



Pass or Fail?

Best Practices for a Successful Levy
Limit Referendum

Overview

- How did we get here?
- What is a municipal levy limit referendum
- Deadlines, timing & ballot requirements
- Policy considerations leading up to a referendum
- Content of the question
- City of Fitchburg case study
- Post-election requirements

How Did We Get Here? Levy Limits



Enacted in 2006 to limit and reduce the property tax burden on Wisconsin resident



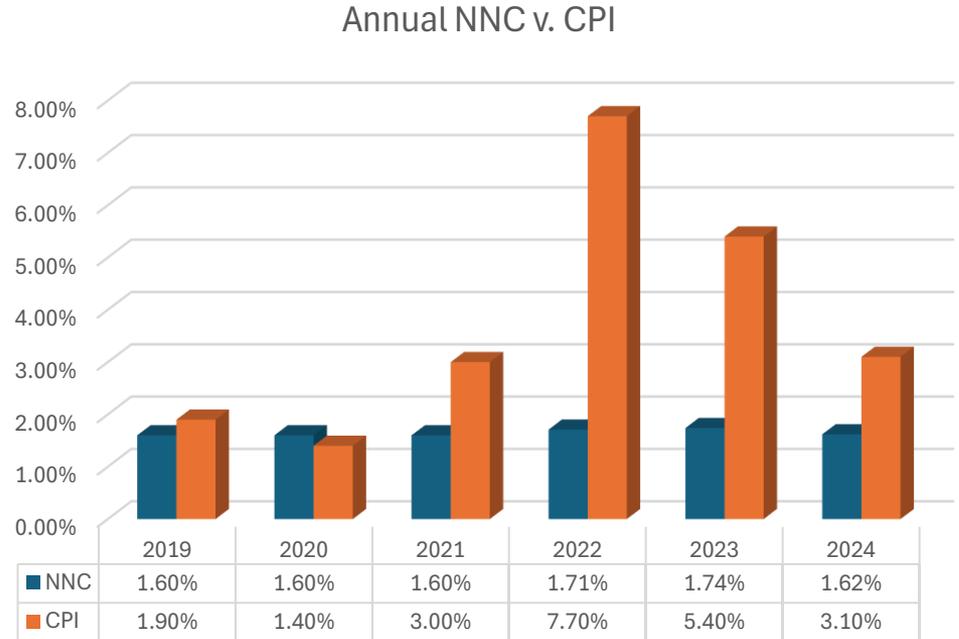
Prior year's actual levy may be increased by percentage = net new construction in previous year (or 0, if none)



Subject to various adjustments that may further reduce or increase allowable levy

