

1999 DRAFTING REQUEST

Bill

Received: **03/14/2000**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Glenn Grothman (608) 264-8486**

By/Representing: **Scott**

This file may be shown to any legislator: NO

Drafter: **jkreye**

May Contact: **Rick Olin**

Alt. Drafters:

Subject: **Shared Revenue**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Aidable revenues for a municipality

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	jkreye 03/15/2000	ygeller 03/15/2000	martykr 03/22/2000	_____	lrb-docadmin 03/22/2000	lrb_docadminS&L 03/27/2000	
	jkreye 03/22/2000	csicilia 03/22/2000		_____			
	jkreye 03/27/2000	csicilia 03/27/2000		_____			
/2			martykr 03/27/2000	_____	lrb-docadmin 03/27/2000	lrb_docadminS&L 03/27/2000	

FE Sent For: **3/28/00**

<END>

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		<i>1/2 cys 3/27 oo</i>		<i>H/3/27 Jm/27</i>			

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I?	jkreye	1 cjs 3/22 00	trn 3/22	_____	_____	_____	_____

FE Sent For:

<END>

3-14-2000

Scott

Rep Glenn Grothman

cap the available revenue entitlement

sending over Rick Olin memo

spoke to Rick at 4:30pm

change def. of available revenues as

relates to number



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

March 14, 2000

TO: Representative Glenn Grothman
Room 15 North, State Capitol

FROM: Rick Olin, Fiscal Analyst

SUBJECT: Modification to Aidable Revenues Component of Shared Revenue

At your request, this memorandum compares estimated shared revenue payments under current law to payments under a modification under the aidable revenues component that would limit each municipality's average local purpose revenues to no more than the average revenues raised by all municipalities, on a per capita basis.

The shared revenue program provides state aid payments to municipalities and counties under four payment components. These include utility aid, aidable revenues, per capita aid, and minimum and maximum payment limitations. Although funded from a single appropriation, the statutes establish separate funding levels for payments to municipalities and for payments to counties.

Aidable revenues is the dominant component of the shared revenue program. **Entitlements** are calculated using two factors: (1) per capita property wealth; and (2) net local revenue effort. The lower a local government's per capita property wealth and the higher its net revenue effort, the greater is **the** local government's aidable revenues entitlement. A municipality's net local revenue effort is equal to the three-year average of local purpose revenues raised by **the municipality** from the municipal property tax, special assessments, various fees and user charges, certain state aids and proxies for certain costs incurred.

~~The modification would limit each municipality's average local purpose revenues to no more than the average revenues for all municipalities, measured on a per capita basis.~~ *for all muniies*
For entitlements in 2000, the sum of average revenues for **all** municipalities is \$2,673.7 million. Based on an estimated statewide population of 5,274,307, ~~average per capita~~ revenues equal \$507. Of the 1,850 municipalities in the state, 354 had average per capita revenues above that amount, and the average revenues of these municipalities would ~~be~~ limited under the modification.

see 79.03(3)(b) 1. a.
> sum of average revenues ÷ by statewide pop in year prior to distribution
lower of computed amount or the actual amount

Reducing the amount of local revenues that are aided under the aidable revenues component would have several effects. First, the standard value, which is compared to each municipality's per capita value to determine its sharing factor, would increase. Currently, the standard value for municipalities is estimated at \$51,072, but would increase to an estimated \$58,862 under the modification. As a result, more municipalities would be eligible for aidable revenues entitlements.

Second, aidable revenues entitlements would decrease for some municipalities and increase for others. Municipalities with average local purpose revenues below \$507 per capita would experience increases due to the higher standard value. For municipalities with average **local** purpose revenues above \$507 per capita, the positive effect of a higher standard value would be partially or fully offset by the reduction in eligible, average local purpose revenues. Entitlements would increase for some of these municipalities and decrease for others.

Third, shifts in aidable revenues entitlements would be somewhat offset through the minimum/maximum component. Currently, when the sum of a municipality's entitlements under the aidable revenues and per capita components is less than 95% of the sum of the prior year entitlements plus any adjustment under the minimum/maximum component, the amounts are supplemented through the minimum guarantee. Currently, minimum payments totaling \$26.0 million are estimated for municipalities. Minimum payments are funded by limiting payment increases of other municipalities by a percentage that changes from year to year. Each year, the percentage is set at an amount that generates reductions equal to the amount needed for minimum payments. For 2000, a maximum rate of increase of 4.66% is estimated for municipalities. Under the modification, the amount needed for minimum payments would increase to \$59.2 million, and the maximum allowable increase would change to 5.82%.

