



2017-2018 MUNICIPAL AGENDA

About the League

The League of Wisconsin Municipalities is a voluntary non-profit, non-partisan association of 600 cities and villages working to advance municipal government. Established in 1898, the League provides legislative advocacy, information sharing, legal advice, education and training, and insurance options for its members.

For more information about the League's legislative agenda, please contact Jerry Deschane, Executive Director, 608-267-2388, jdeschane@lwm-info.org; or Curt Witynski, Assistant Director, 608-267-3294, witynski@lwm-info.org; or visit www.lwm-info.org.

Core Principles

Preserve and Enhance Local Revenue Sources.

Most Wisconsinites live, work, attend school and receive health care in cities and villages. Industry and commerce occur almost exclusively in cities and villages.

Municipalities are responsible for building and maintaining the infrastructure necessary for economic growth. Municipalities also provide police, fire protection, water, sewer and other quality public services necessary to attract businesses and residents to the state.

Cities and villages need reliable and sufficient revenues in order to deliver quality services. Wisconsin municipalities receive most of their revenue from two sources: property taxes and state aids. The municipal tax base must be preserved, and the state must help fund vital local services. The League opposes legislation that reduces shared revenue and other state aids to municipalities. The League opposes legislation that erodes the property tax base.

Strengthen Local Democracy.

Wisconsin cities and villages are granted extensive home rule powers to govern themselves without state interference. In order to lead locally municipalities must have the freedom to experiment and innovate. The League will oppose any legislation reducing or limiting municipal authority relating to *spending and taxing decisions, police powers, land use regulation, labor relations, tax incremental financing, water and sewer utilities, and other matters primarily local in nature.*

League of Wisconsin Municipalities

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PRESERVE AND ENHANCE LOCAL REVENUE SOURCES

State Shared Revenues

As state revenues recover from the Great Recession, we urge the Legislature to recognize its partnership with cities and villages, the economic engines of the state, and increase funding for the shared revenue program by at least the same percentage that state general fund revenues have grown over the last biennium.

Transportation Funding

The League has three critical goals relating to transportation funding:

Just Fix It. Fix the shortfall in transportation funding by enacting an adequate, equitable and sustainable transportation funding system, as recommended by the 2013 Wisconsin Transportation Policy and Finance Commission Report.

Investing in Local Streets. Support the Department of Transportation's 2017-2019 state budget recommendations increasing funding for cities and villages under the General Transportation Aids program by \$23 million and increasing Local Road Improvement Program funding for cities and villages by \$9 million.

Regional Transportation Authorities. Support enactment of regional transportation authority enabling legislation.

Property Taxes

Dark Store. Follow Indiana's lead and pass legislation closing off the dark store tax strategy. Big box stores and other national retail chains argue that their establishments should be valued for property tax purposes the same as vacant or abandoned stores. Stop the tax shift to home owners that occurs as a result of this dark store strategy by clarifying that when assessors use the comparable sale method of valuation, they must consider as comparable only those sales within the same market segment exhibiting a similar highest and best use, rather than similarly sized but vacant properties in abandoned locations.

Reverse Walgreens Decision. Since the Wisconsin Supreme Court's unfortunate decision in *Walgreens v. City of Madison* (2008), Walgreens, CVS and other national chains have successfully argued in courts and before Boards of Review around the state that the assessed value of their properties should be less than half of the actual sale prices of such properties on the open market. These stores argue that their actual sale prices don't represent market value and the underlying leases are the wrong tool for determining the property's value for property tax purposes. There are over 200 Walgreens alone in Wisconsin cities and villages. We seek legislation clarifying that leases are appropriately factored into the valuation of properties.

Retain Personal Property Tax Absent Plan to Address Tax Shift to Homeowners. Over 80% of personal property is located in cities and villages. Repealing the personal property tax without holding other property taxpayers harmless by having the state make up the \$270 million in lost revenue through additional state aid or by authorizing municipalities to implement an alternative source of revenue will result in a large tax shift to homeowners. The League opposes repealing the personal property tax without a long-term plan in place for addressing the resulting tax shift.

Expenditure Restraint Program Improvements

Increase funding for the Expenditure Restraint Program (ERP) and make the following improvements to the program: (1) Establish a 2.5% floor on CPI for ERP purposes; (2) Require DOR to determine CPI for ERP purposes no later than August (currently it is October); (3) Exempt from ERP budget test increased expenditures allowed by a referendum allowing the community to exceed levy limits.

Payment for Municipal Services Program

Seek legislation similar to 2015 SB 273/AB 350, requiring full funding of the Payment for Municipal Services Program (PMS), which is a program that reimburses municipalities for police and fire services provided to tax-exempt state-owned facilities. The intent of the program is to help control local property taxes by making an equitable contribution toward the cost of municipally provided fire and police protection, extraordinary police services, and garbage collection. In the current state budget, annual funding for the program is set at \$18,584,200. In 2016, this amount covered less than 38% of the actual costs municipalities incurred in serving state facilities statewide. The significant gap between a community's actual expenses and the state's reimbursement payment is filled by municipal property taxpayers.

