



DOA:.....Ziegler – Restructuring municipal shared revenue

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**LOCAL GOVERNMENT**

Under current law, a municipality receives a shared revenue payment based on the municipality's population. The payment is equal to the municipality's population multiplied by the product of the following: the 1982 state population multiplied by \$30 divided by the state's current population. This bill eliminates the current shared revenue payment to a municipality based on population.

Under current law, a municipality also receives an aidable revenues payment that is equal to the product of the municipality's aidable revenues and the municipality's tax base weight. Aidable revenues are, generally, revenues raised by the municipality, such as local taxes and regulation revenues. Tax base weight is based, generally, on the value of property in the municipality compared to the municipality's population. This bill eliminates a municipality's aidable revenues payment.

This bill creates an aidable expenditures payment for a municipality. The bill also creates a "growth-sharing region" payment for a municipality.

Beginning in 2002, a municipality receives an aidable expenditures payment that is equal to the product of the municipality's aidable expenditures and the municipality's tax base weight. Aidable expenditures include a municipality's expenditures for general government operations; law enforcement, fire protection, ambulance services, and other public safety services; and health and human

services. Aidable expenditures do not include a municipality's expenditures for highway maintenance, administration, or construction; road-related facilities or other transportation; solid waste collection and disposal or other sanitation; culture; education; parks and recreation; conservation; or development.

Annually, DOR determines the amount of each municipality's aidable expenditures. The amount of a municipality's aidable expenditures in a year is lesser of: 1) the amount of the municipality's aidable expenditures in the year that was two years before the municipality receives an aidable expenditures payment or 2) the average of the municipality's aidable expenditures in 1998, 1999, and 2000, adjusted for inflation and for the property value in the municipality.

Under the bill, a municipality in a growth-sharing region may also receive a growth-sharing region payment. DOR must define "growth-sharing region" by rule and in such way so that the state consists of at least 7 but not more than 25 growth-sharing regions. A municipality will receive a growth-sharing region payment if the municipality limits the annual increase in its municipal budget to the allowable increase, based on the inflation rate and the property value in the municipality, to qualify for the expenditure restraint program under current law and if the municipality enters into an area cooperation compact (compact).

Beginning in 2002 and ending in 2005, to receive a payment, a municipality must enter into a compact with at least two municipalities or counties, or with any combination of at least two such entities, to perform at least two specified functions. Beginning in 2006, to receive a payment, a municipality must enter into a compact with at least four municipalities or counties, or with any combination of at least four such entities, to provide law enforcement and to perform at least five other specified functions. The specified functions are housing, emergency services, fire protection, solid waste collection and disposal, recycling, public health, animal control, transportation, mass transit, land use planning, boundary agreements, libraries, parks and recreation, culture, purchasing, and electronic government. A municipality that is not adjacent to at least two other municipalities may enter into a compact with any adjacent municipality or with the county in which the municipality is located.

A compact must provide a plan for any municipalities or counties that enter into the compact to collaborate to provide the specified functions. The compact must also provide benchmarks to measure the plan's progress and provide outcome-based performance measures to evaluate the plan's success. Municipalities and counties that enter into the compact must structure the compact in a way that results in significant tax savings to taxpayers within the municipalities and counties. Annually, the municipality that is to receive a payment must certify to DOR that the municipality has complied with all of the compact requirements.

The total amount of the growth-sharing region payments allocated to all growth-sharing regions is an amount equal to the sales and use taxes collected in the state in a year multiplied by .05, and each growth-sharing region is allocated an amount that is proportional to the sales and use taxes that are collected in the region. A municipality that is eligible to receive a growth-sharing payment receives an amount, from the amount allocated to the growth-sharing region in which the

municipality is located, in proportion to its population within the growth-sharing region.

In 2002, a municipality is guaranteed a combined minimum aidable expenditures and growth-sharing region payment equal to 95% of the amount of the aidable revenues and per capita payments the municipality received in 2001. In 2003 and subsequent years, a municipality is guaranteed a combined minimum aidable expenditures and growth-sharing region payment equal to 95% of the combined amounts of the aidable expenditures and the growth-sharing region payments the municipality received in the previous year, if the municipality received growth-sharing region payments in both the current year and the previous year.

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

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

1           **SECTION 1.** 20.835 (1) (d) of the statutes is amended to read:

2           20.835 (1) (d) *Shared County shared revenue account.* A sum sufficient to meet  
3 the requirements of the county shared revenue account established under s. 79.01  
4 (2) to provide for the distributions from the shared revenue account to counties,  
5 ~~towns, villages and cities~~ under ss. 79.03, 79.04, and 79.06.

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

6           **SECTION 2.** 20.835 (1) (db) of the statutes is created to read:

7           20.835 (1) (db) *Municipal services aid account.* A sum sufficient to make the  
8 payments to municipalities under ss. 79.04 and 79.065 (2) and to make the payments  
9 to municipalities under s. 79.065 (5) that are not paid from s. 20.835 (1) (dd).

