Frequently Asked Questions About the Tax Levy

Reference: Chapter 30 Walworth County Code of Ordinances
Chapters 59 and 65 Wisconsin Statutes
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Public sector budgeting has a vocabulary of its own. The purpose of this bulletin is to provide an explanation of some important budgeting terms and concepts.

What is a tax levy?

In very simple terms, county budgeting is like personal budgeting only with bigger numbers. It is a process of determining needs and wants and then figuring out how to pay for them. The process begins by predicting how much it will cost to provide services next year and how much income we expect to receive. Income may consist of money received from other units of government, fees charged to users of various services and a small portion (½ %) of sales tax paid on purchases made in the county. When our anticipated income is subtracted from expenses, a shortfall results. The county must levy taxes to cover this difference. The 2006 budget illustrates this point:

	Expenses	$138,000,000
–	Revenues (and Equity Use)	$ 89,000,000
	Tax Levy	$ 49,000,000

What is the tax levy rate?

Having determined what the overall tax levy needs to be, the next step is to determine how much of the levy each county property taxpayer should pay. That's where the levy rate comes in. In mid-August, the Wisconsin Department of Revenue releases its determination of the county's equalized value. In simple terms, equalized value represents the full market value of all taxable property in the county. It is the price that would be fetched if all homes, farms and businesses in the county were sold and is the basis for determining the mill rate which, in turn, is used to determine how much of the levy you will pay.

Our equalized assessed value for tax purposes to support the 2006 levy was approximately $11.1 billion. Mill rate is simply the tax levy divided by equalized value, which has been divided by 1,000. To figure out how much of the levy you owe, divide the value of your house by 1,000 and then multiply by the mill rate. The more valuable your property, the more of the tax levy you will pay.

How can the levy rate decrease but the levy increase?

Headlines often tout an upcoming tax decrease for a particular unit of government, when in fact, as is the case almost 90 percent of the time, the tax levy actually increased. The levy rate can actually decrease or stay the same while overall taxes can increase. The reason for this is that the tax base, that is, the value of all taxable property, typically increases. This increase can be caused by new construction or by existing property increasing in value.

Such was the case with the county's 2006 budget. While the county's operating budget levy rate decreased by 42 cents per thousand dollars of equalized assessed valuation, we actually increased our levy by $400,000 that year to cover operating expenses. The levy **rate** decreased only because the **value** of taxable property in the county increased by 13% that year.