

Date: March 3, 2025

To: Common Council

John Weidl, City Manager

From: Rachelle Blich, Director of Financial and Administrative Services

Re: Municipal Data Tool Rankings

Given the community's growing concerns regarding rising tax rates, I would like to offer some context and perspective. Each August, the Wisconsin Policy Forum publishes updated financial and socioeconomic data based on information submitted by municipalities through Form C, a state-mandated reporting requirement. This provides the most consistent and reliable basis for comparing data across municipalities.

Among the 604 villages and cities in Wisconsin, Whitewater demonstrates significantly greater efficiency in its spending compared to other municipalities of similar size. The Wisconsin Policy Forum tracks data across several key categories, including:

- Property tax levy per capita (2023)
- Property tax levy (in thousands 2023)
- Mill rate (2023)
- Population (2023)
- Equalized property value (2023)
- Debt per capita (2022)
- Net operational spending per capita (2022)
- General government spending per capita (2022)
- Street maintenance spending per capita (2022)
- Net fire/EMS spending per capita (2022)
- Net police spending per capita (2022)
- Net basic spending per capita (2022)
- Shared revenue per capita (2022)

This comprehensive data enables an objective evaluation of Whitewater's fiscal performance relative to its peers, highlighting the city's commitment to financial efficiency. After analyzing the data across all municipalities, here are some of their noteworthy key findings (state-wide):

- Over time, state caps on municipal property tax levies have limited revenue and expenditure growth.
- Wisconsin residents experienced strong income growth in 2022, but its trailed inflation.

According to the Wisconsin Policy Forum, Wisconsin's levy limits has restricted municipalities from increasing their operational property tax levies by more than the rate of net new construction each year.

This growth rate has remained consistently low across municipalities and, in recent years, has fallen below the rate of inflation.

From 2014 to 2023, per capita property tax levies in Wisconsin municipalities increased by 26.7%, which is still below the cumulative inflation rate of 28.7% over the same period. Notably, this growth in levies would have been even lower if not for increases in debt service levies, which are not subject to state-imposed restrictions.

When examining municipal spending trends over the past decade, it becomes evident that both property tax revenues and state aid have grown at a pace slower than inflation, underscoring the fiscal constraints faced by local governments in maintaining service levels under these conditions. Included below are a few noteworthy rankings for Whitewater:

- As of 2023, Whitewater ranked 58th in population out of 604 municipalities but 409th in per capita property tax levy at \$370, indicating a relatively low tax burden per resident and suggesting prudent budget management.
- Whitewater ranks 465th out of 604 municipalities in net basic spending per capita for essential services, highlighting a significant contrast between its relatively large population and low per capita municipal expenditures.
- Whitewater ranks 587th out of 604 municipalities in general government spending per capita, indicating exceptionally low expenditures on administrative and support services essential to operational effectiveness.
- Whitewater ranks 123rd in equalized property value, revealing a disparity between its population size and tax base, potentially due to factors such as a high concentration of tax-exempt properties, lower median property values, or limited high-value commercial and industrial assets, highlighting opportunities for economic development and tax base diversification.

The data provided by the Wisconsin Policy Forum offers important context for understanding Whitewater's fiscal position and the need for sustainable solutions. Despite being one of the larger municipalities in Wisconsin by population, Whitewater has consistently demonstrated exceptional fiscal efficiency. The city's property tax levy per capita and spending on essential services are significantly lower than many of its peers, reflecting prudent budget management and a strong commitment to cost-effective service delivery.

However, while this fiscal restraint has helped minimize the tax burden on residents, it also presents challenges in maintaining and enhancing the quality of essential municipal services. State-imposed levy limits have restricted revenue growth, and both property tax revenues and state aid have failed to keep pace with inflation over the past decade. This has placed increasing pressure on not only Whitewater, but all municipalities ability to fund critical services such as public safety, infrastructure maintenance, and administrative functions.