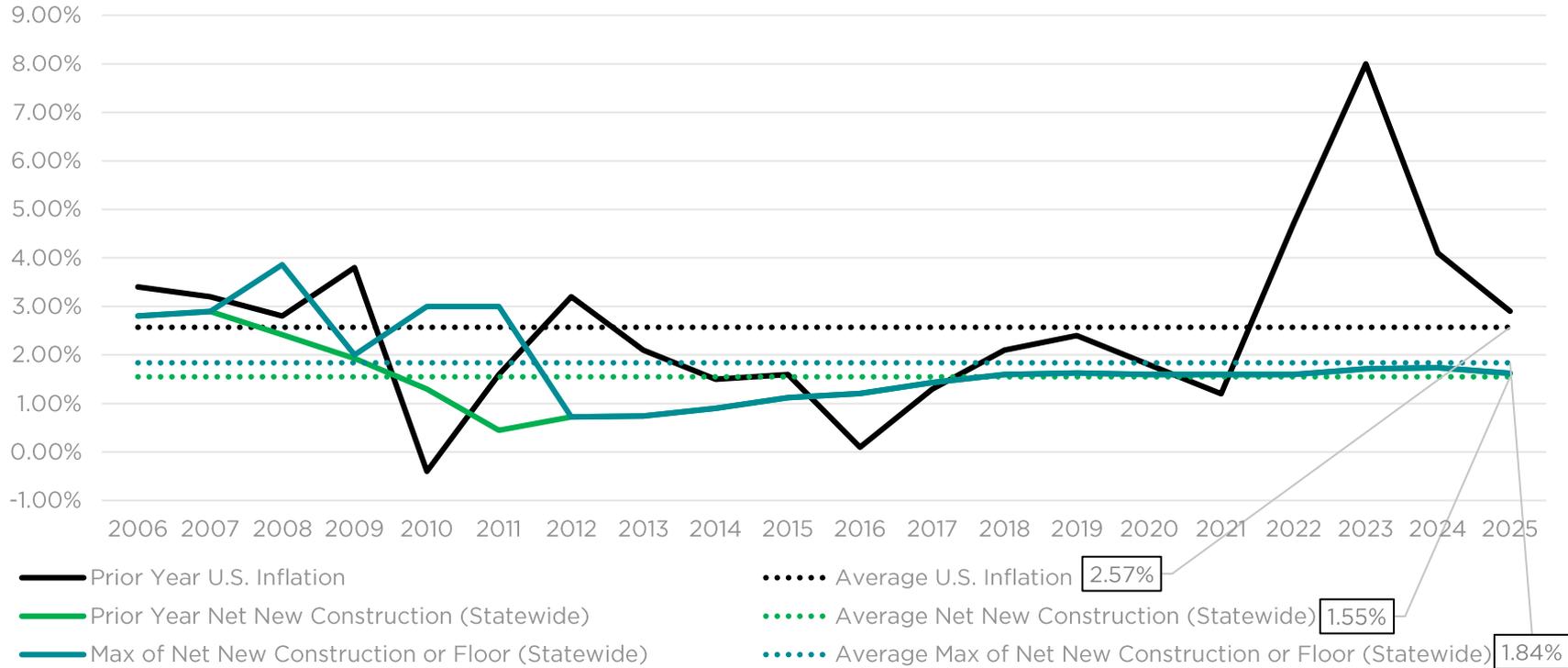
How Did We Get Here?

- Net new construction has not kept pace with inflation
 - ✓ 6-year average statewide NNC: 1.65%
 - ✓ 6-year average of CPI: 3.75%

