

Legislative Gridlock Presents Opportunities and Challenges

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Last November, Wisconsin electors doubled down on more gridlock in the state Capitol. With a relatively popular Democratic governor in office, voters added to the Republican majority in the Senate and maintained a large Republican majority in the Assembly. The Republican majorities in both houses remain below the veto-proof two-thirds majority threshold, however.

Split-party control of the state Capitol is usually good for municipalities. As was the case last session, less legislation gets passed, which means fewer opportunities for the Legislature to interfere with local powers. On the other hand, it will remain challenging to enact legislation that the League supports, like state aid increases, new local revenue options, and levy limit flexibility.

This article describes the political lay of the land in the state Capitol and discusses the League's goals for the 2021-2022 session.

Republicans Remain Firmly in Control of Legislature

This session the Republicans continue to control a formidable 61 seats in the Assembly to the Democrats' 38. While the Democrats picked up two seats from last session, Capitol insiders had predicted that the Democrats would win five or more seats in November. Instead, Republican incumbents in purple districts, like Rep. Todd Novak (R-Dodgeville), were able to beat back their challengers.

In the Senate, Republicans expanded their majority from 19-14 to 21-12 by picking up two seats from the Democrats in November.

The departure of former Senate Majority Leader Scott Fitzgerald to Congress opened the door for a change in Senate leadership after years of stability. Senate Republicans selected Senator Devin LeMahieu (R-Oostburg) as majority leader. The League has an excellent working relationship with Sen. LeMahieu, a former Sheboygan County supervisor. Sen. LeMahieu was a strong supporter of our dark store and Walgreens legislation. The Senate Republicans also selected a new president, replacing Sen. Roger Roth (R-Appleton) with Sen. Chris Kapenga (R-Delafield).

Senator LeMahieu was elected majority leader with the help of the fiscally conservative wing of the caucus. The new Senate President, Sen. Kapenga, is a member of that wing. The changes in Senate leadership and a stronger Republican majority signal a more severe turn to the right for the Senate this session.

The Senate Democrats retained Sen. Janet Bewley (D-Mason) as minority leader. Sen. Bewley replaced former Sen. Jennifer Shilling as minority leader when she resigned from office last summer to pursue private-sector opportunities. Other Senate Democratic leaders include assistant minority leader Sen. Janis Ringhand (D-Evansville) and Caucus chair Sen. Jeff Smith (D-Eau Claire).

Leadership in the Assembly remains unchanged for the most part. Rep. Robin Vos (R-Rochester) continues as speaker of the Assembly and retains firm control of his caucus. This is Rep. Vos' fifth term in that role. He is the longest-serving speaker in Wisconsin history. Rep. Jim Steineke was reelected as Assembly majority leader, and Rep. Tyler August (R-Lake Geneva) will continue to serve as speaker pro tempore. Rep. Kevin Peterson (R-Waupaca) was selected assistant majority leader.

The Assembly Democrats voted to retain Rep. Gordon Hintz (D-Oshkosh) as minority leader. Rep. Dianne Hesselbein (D-Middleton) will again serve as assistant minority leader. Rep. Mark Spreitzer (D-Beloit) was reelected to serve as caucus chair.

Finally, the Joint Committee on Finance will have a different look this session, with new co-chairs and members. One thing that won't be different is Republicans retaining a 12-4 majority control of the powerful budget writing committee. Rep. Mark Born (R-Beaver Dam) is the new Assembly co-chair of the Joint Finance Committee. The League has worked well with Rep. Born, a former member of the Beaver Dam common council. Rep. Born has authored several budget amendments for us in the past relating to levy limits.

Rep. Born will share the responsibility of chairing the committee with the new Senate co-chair Howard Marklein (R-Spring Green). The League has worked very well with Sen. Marklein in the past. Indeed, we recognized him as one

of our Municipal Champions of the 2017–2018 session. He strongly supported our dark store bills and authored budget amendments dealing with levy limits for us in the past.