The attached table illustrates the effect of this modification for 2000 on estimated entitlements and payments for municipalities in Washington County. The figures in the table illustrate the impact the minimum/maximum provisions would have on total payments under this type of modification. For example, the modification would increase the **aidable** revenues entitlement for the City of West Bend by an estimated **\$1,796,983**. However, the first \$646,430 of this increase would merely replace the minimum guarantee the City receives under current law. Then, the maximum growth provision would skim off \$928,669 of the remaining **\$1,150,553** increase, so that the City's total payment would rise by only \$221,884. Over time, the City would see more of the benefit from the change, as payments would grow at the rate **allowed** by the maximum, rather than declining by 5%.

If you have any questions on this information, please let me know.

Attachment
RO/lah

**Estimated Effect on Shared Revenue Payments of Limitation on Local Revenues
Washington County Municipalities**

	<u>Current Law Estimates</u>			<u>Per Capita Limit on Local Revenues</u>			<u>Estimated Change</u>		
	Aidable Revenues	Minimum/Maximum	Total Payment	Aidable Revenues	Minimum/Maximum	Total Payment	Aidable Revenues	Minimum/Maximum	Total Payment
1 Addison	\$0		\$92,023	\$57,025		-\$52,339	\$57,025		-\$52,339
1 Barton	0	4,188	81,488	0	5,188	81,488	0	0	0
1 Erin	0	0	93,431	0	0	93,431	0	0	0
T Farmington	0	0	81,911	0	0	81,911	0	0	0
T Germantown	0	153	7,260	1,653	-672	8,088	1,653	-825	828
1 Hartford	0	0	101,998	0	0	101,988	0	0	0
T Jackson	0	0	96,188	0	0	96,188	0	0	0
T Kewaskum	0	14,211	46,512	0	14,211	46,512	0	0	0
1 Polk	0	0	110,908	0	0	110,908	0	0	0
1 Richfield	0	0	273,385	0	0	273,385	0	0	0
T Trenton	0	0	120,970	0	0	120,970	0	0	0
T Wayne	0	2,628	46,165	5,776	0	49,313	5,776	-2,628	3,148
T West Bend	0	0	129,000	0	0	129,000	0	0	0
V Germantown	0	0	542,831	0	0	542,831	0	0	0
V Jackson	181,431	115,622	417,856	426,684	-82,170	465,317	245,253	-197,792	47,461
V Kewaskum	235,024	46,923	869,882	381,988	-57,352	411,971	146,364	-104,715	42,089
V Newburg	81,267	-4,057	107,923	121,898	-43,492	109,119	40,631	-39,435	1,196
A Slinger	17,625	59,977	177,466	236,143	-138,326	197,681	218,518	-198,303	1,196
3 Hartford	269,499	612,087	1,155,242	811,379	10,701	1,155,242	601,880	-601,880	0
3 West Bend	520,872	646,430	1,949,247	2,317,855	-928,669	2,171,131	1,796,983	-1,521,099	1,884



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-4758

JK:Y.....

cjs

RMR

SOON

in 3-22-2000

gen

the county's or municipality's D-N

county's or a county's or

1 AN ACT ...; relating to: the aidable revenues entitlement under the shared
2 revenue program.

Analysis by the Legislative Reference Bureau

Under current law, the state administers a shared revenue program that distributes state tax revenues to counties and municipalities for the counties and municipalities to use at their discretion. The shared revenue program includes payments to counties and municipalities known as aidable revenue entitlements. Under current law, generally, the lower a municipality's per capita property wealth and the higher its aidable revenues, the greater the municipality's aidable revenue entitlement under the shared revenue program. Under current law, aidable revenues for a municipality are equal to the municipality's average local purpose revenues. The ~~municipality's~~ average local purpose revenues are the three year average of local revenues raised by the municipality from certain sources, including property taxes, special assessments and various fees.

Under this bill, aidable revenues for a municipality are the lesser of the average local purpose revenues and the average local purpose revenues for all municipalities divided by the state's population in the year prior to the distribution of shared revenue payments.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill,

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 79.03 (3) (b) 1. a. of the statutes is amended to read:

Under the bill, aidable revenues for a county are the lesser of 85% of the average local purpose revenues or 85% of the average local purpose revenues for all counties divided by the state's population in the year prior to the distribution of shared revenue payments.

and aidable revenues for a county are equal to 85% of the county's average local purpose revenues

1 79.03 (3) ⁰² (b) 1. a. For a municipality, the lesser of the average local purpose
2 revenues ~~and~~ the average local purpose revenues for all municipalities divided by the
3 state's population in the year prior to the distribution under s. 79.02.