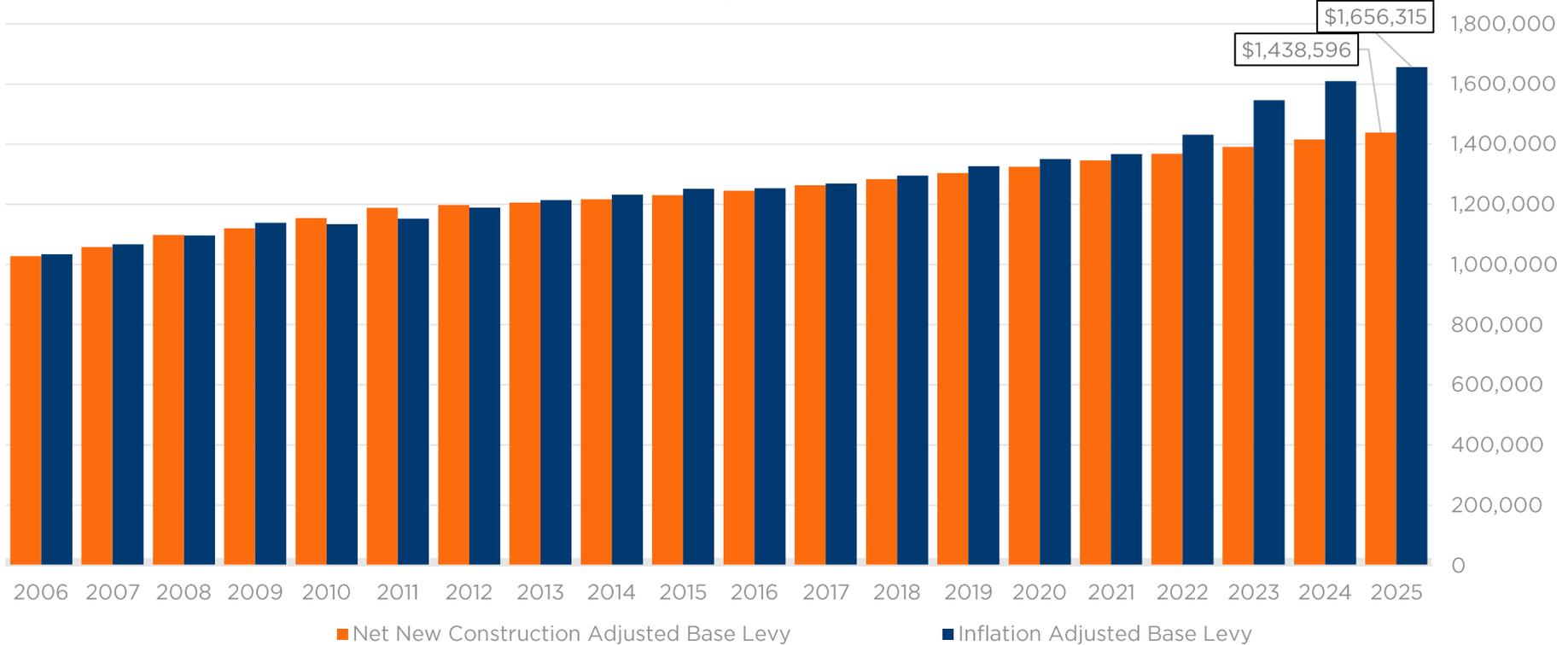


Source: WI Department of Revenue

State of Wisconsin History of Net New Construction vs. Inflation



Cumulative Growth in Levy - Net New Construction vs. Inflation (2005 Budget Year as Base Year)



Note: Levy projections based on a \$1,000,000 levy for the 2005 budget. The "Net New Construction Adjusted Base Levy" accounts for the maximum of "Net New Construction" or "Levy Limit Floor" for budget years 2006-2011

What Are My Options?

- After 20 years of levy limits many municipalities are at the end of the road on how to maintain essential services given legislative constraints
 - ✓ Act 12 provided a band-aid, but not a permanent solution
- One option before exploring a referendum is to move the Public Fire Protection from the General Fund to the Utility Bill

What Are My Options?

- Operations & Capital Funding
 - ✓ Evaluate capital budget and determine if any capital purchases/projects are being supported by property tax levy
 - ✓ Shift the funding source for capital projects to G.O. Debt and use they levy to stabilize the operational budget
 - Projects can be strategically amortized to match the life of the project/purchase
 - ✓ New G.O. Notes statutes provide greater flexibility to municipalities
- Levy Limit Referendum

Policy Decisions

Going to referendum is a policy decision & should be thoughtfully planned

- What services/departments need increased funding?
- What positions will be maintained or added with funding?
- What programs or services will be funded?
- What is the temperature of the community regarding these programs, services and positions?
- What is the right dollar amount?
- What is the impact?
- How long will we need increased funding?

Levy Limit Referendum

- Wis. Stats 66.0602(4) allows municipality to exceed its allowable levy limit by referendum
 - ✓ Governing body must adopt a resolution. Resolution must include
 - Amount of the levy increase
 - % increase over allowable levy
 - Whether the increase is for the next fiscal year only, for a set number of years, or ongoing
- The language of the ballot question is dictated by statute and must be contained in the resolution

Levy Limit Referendum: Timeline

- A municipal referendum can be held
 - ✓ In odd-numbered-years as a special election on the same dates used by a school board
 - ✓ Otherwise, must be held during the spring primary, spring election, partisan primary or general election

Levy Limit Referendum: Timeline

- Deadlines to make a 2025 ballot have already passed
 - ✓ Question must be submitted to the local filing officer at least 70 days prior to the election
 - ✓ Referendum election notices must be published

Levy Limit Milestones	Spring Primary	Spring Election	Partisan Primary	General Election*
Deadline to file question w/ Local Clerk	Dec. 9, 2025	Jan. 27, 2026	June 2, 2026	Aug. 24, 2026
Deadline to file question w/ County Clerk	Dec. 10, 2025	Jan. 28, 2026	June 3, 2026	Aug 25, 2026
Election Day	Feb. 17, 2026	April 7, 2026	Aug. 11, 2026	Nov. 2, 2026

