

League 2023-2024 Legislative Priorities

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Legislative Priorities

- Reforming how Local Governments are Funded
- Housing
- Municipal PFAS Program
- Plus: Update on Transportation in the Budget



Reforming How Local Government is Funded



WISCONSIN TOWNS
ASSOCIATION

Empowering Town Officials



**Goal: More,
Sustainable,
and Growing**

**Partnership to
increase funding
for ALL Local
Governments**



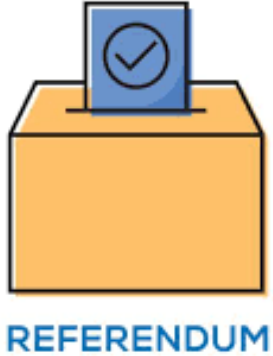
Reforming How Local Government is Funded



WHY do we need it and HOW did we raise funding to a priority?

- The funding level for County and Municipal Aid in 2003 was \$938 million. Today, it is \$753 million.
- Resulting in an overreliance on Property Taxes

Reforming How Local Government is Funded



A staggering 37 public safety referendums were on the ballot in 2022, 29 passed.

- 8 in the spring election,
- 9 during the August primary,
- 20 in the November general election. In November voters supported 85% of the municipal public safety referendums.
- In April of 2023 25 referenda were on the ballots and 10 or 40% passed.

This is a BIG ask & a LARGE hill to Climb

- We NEEDED our Members to tell their story!
- Had to be a Coalition effort and we ALL had to stay together!
- Policy reforms that represent the nature of split government and true compromise
- **Remember the goal was More, Sustainable, & Growing**

Winning the Messaging Battle – Leadership/JFC Champions

- Late 2022 and Early 2023 before Feb State of the State
- Majority Leader LeMahieu priorities for the budget include cut taxes, invest in k12 education, roads, and **local government**.
- Speaker Vos needs to see efficiencies from local governments, but that local government funding is on the table. “No revenue without reforms”
- Also working with Senator Marklein and Rep. Born – Co-Chairs of the Joint Finance Committee and Senator Felzkowski and Representative Kurtz members of JFC.

Legislative Process

- **AB 245** Introduced – May 3, 2023, almost 13 months after we first met with the Counties and Towns about forming a coalition.
- Public Hearing May 4 – Urban Alliance about 25 members spoke or registered.
- **SB 301** Introduced – May 18th
- Public Hearing May 23rd – Local Gov Lobby Day about 30 members spoke or registered
- Assembly Amendment 1 to AB 245 adopted and passed on the floor party line
- Senate amended the amended AB 245 with Senate Amendment 1
- Final passage 68/26 Assembly and 21/12 in Senate – Bipartisan in both house
- **Signed into law June 20th Wisconsin Act 12**

Act 12 Provisions

This bill dedicates **one full penny of the state sales tax**: more than \$1.5 billion annually, to local government.

MORE:

- An increase of nearly \$275 million in county and municipal aid.
- \$300 million in one-time grants for service consolidation.
- All Communities minimum 20% increase
- Increases in police training and EMS funding.
- Expenditure Restraint Program (ERP) “penalty” for police, fire and EMS grants removed.

SUSTAINABLE: Tied to the economy via the sales tax.

GROWING: Future county and municipal aid increases based on estimated increases in sales tax revenue.

Act 12 Provisions - Increased Funding

- Supplemental payments begin July 1 2024
- Distributed July and November like current Shared Revenue
- Beginning July 1, 2025, **BOTH** old shared revenue and the supplemental bump from 2024 are indexed to the state sales tax.
- Supplemental funds may be utilized for: law enforcement, fire protection, emergency medical services, emergency response communication, public works, courts, and transportation.

Act 12 Provisions - Existing Programs

- Complete repeal of **Personal Property Tax**, with state backfilling lost revenue
- **Expenditure Restraint Program** continues with the following revisions:
 - grants for public safety received from the state or federal government, or innovation fund grants do not count as part of municipal budget.
 - Milwaukee sales tax revenue does not count as part of the municipal budget.
 - ERP payments in 2025 same as 2024; base adjusted in 2026 to include shared revenue supplemental.

