

## Memorandum

**To:** Michael Best Strategies Clients & Friends

**From:** Michael Best Strategies

**Date:** June 15, 2023

**Subject:** Shared Revenue Deal

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On Wednesday the Legislature passed the comprehensive shared revenue deal that had been announced last week by Gov. Tony Evers (D), Assembly Speaker Robin Vos (R), and Majority Leader Devin LeMahieu (R). The approved deal has three components including a \$275 million increase in state aid to local governments, a \$1 billion increase in funding for public schools, and \$285 million in new spending on choice and charter schools. The shared revenue component was addressed in [AB 245](#), the K-12 funding was [added](#) to DPI's budget by the Joint Finance Committee, and the choice and charter school funding was increased through [SB 330](#).

The most notable changes to the shared revenue bill (AB 245) passed by the Legislature from the previous version of the bill are:

- Guaranteed minimum increase of 20% for all municipalities with populations under 110,000;
- A requirement of a 2/3 vote by the City and County of Milwaukee to adjust their sales tax;
- Raising the Milwaukee County sales tax from .375% to .4%;
- Allowing local advisory referendums in limited situations, such as a proposed revenue sharing agreement between municipalities;
- And clarifying that a 2/3 vote by Milwaukee's city council and county board to approve spending increases would expire after the sales taxes end.
- Read all the changes noted in the LC Amendment Memo here:  
<https://docs.legis.wisconsin.gov/2023/related/lcamendmemo/ab245.pdf>

The Milwaukee-specific provisions contained in the shared revenue bill passed by the Legislature includes:

- Allowing the City of Milwaukee to increase the city sales tax by 2% with a 2/3 vote of the Common Council;
- Allowing the County of Milwaukee to increase the county sales tax by .4% with a 2/3 vote of the County Board;
- Requiring that funds from the sales tax increase **MUST** be used to address the failing pension program and that there is a soft close of the City and County pension program where new employees will be moved to the state retirement plan;
- Requiring the addition of 1,725 new law enforcement agents, 218 new firefighters, 25 school resource officers to be deployed to the Milwaukee Public School District, and appointing the

Milwaukee police chief as the policy decision maker for the police department instead of the police and fire commission;

- Prohibiting Milwaukee from spending tax dollars to fund any position for which the principal duties consist of promoting individuals on the basis of their race, color, ancestry, national origin, or sexual orientation;
- And prohibiting the City and County from spending on the streetcar, or for public health officials to shut down any businesses for extended periods of time or deem them “essential” or “non-essential”.

The bill also includes the elimination of the personal property tax, which will result in a tax cut of \$173.8 million for Wisconsinites. Rep. Mark Born (R) stated the personal property tax is something the Republican caucus and Gov. Evers had been working to eliminate, and that in doing so this will help with the burden on small business owners and Wisconsinites as a whole.

In addition to shared revenue, Speaker Vos and Majority Leader LeMahieu also emphasized the historic investment the deal makes in education. [SB 330](#) makes increases per-pupil funding for choice and charter schools and provides increased funding for special education. The Governor stated that the agreement builds on his work to do “what’s best for kids.” The agreement between Gov. Evers and GOP legislative leadership to increase education spending includes:

- Making an historic investment of \$1 billion spendable revenue in public schools across the state, including a \$325 per pupil increase in each fiscal year on revenue limits;
- Increasing state money for K-8 choice voucher payments from \$8,399 to \$9,500, and for high school students from \$9,045 to \$12,000;
- Increasing vouchers payments for charters students from \$9,264 to \$11,000;
- Setting aside \$50 million to improve reading and literacy outcomes for K-12 students;
- Reaching a 33% reimbursement for special education;
- Lowering the revenue ceiling from \$10,000 to \$11,00 per student;
- Investing \$30 million over the biennium for school-based mental health services;
- Requiring for school districts to track crimes that occur on school district grounds;

AB 245, the shared revenue bill, passed the Assembly 68-26 with 21 Democrats and five Republicans voting against the measure. The bill passed the Senate 21-15 with six Democrats and seven Republicans voting in opposition.

SB 330, the choice and charter school funding bill, passed the Assembly 62-31 with two Democrats from Milwaukee joining all Republicans to support the bill. In the Senate, the bill passed 24-9 with two Democrats from Milwaukee joining all Republicans in support of the measure.

Gov. Evers sounded a positive note following the bills’ passage, saying both pieces of legislation would benefit the state. “It’s my job as governor to always work to do the right thing when it matters most,” Gov. Evers wrote in a Tweet. “We’re securing over \$1 billion for our kids and our schools to improve reading and kids’ mental health while making historic investments in our communities. This is a win for Wisconsin.”

Majority Leader LeMahieu also applauded the deal. “The legislature’s actions this evening are a key step toward the completion of the largest bipartisan agreement in recent memory,” Sen. LeMahieu

said. “When these bills become law, every local government and public, choice, and charter school in the state will see a substantial increase in resources available to them to fulfill their core priorities.”

Reaction from Democratic Legislative leadership was mixed. Sen. Minority Leader Melissa Agard (D), who voted in favor of the shared revenue bill, said the deal would “make a significant difference to our local communities as they work to provide essential services to the people they serve,” but she also noted the passed bill was “not the finish line, rather a starting point.” Assembly Minority Leader Greta Neubauer (D), who opposed the measure, said the shared revenue bill “starts us down the right path [but] it does not do enough for every community.” Rep. Neubauer also said the bill “has completely irrelevant and harmful provisions specifically targeting the city of Milwaukee that override local control and restrict the city’s ability to provide necessary services to communities of color and the LGBTQ+ community.”

Watch the Assembly floor session here: <https://invintus-client-media.s3.amazonaws.com/2789595964/5cdb1830c06b8a9c245cacb4b3356ee3b528c3bb.mp4>

Watch the Senate floor session here: <https://invintus-client-media.s3.amazonaws.com/2789595964/067dbbbe7d4dc482e9cda93d6345a38c95dcde6b.mp4>

Read the Governor’s Tweet here: <https://twitter.com/GovEvers/status/1669169397615689728>

Read Majority Leader LeMahieu’s release here:  
[https://www.wheelerbilltracking.com/upload/files/frontpage/doc\\_406267375648b091cd15063.10725706.pdf](https://www.wheelerbilltracking.com/upload/files/frontpage/doc_406267375648b091cd15063.10725706.pdf)

Read Sen. Agard’s statement here:  
[https://www.wheelerbilltracking.com/upload/files/frontpage/doc\\_2043774217648b08477a9d28.97084242.pdf](https://www.wheelerbilltracking.com/upload/files/frontpage/doc_2043774217648b08477a9d28.97084242.pdf)

Rep. Neubauer’s statement here:  
[https://www.wheelerbilltracking.com/upload/files/frontpage/doc\\_645480895648b09fcbfdf54.00634890.pdf](https://www.wheelerbilltracking.com/upload/files/frontpage/doc_645480895648b09fcbfdf54.00634890.pdf)