

April 5, 2021

## Municipal Comments on the 2021-2023 State Budget

*A template created by the League of Wisconsin Municipalities for municipal officials to use for submitting comments on the 2021-2023 state budget to the Wisconsin State Legislature's Joint Committee on Finance. Municipal officials are encouraged to email their comments directly to [Joint Finance Committee](#) members or to the following email address: [Budget.Comments@legis.wisconsin.gov](mailto:Budget.Comments@legis.wisconsin.gov). Please also send copies of your comments to Toni Herkert at the League. [therkert@lwm-info.org](mailto:therkert@lwm-info.org)*

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Members of the Joint Committee on Finance:

As you begin preparing your version of the biennial state budget I write as the trustee/alderperson/mayor/village president/administrator/manager for the city/village of \_\_\_\_\_ to urge you to consider the following recommendations on items of critical concern to Wisconsin municipalities:

1. **A modest increase in shared revenue funding.** Please include a funding increase for shared revenue in this state budget. Over the last 20 years, funding under the program for cities, villages, and towns has been cut by \$94 million. None of those cuts have been restored. At the same time, communities are operating under the strictest levy limits in the nation. The Governor has recommended a 2 percent increase in shared revenue funding. We urge you to at least include such a minimal increase in the state budget you prepare. Our city's/village's annual shared revenue payments over the last several years have been, \_\_\_\_\_. A 2% increase would mean \$\_\_\_\_\_ more dollars for our city/village. We could accomplish \_\_\_\_\_ with these additional dollars in our budget.
2. **Local Transportation Aids.** Please continue to invest in municipal streets. I appreciate that the last two state budgets included increases in general transportation aids (GTA) that go to municipalities like ours. Nevertheless, GTA currently covers only 16% of municipal transportation costs statewide. We urge you to continue to increase funding for GTA, which is critical to helping communities like ours pay for maintaining

quality streets. We also urge you to reauthorize the \$90 million LRIP supplement that you included in the last state budget. The competitive grant program was very popular. *Our city/village applied for an LRIP Supplemental Grant in 2019 but we did not receive a grant under the program. We would like another opportunity to apply for funding to help pay for a critical local transportation project.*

3. **Payment for Municipal Services Program.** Please increase funding for the chronically underfunded Payment for Municipal Services Program. The current funding level is \$18.6 million annually. In 2020 this amount covered only 34.6% of municipal costs to provide police, fire, and garbage collection services to state facilities. This resulted in a total funding gap of more than \$35 million for 361 municipalities last year. In 2008, municipalities received actual payments totaling nearly \$22 million, or 81.1% of their entitlements under this program. The Governor has included a \$2.2 million funding increase for this program in his budget. We urge you to at least do the same in your state budget.
  
4. **Adjust Levy Limits.** Since 2012, municipalities have been allowed to increase their levy only by net new construction. Wisconsin has the strictest levy restriction in the country. The statewide net new construction rate averaged 1.6% in 2020. **Please consider adjusting levy limits in the following ways:**
  - a. **Delete net in net new construction.** Eliminate the need under the levy limit law to subtract tear downs and demolitions from the property value increase caused by new construction. In other words, delete the “net” from “net new construction.” According to LFB, demolitions/removals caused a \$409.3 million reduction in the net new construction calculation for 2020. So, the \$9,265,520,500 NNC value DOR put out in August of 2020, would have been \$9,674,863,400 if demolitions/removals would not have been included in the calculation. The statewide NNC% would have increased from 1.60% to 1.67%. This is not a drastic modification statewide overall, but would be significant to communities that are not seeing new growth and are dependent on redevelopment.
  
  - b. **Allow no-growth communities to increase levy by 2%.** Allow communities not experiencing growth to increase their levy by at least 2%, as the Governor is recommending. A 2% floor for levy limit

increases is similar to how the levy limit law was first implemented when floors ranging from 2% to 3.86% existed between 2006 and 2011.

- c. **Fee Revenue for Certain Services should not Affect Allowable Levy.** The Governor proposes eliminating the requirement that a municipality reduce its allowable levy by the amount of fee revenue it received in lieu of property taxes for providing a specified service (i.e., snow plowing, storm water management, fire protection, garbage collection, and street sweeping) that was funded with the property taxes in 2013. We support this change and urge you to include it in your state budget.

Thank you for considering my comments.