      \*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

10          **SECTION 3.** 20.835 (1) (dd) of the statutes is created to read:

11          20.835 (1) (dd) *Municipal growth sharing account.* A sum sufficient in the  
12 amount determined under s. 79.01 (5) to make the payments to municipalities under

1 s. 79.065 (3) and to make the payments to municipalities under s. 79.065 (5) that are  
2 not paid from s. 20.835 (1) (db).

\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 SECTION 4. 25.50 (3) (b) of the statutes is amended to read:

4 25.50 (3) (b) On the dates specified and to the extent to which they are  
5 available, subject to s. 16.53 (10), funds payable to local governments under ss. 79.03,  
6 79.04, 79.05, 79.058, 79.06, 79.065, 79.08, and 79.10 shall be considered local funds  
7 and, pursuant to the instructions of local officials, may be paid into the separate  
8 accounts of all local governments established in the local government  
9 pooled-investment fund and, pursuant to the instructions of local officials, to the  
10 extent to which they are available, be disbursed or invested.

11 SECTION 5. 33.32 (3) (b) of the statutes is amended to read:

12 33.32 (3) (b) If a county or municipality fails to pay a special assessment levied  
13 by a district, the clerk of the district may certify this fact to the department of  
14 administration, and shall state the amount due. The department, at the time of  
15 making the next scheduled distribution under s. 79.03 or 79.065, shall deduct the  
16 amount claimed from the payment due the county or municipality, and shall forward  
17 it to the district.

18 SECTION 6. 79.005 (1) of the statutes is amended to read:

19 79.005 (1) "Municipality" means any town, village, or city in this state. If a  
20 municipality is located in more than one county, payments under this subchapter  
21 shall be computed using data for the municipality as a whole. If a municipality is  
22 located in more than one growth-sharing region, as defined in s. 79.065 (1) (d),

sec #, w; 66.1001(3)(rm) ✓  
66.101(3)(rm) = area cooperation compacts under s. 79.065(4) ✓

1 payments under s. 79.065 (3) shall be computed using data for the portion of the  
2 municipality that is located in each growth-sharing region.

3 SECTION 7. 79.005 (2) of the statutes is amended to read:

4 79.005 (2) "Population" means the number of persons residing in each  
5 municipality and county of the state as last determined by the department of  
6 administration under s. 16.96, except that under s. 79.065 (3) (b), if a municipality  
7 is located in more than one growth-sharing region, "population" means the number  
8 of persons residing in the portion of the municipality located in each growth-sharing  
9 region.

10 SECTION 8. 79.01 (1) of the statutes is amended to read:

11 79.01 (1) There is established an account in the general fund entitled the  
12 "Expenditure Restraint Program Account". Account. There shall be appropriated  
13 to that account \$25,000,000 in 1991, in 1992, and in 1993; \$42,000,000 in 1994;  
14 \$48,000,000 in each year beginning in 1995 and ending in 1999 and; \$57,000,000  
15 beginning in the year 2000 and ending in 2001; and \$63,000,000 in 2002 and in each  
16 year thereafter.

17 SECTION 9. 79.01 (2) of the statutes is amended to read:

18 79.01 (2) There is established an account in the general fund entitled the  
19 "~~Municipal and County Shared Revenue Account,~~"; referred to in this chapter as the  
20 "shared revenue account.". There shall be appropriated to the shared revenue  
21 account the sums specified in ss. 79.03 and, 79.04, and 79.06.

22 SECTION 10. 79.01 (5) of the statutes is created to read:

23 79.01 (5) There is established an account in the general fund entitled the  
24 "Municipal Growth-Sharing Account." There shall be appropriated to that account  
25 an amount, determined by the department of revenue, that is equal to the sales and

1 use tax revenue collected under subch. III of ch. 77 in the fiscal year prior to the fiscal  
2 year that any municipality receives the statement under s. 79.015 multiplied by .05.

3 **SECTION 11.** 79.01 (6) of the statutes is created to read:

4 79.01 (6) There is established an account in the general fund entitled the  
5 “Municipal Services Aid Account.” There shall be appropriated to that account the  
6 amounts necessary to make the payments to municipalities under ss. 79.04 (1) and  
7 (4) (a) and 79.065 (2) and to make the payments to municipalities under s. 79.065 (5)  
8 that are not paid from s. 20.835 (1) (dd).

9 **SECTION 12.** 79.015 of the statutes is amended to read:

10 **79.015 Statement of estimated payments.** The department of revenue, on  
11 or before September 15 of each year, shall provide to each municipality and county  
12 a statement of estimated payments to be made in the next calendar year to the  
13 municipality or county under ss. 79.03, 79.04, 79.05, 79.058 and, 79.06, and 79.065.

