

FOCUS

In brief

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For the fourth consecutive year, the total market ("equalized") value of Wisconsin property fell, this time 3.2% to \$471.1 billion. Preliminary data for 2012 from the Dept. of Revenue show residential values were off more (-4.0%). All but seven counties had declines; the exceptions were mainly in the state's west. Largest drops were in the south-east and in several counties near the Twin Cities.

Capitol notes

■ In making real estate sales reports public, the Wisconsin Department of Revenue (DOR) mistakenly released more than 110,000 confidential taxpayer identification numbers. Rep. Tyler August (R) plans an inquiry. This is the third such incident since 2006. DOR will again offer free credit monitoring to those affected.

■ Since 2000, state tax revenues have become more vulnerable to economic cycles, according to Chicago Fed economists. A key reason they cite is income growth "especially from investment income" (e.g., capital gains and interest) that has increased the volatility of the individual income tax. Over half of Wisconsin's general fund taxes come from this tax.

■ Colorado's spending limit, the Taxpayer Bill of Rights (TABOR), is back in the news. A Republican lawyer and four Democratic legislators are among 33 participating in a lawsuit arguing that TABOR illegally limits the US constitutional guarantee to republican government. Although state lawyers argued that voter will and court precedent supported TABOR, a federal judge at the end of July refused to dismiss the suit. (Source: State Tax Notes)

Property values skip recovery, drop for fourth year

Total property values in Wisconsin are off 3.2% for 2012, according to preliminary state figures. Values peaked in 2008 at \$514.4 billion (b) before retreating 3.6% during the two-year period that followed. They were off again (-1.8%) in 2011.

Last year's smaller decline suggested that real estate was bottoming out, so this year's 3.2% drop is somewhat surprising. It marks the fourth consecutive year that values have headed lower and the largest decrease in more than 50 years.

Almost no property type spared

The drop-off in full-market (or "equalized") values was broad, occurring in most property classes (see table).

■ **Declines.** The total value of residential property, the largest category, was down 4.0%, after falling 1.6% the prior year. Almost \$2.0b in new residential construction was more than offset by a \$15.3b erosion in the value of existing homes. Commercial values, the second-largest category,

Values Down in Almost All Categories

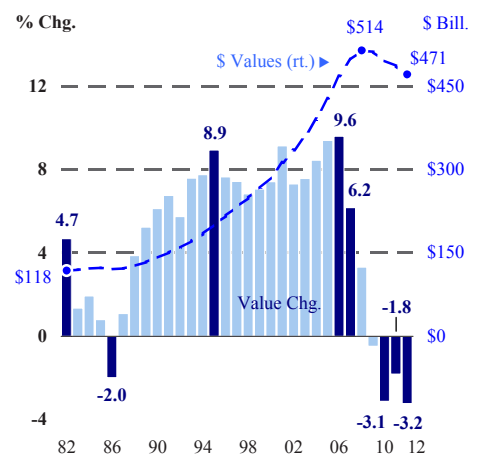
Wis. Equalized Values (\$b) and Ann. Pct. Chg.

Type	Value '12 \$ mill.	Pct. Chg. 10-11	11-12
Residential	333,467.0	-1.6	-4.0
Commercial	88,136.0	-2.3	-1.5
Manufacturing	12,661.9	0.0	1.1
Agriculture	2,147.0	-3.4	-2.6
Agri. Forest	2,799.8	-2.6	-1.3
Other	10,912.9	-1.1	-0.4
Forest	7,848.6	-5.4	-4.6
Undeveloped	1,767.3	1.2	-4.2
Sub. Real Prop.	459,740.6	-1.7	-3.3
Personal	11,394.3	-4.9	0.3
All Property	471,134.9	-1.8	-3.2

Source: Preliminary figures from Wis. Dept. of Revenue.

Surprise! Property Value Drop Returns

Wis. Equalized Values (\$b) and Ann. Pct. Chg.



dropped 1.5%, slightly less than last year (-2.3%).

The total values of both farmland (-2.6%) and agricultural forest (-1.3%) were lower, with the larger decline coming in the former. Most remaining categories were also down: forest (-4.6%), undeveloped land (-4.2%), and other (-0.4%).

■ **Increases.** The one encouraging spot was manufacturing. Values were stable in 2011 and increased 1.1% to \$12.7b in 2012. Personal property, often business furnishings, also showed a slight (0.3%) gain.

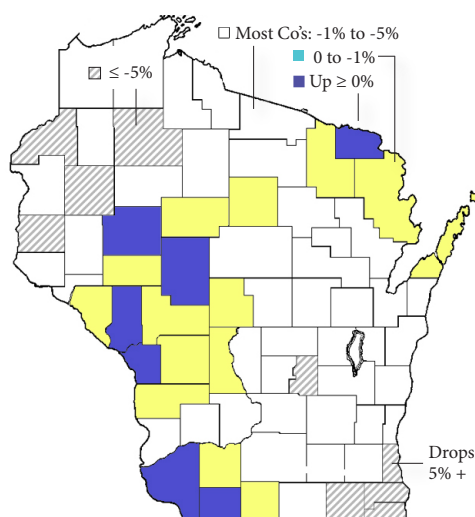
... nor any part of the state

The retreat in property values was also broad geographically.