Levy Limit Referendum: Timeline

- Questions on the November General election are required to use certified NNC values, not estimates. The governing body must wait until after values are certified on Aug. 15 to adopt the resolution.
 - ✓ This creates a tight turn-around (9 or 10 days) to revise calculation, draft the question & gain approval from governing body

General Election*	
DOR Certifies Values	Aug. 15, 2026
Deadline to file question w/ Local Clerk	Aug. 24, 2026
Deadline to file question w/ County Clerk	Aug 25, 2026
Election Day	Nov. 2, 2026

Levy Limit Referendum: The Calculation

Actual and Projected Levy Limit Calculations

Village of Badger, WI

		No Referendum		Referendum Scenarios	
				Scenario 1	
				\$1,300,000	
Levy Year		Actual	Estimated Budget		Proposed w/Ref. Inc.
Budget Year		2024	2025		2025
		2025	2026		2026
Line 1	Prior Year Actual Levy Plus Prior Year Personal Prop. Aid	5,494,084	6,180,519		6,180,519
Line 2	Prior Year Levy for Unreimbursed Emergency Expenditures	0	0		0
Line 3	Prior Year Levy for Post July 1, 2005 G.O. Debt	2,960,801	3,458,689		3,458,689
Line 4	Prior Year Adjusted Levy	2,533,283	2,721,830		2,721,830
Line 5	Closed TID	2.105% 2,586,609	0.000% 2,721,830	0.000%	2,721,830
Line 6	Net New Construction Applied to Line 4 ¹	4.355% 2,696,932	4.355% 2,840,366	4.355%	2,840,366
Line 7	Greater of Line 5 or 6	2,696,932	2,840,366		2,840,366
Line 8	Levy Limit Before Adjustments, Less Personal Property Aid	(33,719) 2,663,213	(33,719) 2,806,647	(33,719)	2,806,647
Line 9	Total Adjustments	3,483,587	3,758,008		5,058,008
	Detail of Adjustments:				
	E Post July 1, 2005 G.O. Debt	3,458,689	3,758,008		3,758,008
	F Levy Increase Approved by Referendum				1,300,000
	H Intergovernmental Cooperation Agreement	24,898			0
Line 10	Allowable Levy	6,146,800	6,564,655		7,864,655
	Actual Levy	6,146,800			
	Change from Prior Year	663,917	417,855		1,717,855
	Levy Limit Increase Under State Law		4.355%		

Notes:

1) Based on the most recent Net New Construction per DOR.

Estimated 2025/26 Levy Limit With Section D Adjustments (A)
 Proposed Referendum Increase (B)
 Projected 2025/26 Levy w/Referendum Increase
 Percent Increase (B÷A)

6,564,655
1,300,000
7,864,655
19.803%

Levy Limit Referendum: The Question

- Throughout the planning process, discuss level of detail will be included in the question to explain what increase will be used for
- Weigh need for transparency the length of the actual question, need for flexibility to redeploy parts of the increase if a position goes unfilled, etc., plus ‘voter fatigue’
- Community education is critical...voters should know what the referendum is for & impact on taxes before election day
- Share question content & calculations with DOR prior to adoption

Levy Limit Referendum: The Question

- Question language is dictated by statutes and is not necessarily reader friendly.
 - ✓ Municipality can add the financial figures, and determine the level of detail explaining the referendum, but the structure of the question must remain unchanged.

Under state law, the increase in the levy of the Village of Badger for the tax to be imposed for the next fiscal year, 2026, is limited to **4.355%**, which results in a levy of **\$6,564,655**. Shall the Village of Badger be allowed to exceed this limit and increase the levy for the next fiscal year, 2026, for the purpose of **funding the ongoing operations and services of the Village**, by a total of **19.803%**, which results in a levy of **\$7,864,655** and on an ongoing basis, include the increase of **\$1,300,000** for each fiscal year going forward?

