

# OPINION



AUGUST

## From the administrator's desk

# County's equalized value on the rise



By **DAVID BRETl**  
Walworth County Administrator

The Wisconsin Department of Revenue released its preliminary calculation of equalized value in the state Aug. 1. Equalized value represents value of all taxable property. Ideally, it is a price that would be fetched if all taxable property in the state was sold on Jan. 1.

The statistic is important for three reasons. First, it can give property owners a sense of how the real estate market is performing. While it isn't a perfect measure, a large increase in equalized value should mean that home prices are rising.

Secondly, equalized value is one of three variables that will determine how much of the tax burden each property owner will pay when bills are mailed out later this year. If the equalized value of your home, for example, increased at a faster rate than other properties, your tax bill will go up, all other factors being equal.

Finally, for those of us tasked with putting together the county budget, one particular component of the equalized value report, "net new construction," tells us the maximum amount of property tax money that will be available to fund county operations in the next calendar year.

Net new construction

means the value of new buildings and improvements that were added to the tax rolls reduced by the value of those that were removed.

One interesting aspect of this year's report is that our county's equalized value has finally surpassed its 2009 level. Following the recession of 2008, Walworth County property values peaked at \$15.6 billion in 2009. Values then decreased for the next four years before leveling off and slowly reversing course. During the past year, equalized value increased by slightly less than 6%. The 2019 total stands at \$15,706,734,800 in our county.

As I mentioned above, for some time, the state legislature has used equalized value as a means of controlling taxes at the local level. The first tax levy cap that applied to counties and some other units of local government stated that the tax levy (the amount of money that the government seeks to raise from property taxpayers) could not exceed the increase in equalized value

that took place in the previous year.

During the booming real estate market of the early 2000s, this cap proved to be fairly ineffective. It wasn't uncommon for equalized value to increase at a double-digit rate from year-to-year. This was particularly true in Walworth County. Between 2005 and 2006, for example, equalized value rose nearly 14% in our county.

In 2004, recognizing that the state-mandated limit would not be sustainable to local taxpayers, our county board adopted its own self-imposed tax levy cap. The board resolved to limit property tax increases to the percentage of new construction taking place in the county plus any increase in the consumer price index.

The idea was that the county budget should be allowed to keep up with inflation. Our vendors raise prices over time. Costs ranging from employee health insurance to road oil increase from year-to-year. The CPI component of the formula was meant to capture that increase.

New construction meant that more citizens needed to be served. As a new home was added to the tax roll, the county included it in the equalized value available to be taxed. What the formula did

not permit the county to do was to raise the tax levy based on a hot real estate market.

After that formula was adopted, the August release of the equalized value report became a non-event in county government. While we needed to use the net new construction figure derived by the Department of Revenue, our maximum levy increase would be significantly less than the state-mandated cap.

It didn't take too long for the state legislature to realize that its levy cap was not doing much to control property taxes and it made a significant change to the formula. Starting in 2013, absent authority from voters in the form of a referendum, the tax levy must be limited to the increase in net new construction that took place in the county during the previous year.

Suddenly, the report became a significant factor, again, in our budget planning.

Walworth County has lagged behind the state average in recent years in terms of new construction. This year our growth actually mirrored the state average at 1.59%. This will be the maximum amount by which county government can increase property taxes to support our 2020 operating

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## Capitol report

# Same groups lead spending spree

Groups spent \$17.8 million lobbying in Wisconsin during the first six months of 2019, a dip from the previous budget cycle as divided government returned to the Capitol for the first time in more than a decade.

Still, the biggest three spenders for the six-month period all spent slightly more compared to two years ago.

The Wisconsin Hospital Association topped the list for most spending during the six-month period at \$430,138, followed by Wisconsin Manufacturers & Commerce at \$414,184 and Marsy's Law for Wisconsin at \$384,479.

WHA President and CEO Eric Borgerding said it was a "pretty intense budget process" for his group because most of its effort focused on the Medicaid program. WHA spending was up \$101,670, nearly 31 percent, compared to the same period two years ago as the group got behind Gov. Tony Evers' proposal to accept federal money to expand Medicaid under the Affordable Care Act.

Though GOP lawmakers rejected that approach, Borgerding said WHA's goal was to persuade Republicans to embrace as many other Evers Medicaid provisions as possible.

Evers' plan would've freed up \$324 million in state money while drawing down federal dollars to invest in health care programs.

Instead, Republicans invested an additional \$588.2 million in general-purpose revenue into Medicaid to accomplish goals such as increasing reimbursement rates for health care providers.

"You had obviously a much more divided process this time," Borgerding said. "That took a heck of a lot of time and effort to try and move the ball forward on Medicaid one way or another. It was a much different process."