14 **SECTION 13.** 79.02 (2) (b) of the statutes is amended to read:

15 79.02 (2) (b) Subject to s. 59.605 (4), payments in July shall equal 15% of the  
16 municipality’s or county’s estimated payments under ss. 79.03, 79.04, 79.058 and,  
17 79.06, and 79.065 and 100% of the municipality’s estimated payments under s. 79.05.

18 **SECTION 14.** 79.02 (3) of the statutes is amended to read:

19 79.02 (3) Subject to s. 59.605 (4), payments to each municipality and county in  
20 November shall equal that municipality’s or county’s entitlement to shared revenues  
21 under ss. 79.03, 79.04, 79.05, 79.058 and, 79.06, and 79.065 for the current year,  
22 minus the amount distributed to the municipality or county in July.

23 **SECTION 15.** 79.03 (1) of the statutes is amended to read:

1           79.03 (1) Each ~~municipality and~~ county is entitled to shared revenue,  
2           ~~consisting of an in the amount determined on the basis of population under sub. (2),~~  
3           ~~plus an amount determined under sub. (3).~~

4           **SECTION 16.** 79.03 (2) of the statutes is repealed.

5           **SECTION 17.** 79.03 (3) (a) of the statutes is amended to read:

6           79.03 (3) (a) The amount in the shared revenue account for ~~municipalities and~~  
7           ~~the amount in the shared revenue account for~~ counties, less the payments under sub.  
8           ~~(2) and s. 79.04,~~ shall be allocated to each ~~municipality and~~ county respectively in  
9           proportion to its entitlement. In this paragraph, “entitlement” means the product  
10          of aidable revenues and tax base weight.

11          **SECTION 18.** 79.03 (3) (b) 1. of the statutes is amended to read:

12          79.03 (3) (b) 1. “Aidable revenues” means:

13          ~~a. For a municipality, the average local purpose revenues.~~

14          ~~b. For a county, 85% of the average local purpose revenue.~~

15          **SECTION 19.** 79.03 (3) (b) 3. of the statutes is amended to read:

16          79.03 (3) (b) 3. “Full valuation” means the full value of property that is exempt  
17          under s. 70.11 (39) as determined under s. 79.095 (3) plus the full value of all taxable  
18          property for the preceding year as equalized for state tax purposes, except that for  
19          ~~municipalities the value of real estate assessed under s. 70.995 is excluded. Value~~  
20          value increments under s. 66.1105 plus the full value of property that is exempt  
21          under s. 70.11 (39) that would otherwise be part of a value increment are included  
22          for municipalities but ~~excluded for~~ counties. Environmental remediation value  
23          increments under s. 66.1106 are included for ~~municipalities and~~ counties that create  
24          the environmental remediation tax incremental district and are excluded for ~~units~~  
25          of ~~government~~ counties that do not create the district. ~~If property that had been~~

1 ~~assessed under s. 70.995 and that has a value exceeding 10% of a municipality's value~~  
2 ~~is assessed under s. 70.10, 30% of that property's full value is included in "full~~  
3 ~~valuation" for purposes of the shared revenue payments in the year after the~~  
4 ~~assessment under s. 70.10, 65% of that property's full value is included in "full~~  
5 ~~valuation" for purposes of the shared revenue payments in the year 2 years after the~~  
6 ~~assessment under s. 70.10 and 100% of that property's full value is included in "full~~  
7 ~~valuation" for purposes of subsequent shared revenue payments.~~

8 SECTION 20. 79.03 (3) (b) 4. (intro.) of the statutes is amended to read:

9 79.03 (3) (b) 4. (intro.) "Local purpose revenues" means the sum of payments  
10 under s. 79.095, local general purpose taxes, regulation revenues, revenues for  
11 services to private parties by a county's ~~or municipality's~~ general operations or  
12 enterprises, revenue for sanitation services to private parties, special assessment  
13 revenues, and tax base equalization aids ~~and, for municipalities only, a proxy for~~  
14 ~~private sewer service costs, a proxy for private solid waste and recycling service costs~~  
15 ~~and a proxy for retail charges for fire protection purposes.~~ In this subdivision:

16 SECTION 21. 79.03 (3) (b) 4. a. of the statutes is amended to read:

17 79.03 (3) (b) 4. a. "Local general purpose taxes" means ~~the portion of tax~~  
18 ~~increments collected for payment to a municipality under s. 66.1105 which is~~  
19 ~~attributable to that municipality's own levy,~~ the portion of environmental  
20 remediation tax increments collected for payment to a ~~municipality or county~~ under  
21 s. 66.1106 that is attributable to that ~~municipality's or county's~~ own levy, general  
22 property taxes, excluding taxes for a county children with disabilities education  
23 board, collected to finance the general purpose government unit, property taxes  
24 collected for sewage and sanitary districts, mobile home fees, the proceeds of county



1 sales and use taxes, and ~~municipal~~ and county vehicle registration fees under s.  
2 341.35 (1).

