Innovation Fund Modifications in Act 15

The 2025-2027 State Biennial Budget

Section 262. 79.038 (1) (a) 1. b. of the statutes is amended to read:

79.038 **(1)** (a) 1. b. The agreement or contract transfers all services or duties specified under subd. 1. a. for a period of ~~time that is~~ at least ~~twice the length of the period described in par. (d) 1. that remains on the date that the application is submitted~~ 3 years.

Section 263. 79.038 (1) (b) 1. (intro.) of the statutes is amended to read:

79.038 **(1)** (b) 1. (intro.) The department of revenue may award a grant for an agreement or contract under par. (a) only for a transfer of one or more of the following services or duties~~, and only if the innovation plan indicates that the transfer will realize a projected savings of at least 10 percent of the total cost of providing the service or duty~~:

Section 264. 79.038 (1) (c) 1. of the statutes is repealed.

*79.038 **(1)** (c) 1. The department may not approve a grant under par. (a) after the end of the 4th fiscal year after the date identified in the notice under 2023 Wisconsin Act 12, section 244 (1).*

Section 265. 79.038 (1) (c) 1m. of the statutes is created to read:

79.038 **(1)** (c) 1m. The department may not approve a grant under par. (a) after the end of the 6th fiscal year after the date identified in the notice under 2023 Wisconsin Act 12, section 244 (1).

Section 266. 79.038 (1) (d) 1. of the statutes is amended to read:

79.038 **(1)** (d) 1. A grant awarded under par. (a) shall be distributed in payments made each year that a service or duty is transferred under an innovation plan during the period consisting of the first fiscal year that begins after the date identified in the notice under 2023 Wisconsin Act 12, section 244 (1), and the 4 following ~~2~~ fiscal years. ~~Except as provided in subds. 2., 3., and 4., with regard to an innovation plan involving only counties and municipalities, the amount of the grant awarded under par. (a) for that plan to be distributed in each year is equal to 25 percent of the total costs specified under par. (a) 1. c. of performing the services and duties covered by the innovation plan in the year immediately preceding the transfer of the services or duties, excluding the costs specified under par. (a) 1. c. paid by the county or municipality with the highest total costs of performing the services or duties covered by the innovation plan in the year immediately preceding the transfer of the services or duties.~~ Except as provided in subds. 2., ~~3.,~~ 3m., and 4., with regard to an innovation plan ~~involving the transfer of a service or duty to a nonprofit organization or private entity~~, the amount of the grant awarded under par. (a) for that plan to be distributed in each year is equal to 25 percent of the total costs specified for the county or municipality transferring services or duties under par. (a) 1. c. of performing the transferred services and duties in the year immediately preceding the transfer of the services or duties.

Section 267. 79.038 (1) (d) 3. of the statutes is repealed.

79.038 ***(1)*** *(d) 3. The department of revenue shall notify the department of administration of any county or municipality that failed to realize its projected savings as required under par. (e) 2. a. or b., and the department of administration shall withhold from the next payment to the county or municipality an amount equal to the difference between the amount of savings required to be realized under par. (e) 2. a. or b. and the actual amount of savings realized.*

Section 268. 79.038 (1) (d) 3m. of the statutes is created to read:

79.038 **(1)** (d) 3m. If, for a year during the period under subd. 1. that a county or municipality is awarded a grant for an innovation plan under par. (a), the total cost of performing the service or duty specified by the innovation plan's agreement or contract under par. (a) 1. a. for all counties and municipalities that are a party to the agreement or contract exceeds 115 percent of such cost for the year immediately preceding the transfer of the service or duty as indicated under par. (a) 1. c., the department of revenue shall notify the department of administration of each county and municipality that is a party to the agreement or contract, and the department of administration may not make a payment for that grant in the next year to any such county or municipality.

Section 269. 79.038 (1) (e) 2. of the statutes is repealed.

79.038 ***(1)*** *(e) 2. a. Each applicant under this paragraph shall certify to the department that the county or municipality shall realize half of the projected savings under its plan no later than 24 months after first receiving a distribution for the grant.*

79.038 ***(1)*** *(e) 2. b. Each applicant under this paragraph shall certify to the department that the county or municipality shall realize the full amount of the projected savings under its plan no later than 36 months after first receiving a distribution for the grant.*

Statutes as Amended by Act 15

79.038 Innovation grants and innovation planning grants.

(1) Innovation grants.