The other Senators appointed to the 16 member committee are:

- Sen. Ducey Stroebel (R-Saukville) (Vice-Chair)
- Sen. Dale Kooyenga (R-Brookfield)
- Sen. Mark Felzkowski (R-Irma)
- Sen. Joan Ballweg (R-Markesan)
- Sen. Kathy Bernier (R-Chippewa Falls)
- Sen. Jon Erpenbach (D-West Point)
- Sen. LaTonya Johnson (D-Milwaukee)

As of this writing Speaker Vos has named only two of the six Assembly Republican members to the JFC. In addition to Rep. Born serving as co-chair, Rep. Amy Loudenbeck (R-Clinton) will serve as vice co-chair.

Assembly Minority Leader Rep. Gordon Hintz has appointed Rep. Evan Goyke (D-Milwaukee) and Rep. Greta Neubauer (D-Racine) to the Joint Finance Committee.

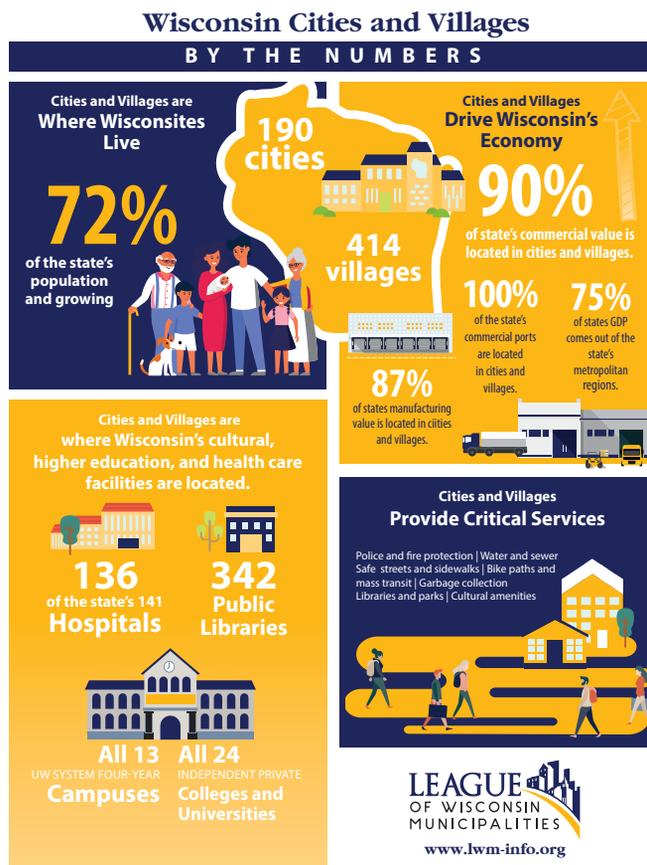
The State Budget

The Legislature’s primary focus during the first six months of the session will be enacting the 2021–2023 biennial budget. Governor Evers will introduce his proposed budget in February.

According to a report on state finances released by the Department of Administration in November, the state is projected to have a positive fund balance of \$1.22 billion at the end of the 2019–2021 biennium. Looking ahead to the 2021–2023 biennium, state revenues are expected to grow an additional \$1.35 billion. Combined with the ending balance for 2019–2021, that pushes the total for new revenue to \$2.57 billion.

However, state agency budget requests submitted to the governor last fall in preparation for the 2021–2023 budget exceeded what the state expects to take in by \$2.36 billion if every agency request was approved. As is typically the case, however, it is unlikely that all budget requests from state agencies will be funded in their entirety.

The League met with Governor Evers’ staff last fall and requested that he include several items from our legislative agenda in his state budget, including increased funding for the municipal services, recycling grants, shared revenue, expenditure restraint, and General Transportation Aids



programs. We also asked the governor to allow municipal property tax levies to grow by at least the rate of inflation and to delete language in the levy limit law requiring communities to reduce their levy when switching to a fee to pay for certain services, like storm water, fire protection, and garbage collection.

Like last session, we anticipate the Republican-led Legislature will not take up the governor’s proposed budget but will instead work from the current budget. Nevertheless, the governor’s signature is necessary to pass a state budget and he has broad veto powers. In the end, some type of compromise between the governor and the Legislature will be necessary. Last session, the Legislature and the governor surprised Capitol observers by enacting a state budget on time at the end of June.