3 SECTION 22. 79.03 (3) (b) 4. b. of the statutes is repealed.

4 SECTION 23. 79.03 (3) (b) 4. bg. of the statutes is repealed.

5 SECTION 24. 79.03 (3) (b) 4. bm. of the statutes is repealed.

6 SECTION 25. 79.03 (3) (b) 4. d. of the statutes is amended to read:

7 79.03 (3) (b) 4. d. “Revenue for sanitation services to private parties” means  
8 revenues collected from private parties by a county’s ~~or municipality’s~~ general  
9 operations or enterprises and by sewerage, sanitation, or inland lake rehabilitation  
10 districts as refuse collection fees, sewerage service fees, and landfill fees.

11 SECTION 26. 79.03 (3) (b) 4. e. of the statutes is amended to read:

12 79.03 (3) (b) 4. e. “Revenues for services to private parties by a county’s ~~or~~  
13 ~~municipality’s~~ general operations or enterprises” means revenues collected from  
14 private parties for the following services: general government services consisting of  
15 license publication fees, sale of publications, clerk’s fees, and treasurer’s fees; public  
16 safety services, consisting of police or sheriff’s department fees, fire department fees,  
17 and ambulance fees; inspection services, consisting of building, electrical, heat,  
18 plumbing, elevator, and weights and measures; sidewalk replacement or  
19 construction fees, storm sewer construction fees, street lighting fees; parking ramps,  
20 meters and lot fees; library fines or fees; and museum and zoo users or admission  
21 fees.

22 SECTION 27. 79.03 (3) (b) 4. f. of the statutes is amended to read:

23 79.03 (3) (b) 4. f. “Special assessment revenues” means charges assessed  
24 against benefited properties for capital improvements by a ~~municipality~~ ~~or~~ county

1 placed on the current tax roll for collection or collected during the year in advance  
2 of being placed on the tax roll.

3 SECTION 28. 79.03 (3) (b) 4. h. of the statutes is repealed.

4 SECTION 29. 79.03 (3) (b) 5. of the statutes is amended to read:

5 79.03 (3) (b) 5. “Standardized valuation” means the product of the standardized  
6 valuation per person times the population of a ~~municipality or a~~ county in the  
7 preceding year.

8 SECTION 30. 79.03 (3) (b) 6. of the statutes is amended to read:

9 79.03 (3) (b) 6. “Standardized valuation per person” is that number that when  
10 used in the computation under par. (a) most nearly approximates the sum of  
11 entitlements for all ~~municipalities or for all~~ counties respectively to the funds  
12 distributable under par. (a).

13 SECTION 31. 79.03 (4) of the statutes is amended to read:

14 79.03 (4) In 1991, the total amount to be distributed under ss. 79.03, 79.04, and  
15 79.06 from s. 20.835 (1) (d) is \$869,000,000. In 1992, the total amount to be  
16 distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1) (d) is \$885,961,300.  
17 In 1993, the total amount to be distributed under ss. 79.03, 79.04, and 79.06 from s.  
18 20.835 (1) (d) is \$903,680,500. In 1994, the total amounts to be distributed under this  
19 section and ss. 79.04 and 79.06 from s. 20.835 (1) (d) are \$746,547,500 to  
20 municipalities and \$168,981,800 to counties. In Beginning in 1995 and subsequent  
21 years ending in 2001, the total amounts to be distributed under ss. 79.03, 79.04, and  
22 79.06 from s. 20.835 (1) (d) are \$761,478,000 to municipalities and \$168,981,800 to  
23 counties. In 2002, the total amount to be distributed to municipalities under ss.  
24 79.04 and 79.065 (2) from s. 20.835 (1) (db) is \$755,478,000, less the amounts  
25 distributed under s. 79.065 (3) from s. 20.835 (1) (dd). In 2003 and subsequent years,

1 the total amount to be distributed to municipalities under ss. 79.04 and 79.065 (2)  
2 from s. 20.835 (1) (db) is the amount distributed under ss. 79.04 and 79.065 (2) to  
3 municipalities in 2002. In 2002 and subsequent years, the total amount to be  
4 distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1) (d) is \$168,981,800.

5 SECTION 32. 79.06 (1) of the statutes is amended to read:

6 79.06 (1) MINIMUM PAYMENTS. (b) If the payments to any ~~municipality or~~ county  
7 under s. 79.03, ~~excluding payments under s. 79.03 (3e)~~, in 1986 or any year thereafter  
8 are less than 95% of the combined payments to the ~~municipality or~~ county under this  
9 section and s. 79.03, ~~excluding payments under s. 79.03 (3e)~~, for the previous year,  
10 the ~~municipality or~~ county has an aids deficiency. The amount of the aids deficiency  
11 is the amount by which 95% of the combined payments to the ~~municipality or~~ county  
12 under this section and s. 79.03, ~~excluding payments under s. 79.03 (3e)~~, in the  
13 previous year exceeds the payments to the ~~municipality or~~ county under s. 79.03,  
14 ~~excluding payments under s. 79.03 (3e)~~, in the current year.

