



# CITY OF JANESVILLE

*Wisconsin's Park Place:*

*Discover the community of choice  
to realize life's opportunities*

## LWM Roundtable

Mark A. Freitag

City Manager

April 13, 2021



# Purpose



- ✿ Communicate to the audience the importance of advocating for your community with a few tips on how to do it effectively.
- ✿ Keys to success:
  - Build mutually beneficial relationships
  - Be accessible, responsive, accountable, and transparent always
  - Provide objective analysis
  - Approach from a non-partisan perspective
  - Include the League!

# Legislative Program



- 🌲 Quarterly update letters to State and Federal Legislators and the Governor
- 🌲 Annual State and Federal Legislative Agenda
- 🌲 Biennial State Legislative Roundtable
- 🌲 As required, leader advocacy via email, phone, or in-person
- 🌲 When appropriate, partner with state municipal associations to advocate
- 🌲 Updated and active legislative webpage



# CITY OF JANESVILLE

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## Issue 1: Restoration of Fiscal Local Control

Dave Godek

Interim Finance Director



# Issue 1: Restoration of Fiscal Local Control

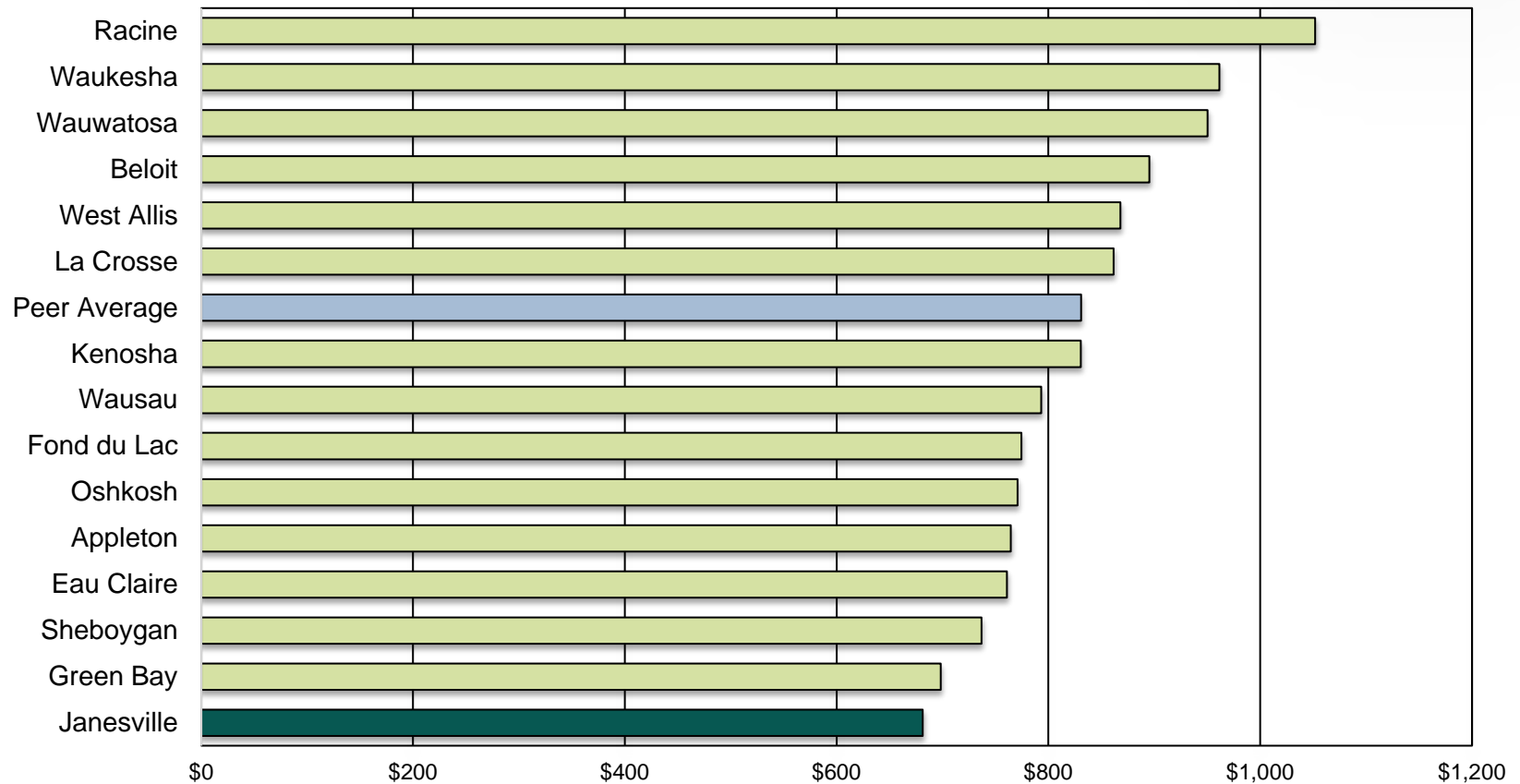


- ❖ Lack of General Fund revenue diversity
  - 81% of Janesville's General Fund revenue comes from property taxes and state aid
    - Property tax growth is restricted by levy limits
    - No control over state aid
  - Inability to diversify General Fund revenue due to State restrictions
    - Expenditure Restraint Program (ERP)
    - Implement a local sales tax

# Issue 1: Restoration of Fiscal Local Control



## Property Taxes & State Shared Revenue per Capita



"MunicipalFacts19", Wisconsin Taxpayer Alliance

# Issue 1: Restoration of Fiscal Local Control



## Other options

- Room tax
- Wheel tax
- License and permit fees
- User fees
- Local sales tax
- Referendum to exceed levy limits