Act 12 Provisions - Existing Programs

- **INCREASED** Emergency Medical Services Aids – (current annual \$2.2 GPR increased to \$15 million annually)
 - **INCREASED** Law Enforcement Training Aids – (current annual \$2 million GPR/\$4.4 SEG, increased \$8.725 million annually)



Act 12 Provisions - Innovation Fund

- **\$300 Million** - Apply to DOR with an Innovation Plan - with a county, another muni, nonprofit, or private entity.
- **Public safety, fire, EMS (prioritized)**, courts, jails, training, communications, IT, administration (staffing, payroll, HR), public works, economic development, tourism, public health, housing, planning, zoning, parks and recreation.



Act 12 Provisions - Innovation Fund

- For 3 years, grant amount is equal to 25% of the costs of the greater of:
 - Entity with the highest cost prior to consolidation or
 - Cumulative costs of providing the service excluding the costs paid by the highest cost community.
- Total cost savings of 10% must be realized – 50% (of the 10%) after 24 months and full cost savings realized at the end of 36 months.
- Innovation Fund includes a mechanism for placing a value on the work of volunteers.

Act 12 Provisions - MOE

Annual certification of law enforcement and Fire/EMS effort to DOR.

For Police, certify **any one** of the following factors has not decreased from the prior year:

- Number of sworn officers employed
- Amount of property tax levy dollars spent on employment of sworn officers
- Percentage of property tax levy spent on employment of sworn officers

For Fire/EMS, certify **any 2** of the following have not decreased from the prior year:

- Expenditures for fire protective services and EMS
- Number of full-time equivalent fire fighters and EMS personnel employed.
- Level of training of and maintenance of licensure for fire fighters and EMS personnel
- Response times for fire and EMS adjusted for call location.

Act 12 Provisions - MOE

- Police and Fire positions that are state or federally grant-funded are not counted toward MOE
- Counties, and those municipalities under 20,000 population or that receive law enforcement services from the Sheriff's Department, are not required to certify police MOE.
- The penalty of not meeting MOE is 15% of shared revenue.
- A local government can miss certification one year and recertify to the preceding year the year after loss of shared revenue and if DOR approves recertification full shared revenue is restored.

Act 12 Provisions - Milwaukee Specific

- Allows City to establish by 2/3 vote of all members elect of the Common Council a 2% local sales tax
- Allows County to establish by 2/3 vote of all members elect of the County Board a 0.4% sales tax
- Sales tax expires when existing pension system liability is fully-funded or after 30 years
- City must use any annual sales tax revenue above what is needed to fund pension obligations to increase or maintain police and fire staffing until a state-dictated staffing level is reached.
- Requires new city and county employees to participate in Wisconsin Retirement System

Act 12 Provisions - Milwaukee Specific

- Places a strict police and fire maintenance of effort standard on the city (this standard does not include positions funded with state or federal grants).
- Any increase in staffing or spending requires two-thirds majority vote of the city council.
- Powers currently vested in the Fire and Police Commission are redirected to the Police and Fire Chiefs, with oversight authority given to the Common Council.
- Neither property taxes nor sales taxes may fund the city's light rail system ("The Hop").

Act 12 - Reform Provisions - TIDs

- Beginning with new TIDs created in 2025 and beyond, **limits the percentage of new construction value** that occurs within a TID that may be applied in determining a municipality's allowable levy increase.
- Currently, a municipality may apply 100% of “net new construction” to determine the increase. Under the bill as amended, a municipality would be able to apply 90% of new construction (not “net new”) that occurs within the TID.

Act 12 - Reform Provisions - TIDs

- **Limit on levy increase at TID closure**—Beginning with new TIDs created in 2025 and beyond, the bill allows a municipality a one-time levy adjustment equal to 10% of the newly-created value within the TID; the adjustment may be increased to 25% (an additional 15%) if the TID closes prior to 75% of its anticipated life.
- Current law allows a one-time levy adjustment equal to 50% of the newly-created value within the TID and there is no incentive for early closure.
- For a tax incremental district created after December 31, 2024, at the time of approval the joint review board shall establish the year of expected termination of the tax incremental district.

