

Understanding Town of & City of **Madison** Property Taxes

Property Taxes for Town of Madison Residents who will be part of the City of Madison

1. City budget additions to welcome Town of Madison residents:

The City of Madison has allocated nearly \$5 million in operating and capital investments to begin extending services to Town of Madison Residents. The 2022 budget included funding for the following activities:

- The Streets Division budget included four new staff positions and related equipment for refuse and recycling collection, along with snow and ice removal.
- The Clerk's Office budget included staffing and funding to establish polling places, run elections and offer education and assistance to new City voters, along with additional voting equipment.
- Eight officers were added to the Police Department, and ten new firefighters were funded in the budget.
- The Parks Division budget included funding for deferred maintenance in Town parks and removing diseased ash trees.
- The Department of Civil Rights budget included funding for three Community Connectors positions to expand multilingual outreach.

- Many other City agencies including our Water, Stormwater, and Sewer Utilities were also prepared to ensure equitable and quality service to the new City residents.

- The Assessor's Office added two full-time positions to ensure that property data is accurate and Town residents have a unified team to interact with regarding assessments.

The City continues to fund numerous community assistance programs that will be newly available to residents from the Town when they join the City, including things like neighborhood grants, housing rehabilitation assistance, childcare assistance, property tax assistance for seniors, affordable housing development loans and land banking, and more.

2. Difference between Town of Madison and City of Madison Property Taxes:

Chart 1 illustrates the difference in tax mill rate between the City of Madison and the Town of Madison over the last six years. The main reason the City of Madison tax mill rate is higher than the Town is because of the difference in service levels between the City and the Town. See section 5 for more information.

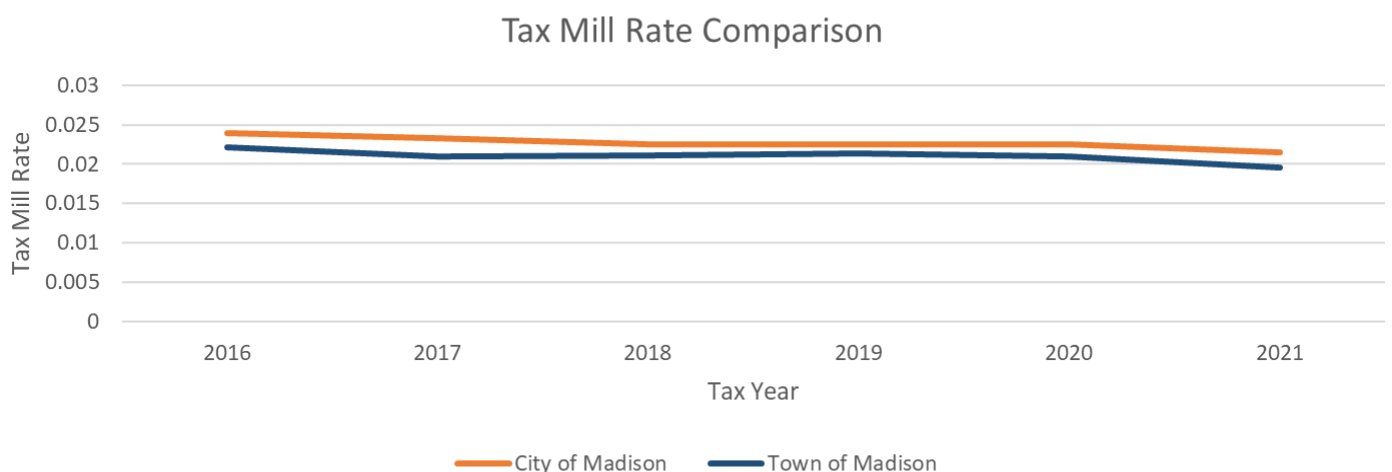


Chart 1 – 2016-2021 Tax Mill Rate Comparisons

3. Comparison of Town of Madison Government and City of Madison Government Property Taxes

Chart 2 provides eight examples of the amount of property taxes that would be paid on properties in the Town compared to taxes that would be paid when they are attached to the City of Madison. Comparison excludes property taxes for other taxing jurisdictions – Dane County, Madison Metropolitan School District, and Madison College and excludes state property tax credits – school levy, lottery and first dollar.

4. Why did Town of Madison residents pay lower taxes in 2021 than in 2020?

- The Town of Madison used its reserves to significantly reduce its 2021 property taxes (collected in 2022 for the Town's 2022 budget).
- This was a one-time reduction and could result in a larger than anticipated change in taxes for property in the Town that will be attached to the City.

