

# OPERATIONAL REFERENDUM



## FREQUENTLY ASKED QUESTIONS

### **What will appear on the ballot?**

The formal resolution requisition permission to exceed the state revenue limit will appear as follows on the November 5, 2024 ballot:

*Under state law, the increase in the levy of the City of Baraboo for the tax to be imposed for the next fiscal year, 2025, is limited to 3.189%, which results in a levy of \$9,579,603. Shall the City of Baraboo be allowed to exceed this limit and increase the levy for the next fiscal year, 2025, for the purpose of funding the ongoing operations and services of the City, by a total of 20.878%, which results in a levy of \$11,579,603, and on an ongoing basis, include the increase of \$2,000,000 for each fiscal year going forward?*

### **Why is the City asking for this increase now?**

Our current funding mechanisms are insufficient to maintain the existing quality of service while the community grows and operational costs increase for reasons beyond the City's control, such as inflation. While our departments have risen to meet the needs of our community by working smarter, creating efficiencies, and prioritizing types of service we can provide, it has become increasingly difficult to provide services as expected, and a new funding solution is needed. The referendum will help sustain and improve the quality of life here in the City for the next several years.

### **Why do we need a referendum to raise the property tax levy limit?**

The State of Wisconsin limits the amount of property taxes a city can collect each year. In order to exceed the levy limit, the city needs voter approval through a city-wide referendum.

### **I've heard a lot about municipal referendums recently. Why is this a topic in the news?**

The situation we are facing in Baraboo is not unique. Across the state, the needs of municipalities have grown, and it is becoming increasingly difficult to provide and maintain the level of service that the community has come to expect with the current funding available from the state. In 2022 alone, 29 Wisconsin municipalities had operational referendum questions on their ballots.

The City of Baraboo is one of a number of Madison-area communities going to referendum this November. The City of Madison, the City of Monona, the City of Middleton and the City of Fitchburg each have referenda on the ballot to fund operating expenses.

**Why is the City asking for an additional \$2,000,000 if it just constructed a new Police Station/Municipal Building, added to the Library, and is looking to build two new Fire-EMS facilities?**

The City made updates to its facilities, including the Police Station/Municipal Building and Library, after a review found the buildings did not meet certain safety codes and were not energy efficient. The City determined it was in the community's best interest to renovate these facilities and build new Fire and EMS facilities, investments that will serve the growing needs of the community for 50+ years.

The City was able to leverage low interest loans (a 40-year fixed-rate USDA - Rural Development loan) for these projects - making the City's annual "mortgage" payment lower and more affordable for our residents. These loans are paid through the debt service portion of the property tax levy.

Unlike payments for debt service, the property tax levy for ongoing operational expenses are subject to levy limits that can only be exceeded through approval by referendum. These operations include the day-to-day expenses that are required for ensuring service to the community, including facility costs, facility expenses - such as fuel and utilities, personnel costs and many others.

Since 2014, inflation has increased by 34%, while the City's tax levy, because of state-imposed limits, only increased 12%.

**What is the difference between the City's Capital Budget and Operating Budget?**

The City's Annual Budget is made up of two components: the Operating Budget and the Capital Budget.

The Capital Budget funds major improvements to City facilities and infrastructure. The Capital Budget is supported through multiple funding sources, including different types of bonds (i.e. borrowing, debt), grants and cash as well as other smaller sources of funding. Capital budgets are not restricted by the state's levy limits, and are funded through the debt levy portion of the City's property tax.

The Operating Budget pays for expenses such as personnel costs, facility operating costs and other expenses that fund City services. It is funded primarily through local property taxes; shared revenue from the state; licenses, such as building and other fees; charges for services; fines and other smaller sources of revenue. Increases to the property tax levy for the Operating Budget are limited to the City's annual percentage of net new construction by Wisconsin State Statutes, and can otherwise only be increased through a referendum.

**How much has the City received in shared revenue from Act 12?**

While increases to shared revenue from the State of Wisconsin have provided a much-needed boost in municipal funds, it is not enough to offset the decades of underfunding and rising costs. The City received an additional \$382,523 increase in shared revenue in 2024, which has been used to fund general City operating expenses. This amount, while helpful, has not come close to covering the funding gap across all services from the last decade of levy limits.

**Why is the increase from the state's shared revenue not the solution?**

While increases to shared revenue from the State starting in 2024 have provided a much-needed boost in municipal funds, it is not enough to offset the decades of underfunding and rising costs. The City received an additional \$382,523 in shared revenue in 2024 – 2.4% of the overall operating budget – which has been used to fund general City operational expenses.

This amount, while helpful, has not come close to covering the funding gap across all services from the last decade of levy limits, given the way the costs for goods and services are also increasing. Consider that the City's health insurance premiums rose by \$256,000 in 2023 just to maintain the same level of coverage.

**Is the referendum a result of previous City mismanagement of funds?**

No. The City budget has been well-managed for years, within the constraints provided by state law. We knew that, eventually, additional funding would be necessary because of those constraints, but the need has been accelerated in recent years as the impacts of inflation on all our costs have been greater than in the past.

The City is facing operational cost increases just like the average resident, with fuel, road salt, utilities and insurance prices increasing year after year. In the last decade, inflation has increased 34% (an average of 3.18% per year), while the City's operational budget has only grown 5.26% in that same time period (an average of .62% per year). In that same timeframe, the City's share of property tax on a \$200,000 home has only gone up 18% (an average of 1.68% per year) – well below the average rate of inflation.