Act 12 - Reform Provisions

- **Advisory Referenda** – Prohibits a county or municipality from holding an advisory referendum, unless the referendum concerns a capital project that would be funded via the property tax levy, local revenue sharing agreements, boundary agreements, and establishment of municipal cable, broadband, or telecommunications utilities.
- **Local Health Officer** – Local health officers can only mandate the closure of a business in order to control an outbreak or epidemic of communicable disease for up to 30 days. One extension of 30 days is allowed if the governing body approves. Public health departments may not prescribe “essential” or “non-essential” businesses.

Act 12 - Reform Provisions

- **No local discrimination or preferences** – Prohibits local governments from discriminating against or providing a preference in hiring or contracting based on race, color, ancestry, national origin, or sexual orientation (unless as required to receive federal aid).
- **Local Regulation of Quarries** – Limits the ability of a political subdivision to place limits or conditions on the operation of nonmetallic quarries from which materials are primarily used in the construction or repair of public and private transportation facilities and infrastructure.

Act 12 Supplemental Information

- Wisconsin Act 12 -
<https://docs.legis.wisconsin.gov/2023/related/acts/12.pdf>
- Legislative Council Amendment Memo -
<https://docs.legis.wisconsin.gov/2023/related/lcamendmemo/ab245.pdf>
- Legislative Fiscal Bureau Aid Distributions June 20th -
https://docs.legis.wisconsin.gov/misc/lfb/misc/117_aid_distributions_under_2023_act_12_2023_ab_245_6_20_23.pdf

Housing

- Wisconsin has a housing shortage.
- Everywhere
- Lack of worker-affordable housing hurting growth
- Rental market short 120,000 units+
- Workforce shortage 130,000 by 2030



Housing Solutions



- Incentive for communities that modify zoning and approval process to facilitate workforce housing. ✓
- Craft legislation specifically addressing workforce and affordable housing. ✓
- Expand mixed use options in communities. ✓

Housing Legislation

- League, Towns, Counties, Builders, and Realtors
- The League worked with State Representative Rob Brooks, Senators Romaine Quinn, Ducey Stroebel and Dan Feyen
- [AB 264](#) which provides zero-interest loans for residential development infrastructure (roads, utilities, etc.)
- [AB 265](#) provides zero-interest loans for upper-floor main street housing rehabilitation.
- [AB 266](#) is the Truth-in-Zoning bill which requires municipalities to permit housing allowed under existing residential zoning regulations and limits third-party lawsuits against development.
- [AB 267](#) provides low-interest loans for workforce housing rehabilitation.
- [AB 268](#) provides zero-percent loans for conversion of non-residential housing to workforce housing.
- Governor Signing all bills on June 22nd in Ma



PFAS Cleanup

Basics about PFAS:

- It's (nearly) everywhere - PFAS is an emerging contaminant that is found in an immense amount of common consumer goods.
- It's not good for you
- Someone has to clean it up –
- Without help from the state, water/wastewater ratepayers or property taxpayers will foot the bill.



PFAS Cleanup Solution

- Goal: PFAS grant or revolving loan fund for municipal drinking water/wastewater/soil remediation and testing ✓
- \$125 Million secured in the Budget for Municipal Grant Program ✓
- SB 312/AB 312 Introduced and public hearing in both houses ✓
- Substitute Amendment Pending to address League, MEG, and DNR concerns ✓

Transportation in the Budget

General Transportation Aids - 2%  each calendar year – \$31.4 million SEG.

Connecting Highway Aid -  of \$2.48 and \$4.97 million to fund a 25% increase annually for municipalities

LRIP Local Road Improvement Program: one-time SEG funding of \$100 million for LRIP supplemental.  LRIP formula and discretionary components \$4.0 million SEG, representing a 4% yearly increase.

ARIP - Local Road Improvement Program – Agricultural Roads: \$150 million SEG in FY 24.



Transportation in the Budget

Transit was moved out of transportation to the general fund but did receive a 2% ↑

State Highway Rehab Program - ↑ each of the two years of the biennium of \$5.4 million and \$25.9 million plus additional FED increases

State Highway Management and Operations - ↑ to the base of \$1.6 million annually ongoing.

State Highway Routine Maintenance - ↑ of \$1.7 million and \$3.9 million, the \$3.9 is ongoing

EV Sales Tax Transfer to transportation fund which would ↑ revenue by \$1.1 million and \$2.1 million

Local Bridge Improvement Program - funding of \$10 million and \$8.75 million which is consistent with the last two budgets



Questions and Comments



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