(a) Beginning on the date identified in the notice under 2023 Wisconsin Act 12, section 244 (1), counties and municipalities may apply to the department of revenue, in the form and manner prescribed by the department, for innovation grants to be used to implement innovation plans. For purposes of this subsection, an "innovation plan" is a plan submitted by a county or municipality to transfer county or municipal services or duties described in par. (b) to a county, municipality, nonprofit organization, or private entity. The department may approve an application by a county or municipality for a grant under this subsection only if the county or municipality enters into an agreement or contract to transfer services or duties described in par. (b) to a county, municipality, nonprofit organization, or private entity, and all of the following apply:

1. The county or municipality provides to the department a copy of a signed agreement or contract with a county, municipality, nonprofit organization, or private entity to transfer one or more services or duties to the county, municipality, nonprofit organization, or private entity, and the agreement or contract satisfies all of the following:

a. The agreement or contract specifies the services or duties to be transferred to the county, municipality, nonprofit organization, or private entity.

am. The agreement or contract is entered into no earlier than the date identified in the notice under 2023 Wisconsin Act 12, section 244 (1).

b. The agreement or contract transfers all services or duties specified under subd. 1. a. for a period of ~~time that is~~ at least ~~twice the length of the period described in par. (d) 1. that remains on the date that the application is submitted~~ 3 years.

c. The agreement or contract indicates the cost to the county or municipality transferring a service or duty of performing each service or duty specified under subd. 1. a. in the year immediately preceding the transfer of the service or duty under the agreement or contract, and, if the agreement or contract transfers a service or duty specified under subd. 1. a. to a county or municipality, the cost to the county or municipality to which the service or duty is transferred of performing each transferred service or duty in the year immediately preceding the transfer of the service or duty.

d. The agreement or contract specifies the amount that the county or municipality will pay to the county, municipality, nonprofit organization, or private entity to which the service or duty is transferred for performing each service or duty specified under subd. 1. a. for the entire term of the agreement or contract.

e. The agreement or contract specifies the allocation of grant moneys between the counties or municipalities that are parties to the agreement or contract.

2. The county or municipality provided all services or duties specified under subd. 1. a. in the year immediately preceding the year that the services or duties are transferred under the agreement or contract described in subd. 1.

(b)

1. (intro.) The department of revenue may award a grant for an agreement or contract under par. (a) only for a transfer of one or more of the following services or duties~~, and only if the innovation plan indicates that the transfer will realize a projected savings of at least 10 percent of the total cost of providing the service or duty~~:

a. Public safety, including law enforcement, but not including jails.

b. Fire protection.

c. Emergency services.

d. Courts.

e. Jails.

f. Training.

g. Communications.

h. Information technology.

i. Administration, including staffing, payroll, and human resources.

j. Public works.

k. Economic development and tourism.

L. Public health.

m. Housing, planning, and zoning.

n. Parks and recreation.

2. For purposes of this subsection, the total cost of providing a service under subd. 1. includes the cost of wages, fringe benefits, training, and equipment associated with providing the service.

3. In calculating the projected savings under this paragraph to be realized by a transfer of fire protection or emergency medical services involving an entity that engages volunteer fire fighters or emergency medical services practitioners, the department shall attribute to all volunteer fire fighter or emergency medical services practitioner positions fair market compensation for the services provided by the volunteer fire fighter or emergency medical services practitioner positions. The department shall promulgate rules specifying the method of determining fair market compensation for the services provided by a volunteer fire fighter position and emergency medical services practitioner position for purposes of this paragraph.

(c)

~~**1.** The department may not approve a grant under par. (a) after the end of the 4th fiscal year after the date identified in the notice under 2023 Wisconsin Act 12, section 244 (1).~~

1m. The department may not approve a grant under par. (a) after the end of the 6th fiscal year after the date identified in the notice under 2023 Wisconsin Act 12, section 244 (1).

2. The department may distribute a total of up to $300,000,000 in payments under this subsection.

3. The department may not approve a grant under par. (a) if distributing all payments for the grant and all other grants awarded under this subsection as provided in par. (d) would result in the distribution of an amount that exceeds the amount under subd. 2.