■ **West less affected.** Only seven of 72 counties—all but one in western Wisconsin—experienced higher values, though the gains were modest. Trempealeau (1.6%) and La Crosse (1.2%) counties were the only two where value growth exceeded 1.0%.

Values Increase in Only Seven Co's

Equalized Values, Pct. Chg. (2011 to 2012)



Drops were generally more modest in the western part of the state, as the accompanying map (above) and county summary (right) reveal. Of counties with valuation increases, or decreases of 1.0% or less (shaded counties), 17 of 21 were in the western half of the state. The remaining four (Forest, Florence, Marinette, and Door) were concentrated in the mainly rural northeast.

■ *Southeast hardest hit.* In nine counties, values fell by 5.0% or more. Most of the affected population was in four populous counties in the southeast corner of the state. Kenosha County on the Illinois line was down the most (-7.7%), followed by neighboring Wal-

"Equalized" (Full-Market) Values by County, 2012

Values for 2011 and 2012 (\$b) with Pct. Chg. (Prelim. Data from Wis. Dept. of Revenue)

Values (\$b)				Values (\$b)				Values (\$b)			
County	2011	2012	Pct.	County	2011	2012	Pct.	County	2011	2012	Pct.
Adams	\$2.56	\$2.46	-3.9	Iowa	\$1.87	\$1.86	-0.4	Polk	\$4.23	\$4.15	-1.8
Ashland	1.24	1.20	-2.5	Iron	0.96	0.92	-4.7	Portage	4.93	4.83	-2.1
Barron	3.69	3.47	-5.8	Jackson	1.45	1.43	-0.9	Price	1.47	1.43	-2.7
Bayfield	2.60	2.54	-2.2	Jeff'son	6.58	6.30	-4.4	Racine	15.04	14.12	-6.1
Brown	18.16	17.78	-2.1	Juneau	1.97	1.95	-0.7	Rich'd	1.08	1.06	-2.0
Buffalo	1.00	0.99	-1.0	Kenosha	13.72	12.66	-7.7	Rock	9.86	9.64	-2.2
Burnett	2.69	2.50	-7.1	Kew'nee	1.47	1.45	-1.6	Rusk	1.18	1.13	-4.2
Calumet	3.49	3.41	-2.2	La Cr.	7.88	7.98	1.2	St. Croix	7.34	6.93	-5.5
Chip'wa	4.55	4.57	0.5	Lafay'te	1.02	1.03	0.2	Sauk	6.71	6.55	-2.5
Clark	1.78	1.79	0.4	Langlade	1.69	1.66	-1.5	Sawyer	3.58	3.38	-5.5
Colum.	5.03	4.87	-3.2	Lincoln	2.38	2.36	-1.0	Shawano	3.01	2.94	-2.3
Craw'fd	1.10	1.05	-4.5	Man'woc	5.37	5.19	-3.5	Sheb'gan	8.89	8.65	-2.7
Dane	50.20	49.51	-1.4	Marath'n	9.72	9.39	-3.4	Taylor	1.32	1.31	-0.8
Dodge	6.04	5.89	-2.5	Marin.	3.65	3.65	0.0	Trempe	1.81	1.84	1.6
Door	7.17	7.11	-0.9	Marq.	1.59	1.55	-2.4	Vernon	1.77	1.77	-0.2
Douglas	3.41	3.29	-3.5	Menom.	0.32	0.31	-2.5	Vilas	7.34	6.99	-4.8
Dunn	2.68	2.58	-3.9	Milw.	61.10	57.78	-5.4	Walw'th	14.66	13.72	-6.4
Eau Cl.	6.73	6.72	-0.1	Monroe	2.70	2.68	-0.6	Wash.	13.47	12.99	-3.5
Florence	0.60	0.60	1.0	Oconto	3.60	3.53	-1.9	Washb'n	2.52	2.41	-4.3
Fond'Lac	6.97	6.79	-2.5	Oneida	6.96	6.72	-3.4	Wauk'sh.	49.55	47.75	-3.6
Forest	1.15	1.14	-0.5	Outag.	13.31	12.97	-2.6	Waupaca	3.83	3.77	-1.4
Grant	2.81	2.81	0.1	Oz'kee	10.71	10.36	-3.2	Waush'ra	2.49	2.43	-2.1
Green	2.63	2.61	-0.5	Pepin	0.56	0.54	-3.3	Win'bago	11.97	11.73	-2.0
Grn. Lk	2.45	2.24	-8.6	Pierce	2.83	2.75	-2.9	Wood	4.70	4.65	-1.0

worth (-6.4%) and Racine (-6.1%) counties. Values in the state's largest county, Milwaukee, decreased 5.4%.

The county with the largest drop in values, however, was Green Lake (-8.6%), an area with a number of vacation and second-home properties.

■ *... also northwest.* If values fell the most in four populous, urban/suburban "commuting" counties, plus Green Lake, it is not surprising that the other

region with like declines was in the northwest. St. Croix (-5.5%) is home to a number of Twin Cities commuters. Barron (-5.8%), Burnett (-7.1%), and Sawyer (-5.5%) counties, all relatively close to Minnesota, are also popular places for vacations and second homes.

What all nine of these counties share are properties whose owners may have been financially stressed during the recent downturn. If so, foreclosure activity would further depress values.

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