

Shared Revenue and Local Revenue Options

Problem

For nearly 20 years there has been tremendous financial pressure on local units of government. This has been the result of a poor national and state economy and efforts by state officials in what appears to have been an effort to starve local governments from providing needed or wanted local services.

This pressure has come from both a reduction in Shared Revenue during the years of the state facing large budget deficits and then a political decision to both freeze Shared Revenue and to take away other options for local units of government to raise necessary revenue to provide critical emergency services.

Both political parties are to be blamed for the serious financial problems facing local units of government:

Governor Jim Doyle (D) reduced Shared Revenue during his tenure in office while facing large state budget deficits.

From 2006-2011 Levy Limits placed modest controls on how much additional revenue a municipality could raise through the property tax levy. The rate was set at the rate of inflation.

Under Governor Scott Walker (R) conditions got even worse.

First Shared Revenue was frozen and has been so for the past 8 years.

Then the Levy Limits allowable increases were reduced to zero for many communities unless they were fortunate to have some growth in property values due to new net construction.

This Levy Limit policy has created a dynamic in which fast growing municipalities have the financial resources to invest in services and infrastructure that help them further increase their growth, while the many no-growth or slow-growth communities stagnate.

As municipalities looked for other ways to raise needed revenue, hands were further tied by taking away the ability to impose new user fees on municipal services or raise fees on those services that already had a fee on them.

These limitations have had a negative impact on our community. These include:

(Each person meeting with their state legislators should have with them examples of what the impact of these cuts and limitations have had on your community for the past decade. Best to use examples within

EMS and other emergency services but you can also use examples from throughout your community. Everything from solid waste collection, park closures, to street and road conditions)

Solutions

The Governor's Budget begins to address each of the limitations in a modest way. We ask that you support each of these.

1. Shared Revenue Increase

The proposed state budget increases Shared Revenue by a modest 2% in the second year of the biennium. This gets spread evenly so that each city, village, town, and county would get an increase of 2%.

Shared Revenue has been frozen since 2012. Inflation alone has grown by almost 11% in that period. So 2% helps but it does not come close in meeting our needs. Thus other measures are needed as well.

2. Levy Limit Modification

The state budget proposal modifies Levy Limits so that a municipality with no growth or small growth of less than 2% can raise their levy by a modest 2%. If a municipality has growth above 2% they could increase their levy by that amount as they can now under current law.

In 2017 the equalized value average due to new construction was 1.3% for towns, 1.8% for cities and villages, and 1.5% for counties.

Wisconsin has nearly 2,000 towns, cities, villages, and counties. Of these only 120 towns, 80 villages, 39 cities, and 6 counties had growth above 2% due to new construction.

3. User Fees for Municipal Services

The budget lifts the restriction on establishing new user fees or increasing existing fees by eliminating the current requirement that the property tax levy be reduced by the amount of new fees collected.

Since 2013 if a community had a service fee on garbage collection, fire protection, snow plowing, street sweeping, or storm water management that fee could not be increased without reducing the levy by an equal amount. Likewise, if a municipality wanted to apply a new fee on these services that had been paid for with property taxes, that levy too had to be decreased.

According to the US Census, Wisconsin cities, villages, and towns rank 36th nationally on spending for local services. In 2015 that was \$2,205 per capita, compared to \$3,443 nationally.

Without these modest budget proposals Wisconsin communities are faced with the ongoing dilemma of continuing to reduce vital services or continue to delay investments in building and equipment maintenance.

We ask that you support these 3 modest budget proposals.