

EMS Day at the Capitol April 10th, 2019

Issue Paper: Shared Revenue and Local Revenue Options

Presented By: Professional Fire Fighters of Wisconsin, Professional Ambulance Association of Wisconsin, Wisconsin EMS Association, and the Wisconsin State Fire Chiefs Association.

Problem

For nearly 20 years there has been tremendous financial pressure on local units of government as they struggle to provide necessary local services in challenging economic times.

This pressure has come from both a reduction in Shared Revenue during the years of the state facing large budget deficits, and a 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. The decisions leading up to this were made by both parties, and the solution must also take a bi-partisan approach.

We ask that you consider three modest budget proposals ([Page 2](#)), so that Wisconsin communities do not have to choose between continuing to provide quality vital services and investing in building and equipment maintenance.

Levy Limits History

The fiscal problems facing local governments is the result of actions taken on both sides of the aisle. Governor Jim Doyle (D) reduced Shared Revenue during his tenure in office while facing large state budget deficits. Then 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.

In 2011, under Governor Scott Walker (R), 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.

Solutions

There are items already within the Governor's Budget that begin to address each of the limitations, and therefore we ask that you support the following three budget proposals:

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%.

However, 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, requiring other measures.

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.

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 three modest proposals.