(d)

1. A grant awarded under par. (a) shall be distributed in payments made each year that a service or duty is transferred under an innovation plan during the period consisting of the first fiscal year that begins after the date identified in the notice under 2023 Wisconsin Act 12, section 244 (1), and the 4 following ~~2~~ fiscal years. ~~Except as provided in subds. 2., 3., and 4., with regard to an innovation plan involving only counties and municipalities, the amount of the grant awarded under par. (a) for that plan to be distributed in each year is equal to 25 percent of the total costs specified under par. (a) 1. c. of performing the services and duties covered by the innovation plan in the year immediately preceding the transfer of the services or duties, excluding the costs specified under par. (a) 1. c. paid by the county or municipality with the highest total costs of performing the services or duties covered by the innovation plan in the year immediately preceding the transfer of the services or duties.~~ Except as provided in subds. 2., ~~3.,~~ 3m., and 4., with regard to an innovation plan ~~involving the transfer of a service or duty to a nonprofit organization or private entity~~, the amount of the grant awarded under par. (a) for that plan to be distributed in each year is equal to 25 percent of the total costs specified for the county or municipality transferring services or duties under par. (a) 1. c. of performing the transferred services and duties in the year immediately preceding the transfer of the services or duties.

2. No county or municipality may receive a total amount of payments distributed during a year under this subsection that exceeds $10,000,000.

~~**3.** The department of revenue shall notify the department of administration of any county or municipality that failed to realize its projected savings as required under par. (e) 2. a. or b., and the department of administration shall withhold from the next payment to the county or municipality an amount equal to the difference between the amount of savings required to be realized under par. (e) 2. a. or b. and the actual amount of savings realized.~~

3m. If, for a year during the period under subd. 1. that a county or municipality is awarded a grant for an innovation plan under par. (a), the total cost of performing the service or duty specified by the innovation plan's agreement or contract under par. (a) 1. a. for all counties and municipalities that are a party to the agreement or contract exceeds 115 percent of such cost for the year immediately preceding the transfer of the service or duty as indicated under par. (a) 1. c., the department of revenue shall notify the department of administration of each county and municipality that is a party to the agreement or contract, and the department of administration may not make a payment for that grant in the next year to any such county or municipality.

4. The department shall allocate the grant moneys distributed under this paragraph as provided by the agreement or contract under par. (a) 1. e.

(e)

1. The department of revenue shall give priority to county and municipal innovation plans that attempt to realize savings for public safety, fire protection, and emergency services while maintaining the appropriate level of such services. After the department awards grants to priority applicants, the department may award other counties and municipalities a prorated share of the remaining amount allocated under s. 25.491 (10).

~~**2.**~~

~~**a.** Each applicant under this paragraph shall certify to the department that the county or municipality shall realize half of the projected savings under its plan no later than 24 months after first receiving a distribution for the grant.~~

~~**b.** Each applicant under this paragraph shall certify to the department that the county or municipality shall realize the full amount of the projected savings under its plan no later than 36 months after first receiving a distribution for the grant.~~

(em) The department of revenue shall certify the amounts of grants awarded under par. (a) to the department of administration, and the department of administration shall pay the amount of the grants awarded under par. (a).

(f)

1. Each year during the period described in par. (d) during which grants are distributed, the department of revenue shall audit at least 10 percent of the grants awarded under par. (a) for which at least 24 months have passed since the first distribution under the grant.

2. Each year during the period during which grants under par. (a) are awarded, no later than December 31, the department of revenue shall submit a report to the joint committee on finance concerning all grants awarded under par. (a).

(2) Innovation planning grants.

(a) Beginning in 2024, a municipality with a population not exceeding 5,000 may apply to the department of revenue, in the form and manner prescribed by the department, for a grant to be used only for staffing and consultant expenses for planning the transfer of one or more of the services listed under sub. (1) (b). No municipality may receive more than $100,000 for each project plan submitted under this paragraph and approved by the department of revenue.

(b) The department of revenue shall certify the amounts of grants awarded under par. (a) to the department of administration, and the department of administration shall pay the amount of the grants awarded under par. (a).