Levy Limit Referendum: The Impact

Levy Limit Referendum Scenarios - Tax Impact Summary

Village of Badger, WI

	Taxes							
	2025 Actual		2026 Projected		\$ Change from 2025			
	Annual	Monthly	Annual	Monthly	Annual Change	vs. No Ref.	Monthly Change	vs. No Ref.
<u>\$100,000 Assessed Value Property</u>								
No Referendum	\$747	\$62	\$798	\$66	\$51		\$4	
\$1,300,000 Referendum	\$747	\$62	\$956	\$80	\$209	\$158	\$17	\$13
<u>\$150,000 Assessed Value Property</u>								
No Referendum	\$1,121	\$93	\$1,197	\$100	\$76		\$6	
\$1,300,000 Referendum	\$1,121	\$93	\$1,434	\$119	\$313	\$237	\$26	\$20
<u>\$200,000 Assessed Value Property</u>								
No Referendum	\$1,494	\$125	\$1,596	\$133	\$102		\$8	
\$1,300,000 Referendum	\$1,494	\$125	\$1,912	\$159	\$418	\$316	\$35	\$26
<u>\$360,000 Assessed Value Property¹</u>								
No Referendum	\$2,690	\$224	\$2,873	\$239	\$183		\$15	
\$1,300,000 Referendum	\$2,690	\$224	\$3,442	\$287	\$752	\$569	\$63	\$47
Projected Tax Bill Change per \$1,000 of Value from \$1,300,000 Referendum						\$1.58		\$0.13

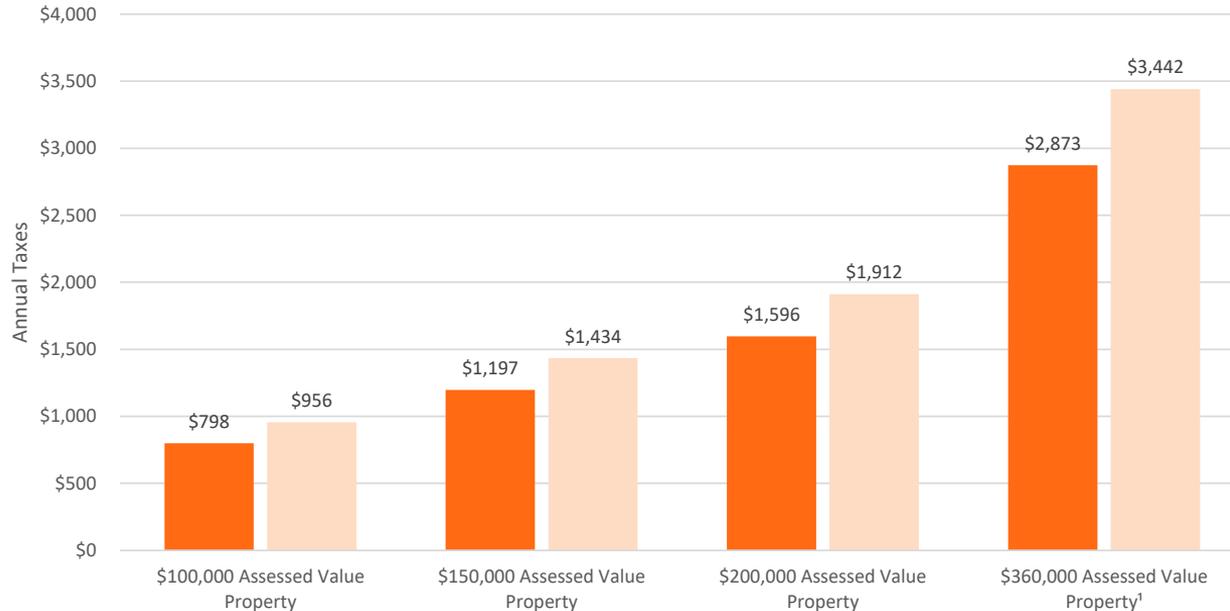
1) Median Home value is \$361,100 per the U.S. Census Bureau's American Community Survey - 5-Year Estimates.

Levy Limit Referendum: The Impact

Levy Limit Referendum Scenarios - Tax Impact Summary

Village of Badger, WI

Chart 1: Annual Taxes at Various Property Valuations



1) Median Home value is \$361,100 per the U.S. Census Bureau's American Community Survey - 5-Year Estimates.



