

home

W I S C O N S I N

THE VOICE OF THE WISCONSIN HOMEOWNERS ALLIANCE



VOICES FROM THE KITCHEN TABLE

CONTENTS

Voices from the Kitchen Table

Rising property values coupled with concerns about tax fairness and affordability and local control mix with a dose of public cynicism to drive homeowner attitudes about how to pay for local services and public education

Reduce Reliance on the Property Tax, but Preserve and Protect Local Control2

Homeowners and Their Homes

A periodic look at how homeowners feel about their homes, what they are and are not spending money on in their homes and what sets their teeth on edge

Wisconsinites Think This Is a Good Time to Buy a Home3

Did You Know?

Interesting facts and figures about the people of Wisconsin

The Details Are in the Demographics4

Reduce Reliance on the Property Tax, but Preserve and Protect Local Control

Editor's Note: *In our latest visit to Wisconsin's kitchen tables we found that a lot of Wisconsin homeowners think property taxes are the least fair of the taxes they pay and are worried about people's ability to afford them. They'd like to see some, if not all, of the cost of local services and public education shifted to some other tax, but others are concerned that such a shift would reduce local control and oppose the idea. People on both sides of the issue think something needs to be done and would support an effort to restructure the property tax so that ability to pay was a consideration.*

Rising property values coupled with concerns about tax fairness and affordability and local control mix with a dose of public cynicism to drive homeowner attitudes about how to pay for local services and public education

We reported late last year that nearly half of Wisconsin homeowners said their property values had increased either a great deal (16%) or a lot (32%). But half of those folks said the increased value had actually hurt them because it drove their property taxes up. That may explain why, when we asked homeowners in January of this year to tell us which of the three main taxes they pay here in Wisconsin they thought was the most unfair, 38 percent picked the property tax. About a third said all the taxes they paid were fair, 16 percent said state income taxes were unfair and 5 percent said the sales tax was unfair. Interestingly, while nearly half (45%) of those 35 to 54 years of age rate the property tax the most unfair tax they pay, only a third of those 55 and older do so.

When asked why they thought the property tax was the least fair of the taxes they paid, 47 percent said "because it's based on the assessed value of your home rather than on your income and therefore doesn't reflect your ability to pay?" while 36 percent said "because it costs you too much for the services or value you get from it?"

Almost all the homeowners we talked with (92%) agreed that property taxes were too high. More than one in three (38%) said that despite that, property taxes were the most logical way to pay for local services, but more than half of our homeowners disagreed, saying either that "Property taxes are now too high for most people, and we have to find alternative or additional ways to fund local government" (28%) or that, "Property taxes are now too high and the way to deal with the rising cost of local government is to freeze property taxes" (26%).

Given these concerns, it is not surprising to discover that nearly half of Wisconsin homeowners either support strongly (17%) or support somewhat (32%) shifting the cost of local government and services and K-12 education from the property tax to the sales tax or the state income tax. Of those who opposed the move (39%), nearly half (46%) said they did so because they think "it's important to keep control of local government and schools in the hands of local taxpayers." One in five of those opposed did so because they thought "other taxes would go higher and property taxes would not really go down." And, a quarter (27%) opposed a shift because they were persuaded that even if property taxes did go down, people would wind up paying more



