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16 N. Carroll Street • Suite 600 • Madison, WI 53703 • (608) 284-0580 • FAX (608) 284-0583

1442 N. Farwell • Suite 508 • Milwaukee, WI 53202 • (414) 831-8880 • FAX (414) 298-9127

[www.wccf.org](http://www.wccf.org)



A MEMBER OF THE NATIONAL ASSOCIATION OF CHILD ADVOCATES

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**Contact: Charity Elson 284-0580 ext 302  
John Keckhaver 284-0580 ext 309  
Julie Laundrie 284-0580 ext 303**

## **Freeze Proposal Flawed – Better Alternatives Should be Explored**

**Madison** – The Wisconsin Council on Children and Families (WCCF) stated its opposition today to the property tax freeze proposals that will be acted on by the Legislature’s Joint Committee on Finance tomorrow at a meeting in Pewaukee. Expressing concern that the proposals are too inflexible and will widen the tax equity gap for homeowners and leave poorer communities without sufficient revenues to pay for mandated services, WCCF called for a targeted approach to tax relief to households that need it the most.

“We know that homeowners—particularly low-income families and the elderly—struggle to keep up with increases in property taxes. However, this one size fits all approach locks in those inequities and does not provide help to those that can’t afford their taxes now or in the future,” Charity Elson, executive director of the Wisconsin Council on Children and Families said.

Under the proposal, municipalities and counties would be required to limit the increase in their property tax levies to the current level plus the value of new construction. The result of this formula is that those communities that are growing significantly – typically already wealthy ones – will continue to do well while those poorer areas of the state that have not seen much growth will be further penalized.

“The dangerous result of this unequal treatment is that the divide between wealthy and poor communities in the state will continue to grow. Growing communities will struggle under this proposal as they try to keep up with the expanding needs of their communities,” Elson said. “However, low or no growth communities and schools will come up seriously short as they try to meet increased demands from state and federal mandates for education, safety and human services.”

Statewide new construction amounted to 2.6 percent in 2003, but rates of growth varied widely from one municipality to another and from one county to another. A memo issued January 28 by the Legislative Fiscal Bureau indicates that new construction was less than 1 percent in 331 municipalities and greater than 4 percent in 268 others. Twenty-six counties experienced new construction of less than 2 percent, while 10 counties saw new construction of more than 3 percent.

“The freeze would also lock into place the property tax inequities in the current system,” Elson said. “A better alternative to the property tax cap proposal would be to adjust the value of the Homestead Tax Credit for inflation and index it to ensure it retains its value to Wisconsin property taxpayers and targets relief to those Wisconsin citizens who need it the most.”

There are other problems with the proposal as well. The plan would further tighten existing revenue controls on school districts, making it even harder for them to comply with growing education mandates from the state and federal government.

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