5. Why are taxes higher in the City of Madison than the Town of Madison?

City of Madison spends more per residents than the Town of Madison. This is mainly because many services are not part of the Town of Madison annual budget. Here are some examples:

- Resources for businesses such as Façade Improvement Grant program, Healthy Retail Access Program, Cooperative Business Enterprise Program, Business Development services, among others.
- Community Development Division provides a variety of programs such as Home Down Payment Assistance program, Rehabilitation Loan program, Child Care Tuition Assistance, Child Care Accreditation, and Madison Senior Center.
- City Planning services
- Park equipment upgrades
- General Police and Fire operating upgrades

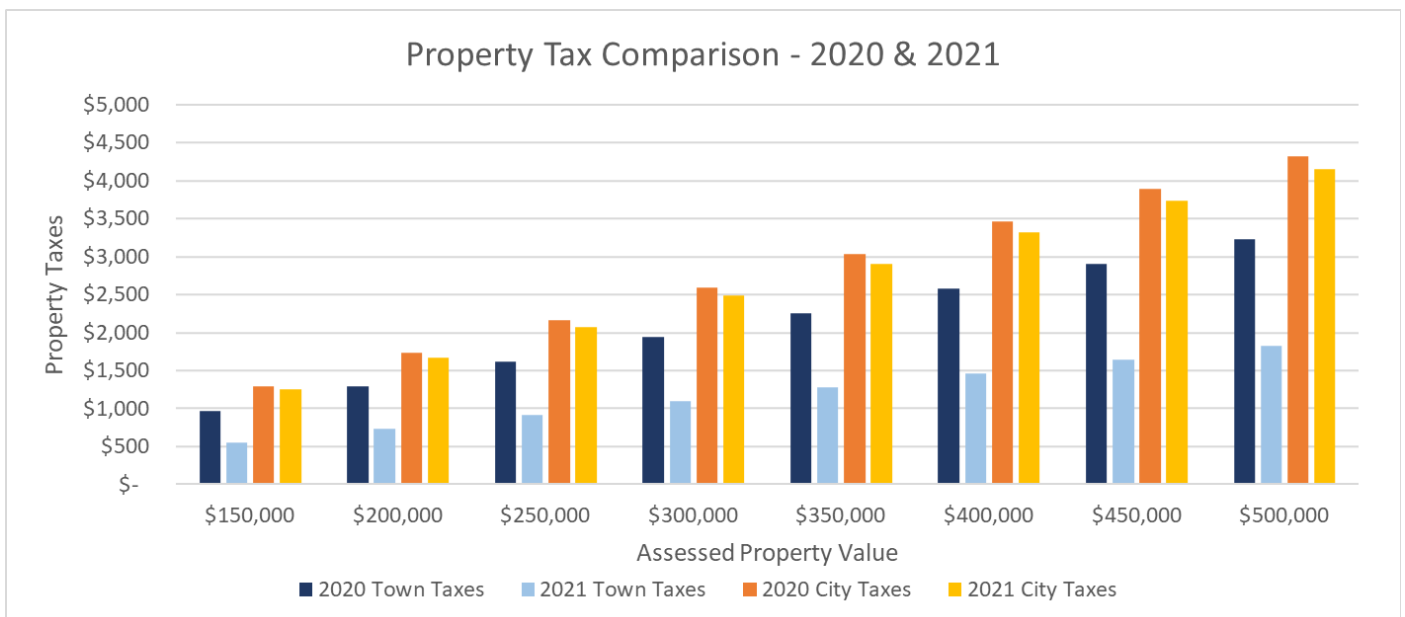


Chart 2 – Property Tax Comparison 2020 & 2021

Definitions:

What is the Property Tax?

A tax on property owned by an individual or another entity. Property tax is calculated by the local government and is paid by the property owner. Those who rent property may also indirectly pay property tax if their property owner factors the cost of property tax into their monthly rent cost.

How are taxes prepared?

Table 1 describes the amount of tax payable per dollar of the assessed value of a property in 2021. The mill rate is based on "mills." It is a figure that represents the amount per \$1,000 of the assessed value of the property, which is used to calculate the amount of property tax.

$$\text{Property tax} = \text{tax rate} \times \text{assessed value of the property}$$

Assessed values are the values the assessor derives for properties. Please see [Wisconsin Property Assessment Manual page 1002](#) for more information. These values and the property taxes for all taxing jurisdictions (city, county, school district, and technical college) are used to distribute the total property tax amount among the individual property owners.

Example:

Tax = \$3,000 Taxable assessed value = \$100,000

Mill rate = $3,000/100,000 = 0.03$ of a dollar per dollar of taxable assessed value

Table 1 - 2021 Tax Rates

Source: <https://scwmls.com/resources/tax-mill-rates/>

MUNICIPALITY	SCHOOL DISTRICT	RATE (per \$1,000)	ASSESSED TO MARKET VALUE RATIO
Town of Madison	Madison	\$19.51	88.09%
City of Madison	Madison	\$21.50	99.28%