Lobbying reports covering the first six months of the year were due July 31, and as of noon Aug. 2, groups had reported to the Ethics Commission putting in more than 114,000 hours lobbying during the period.

By comparison, groups dropped \$18.6 million and 119,878 hours over the first six months of 2017 as Republicans became locked in a budget stalemate that dragged into September.

Over the past 14 years, spending peaked at \$23.9 million in the first half of 2011 as the fight over then Gov. Scott Walker's Act 10 and his first budget raged. That topped the \$20.5 million spent in the first half of 2009 as Dems enjoyed control of the governor's office and full Legislature for the first time since the mid-1980s.

Lobbying expenses dropped then to nearly \$17 million in the first half of 2017 and had been climbing steadily until the most recent six-month period.

The dip in spending from the previous budget cycle also comes as the pace of new laws has slowed dramatically compared to recent sessions. Just eight bills became law by June 30 of this year, compared to an average of nearly 26 over the previous decade.

WMC's Scott Manley said the group's focus during the first six months of 2019 was largely on opposing provisions in the governor's budget.

That included the proposal Evers included that would've required property to be valued at its highest and best use to address the so-called "dark store" loophole. WMC has opposed such efforts, arguing they amount to a tax hike on businesses.

That accounted for 13 percent of its effort during the six-month period, as did seeking a fee schedule for the worker's compensation program and beefing up workforce development.

The majority of the WMC's work was categorized as minor efforts, each of which amounts to less than 10 percent of a group's overall work.

"The threats to the business community that were in the governor's budget sort of changed the focus of our advocacy," Manley said.

Marsy's Law put all of its effort into a constitutional amendment to add rights

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## Letters to the editor

### School Board needs a public discussion, plan

A defining moment of the financial demise of the Delavan-Darien School District was fully displayed at the October 2017 school board meeting where the district board approved the final operating budget for the 2017-2018 fiscal year, which was already 100 days into the fiscal year.

Having passed a preliminary budget of \$3.7 million deficit budget at the September 2017 board meeting, the board then approved a \$3.2 million deficit budget.

The president of the board then spoke aloud and said: "Where are we going to find the money? We got to find the money!" A resounding "dead" silence for a full minute or more... Not one word spoken, no discussion, no answers; heads hanging low! No game plan, no business plan, no end game.

Then the board proceeded to the next agenda item. Ha! Ha! Ha! So, here we are August 2019, two fiscal years later and where is the money to pay for an accumulated \$5.5 million dollar deficit?

By depleting the ending general fund reserve from \$6 million to \$0 million, that's no problem, the district will just "temporary" borrow the money to replace depleted funds? The district took on a \$995,000 state trust fund loan, plus with rolling over each year a line of credit from \$2 million to \$3 million to \$4 million to \$7 million.

Now, to date, the total accumulated cost of interest paid out by the district is \$322,000. That's the four-year cost for "avoiding" rebuilding the depleted ending general fund reserve and keeping the doors of the districts schools open.

With the district's plan by way of voter approved referendum funding to rebuild the ending general fund reserve balance to \$2 million over four years, the total accumulated estimated interest cost will

approximately double to well over \$500,000 to \$600,000.

What will the interest cost be in 10 to 12 years, \$1 million? And note this, that will be an ending general fund balance target of \$2 million four years from today when the value should be approximately \$6 million today (15 to 20 percent of the operating budget.)

The district has had for 10 straight years an unwritten rule of an average balance of \$5 million plus or 15.7 percent. But wait - what happened to \$11.2 million referendum funding? Well, \$9.2 million is to be allocated toward enhancing, improving, and expanding the districts educational profile and mission, with a token \$2 million allocated toward rebuilding ending general fund reserves, leaving a \$3.5 million deficit spending unresolved.

The district's business director has introduced the concept of a future ending general fund target reserve of 10 percent (range of 10-25 percent) of the operating budgets, a \$3 to \$3.5 million value.

The board's plan going forward is: "We are working at it, we are doing the best we can, and where we find surplus funds we will allocate those dollars to the general fund reserve." Surprise! That is not good enough. This is simply dumbing down the D-DSD finances.

The board is the responsible party; the board itself must begin a public discussion at open public board meetings. A concise, comprehensive D-DSD business plan must be developed, with an end game scenario.

*Andy Terpstra, Delavan*

### Domestic abuse is already in the area

Next week the Elkhorn Common Council is planning to consider a proposal to allow a small domestic violence shelter to be housed in the offices of New Beginnings APFV. New Beginnings seeks

to relocate to 20 N. Church St., which is a former medical building. As a community member and a downtown businesswoman, I support this.