Shared Revenue

Over the last 20 years, funding for this important municipal program has been cut several times, totaling \$94 million in reductions. It is time for the state to restore these cuts. While no cuts were made to shared revenue in the last three state budgets, no restoration of prior cuts was made either.

Transportation Budget

One policy area that Governor Evers and the Legislature agreed upon last session was the need for increased spending on transportation needs, including local transportation aids. While we do not anticipate policymakers backpedaling on their commitment to adequately fund state and local transportation needs, convincing both the Legislature and the governor to increase transportation spending even more will be difficult. The League will work to retain existing spending levels, including the onetime bump in the Local Road Improvement Program using general fund dollars.

General Transportation Aids

The General Transportation Aids (GTA) program provides payments to cities, villages, and towns to help cover part of the costs of constructing, maintaining, and operating local streets. Funding for the portion of the GTA program that goes to cities and villages was cut by \$20 million in 2012. The 2017-2019 state budget restored \$15.5 million of that 2012 cut. The last state budget provided another 10% increase to the GTA program, which finally raised program funding levels above 2011 numbers for cities and villages. Still, even with 10% increases in the last two budgets, GTA covers on average only 16% of municipal transportation expenditures.

The League is asking the governor and the Legislature to increase funding for the share of cost component of the GTA program. All cities and most villages receive their GTA payments under the share of cost formula.

Seeking New Approaches to Efficiency and Funding

The League's key legislative priorities for the 2021-2023 session focus on maintaining or increasing funding for municipal aid programs and defending against any reductions in municipal powers. A copy of the full legislative agenda is posted on the League's website: lwm-info.org. We urge you to read it and to share a copy with your state legislators.

The legislative agenda also contains two new policy measures highlighted below, which are designed to: 1) help communities provide quality government services more efficiently and affordably; and 2) create alternative funding options for making infrastructure improvements:

A. Cooperative Local Government Service Area. We seek authority and funding for the creation of a pilot Cooperative Local Government Service Area modeled after Cooperative Educational Service Agencies (CESA) to allow communities to join together to provide high-quality government services more efficiently by, for example, sharing administrators and department heads or performing payroll and other back-office functions.

B. Allowing Limited-Term Local Sales Tax for Capital Projects. We support allowing municipalities to fund specified transportation, utility infrastructure, and other capital projects by using a voter-approved short-term 1% local sales tax modeled after Oklahoma City's Metropolitan Area Projects Plan. https://en.wikipedia.org/wiki/Metropolitan_Area_Projects_Plan

Join Us in Advocating for the League's Legislative Agenda

We need your help to advance the municipal agenda this legislative session. We also need your help in defeating any legislation seeking to undermine municipal powers. The League's strength is in its broad, statewide membership. The only way to preserve local control and our revenue sources is to work together and speak with a unified voice. We urge you to communicate with your legislators about the League's legislative agenda. Consider joining the League's Advocacy Team. Contact Gail Sumi for more information: gsumi@lwm-info.org

During the session, stay informed about activities in the state Capitol through the League's *Legislative Bulletin* and the *Capitol Buzz*. Subscribe here: <http://bit.ly/LWMsubscribe>

About the Author:

Curt Witynski is the League's Deputy Executive Director and manages the League's lobbying program, representing the League before the Legislature, the governor's office, and state agencies. He writes the *Legislative Bulletin* and *Capitol Buzz* newsletters and organizes legislative material on the League's web page. Contact Curt at witynski@lwm-info.org



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League's Legislative Priorities for 2021-2022



Strengthen Local Democracy. The League will seek restoration of municipal powers taken away by previous legislatures and governors, including the ability to: condemn property for bike and pedestrian paths, reasonably regulate landlords and inspect apartments, create regional transportation authorities, and prohibit short-term home rentals.

The League will oppose legislation reducing or limiting municipal authority on *spending and taxing decisions, land use regulation, labor relations, tax incremental financing, water and sewer utilities, and other matters primarily local in nature.*

Change the Model for how Municipalities are Funded: Diversify Local Revenue Sources; Preserve and Enhance Current State Aid Programs. The League will work with the Legislature and the governor on modernizing and diversifying municipal revenue options.