15 (c) A ~~municipality or~~ county that has an aids deficiency shall receive a payment  
16 from the amounts withheld under sub. (2) equal to its proportion of all the aids  
17 deficiencies of ~~municipalities or~~ counties respectively for that year.

18 SECTION 33. 79.06 (2) of the statutes is amended to read:

19 79.06 (2) MAXIMUM PAYMENTS. (b) If the payments to a ~~municipality or~~ county,  
20 except any county in which there are no cities or villages, in any year exceed its  
21 combined payments under this section and s. 79.03, ~~excluding payments under s.~~  
22 ~~79.03 (3e)~~, in the previous year by more than the maximum allowable increase, the  
23 excess shall be withheld to fund minimum payments in that year under sub. (1) (c).

24 (c) In this subsection, "maximum allowable increase" in any year means a  
25 percentage such that the sum for all ~~municipalities or~~ counties respectively in that

1 year of the excess of payments under ss. 79.02 and 79.03, ~~excluding payments under~~  
2 ~~s. 79.03 (3e)~~, over the payments as limited by the maximum allowable increase is  
3 equal to the sum of the aids deficiencies under sub. (1) in that year.

4 SECTION 34. 79.065 of the statutes is created to read:

5 **79.065 Municipal growth sharing. (1) DEFINITIONS.** In this section:

6 (a) "Aidable expenditures" means a municipality's expenditures for general  
7 government operations; law enforcement, fire protection, ambulance services, and  
8 other public safety services; and health and human services. "Aidable expenditures"  
9 does not include a municipality's expenditures for highway maintenance,  
10 administration, or construction; road-related facilities or other transportation; solid  
11 waste collection and disposal or other sanitation; culture; education; parks and  
12 recreation; conservation; or development.

13 (b) "Entitlement" means the product of aidable expenditures and tax base  
14 weight.

15 (c) "Full valuation" means the full value of all taxable property of a  
16 municipality for the preceding year as equalized for state tax purposes, including the  
17 value increments under s. 66.1105, the environmental remediation value increments  
18 under s. 66.1106 for municipalities that create the environmental remediation tax  
19 incremental district, and the value of real estate assessed under s. 70.995, but  
20 excluding the full value of property that is exempt under s. 70.11 (39) as determined  
21 under s. 79.095 (3).

22 (d) "~~Growth-sharing region~~" means "~~growth-sharing region~~" as defined by rule  
23 <sup>commo</sup> ~~so that this state is divided into at least 7 but not more~~ *no later than September 1, 2001*  
24 than 25 growth-sharing regions.

25 (e) "Sales tax" means the tax imposed under ss. 77.52 and 77.53.

1 (f) “Standardized valuation” means the product of the standardized valuation  
2 per person times the population of a municipality in the preceding year.

3 (g) “Standardized valuation per person” is that number that when used in the  
4 computation under sub. (2) most nearly approximates the sum of entitlements for all  
5 municipalities to the funds distributable under sub. (2).

6 (h) “Tax base weight” means one minus the decimal obtained by dividing the  
7 full valuation by the standardized valuation, except that “tax base weight” shall be  
8 a decimal of at least 0.0.

9 (2) AIDABLE EXPENDITURES ENTITLEMENTS. (a) Beginning in 2002, the amount  
10 in the municipal services aid account for municipalities, less the payments under s.  
11 79.04 (1) and (4) (a), shall be allocated to each municipality in proportion to its  
12 entitlement.

13 (b) Annually, the department of revenue shall determine the amount of each  
14 municipality’s aidable expenditures. For purposes of calculating a municipality’s  
15 entitlement, the amount of a municipality’s aidable expenditures in a year is the  
16 lesser of the following:

17 1. The amount of the municipality’s aidable expenditures in the year prior to  
18 the year in which the municipality receives the statement under s. 79.015.

19 2. The average of the amount of the municipality’s aidable expenditures in  
20 1998, 1999, and 2000, increased by the cumulative percentage under s. 79.05 (2) (c)  
21 by which the municipality could have increased its budget and still be eligible for a  
22 payment under s. 79.05, regardless of whether the municipality was eligible for a  
23 payment under s. 79.05. The cumulative percentage shall be calculated from 1999  
24 to the year prior to the year of the statement under s. 79.015.

1 (3) GROWTH-SHARING REGIONS ENTITLEMENT. (a) Except for payments made in  
2 2002, a municipality in a growth-sharing region shall receive a payment under par.  
3 (b) if the following applies:

4 1. The municipality limits the growth in its municipal budget to the increase  
5 specified under s. 79.05 (2) (c) for the year of the statement under s. 79.015.

6 2. The municipality enters into an area cooperation compact under sub. (4) for  
7 the year of the statement under s. 79.015.