The City of Fitchburg

2024 REFERENDUM CASE STUDY

Forecasting the Need

- Ehlers prepares a comprehensive annual Financial Management Plan for the City that projects a 10-year levy forecast.
 - ✓ Potential levy shortfalls were identified years in advance and communicated with staff and council
 - ✓ The City was able to manage levy pressure by evaluating services and the CIP annually
 - ✓ Benefitted from one-time boosts
 - TID closures
 - Shared Revenue Increase
 - Partially absorbing the Town of Madison

Forecasting the Need

- Ehlers projected \$1.3 million+ deficit within next 5 years at current service & staffing levels.
- New police facility approved that would require additional operating expenses above existing levels
- Push for additional staff in Public Safety & other departments to accommodate rapid growth within the community
- Completed organizational staffing plan in August of 2023 that projected staffing for the next 3-5 years & identified need for 11 new positions
- City identified need to expand transit services within the community

Forecasting the Need

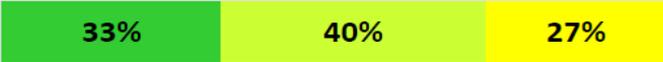
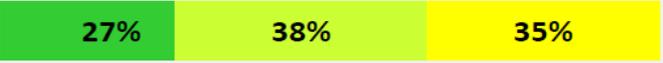
- Ehlers presented revenue source options to Council in June 2023
- Hired Mueller Communications in September 2023
- Consultants completed assessment of services, staffing needs & funding options between August 2022 & February 2024
- Staff provided referendum ranges from \$2.2 million to \$5.8 million or \$15/month to \$40/month with various items:
 - Public Safety staffing
 - Transit
 - Police facility operating costs
 - Positions in staffing plan
 - Additional positions identified by Staff

	\$2,203,000 Example #15	\$2,878,000 Example #20	\$3,598,000 Example #25	\$4,330,000 Example #30	\$5,022,000 Example #35	\$5,759,000 Example #40
\$100,000 Home	\$48/Yr. \$4/Month	\$63/Yr. \$5/Month	\$78/Yr. \$7/Month	\$94/Yr. \$8/Month	\$109/Yr. \$9/Month	\$125/Yr. \$10/Month
\$200,000 Home	\$96/Yr. \$8/Month	\$125/Yr. \$10/Month	\$156/Yr. \$13/Month	\$188/Yr. \$16/Month	\$218/Yr. \$18/Month	\$250/Yr. \$21/Month
\$300,000 Home	\$144/Yr. \$12/Month	\$188/Yr. \$16/Month	\$235/Yr. \$20/Month	\$283/Yr. \$24/Month	\$328/Yr. \$27/Month	\$376/Yr. \$31/Month
\$381,900 Home	\$183/Yr. \$15/Month	\$239/Yr. \$20/Month	\$299/Yr. \$25/Month	\$360/Yr. \$30/Month	\$417/Yr. \$35/Month	\$478/Yr. \$40/Month
\$500,000 Home	\$240/Yr. \$20/Month	\$313/Yr. \$26/Month	\$391/Yr. \$33/Month	\$471Yr. \$39/Month	\$546/Yr. \$46/Month	\$626/Yr. \$52/Month
Tax Rate Increase	\$0.48	\$0.63	\$0.78	\$0.94	\$1.09	\$1.25
City % of Total Bill	36%	36%	37%	37%	37%	38%