**My property taxes have increased previously without a referendum – why is that?**

The property tax collected by the City of Baraboo includes funds for other taxing jurisdictions, including the school district. The City-specific property tax levy is the result of both the operational levy and the debt service levy. The operational levy can only be increased based on net new construction in the city, due to limits imposed by the state of Wisconsin. To increase the operational levy beyond that amount requires approval from voters in a referendum. The levy also includes funds required for debt service – which can fund eligible capital projects such as the Library and City Hall – and is not limited by the amount of net new construction.

**What will happen if a majority of voters vote “yes”?**

If the referendum is approved by a majority of voters, the City will be able to maintain its current level of support to the community, and add much-needed staff to help maintain the City’s operations – including a Human Resources Manager and Informational Technology Manager.

**What will it mean if a majority vote “no”?**

If the referendum is rejected by a majority of voters, the City will have to make difficult decisions about how to address rising costs to provide services while needs of the growing population increase. A “no” vote would require the City to cut operational costs, therefore reducing the services and community programs Baraboo residents have come to rely on and enjoy.

**What will be the impact on taxpayers if the referendum passes?**

If the referendum is approved, the annual property tax would increase by an estimated \$206 per year for every \$100,000 of property value, starting with the bills issued in December 2024. For example, the impact to a property valued at \$200,000 would be \$412 annually.

**What other alternatives to funding were considered?**

The City of Baraboo has explored multiple avenues to fund the needs of the community and maintain services as operation costs increase, including exploring other funding sources and grants whenever possible.

Over the years, the City has found creative ways to minimize tax increases while upholding the quality of services and care to the community, including creating a storm water utility, implementing streetlight services charges and a local vehicle registration fee, and privatizing refuse collection – the latter of which has a projected savings of \$900,000 over the next 10 years.

The City has run lean for a long time in an attempt to keep costs low for residents. While that approach worked in the past, years of a growing community, growing demands, and rising operation costs have made this approach unsustainable. Without a solution, the City will need to consider discontinuing services the community has come to expect. A referendum is the best path forward to ensure high quality services to the growing community.

**The school board is also planning to go to referendum in November. How does this affect the City’s referendum?**

While both the school district and City are putting referendums on the ballot this year, they are different government entities and levy taxes individually.

The City has taken a pragmatic approach to budgeting and making the most out of tax dollars. The needs of our community have grown while costs to provide services have increased, and it is getting increasingly difficult to meet the growing demands for service without additional resources.



**When and where do I vote?**

Baraboo voters can cast their vote one of three ways: through absentee mail-in ballots, early in-person voting at the City Clerk's office, or in-person voting on election day, November 5, 2024.

Voters can request a mailed absentee ballot from the City Clerk's office. You may request an absentee ballot be mailed to you until 5 p.m. on October 31. If you plan to return your absentee ballot using the U.S. Postal Service, please remember that the ballot must be **RECEIVED** by the Elections Office by the close of polls on election day, November 5, 2024. Absentee ballots may be returned at your polling location on election day. Absentee ballots received after the close of polls will not be counted.

In-person early voting will take place at City Hall on the following dates:

- ▶ **October 22 – October 25**, 8:00 a.m. to 4:30 p.m.
- ▶ **October 28 – October 31**, 8:00 a.m. to 4:30 p.m.
- ▶ **November 1**, 8:00 a.m. to 5:00 p.m.

On November 5, your polling place, the Baraboo Civic Center, will open at 7:00 a.m. and close at 8:00 p.m. Wisconsin voters are required to show an acceptable photo ID in order to vote.

Additional voting information, including about requesting an absentee ballot, can be found on [myvote.wi.gov](https://myvote.wi.gov)

**Who can I contact for more information?**

Send any questions or feedback to the City of Baraboo at [referendum@baraboowi.gov](mailto:referendum@baraboowi.gov)

**If this referendum passes, will the City's property tax levy increase by \$2,000,000 every year?**

No. If the referendum is approved, a home valued at \$200,000 would see a tax increase of an estimated \$412 per year for 2025. The City will NOT be adding an additional \$2,000,000 to the levy in 2026; the levy will simply continue with the \$2M added from 2025. The term "ongoing" does not mean homeowners' taxes will increase by \$412 for 2025, another \$412 for 2026, and so on. Taxes will increase for 2025 and then, based only on changes from net new construction, will increase slightly thereafter. The City's property tax levy is subject to levy limits that can only be exceeded through approval by referendum. Without the term "ongoing" in the question language, if the \$2M increase is approved for 2025, the levy would drop by the same \$2M in 2026. Adding the increase for one year and then removing it does not allow us to fund the City's operations long-term.

**What is my assessed home value? How does that differ from my home's market value (or fair market value)?**

Assessed value is the value of a property used to calculate property taxes by the City. This assessment is based on a set of guidelines, including comparable home sales and location. You can find this figure for your home by visiting Sauk County's Real Estate Tax Parcel portal. Fair market value is the price a property would sell for on the open market, which can change from year-to-year based on local conditions. Fair market value is often much higher than a home's assessed value.

**Can the City enact a sales tax to raise revenue?**

No. A city or village may only enact the types of taxes authorized by the legislature and there is no statutory authorization for cities and villages to impose a general sales tax in their community. The only exception is the “premier resort area tax.” To qualify, at least 40 percent of the equalized assessed value of taxable property within the municipality is used by tourism-related retailers, a standard that Baraboo does not meet. The legislature has granted a handful of municipalities (Eagle River, Bayfield, Sister Bay, Ephraim, Stockholm, and Rhinelander) the authority to impose a PRAT even though they do not meet the 40 percent standard, but Baraboo has not been successful in getting this exemption.