# Issue 1: Restoration of Fiscal Local Control

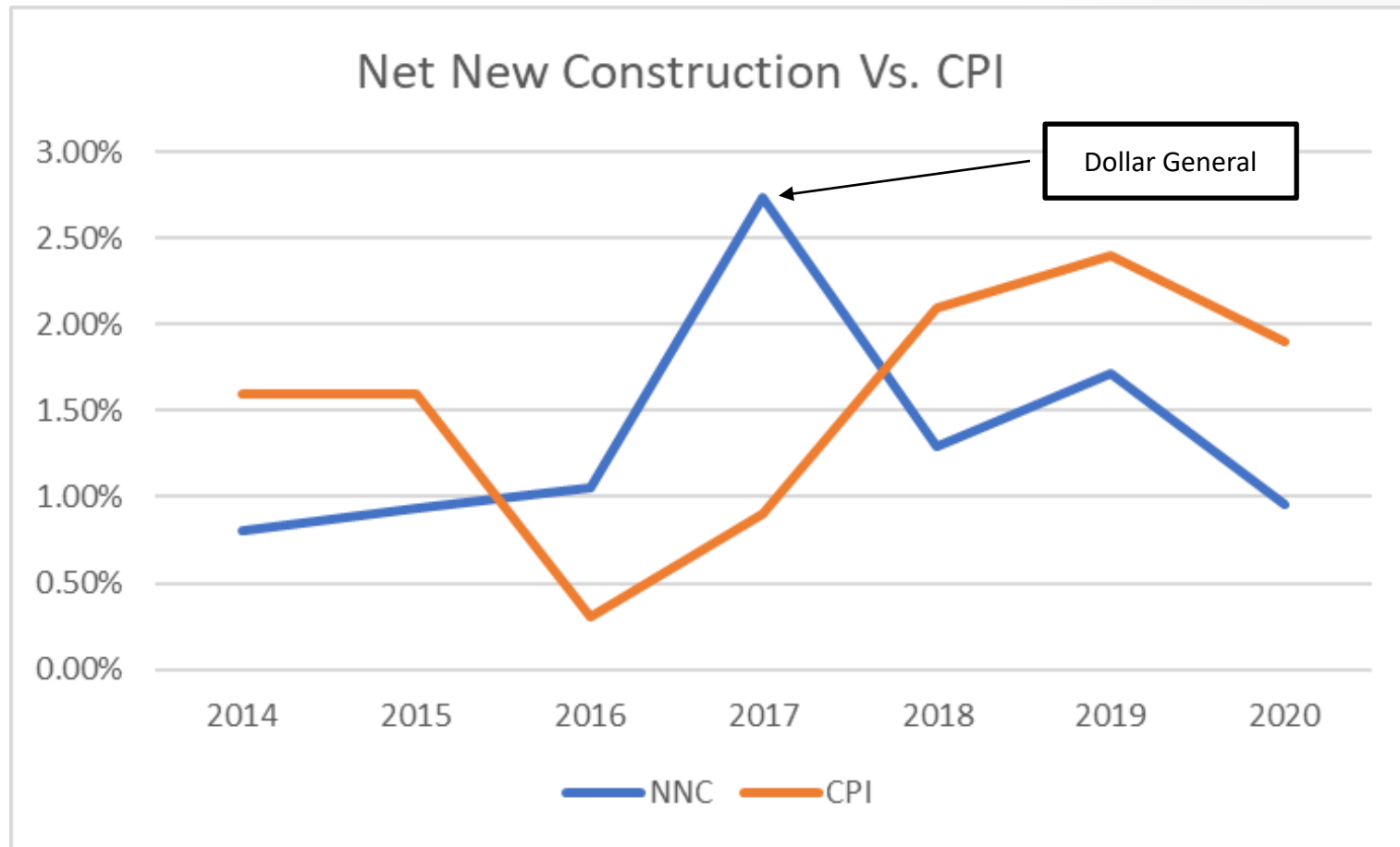


## Eliminate or change levy limits

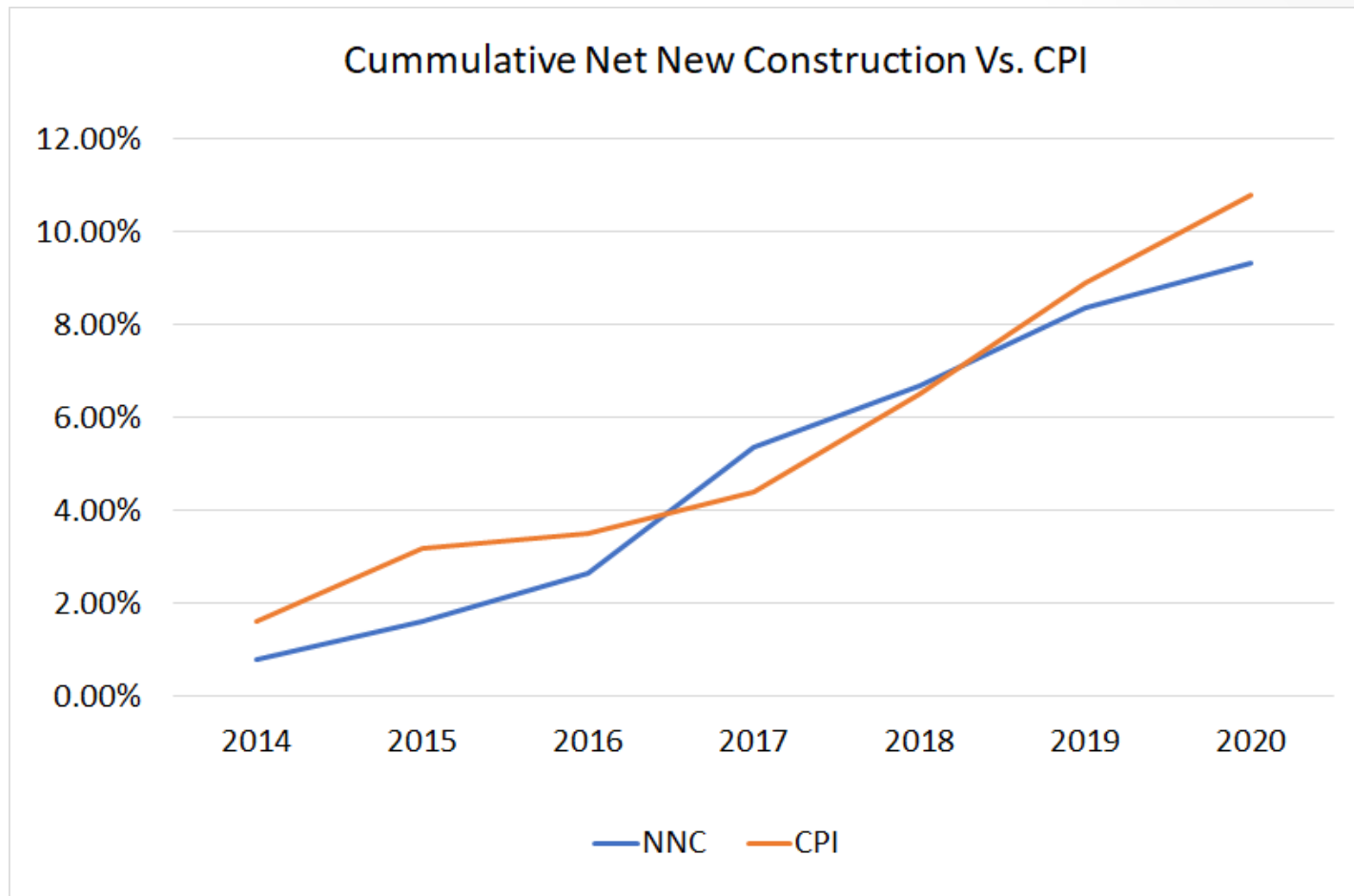
- The consumer price index (CPI) continues to outpace levy limits making it challenging for the City to **maintain** as costs increase.
- Since 2014, CPI has exceeded Janesville's Net New Construction (NNC) every year except 2016 and 2017.
- Janesville has the 2<sup>nd</sup> lowest equalized property tax rate among 14 peer cities.