8 (b) In 2002, a municipality in a growth-sharing region, and in 2003 and  
9 subsequent years, a municipality in a growth-sharing region that fulfills the  
10 requirements under par. (a), shall receive a payment that is equal to the total amount  
11 allocated to the growth-sharing region, as determined under par. (c), multiplied by  
12 a fraction the numerator of which is the municipality's <sup>current</sup> population in the  
13 growth-sharing region, and the denominator of which is the <sup>current</sup> population in the  
14 growth-sharing region of all the municipalities that are eligible for payments under  
15 this subsection that are located in the growth-sharing region.

16 (c) The total amount allocated to a growth-sharing region shall be equal to the  
17 total amount to be distributed under s. 20.835 (1) (dd) multiplied by a fraction the  
18 numerator of which is the amount of sales tax collected in the growth-sharing region,  
19 as determined by the department of revenue, in the fiscal year prior to the fiscal year  
20 in which any municipality receives the statement under s. 79.015, and the  
21 denominator of which is the total amount of sales tax collected in this state, as  
22 determined by the department of revenue, in the fiscal year prior to the fiscal year  
23 in which any municipality receives the statement under s. 79.015.

24 (4) AREA COOPERATION COMPACTS. (a) 1. Except as provided in subd. 3., beginning  
25 in 2003 and ending in 2005, to receive payments under sub. (3), a municipality shall

1 enter into an area cooperation compact with at least 2 municipalities or counties, or  
2 with any combination of at least 2 such entities, to perform at least 2 of the functions  
3 listed in par. (b).

4 2. Except as provided in subd. 3., beginning in 2006 and in each subsequent  
5 year, to receive payments under sub. (3), a municipality shall enter into an area  
6 cooperation compact with at least 4 municipalities or counties, or with any  
7 combination of at least 4 such entities, to provide law enforcement and to perform  
8 at least 5 of the other functions listed in par. (b).

9 3. A municipality that is not adjacent to at least 2 other municipalities may  
10 enter into a cooperation compact with any adjacent municipality or with the county  
11 in which the municipality is located to perform the number and type of functions as  
12 specified under subds. 1. or 2., as applicable to the year of the payment.

13 (b) An area cooperation compact may involve the following functions:

- 14 2. Housing.
- 15 3. Emergency services.
- 16 4. Fire protection.
- 17 5. Solid waste collection and disposal.
- 18 6. Recycling.
- 19 7. Public health.
- 20 8. Animal control.
- 21 10. Transportation.
- 22 11. Mass transit.
- 23 12. Land use planning.
- 24 13. Boundary agreements.
- 25 14. Libraries.

- 1           15. Parks and recreation.
- 2           16. Culture.
- 3           17. Purchasing.
- 4           18. Electronic government.

5           (c) An area cooperation compact shall provide a plan for any municipalities or  
6 counties that enter into the compact to collaborate to provide any functions under  
7 par. (b), as selected under par. (a). The compact shall provide benchmarks to measure  
8 the plan’s progress and provide outcome-based performance measures to evaluate  
9 the plan’s success. Municipalities and counties that enter into the compact shall  
10 structure the compact in a way that results in significant tax savings to taxpayers  
11 within those municipalities and counties.

12           (d) Annually, beginning in 2002, to receive a payment under sub. (3), a  
13 municipality shall certify to the department of revenue, in a manner prescribed by  
14 the department, by May 1 of the year of the statement under s. 79.015, that the  
15 municipality complied with pars. (a) to (c) for the year of the statement under s.  
16 79.015.

17           (e) Annually, beginning in 2004, the legislative audit bureau shall prepare a  
18 report on the performance of area cooperation compacts and shall submit copies of  
19 the report to the chief clerk of each house of the legislature for distribution to the  
20 appropriate standing committees under s. 13.172 (3) by June 30.

21           (5) MINIMUM PAYMENTS. (a) In 2002, if the combined payments to a municipality  
22 under subs. (2) and (3) are less than 95% of the combined payments to the  
23 municipality under s. 79.06, 1999 stats., and s. 79.03 (3), 1999 stats., excluding  
24 payments under s. 79.03 (3c), 1999 stats., for 2001, the municipality has an aids  
25 deficiency. The amount of the aids deficiency is the amount by which 95% of the



1 amount of the combined payments to the municipality under s. 79.06, 1999 stats.,  
2 and s. 79.03 (3), 1999 stats., excluding payments under s. 79.03 (3c), 1999 stats., for  
3 2001 exceeds the payments to the municipality under subs. (2) and (3) in 2002. A  
4 municipality that has an aids deficiency under this paragraph shall receive a  
5 payment from the amounts withheld under sub. (6) (a) that is equal to its proportion  
6 of all the aids deficiencies of municipalities under this paragraph in 2002.

7 (b) Except as provided in par. (c), in 2003 and subsequent years, if the combined  
8 payments to a municipality under subs. (2) and (3) are less than 95% of the combined  
9 payments to the municipality under this subsection and subs. (2), (3), and (6) for the  
10 previous year, the municipality has an aids deficiency. The amount of the aids  
11 deficiency is the amount by which 95% of the amount of the combined payments to  
12 the municipality under this subsection and subs. (2), (3), and (6) in the previous year  
13 exceeds the combined payments to the municipality under subs. (2) and (3) in the  
14 current year. A municipality that has an aids deficiency under this paragraph shall  
15 receive a payment from the amounts withheld under sub. (6) (b) that is equal to its  
16 proportion of all the aids deficiencies of municipalities under this paragraph for the  
17 current year.