The League will also seek to preserve and enhance existing state aid programs as follows:

- **Shared Revenue.** For over 100 years the shared revenue program has been a key component of Wisconsin's state and local fiscal relationship. Over the last 20 years, funding has been cut by \$94 million. It is time for the state to restore these cuts.
 - Increase funding for the shared revenue program for municipalities by \$54 million, which would restore the program to 2007 funding levels.
 - Reboot the state shared revenue distribution formula.
- **Expenditure Restraint Program (ERP).** Increase funding for ERP, which rewards communities for keeping their growth in spending below a strict threshold. The program has been funded at the same level, \$58 million, since 2003. We also seek the following improvements:
 - Establish a 2% floor on CPI for ERP purposes.
 - Require DOR to determine CPI for ERP purposes no later than August (currently it is September).

- Exempt from the ERP budget test increased expenditures allowed by a referendum to exceed levy limits.
- Exempt from the ERP budget test expenditures made in response to pandemics and other health emergencies.

- **Payment for Municipal Services Program (MSP).** The state must adequately fund the program it uses to reimburse communities for the cost of providing fire, police, and garbage collection services to state facilities. In the current state budget annual funding for the program is set at \$18,584,200. In 2019, this amount covered only 34% of the cost municipalities incurred in serving state facilities located within their communities. The significant gap between the costs a community incurs serving state buildings and the state's payment must be covered by municipal property taxpayers. We urge the Legislature to pass legislation like 2015 SB 273, requiring full funding of the program.

Reasonable Adjustments to Levy Limits. The League supports making the following reasonable adjustments to levy limits:

1. Allow municipalities to increase their levy annually by at least 2% or CPI, whichever is greater.
2. Eliminate the requirement that a municipality reduce its allowable levy by the amount by which it increases fees for certain specified services.
3. Exempt cost of purchasing and operating public safety equipment (e.g., police body-worn cameras)
4. Exempt amounts spent on hiring additional public safety employees.
5. Exempt costs a municipality incurs when it is required by Wis. Stats. Sec. 157.115(1)(b)2 to take over the care and maintenance of abandoned private cemeteries.

Cooperative Local Government Service Area. Authorize and help fund the creation of a pilot Cooperative Local Government Service Area modeled after CESA to allow communities to join forces to provide high-quality government services more efficiently by, for example, sharing administrators, department heads, or performing payroll and other back office functions.

Close the Incorporation Law Loophole. Restrict ability of recently incorporated municipalities to immediately acquire remaining town remnant through annexation or a boundary agreement without the approval of neighboring municipalities.

Modernize Open Meetings Law to Allow for Virtual Meetings. Clearly give local governing bodies the ability to conduct public meetings using remote access technology, including conference calling, real time streaming, video conferencing, or other platforms. During the COVID-19 pandemic many municipal governing bodies successfully conducted meetings virtually while ensuring full public access. It was common for communities to experience higher public participation in virtual meetings than they had with in-person meetings prior to the pandemic. The law needs to be updated to reflect technology changes and actual practices.

The League's Top Priorities Regarding Transportation Funding Are:

- 1. Allow Limited -Term Local Sales Tax for Capital Projects.** Allow municipalities to fund specified transportation, utility infrastructure, and other capital projects by using a voter approved short-term 1% local sales tax modeled after Oklahoma City's Metropolitan Area Projects Plan. https://en.wikipedia.org/wiki/Metropolitan_Area_Projects_Plan
- 2. Invest in Municipal Streets.** Continue to increase funding for the share of cost component of the General Transportation Aids (GTA) program, which goes to cities and villages. The last state budget finally fully restored the \$20 million GTA cut cities and villages experienced in 2012. Nevertheless, GTA currently covers only 16% of municipal transportation costs. In contrast, GTA covers nearly 40% of town transportation costs.
- 3. Ensure Workers Can Get to Their Jobs – Invest in Mass Transit Systems.** Boost funding for the mass transit operating aids program, which has lagged road spending over the last 10 years.
- 4. Regional Transportation Authorities.** Support enactment of regional transportation authority enabling legislation.

Bookmark the League's legislative information on our website <https://lwm-info.org/> and subscribe to the League's Legislative Newsletters <http://bit.ly/LWMsubscribe>

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