# Issue 1: Restoration of Fiscal Local Control



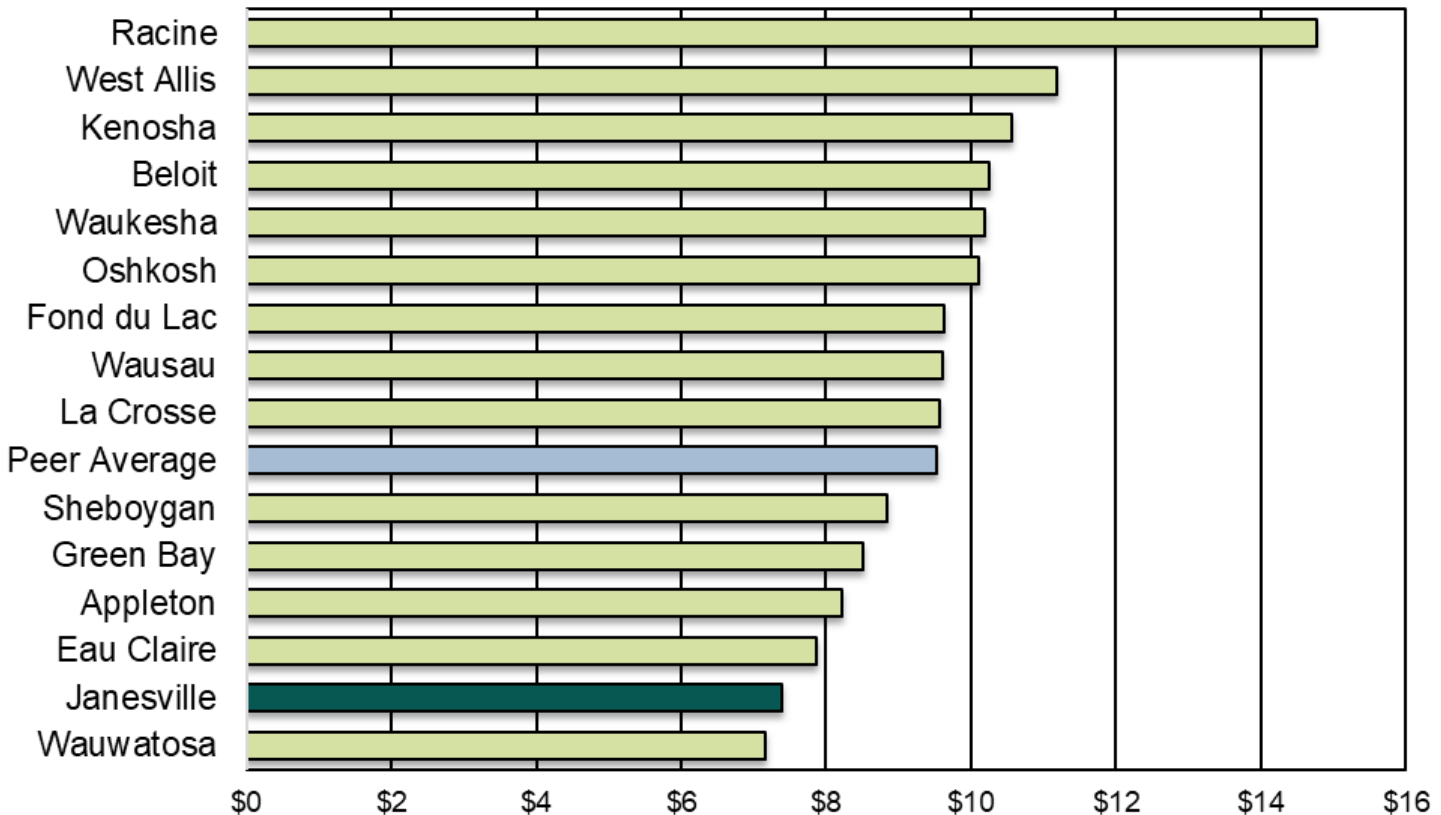
# Issue 1: Restoration of Fiscal Local Control