18 (c) In 2003 and subsequent years, if a municipality receives a payment under  
19 sub. (3) in the year following the year of the statement under s. 79.015 but did not  
20 receive a payment in the year of the statement, or if a municipality does not receive  
21 a payment under sub. (3) in the year following the year of the statement under s.  
22 79.015 but received a payment in the year of the statement, the payment under sub.  
23 (3) shall be excluded from the calculation for determining the minimum payment  
24 under par. (b).

1           (6) MAXIMUM PAYMENTS. (a) In 2002, if the combined payments to a municipality  
2 under subs. (2) and (3) exceed combined payments to the municipality under s. 79.06,  
3 1999 stats., and s. 79.03 (3), 1999 stats., excluding payments under s. 79.03 (3c), 1999  
4 stats., for 2001 by more than the maximum allowable increase, the excess shall be  
5 withheld to fund minimum payments in 2002 under sub. (5) (a). In this paragraph,  
6 “maximum allowable increase” means a percentage such that the sum for all  
7 municipalities of the excess of payments in 2002 under subs. (2) and (3) over the  
8 payment as limited by the maximum allowable increase is equal to the sum of the  
9 aids deficiencies under sub. (5) (a) in 2002.

10           (b) In 2003 and subsequent years, if the combined payments to a municipality  
11 under subs. (2) and (3) exceed the combined payments to the municipality under this  
12 subsection and subs. (2), (3), and (5) for the previous year by more than the maximum  
13 allowable increase, the excess shall be withheld to fund minimum payments in the  
14 current year under sub. (5) (b). In this paragraph, “maximum allowable increase”  
15 in any year means a percentage such that the sum for all municipalities of the excess  
16 of payments in that year under subs. (2) and (3) over the payment as limited by the  
17 maximum allowable increase is equal to the sum of the aids deficiencies under sub.  
18 (5) (b) in that year.

19           (c) In 2003 and subsequent years, if a municipality receives a payment under  
20 sub. (3) in the year following the year of the statement under s. 79.015 but did not  
21 receive a payment in the year of the statement, or if a municipality does not receive  
22 a payment under sub. (3) in the year following the year of the statement under s.  
23 79.015 but received a payment in the year of the statement, the payment under sub.  
24 (3) shall be excluded from the calculation for determining the maximum payment  
25 under par. (b).

1           **SECTION 9344. Initial applicability; revenue.**

2           (1) GROWTH-SHARING REGION. The treatment of sections 20.835 (1) (d), (db), and  
3 (dd), 25.50 (3) (b), 33.32 (3) (b), 79.01 (1), (5), and (6), 79.015, 79.02 (2) (b) and (3),  
4 79.03 (1), (2), (3) (a), (b) 1., 3., 4. (intro.), a. to bm., d. to f., and h., 5. and 6., and (4),  
5 79.06 (1) and (2), and 79.065 of the statutes first applies to payments made in 2002.

6   **(END)**



DOA:.....Ziegler - Restructuring municipal shared revenue

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

in 2-6-01

D-N

DO NOT GEN

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**LOCAL GOVERNMENT**

Under current law, a municipality receives a shared revenue payment based on the municipality's population. The payment is equal to the municipality's population multiplied by the product of the following: the 1982 state population multiplied by \$30 divided by the state's current population. This bill eliminates the current shared revenue payment to a municipality based on population.

Under current law, a municipality also receives an aidable revenues payment that is equal to the product of the municipality's aidable revenues and the municipality's tax base weight. Aidable revenues are, generally, revenues raised by the municipality, such as local taxes and regulation revenues. Tax base weight is based, generally, on the value of property in the municipality compared to the municipality's population. This bill eliminates a municipality's aidable revenues payment.

This bill creates an aidable expenditures payment for a municipality. The bill also creates a "growth-sharing region" payment for a municipality.

Beginning in 2002, a municipality receives an aidable expenditures payment that is equal to the product of the municipality's aidable expenditures and the municipality's tax base weight. Aidable expenditures include a municipality's expenditures for general government operations; law enforcement, fire protection, ambulance services, and other public safety services; and health and human

services. Aidable expenditures do not include a municipality's expenditures for highway maintenance, administration, or construction; road-related facilities or other transportation; solid waste collection and disposal or other sanitation; culture; education; parks and recreation; conservation; or development.

Annually, DOR determines the amount of each municipality's aidable expenditures. The amount of a municipality's aidable expenditures in a year is lesser of: 1) the amount of the municipality's aidable expenditures in the year that was two years before the municipality receives an aidable expenditures payment or 2) the average of the municipality's aidable expenditures in 1998, 1999, and 2000, adjusted for inflation and for the property value in the municipality.

