

Shared Revenue: Helping Fund Police and Other Services

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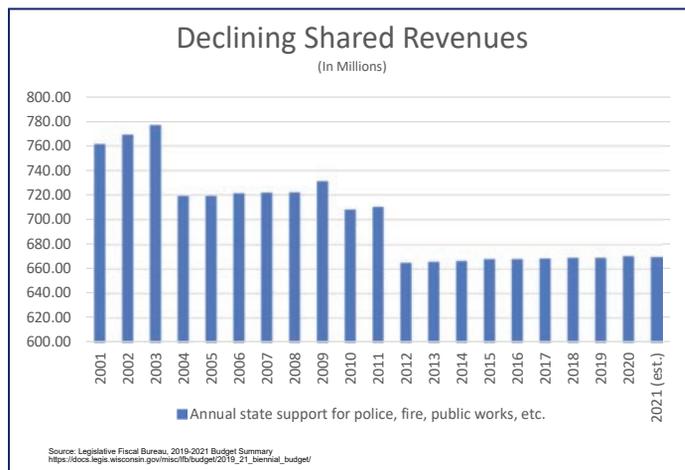
For over 100 years the state has provided general, unrestricted aid to municipalities, towns, and counties to help pay for basic local services like police and fire protection and to deliver property tax relief. This program has historically been called shared revenue. The state created the shared revenue program in 1911 using income tax dollars to hold municipalities harmless from a new property tax exemption the Legislature had created. In 2004, the shared revenue program was revised and renamed the county and municipal aid program.

Shared revenue has always maintained an important position in the state budget because it supports the most essential elements of local government services. The county and municipal aid and utility aid programs, combined with the expenditure restraint aid program, rank as the sixth largest state general fund program in 2020-21, behind elementary and secondary school aids, medical assistance, corrections operations, the University of Wisconsin system, and the school levy and first dollar tax credits.

Yet, while shared revenue remains one of the largest state programs in terms of total funding level, it has declined significantly in relative size to the rest of the state budget over the last 20 years due to large cuts to the program in 2004, 2010, and 2012, and little or no growth in other years. In 1994-95, shared revenue made up 12.5% of the state's total general fund appropriations, but that share has decreased to 4.3% of general fund appropriations in 2020-21. According to the Wisconsin Budget Project, over the last 25 years, shared revenue declined by over 47%, when accounting for inflation, from almost \$1.6 billion in 1996 to \$830 million in 2020. During that time, shared revenue for cities, villages, and towns was cut by \$94 million, a 12% drop. Over the same time frame the cost of providing services in communities has steadily increased, resulting in local property taxpayers shouldering a larger percentage of the cost of local government.

The formula for distributing shared revenue was turned off in 2002 and has not been used since. Annual payments are based on what a community received the prior year. Since 2002 each individual municipality and county has received the same payment it received the prior year except for those years when total funding for the program was cut. Total funding

for the program has remained at \$753 million since 2012. Consequently, since 2013, each community's annual payment has been the same amount it received in 2012.



For over 100 years the shared revenue program has been a key component of Wisconsin's system of state and local finance. It is an important part of the state's effort to keep property tax growth under control. Moreover, it is an equitable, efficient way to help fund police, fire, streets, and other critical local services. Yet, funding for this program has been steadily reduced over the last 20 years. The state cannot profess a commitment to holding down property taxes and continue to decrease or hold flat shared revenue. It is crucial that shared revenue be maintained, and program funding keep pace with the rising cost of providing police, fire, ambulance, street maintenance, elections, and other vital municipal services.

Distribution of Estimated 2021 County and Municipal Aid Payments (In Millions)

Towns \$42.1 | Villages \$63.2 | Cities \$525.1
 Counties \$122.6
 Total \$753.0

More information about the shared revenue program is available from the Legislative Fiscal Bureau <http://bit.ly/SharedRevenueInfo>

Learn how you can TAKE ACTION on page 20.

ACTION STEP: State policy makers need to be informed about the importance of adequately funding the shared revenue program. Help us tell your shared revenue story in the capitol! Compile a narrative detailing what previous cuts in shared revenue have meant to your municipality and what an increase could mean for your community. There is a perception in the Legislature that increases will fund wants and not needs. At the League, we know that is not the case, but we need your help

to provide the necessary and accurate details that will resonate with legislators. Please prepare your community's shared revenue story and share it with your legislators. Please also send your completed piece to Gail Sumi, Member Engagement and Communications Director at gsumi@lwm-info.org, so that we can use your story when discussing the need for shared revenue increases under the dome!

About the Author:

Curt Witynski is the League's Deputy Director. Curt 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 webpage.

He also answers questions from the media and members about legislation, levy limits, state aid programs, and legal issues.

Questions? Contact Curt at witynski@lwm-info.org or Toni Herkert, the League's Government Affairs Director, at therkert@lwm-info.org



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