax is income tax: 68.1% of all shared taxes for year ending June 30,1959.

income tax
sharing formula: "In 1959, 40% of the normal income tax was retained by the state, 10% shared by the county of origin, and 50% shared by the municipality of origin.

"origin" for purposes of allocating individual income taxes on salaries, wages, fees and the sale of inatangibles, is according to the resident of the individual. .. Income from business, rental property, farms and the sale of tangible property is allocated to the municipality and country (sic) in which the property is located."

"Local shares of public utility taxes amounted to \$21.7 millions or 20.3 % of all shared taxes for the fiscal year ending june 30, 1959. These taxes include ad valorem taxes on light, heat and power companies, conservation and regulation companies, street railways and pipleine companies. These companies are assessed at full value by the state and taxed at the average state property tax rate based on euqalized full ~~fx~~ value of all general property in the state.

public utility
"Since 1917 the ~~fx~~ sharing formula for all taxes on these public utilities has been 65% for the municipality, 20% for the county, and 15% is retained by the state. The telephone gross receipts tax is shared 85% by the ~~state~~ municipality, with 15% retained by the state with no share going to the county."

..."This has proved a bonanza to municipalities in which valuable utility property is located, despite the fact that sales in municipalities is given equal consideration in determinine the allocation of utility tax revenues. This arises because the ratio of utility property value to sales is generally about four to one."

"In fiscal 1959, 89% of all shared taxes paid to municipalities and counties came out of income and utility taxes.

"The liquor tax rprovided about 4.5% of shared tax payments. After deducting costs of administration and alcohol studies the state retained 50% to municipalities on a per capita basis.

"The highway privilege tax provided about 5.8% of the total local share of all shared taxes. The formula for sharing this tax specified that the municipality in which a motor vehicle is kept shall receive 11 % of the net registration fees on trucks and 20% of the net registration fees on other motor vehicles."

- 324 10) excessive local responsibilities... "The underlying reason for Wisconsin's first ranking position among all states in local sharing of state collected taxes arises from its extreme view in preferring local to state government....In fiscal 1957 Wis led all states in the proportion of total general expenditures (of state and local governments) by local units of government (79.2%) compared with state spending (20.8%)"

RECOMMENDATIONS TO MEET WISCONSIN'S TAX NEEDS

four goals, given the fact of rising costs of government

1) raise add'l revenue by higher rates or new taxes. 2) greater equalization of state and local tax burdens among the citizens 3) improve the competitive advantage of business to induce economic growth, get add'l revenues 4) revises tax system to be stable even if econ. conditions changed.

gives different recommendations by commissions....

retail sales tax...selective taxes...

- 327 1960 continuing revenue survey commission wants highway user taxes to be levied on the basis of weight-distance rather than registration fees based upon ~~weight~~ weight alone...

2) franchise taxes, measured by net incomes, after appropriate deductions, on banks, ~~xxxxxx~~ S&L's, credit unions....

3) exemption of pntax on mfg's inventories and farm livestock.

- 328 4) transfer of public assistance function of local governments to the state...

- 329 5) criticized sharing system for: 1) contributing to ~~manyxxunitesyz~~ disparities in property tax rates among the units 2) many complex systems take time and expense in auditing & corrective refund payments 3) preserves municipal fragmentation 4) no justification now for several sharing systems 5) utilities taxes bad.

330 provisio s of 1961 tax law...

331 after sept, 62, shares on income tax were to be: state, 67%; county, 5.5%; municipality, 27.5%.

Also, property tax releif

- 332 November, 1964, income shares: local(county plus municipal) 28.75%
local share of corporate income tax: 47.5%
utility shared tax: state, 17%; county, 19.5%; municipality, 63.5%.

SOURCE: Summary of Wis's new tax law", the Wis. taxpayer, vol 31, #9, sept 63.