Identifying the Need

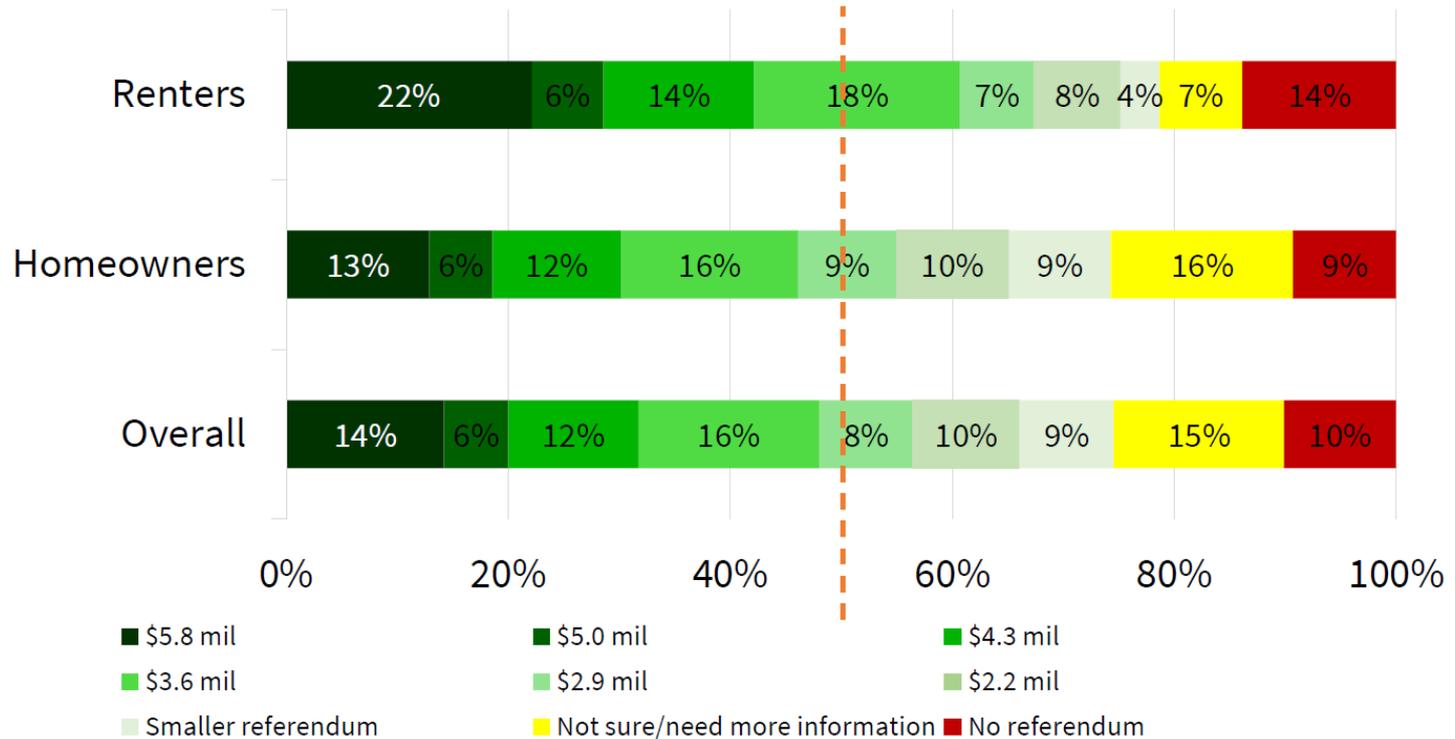
- Community survey sent in March 2024
 - ✓ Available in both English & Spanish
 - ✓ Sent to every household
 - ✓ Survey asked about public safety staffing, police services facility, minimum staffing, comprehensive staffing, transit, and potential dollar amounts
- 2,138 total respondents
- 14.1% response rate

Project Support

Public Safety Staffing		Priority Score = 2.39
Minimum City Staffing		Priority Score = 2.06
Police Services Facility		Priority Score = 1.91
Transit		Priority Score = 1.82
Comprehensive City Staffing		Priority Score = 1.81

■ High
 ■ Medium
 ■ Low

Referendum Support



Moving to the Ballot

- Needed to determine the following:
 - ✓ Timing of a referendum: August or November
 - Voter turnout
 - School referendum
 - ✓ What items to include
 - ✓ Dollar amount

November Referendum

- November Referendum: \$3,593,000 increase in property tax levy to fund:
 - ✓ 5 police positions (3 officers, 1 lieutenant, 1 sargeant)
 - ✓ 6 fire positions (all firefighters)
 - ✓ 3 City Staff positions (communications director, HR generalist, finance manager)
 - ✓ Ongoing Police Department facility operating costs
 - ✓ Improvements to the transit system
 - ✓ Other City operating costs (including to increase wages for part-time firefighters and address growing costs to maintain existing services).