4 SECTION 2. Initial applicability.

5 (1) This act first applies to the shared revenue payments distributed in July
6 2001.

7 (END)

INSERT 2-2

INSERT 2-2

¶ Section #. 79.03 (3) (b) 1. b. of the statutes is amended to read:

¶ 79.03 (3) (b) 1. b. For a county, ^{the lesser of} 85% of the average local purpose revenue

History: 1971 c. 125,215; 1973 c. 90; 1975 c. 39; 1977 c. 29, 203, 418; 1979 c. 1; 1979 c. 34 ss. 903s to 905m, 2102 (46) (d); 1979 c. 221; 1981 c. 20, 93, 314, 317; 1983 a. 27, 189; 1985 a. 29, 120; 1987 a. 27, 399; 1989 a. 31, 56, 336; 1991 a. 39,269; 1993 a. 16, 437, 490; 1995 a. 27; 1997 a. 27, 164, 237; 1999 a. 9.

or 85% of the average local purpose revenues for all counties divided by the state's population in the year prior to the distribution under s. 79.02

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-473/71n

JK:.....

March 15, 2000

cjs

Representative Grothman:

Please review this draft carefully to ensure that it is consistent with your intent. Although I spoke with Rick Olin before drafting the bill, ~~who~~ you may wish to have Rick review the bill. Because counties and municipalities have already been notified of their estimated shared revenue payments for this year, the bill first applies to shared revenue payments that are distributed in July 2001. Is that O.K.? Finally, the bill does not effect the definition of aidable revenues as it applies to counties. Is that O.K.? Please contact me if you have any questions. e

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

✓

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4758/1dn
JK:cjs:km

March 22, 2000

Representative Grothman:

Please review this draft carefully to ensure that it is consistent with your intent. Although I spoke with Rick Olin before drafting the bill, you may wish to have Rick review the bill. Because counties and municipalities have already been notified of their estimated shared revenue payments for this year, the bill first applies to shared revenue payments that are distributed in July 2001. Is that O.K.? Please contact me if you have any questions.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

**SUBMITTAL
FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

Date: 03/22/2000

To: Representative Grothman

Relating to LRB drafting number: LRB-4758

Topic

Aidable revenues for a municipality

Subject(s)

Shared Revenue

1. **JACKET** the draft for introduction _____ 

in the Senate ____ or the Assembly (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Joseph T. Kreye, Legislative Attorney
Telephone: (608) 266-2263

11/11/11

1999 BILL

m 3-27-2000

Today

1 AN ACT to amend 79.03 (3) (b) 1. a. and 79.03 (3) (b) 1. b. of the statutes; relating
2 to: the aidable revenues entitlement under the shared revenue program.

Analysis by the Legislative Reference Bureau

Under current law, the state administers a shared revenue program that distributes state tax revenues to counties and municipalities for the counties and municipalities to use at their discretion. The shared revenue program includes payments to counties and municipalities known as aidable revenue entitlements. Under current law, generally, the lower a county's or a municipality's per capita property wealth and the higher the county's or municipality's aidable revenues, the greater the county's or municipality's aidable revenue entitlement under the shared revenue program. Under current law, aidable revenues for a municipality are equal to the municipality's average local purpose revenues, and aidable revenues for a county are equal to 85% of the county's average local purpose revenues. The average local purpose revenues are the three year average of local revenues raised by the county or municipality from certain sources, including property taxes, special assessments and various fees.

→ Under this bill, aidable revenues for a municipality are the lesser of the average local purpose revenues or the average local purpose revenues for all municipalities divided by the state's population in the year prior to the distribution of shared revenue payments. Under the bill, aidable revenues for a county are the lesser of 90% of the average local purpose revenues or 85% of the average local purpose revenues for all counties divided by the state's population in the year prior to the distribution of shared revenue payments.

BILL

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 79.03 (3) (b) 1. a. of the statutes is amended to read:

79.03 (3) (b) 1. a. For a municipality, the lesser of the average local purpose revenues or the average local purpose revenues for all municipalities divided by the state's population in the year prior to the distribution under s. 79.02.

SECTION 2. 79.03 (3) (b) 1. b. of the statutes is amended to read:

79.03 (3) (b) 1. b. For a county, the lesser of 65% of the average local purpose revenue or 90% of the average local purpose revenues for all counties divided by the state's population in the year prior to the distribution under s. 79.02.

SECTION 3. Initial applicability.

(1) This act first applies to the shared revenue payments distributed in July 2001.

(END)