- 333 Results: "Wisconsin has lost some of its uniqueness...sales tax...As to the property tax, Wis's position has changed dramatically...dropped the state from the highest in the nation in 1961 to 20th highest ...As to the income tax, it would appear that Wis's relative position of being one of the foremost states utilizing the tax has not been shaken, but if anything been more firmly established...

"The most significant change in ~~stake~~ the distribution of state-collected taxes was the establishment of what might be called a 'municipal general property tax equalization fund' which is distributed in such a way so as to give the greatest property ta releif to municipalities with the highest full value property tax rates. Thi s practice is rare...

Perry C Hill Tax Articles

Nov

① 10

② 11

③ 12

④ 13

⑤ 14

⑥ 15

7 16

8 17

9 18

10 19

11 20

12 21

13 22 END

Plus 1 unidentified (probably ^{15th} ~~18th~~)

(says public is welcome to attend Tarr meetings...)

nov. 10. Fiscal pressures threaten tottering state tax structure.

taxes on: income, cigarets, liquor, gasoline, sales tax. main: property, income, sales, vehicle

~~fix~~ "inefficiencies in the tax system...a basic one is the past laxity of annexation and incorporation laws that let local government get atomized into thousands of units -- many too small or too poor to be efficient, some 'tax islands' of undue public wealth."

"An array of state collected tax sharing formulas that tends, in the aggregate, to make ~~rich~~ units ~~rich~~ Vicher and poor ones poorer..."

motor vehicles exempt from personal property taxation without recompense to local govt

Each county separately maintains state highways in its borders, at state expense.

each little town, village and city assesses its own property ...by local amateurs.

"the Wisconsin tradition of excellence. The people as a body, even while kicking about taxes like everybody else, demand and expect high quality of government functions and services."

"local units are creatures of the state, operating under its law, deriving their powers and responsibilities from it, and largely dependent upon it for their fiscal resources."

11-12 Tax structure continues shaky

Includes table of comparative tax sources in wis, 1947-1968, of prop, inc., sls, ~~x~~ vehicles, utilities, and other

Property until 1962 carried between 48 - 52% of total state income. After that, dropped to about 40%, when legislature raised income tax rates.

In most states, raising 40% from property is quite usual.

sales tax leg of tax structure sawed off short. - *should be higher, he thinks*

other * = unemployment compensation and inheritance.

One virtue of wis: relative absence of diffuse, miscellaneous, nuisance type taxes.

11-13 property tax ready to crack ceiling

"the ~~x~~ 1967 legislature was unwilling to raise any rates of state collected taxes, even partly, to fill the gap between local resources and local requirements, and thus forced the property tax to fill the whole gap."

"Aggregate yield of property taxes rose sharply in the first four years after WW II, but the tax base -- the full value of property -- rose just about as fast. Hence the burden, the ratio to full value, stayed almost level in the state as a whole."

Then, as the yield grew less sharply and the base continued to grow, the burden settled down at a slightly lower ratio, where it stayed thru 1957.

The next five years, however, witnessed a slowdown in ~~gkx~~ growth of the tax base

local taxing units overlaps. "That is the remaining major area now under the spotlight, the biggest, most basic, most politically sensitive.

WITH CHART

..."state resource sharing with local units, which now tends to be most generous where least needed and vice versa.

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11-14-68 Uneven property tax irks residents

"the high rate develops because needs are equal or greater, while both the property base and nonproperty resources are smaller....Because the state has allowed such profusion of local governments that some few are 'tax islands' of wealth while many are too poor to support themselves with equal ease."

"And the state compounds that felony by doing almost nothing with its resource sharing policy to overcome the disparities..."

"Not spending choices but greatly varying fiscal resources are what cause the disparities in property tax rates.

"Resources vary for two main reasons: State aid formulas make scant allowance for other local factors and their main impact is just per pupil, per school bus route, per mile of street. Income tax shares totally disregard other factors and just go back where the ~~tax~~ corporate property or the residence is, ~~usually just adding on~~..."