Creative Economy Grant

Support enactment of legislation similar to 2015 AB 636, creating and funding a matching arts grant program to support creative industries, job creation, and economic development in Wisconsin.

STRENGTHEN LOCAL DEMOCRACY



Levy Limit Technical Changes

State imposed levy limits allow a municipality to increase its levy over the prior year by the percentage increase in equalized value from net new construction. While every community is different, in 2015, the growth in the state's total equalized value from net new construction was 1.43%. Levy limits this strict are unsustainable and are negatively impacting the ability of municipalities to provide the services necessary for economic development and job growth.

1. Allow governing bodies in small cities and villages under 4,000 in population the option of exceeding levy limits under the following circumstances: 1) Governing body passes resolution to exceed levy limits by three quarters vote following a public hearing; and 2) Citizens have option of filing a petition for a referendum on the governing body's decision within 60 days after the governing body vote. (This would provide small cities and villages, which typically have low tax rates and low levies, an option similar to the one that exists in sec. 66.0602(5) for small towns.)
2. Exempt amounts a community spends on hiring additional police officers.
3. Exempt public fire protection water utility fees from levy reduction requirement imposed by 2013 Act 20.
4. Exempt stormwater utility fees used exclusively for debt payments from levy reduction requirement imposed by 2013 Act 20.
5. Allow levy to increase by percentage change in equalized value due to new construction, not "net" new construction. In other words, when calculating the new construction number for a community do not subtract the value of tear downs and demolitions.
6. Allow municipalities to conduct referendums to exceed levy limits earlier in the year, at least August.
7. Tie levy limits to the rate of inflation. Make the minimum allowable annual growth in a community's tax levy the greater of the rate of inflation or net new construction.
8. Allow a municipality to specify in the levy limit referendum question presented on the ballot the purpose for which the excess levy is to be used.
9. Allow a community's levy limit to be adjusted up whenever an arbitration decision requires the municipality to increase police or fire compensation.

TIF Law Improvements

Pass the following improvements to the tax incremental financing law, most of which the Joint Legislative Council recommended and the Senate unanimously passed last session:

1. Increase from 12% to 15% the maximum amount of a community's total equalized value that can be located in tax incremental finance districts. (2015 SB 55)
2. Remove certain barriers preventing TIDs from sharing tax increments, including limiting the participation of certain special purpose districts in tax incremental district financing, and allowing any type of a TID to be a recipient of donated tax increments. (2015 SB 52)
3. Authorize a municipality to request a base value re-determination any time that a TID is in a decrement situation (i.e., the current equalized value is less than the TID's base value). (2015 SB 57)
4. Extend deadline by which a local government must declare a TID to be distressed or severely distressed to October 1, 2019. (2015 SB 56)
5. Adjust maximum amount of equalized value that can be located in TIDs on the basis of a community's population. Higher thresholds for smaller populations (e.g., 20 percent for communities under 3,000, 17% for communities between 3,000 and 8,000), and 15% for all other communities.

Replacement of Lead Water Main and Service Laterals

Make it easier for communities to invest in replacing underground infrastructure, such as lead water service laterals by:

1. Allowing municipal water utilities to use rate payer generated revenues to help homeowners pay for replacing private service lines containing lead.
2. Allowing municipal staff and/or utility staff to perform work on replacing private lead water service laterals.
3. Requiring DNR to continue to allocate Safe Drinking Water Loan Program (SDWLP) Principal Forgiveness (PF) funds for disadvantaged municipalities to use for replacing lead service lines on private property beyond 2017.
4. Creating an additional grant program and/or tax credit program to help property owners pay for replacing private lead service laterals.

Cell Towers

We support legislation similar to 2015 AB 905 restoring municipal authority to regulate the location of cell towers within residential neighborhoods.

Phosphorus

Create more flexible options for municipalities to comply with phosphorous water quality standards and create a state program to help municipalities finance the cost of such compliance. Also, urge state to create incentives for farmers to implement best practices for reducing run-off.

Close Incorporation Law Loophole

Pass legislation restricting ability of newly incorporated communities to immediately acquire town remnant through annexation or boundary agreement without neighboring communities having any say in the matter.

Cities and villages are the state's economic engines, containing. . .

- **70% of the state's population**
- **89% of the state's commercial property value**
- **86% of the state's manufacturing value**
- **136 of 141 Wisconsin hospitals**
- **342 public libraries**
- **All 13 UW System four-year campuses**
- **All 24 of the state's independent private colleges and universities**

Wisconsin's metropolitan areas account for 75% of the state's Gross Domestic Product.