# Issue 1: Restoration of Fiscal Local Control



## Municipal Tax Rate



"MunicipalFacts19", Wisconsin Taxpayer Alliance

# Issue 1: Restoration of Fiscal Local Control



## Referendum to exceed levy limits

- Increased expenses from referendums are not exempt from the Expenditure Restraint Program (ERP) calculation.
- Most municipalities with successful referendums exceed their ERP limit and lose ERP aid payment.
- The City cannot ask the voters to exceed the levy limit without the risk of exceeding the ERP limit and losing \$1,397,000 in aid.

# Issue 1: Restoration of Fiscal Local Control



## Referendum to exceed levy limit (example)

### REFERENDUM FOR INCREASED STREET REHABILITATION PROGRAM

	Scenario #1	Scenario #2	Difference	% Difference
Property Tax Levy Increase	\$ 2,000,000	\$ 3,397,000	\$ 1,397,000	70%
Loss of ERP Aid	(1,397,000)	(1,397,000)	-	N/A
<b>Net Increase In Revenue</b>	<b>\$ 603,000</b>	<b>\$ 2,000,000</b>	<b>\$ 1,397,000</b>	<b>232%</b>

#### Property Tax Increase for

Median Assessed Home	\$58.50	\$ 99.35	\$40.85	70%
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\* median Janesville home value is \$149,600

# Issue 1: Restoration of Fiscal Local Control



## Allow for a Local Sales Tax

- In 2020, Rock County collected \$15,916,000 in sales tax.
- Per the County, about 63% of that tax revenue was generated in Janesville.
- A ½ cent sales tax in Janesville would generate approximately \$10 million in revenue for the City.
- This tax would collect revenue from non-residents that use City services, programs, or infrastructure.

# Issue 1: Restoration of Fiscal Local Control





# Issue 1: Restoration of Fiscal Local Control



## Recommendation

- Eliminate or modify levy limits to allow municipalities to increase their levy by inflation (CPI) plus net new construction.
- Allow municipalities to implement a ½ cent sales tax to diversify their revenue streams.
- Exempt any budgetary increase for a successful referendum from the Expenditure Restraint Program (ERP) limit calculation.



# Questions/Discussion



1. Does the federal government place limits on state revenue generation options or taxing options?
  - a. If so, please explain.
  - b. If not, why does the state place limits on local government revenue generation options or taxing options?

# Thank You!



Please contact City Manager Mark Freitag  
for more information or to continue the  
discussion.

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[www.janesvillewi.gov](http://www.janesvillewi.gov)