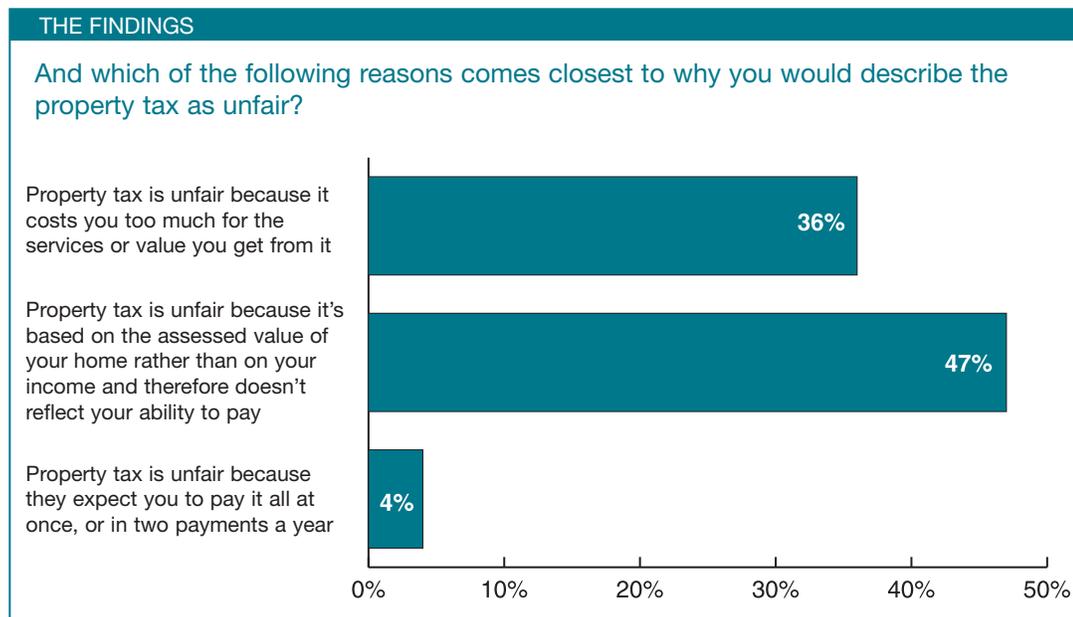
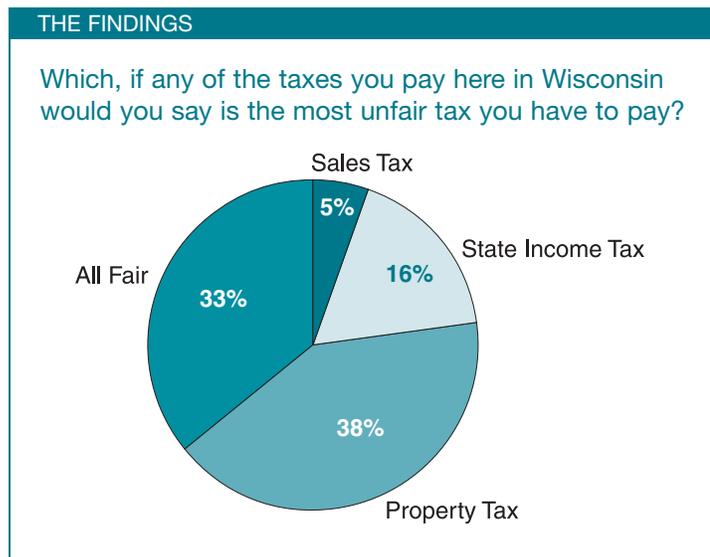


total taxes. It is also worth noting here that nearly half (44%) of the people who said that they thought property taxes were the most logical way to pay for local services shifting the cost of local government and services and K-12 education to either the sales tax or the state income tax.

All of these concerns and attitudes combine to produce significant support for basing home property taxes on both the value of the property owned and the income level or ability of the homeowner to pay. Nearly a third (31%) of all homeowners said they would strongly support such a proposal while another 26 percent said they would support it somewhat. Slightly more than a third (36%) said they would oppose such a proposal, but only one in five (22%) said they would oppose it strongly. Surprisingly, age is not a factor in

support for the proposal. Not surprisingly, income is. Two-thirds (67%) of those with annual incomes of less than \$60,000 support the proposal while less than half (48%) of those with incomes in excess of \$60,000 a year support it.

All in all, it is hard not to conclude that Wisconsin homeowners, feeling pressured by rising prices and concerns about the economy (see January 2007 issue of *Wisconsin Home*), are looking for relief from property taxes they believe are too high. What is equally apparent is that they want to maintain local control of the local services and schools. We'll have to see if our elected officials think this puts them between a rock and a hard place or a call to think more creatively about how to fund local services and public education.





Wisconsinites Think This Is a Good Time to Buy a Home.



A periodic look at how homeowners feel about their homes, what they are and are not spending money on in their homes and what sets their teeth on edge

Editor's Note: Boom, bust or business as usual? That's been the question for all the folks who make a living figuring out what's going on in the housing market. Wall Street analysts have been on both sides of the issue. Professional Realtors® have done a better job of tracking things. They reported the boom first; saw the market leveling off a little before others did; and are now saying that this is a good time to be selling or buying a home. We decided to find out where Wisconsin homeowners stood on the question; so, we took the arguments on both sides of the issue and asked our respondents to tell us which came closest to their view on the subject. The Realtors® had it right, again.

This January, we asked Wisconsin residents (renters and homeowners) whether they thought this was a good time to buy a house because, "... there are a lot of homes for sale, prices are down a bit and mortgage rates are still pretty reasonable," or whether they thought this was a bad time to buy because, "... property values seem to be going down instead of up so it's not a great investment, the economy is still weak and you'll get a better deal if you wait." By more than three to one (74% to 22%), Wisconsinites said they think it's a good time to buy a home.

Homeowners were more likely to see it as a good time to buy than were renters. People between the ages of 35 and 65 were more likely to say it's a good time to buy than people younger than 35 and older than 65. More people making more than \$60,000 a year said it was a good time to buy than those making less than \$60,000 a year. (See Figure 1.)

We'd like some property tax relief, but worry about maintaining local control

Editor's Note: Recent financial pressures and concerns about what a property tax freeze would mean for local services have sparked new discussions about whether Wisconsinites ought to find some other way to pay for local services and public education. We asked Wisconsin homeowners whether they would support shifting the cost of these services from the property tax to the sales and state income taxes, and if not, why not.