IF THE REFERENDUM IS APPROVED



Additional funding will enable the City to hire **5 sworn Police Positions, 6 Firefighters, a Communications Director, an HR Generalist, and a Finance Manager.** It will also allow the City to **invest in enhanced transit and paratransit services** and fund Police Services Building operations and other **City operating costs** to maintain services.

Amount	\$3,593,000
Public Safety Staff	52% \$1,868,000
Other City Staff	11% \$413,000
Total # of Staff	14
PD Operating	14% \$467,000
Transit	10% \$350,000
Other Operating	13% \$475,000

IF THE REFERENDUM IS APPROVED

PROPERTY TAX IMPACT

\$3,593,000 TOTAL INCREASE

ASSESSED PROPERTY VALUE	ESTIMATED TAX IMPACT	
	PER YEAR	PER MONTH
\$100,000	\$65.20	\$5.43
\$457,800 (median value home)	\$298.49	\$24.87

Referendum Education

- Mueller Communications assisted
- City hosted seven outreach sessions
 - ✓ Four in-person
 - ✓ Three virtual
- Three direct mailers to residents
 - ✓ One double sided sheet
 - ✓ Two large postcards
- Social media: Paid & unpaid campaigns

Results

- Referendum failed
 - ✓ Yes = 47%
 - ✓ No = 53%
 - 8,388 “yes”, 9,455 “no” = 1,067 difference
 - District #2: Only one to pass referendum (~230 difference for, ~4,175 votes cast)
 - District #4: 802 difference against (~4,800 votes cast)
- Other referendums in Madison area passed, including the Madison Metropolitan School District (MMSD)

Potential Factors in Failure

- Referendum fatigue from past elections in school districts (Madison, Oregon, Verona)
- Timing of outreach & early voting: Perhaps an additional month or two would have allowed us to reach more people prior to election day
- Timing with market revaluation/update
 - ✓ People pointed out double digit assessment increases & didn't understand assessment process, relation to revenue change
- Public has general misunderstanding of how property taxes work

Potential Factors in Failure

- Couldn't overcome issues of development & growth, specifically "why hasn't new development growth paid for needs"
 - ✓ General feeling development not paying their fair share
- Didn't have enough elected officials or community members sharing information and/or advocating
- Community trust in elected officials/government
 - ✓ "Pet projects", too many consultants, reallocate budget through cuts
- No sense of urgency, ours was proactive to address growth
 - ✓ Other referendums had service cuts if it failed, we didn't

What Might Be Different Next Time

Timing: Have more time to reach people with mailers before voting

Fewer informational sessions: We had low numbers

Shorter mailers (postcards)

Fewer social media posts

Need to better educate on development, property taxes, levy limits, and assessments

Consider reducing the need for communication consultant

Successful Referendum? Now What

- Municipality must notify DOR within 14 days of a successful referendum
 - ✓ Copy of ballot showing the question on the ballot
 - ✓ A copy of the results
 - ✓ Copy of the signed resolution
- Approved referendum amount will be entered on Line F of the next Levy Limit Worksheet.
 - ✓ Value is base building, so you will not need to enter the amount annually, it will be included in your base levy thereafter.

Final Thoughts

- Explore low hanging fruit before going to voters
 - ✓ Potential options available on short- or long-term basis to give you time to prepare for referendum
- Leverage long-term financial forecasting to aid in determining need & timing of a referendum
- Engage professional team to ensure compliance with statutes & requirements
 - ✓ Board/Council, Attorney, Finance, DOR, WI Elections Commission, Municipal Advisors
- Public education is key, but does not guarantee successful referendum

Resources

- DOR Referendum Fact Sheet: <https://www.revenue.wi.gov/DOR%20Publications/exceeding-levy-limits-fact-sheet.pdf>
- WI Elections Commission Calendar: [https://elections.wi.gov/news-events/events?audience=All&event_type\[\]=249&event_type\[\]=251](https://elections.wi.gov/news-events/events?audience=All&event_type[]=249&event_type[]=251)
- League of Wisconsin Municipalities: <https://www.lwm-info.org/823/Levy-Limits-Explanation-and-Strategies>



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