Let's be honest. Domestic violence exists across all communities and demographics. Building a new shelter will not bring domestic violence into the Elkhorn area because domestic violence is already in the Elkhorn area. It's just hidden from sight.

A shelter will only help to meaningfully address the issue and provide relief to survivors who have no other options but to remain with violent abusers. They are our friends and neighbors, and they deserve our help and support.

Contrary to popular belief, domestic abuse impacts people of all classes and socio-economic status, therefore, framing domestic abuse as a problem of "other" people who will change the composition of the Elkhorn community is fundamentally misguided.

Most important, both the Elkhorn Police and the Walworth County Sheriff agencies support the creation of the new shelter because they know community-based services are critical to their ability to keep Elkhorn residents safe.

Common Council members, please approve this crucial project.

*Sincerely,  
E. A. Kinder  
Happy Consignment*

### Shelter project important and deserves support

Over the past year, New Beginnings APFV has developed a solid plan to move its offices and add a small domestic violence shelter to the former Aurora Medical Clinic at 20 N. Church St. in Elkhorn.

This issue is supposed to come before the Elkhorn City Council on Aug. 19. This plan makes sense for Elkhorn. Security issues and other concerns voiced by opponents were addressed at the Plan Commission meeting on July

11 by New Beginnings.

I urge the City Council to say "yes." I worked at the Walworth County Clerk of Courts Office before retiring in 2016. I know there are many women and children who need and would use this facility. A restraining order from the courts is an important tool, but it doesn't mean the family will be safe. A shelter would provide a secure, private place to obtain services and move forward in a positive way.

The location makes sense because it is in a neighborhood designated as transitional. There are churches, houses, apartments, stores and restaurants. Plus, the Police Department is just across the street.

Please, Elkhorn, support this important project. Children in our community shouldn't be living in fear.

*Sincerely,  
Susan Nesbitt  
Elkhorn*

### Families need, deserve a safe place

This is an open letter to the Elkhorn mayor and members of the Elkhorn Common Council. I'm writing in support of the domestic abuse program center and shelter proposed for the square in downtown Elkhorn.

As the owner of The Infinity Center, which is at 5 E. Walworth St. in Elkhorn, I see more violence outside of downtown bars and deal with disorderly drunks regularly. Yet there are plenty of bars everywhere.

Please let this shelter be established. Let these victims have a safe place to rest their heads and to plan their futures without violence. I imagine they have plenty of restless nights. Maybe this can give these families a bit of peace. They deserve that and so much more.

I fully support this project, and I hope you will, too.

Thank you.

*Sincerely,  
Kristi Rogers,  
Elkhorn*

## In my opinion

# Groups provide education to expand cover crop

By Mary Pat O'Connor  
CONTRIBUTOR

Why cover crop? What is it? You may have heard the term and may have some idea of the concept. Agricultural best management practices and procedures are expanding throughout Walworth County by farmers interested in reducing sediment runoff and improve soil health leading to greater profitability.

In 2016 the Town of Delavan and Walworth County sponsored and funded an engineering firm, Berrini & Associates, to conduct and submit an extensive review of the Delavan Lake watershed. The document produced is the Delavan Lake Watershed Implementation Plan. The purpose of the report is to identify agricultural management practices that can reduce soil erosion and nutrient load into the Lake, as well as other procedures that can be implemented to assist in lake water health.

One of the practices suggested and explained in the Watershed Plan is the use of cover crops. This is a practice where farmers plant a temporary cover, which provides protection for soil and improves soil conditions. In addition, it holds sediment in place avoiding runoff into water systems.

The Delavan Lake Improvement Association supports farmers financially to encourage them to get started and try it for a year or two. If the health of the soil improves and they feel it is a positive result those farmers

can help spread the word.

The DLIA currently supports up to eight farmers a year putting approximately 200 acres of land in cover crop, typically planted in the spring or fall.

This year the prolonged rain and flooding resulted in fields unplanted. While farmers are weighing out insurance options they can also consider a scientific approach to ensure long-term productivity. Planting a cover crop in this situation has the potential to capture applied nutrients, build organic matter, control weeds and erosion and to improve soil quality during the remainder of the season.

This year the DLIA is supporting an additional three farmers and 150 acres of cover crop on unplanted fields.

Currently, we enjoy the knowledge and excitement of Adam Lasch, an active farmer in the Delavan Lake watershed who consults farmers with soil health and land management practices. Lasch raises livestock and has seen positive results from implementing soil health principles on his own farm.

Education that asks for a change requires a shift in mindset. Lasch, Walworth County Conservation and the Delavan Lake Improvement Association are investigating putting together an active farmers group.

"One of the greatest hurdles to more widespread

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