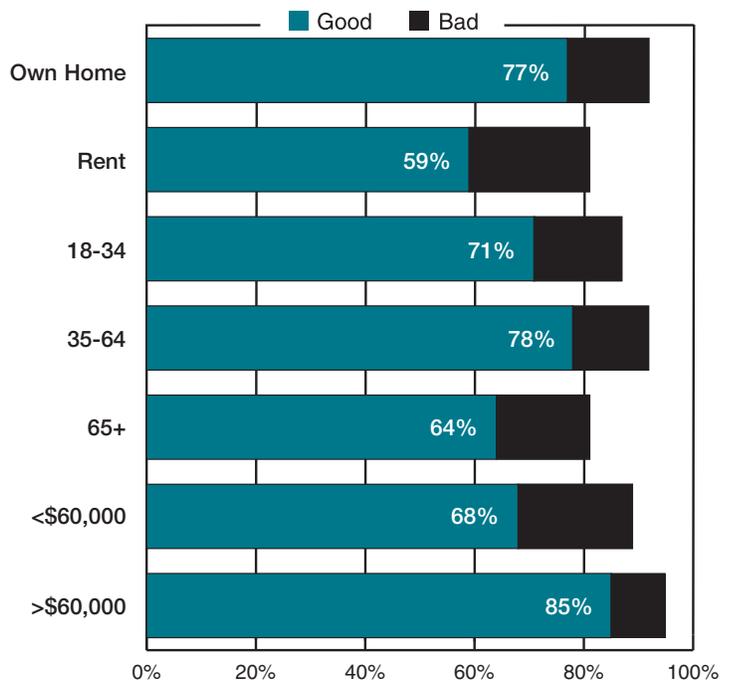
Nearly half (49%) of Wisconsin homeowners said they would support "... shifting the cost of local government and services and K-12 education here in Wisconsin from the property tax to the sales tax or the state income tax." Thirty-nine percent said they would oppose such an effort. There were no significant variations based on age, gender or income amongst either supporters or opponents.

Opposition to shifting the cost of local government and services and K-12 education indicated that it was driven by concerns about maintaining local control and skepticism about whether or not taxes would really go down. Nearly half (46%) said they opposed shifting to another tax because "... it's important to keep control of local government and schools in the hands of local taxpayers." The other half (47%) appear to have been motivated by worries about higher taxes, with 20 percent saying they opposed a shift because "... other taxes would go higher and your property taxes would not really go down," and 27 percent saying that they believed that even if their property taxes did go down they would wind up paying more taxes in total.

It is also worth noting that when we asked those who supported shifting costs how much of the cost of local government and services and K-12 education should be shifted, only 16 percent said "all," while 23 percent said "most" and a majority (56%) said "some."

And, when we asked everyone which taxes should be increased if the legislature decided to shift costs, the top three vote getters were cigarette taxes (51%), corporate taxes (48%) and the sales tax (35%).

Figure 1





The Details Are in the Demographics ...

Interesting facts and figures about the people of Wisconsin



In recent years, home equity loans and second mortgages have been one way for borrowers to finance remodeling projects and consolidate debt. While Wisconsin residents have been part of this nationwide trend to some degree, more than two-thirds of state residents (69%) have avoided borrowing through a home equity loan or second mortgage. People between the ages of 25 and 34 (28%) and the ages of 55 and 64 (29%), and people earning between \$60,000 and \$80,000 (30%) are more likely to have home equity loans than the total population (22%).

People who prefer raising the sales tax are more likely to support shifting the cost of K–12 education than people who support raising corporate taxes. Two-thirds (66%) of those of who said they would support raising the sales tax if the legislature had to raise taxes said they would support shifting the cost of K–12 education from the property tax to some other tax compared to 52 percent of those who said they would support raising corporate taxes.

Meanwhile, homeowners continue to show a strong commitment to maintaining their homes and making

needed improvements regardless of how they perceive the financial climate. For example, while 62 percent of residents say they're spending less money on leisure activities such as eating out and going to the movies and nearly half of the state's homeowners (46%) say they're driving their cars less than they used to, fewer than 25 percent have postponed installing energy efficient insulation and less than one in five have put off roofing work or postponed exterior painting.

Here's another issue worth thinking about. In the 2003 census, about half (47%) of Wisconsin's population was under 35 years of age and a little more than half was over 35 (53%). Given those population numbers, assuming that there has not been a major influx of younger people from outside Wisconsin in the past four years, and that our oldest seniors are not dying at an unusual rate, 60 percent of our population may now be older than 35. These are the sorts of numbers that make our workforce development experts worry about the aging of our workforce and ask where the next generation of workers (and taxpayers) is coming from.