"West Milwaukee...blessed by...huge valuation per person, due to big industry and small population, is nearly eight times the lowest, in St. Francis... While its personal incomes are modest, its high corporate income ranks it third in shared taxes, too.

CHART: Equalized gross tax rates, for schools, and municipal.

11-17-68 Ability to pay taxes varies.

two measures of capacity to pay: full value of property per person and the average individual income.

the state returns local shares of income tax to the place of residence. CHARTS

11-18-68. Milwaukee carries burden for suburbs.

City is host to \$1 billion of tax exempt property in public facilities, etc.

Estimated this subsidy at something like \$14 million a year?????

11-19-68 taxing capacity range is extreme.

more on property and income tax bases.

11-20-68 No. 1 cause of tax boosts: schools.

Chart: school enrollments

11-21-68 state relies on roller coaster tax program

CHART: showing years of surplus and deficit.
explains the ups and downs...by year and by method

11-22-68 state needs scientific tax plan to avoid crisis.

Offering the most authoritative guidance ~~however~~...the federal advisory commission on intergovernmental relations... main sources should be heavy duty income and sales taxes. The perennial sales vs. income tax debate -- still plaguing wisconsin -- has become a luxury that states can no longer afford,,...

(all recommendations from ACIR) steeply progressive income tax schedules should be left to federal government.....sales taxes can have exemptions or credit for low incomes...

amateur assessors...leaves heavy welfare costs to be met locally...

compared with rising rates. The burden ratio then grew annually until it reached an all-time peak of 2.5% in 1962.

That moved the state to inaugurate a direct property tax relief policy. New selective sales taxes were enacted and their annual yield reverted to the local units, which must show it as a reduction in each individual property tax bill.

....Property tax rates have continued to go up, and at a faster pace than the sales tax yield can keep up with....the burden ratio on property jumped back up to the prefelief peak of 1962. It is about to break through that CEILING now.

(the ceiling is 2.5% of full value, as it was in 1962, the highest since 1946 and maybe before.

The debt ratio (local debt to the tax base) was below 1% after WW II, "rose two points in the first decade and two more in the second, hitting 5% last year."

..."and debt charges are a big factor in rising property taxes."

"Milwaukee resumed borrowing in ~~1949~~ in 1949, rapidly built up a sizable debt...has managed its debt with great prudence and fairly stabilized it in recent years, actually reducing it in four of the last seven, including this year.

high of milwaukee's debt was 3.4%, now down to low of 3.1%. But county debt in city is also added on. "property in the central city carries about 60% of county debt"

"The county's debt did not begin to be significant until it began borrowing for freewyas in 1955... 2.3% ratio this year."

Only two other (barron & wahsington) counties with even 1% debt.

11-11-68 Schools' story shows how systems can be altered.

1947~~049~~49, legislatures ordered consolidation of school districts. ~~7777~~ 7771 districts into 493, and milwaukee county's 80 into 18.

also streamlined higher education, set up cche in 1955 "to synchronize the budgets and the physical and curriculum planning of all campuses.

"The 1963 legislature abolished the traditional elective office of schoold superintendent..."
..."substituted a system of co-operative educational service agencies (CESA)...19"

1965 legislature...local vocational schoold into a statewide 18 district system..."

1967 legislature...phased out the state aids for the 20 "inadequate little county teacher colleges."

1962: switch to income tax withholding

1965: most of the federal rules for computing taxable income were adopted for simplification

1961: "the state began to accustom itself to a much broader use of sales taxes and a broader base of income taxation -- on the first few thousands, where most of the revenue is. Two principles became newly accepted: The state should use its own resources to replace a portion of local property taxes on both inventories and real estate. Financial institutions are as fairly taxable as any other elements of a profit economy."

1963: income tax credit or refund for elderly with low incomes.

State debt of \$406.5 million (june 30) is not limited, regulated or even audited.