Under the bill, a municipality in a growth-sharing region may also receive a growth-sharing region payment. DOR must define "growth-sharing region" by rule and in such way so that the state consists of at least 7 but not more than 25 growth-sharing regions. A municipality will receive a growth-sharing region payment if the municipality limits the annual increase in its municipal budget to the allowable increase, based on the inflation rate and the property value in the municipality, to qualify for the expenditure restraint program under current law and if the municipality enters into an area cooperation compact (compact).

Beginning in 2002 and ending in 2005, to receive a payment, a municipality must enter into a compact with at least two municipalities or counties, or with any combination of at least two such entities, to perform at least two specified functions. Beginning in 2006, to receive a payment, a municipality must enter into a compact with at least four municipalities or counties, or with any combination of at least four such entities, to provide law enforcement and to perform at least five other specified functions. The specified functions are housing, emergency services, fire protection, solid waste collection and disposal, recycling, public health, animal control, transportation, mass transit, land use planning, boundary agreements, libraries, parks and recreation, culture, purchasing, and electronic government. A municipality that is not adjacent to at least two other municipalities may enter into a compact with any adjacent municipality or with the county in which the municipality is located.

A compact must provide a plan for any municipalities or counties that enter into the compact to collaborate to provide the specified functions. The compact must also provide benchmarks to measure the plan's progress and provide outcome-based performance measures to evaluate the plan's success. Municipalities and counties that enter into the compact must structure the compact in a way that results in significant tax savings to taxpayers within the municipalities and counties. Annually, the municipality that is to receive a payment must certify to DOR that the municipality has complied with all of the compact requirements.

The total amount of the growth-sharing region payments allocated to all growth-sharing regions is an amount equal to the sales and use taxes collected in the state in a year multiplied by .05, and each growth-sharing region is allocated an amount that is proportional to the sales and use taxes that are collected in the region. A municipality that is eligible to receive a growth-sharing payment receives an amount, from the amount allocated to the growth-sharing region in which the

municipality is located, in proportion to its population within the growth-sharing region.

In 2002, a municipality is guaranteed a combined minimum aidable expenditures and growth-sharing region payment equal to 95% of the amount of the aidable revenues and per capita payments the municipality received in 2001. In 2003 and subsequent years, a municipality is guaranteed a combined minimum aidable expenditures and growth-sharing region payment equal to 95% of the combined amounts of the aidable expenditures and the growth-sharing region payments the municipality received in the previous year, if the municipality received growth-sharing region payments in both the current year and the previous year.

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

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

1           **SECTION 1.** 20.835 (1) (d) of the statutes is amended to read:

2           20.835 (1) (d) *Shared County shared revenue account.* A sum sufficient to meet  
3 the requirements of the county shared revenue account established under s. 79.01  
4 (2) to provide for the distributions from the shared revenue account to counties,  
5 towns, villages and cities under ss. 79.03, 79.04, and 79.06.

      \*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

6           **SECTION 2.** 20.835 (1) (db) of the statutes is created to read:

7           20.835 (1) (db) *Municipal services aid account.* A sum sufficient to make the  
8 payments to municipalities under ss. 79.04 and 79.065 (2) and to make the payments  
9 to municipalities under s. 79.065 (5) that are not paid from s. 20.835 (1) (dd).

      \*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

10          **SECTION 3.** 20.835 (1) (dd) of the statutes is created to read:

11          20.835 (1) (dd) *Municipal growth sharing account.* A sum sufficient in the  
12 amount determined under s. 79.01 (5) to make the payments to municipalities under

1 s. 79.065 (3) and to make the payments to municipalities under s. 79.065 (5) that are  
2 not paid from s. 20.835 (1) (db).

\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 **SECTION 4.** 25.50 (3) (b) of the statutes is amended to read:

4 25.50 (3) (b) On the dates specified and to the extent to which they are  
5 available, subject to s. 16.53 (10), funds payable to local governments under ss. 79.03,  
6 79.04, 79.05, 79.058, 79.06, 79.065, 79.08, and 79.10 shall be considered local funds  
7 and, pursuant to the instructions of local officials, may be paid into the separate  
8 accounts of all local governments established in the local government  
9 pooled-investment fund and, pursuant to the instructions of local officials, to the  
10 extent to which they are available, be disbursed or invested.

11 **SECTION 5.** 33.32 (3) (b) of the statutes is amended to read:

12 33.32 (3) (b) If a county or municipality fails to pay a special assessment levied  
13 by a district, the clerk of the district may certify this fact to the department of  
14 administration, and shall state the amount due. The department, at the time of  
15 making the next scheduled distribution under s. 79.03 or 79.065, shall deduct the  
16 amount claimed from the payment due the county or municipality, and shall forward  
17 it to the district.

18 **SECTION 6.** 66.1001 (3) (rm) of the statutes is created to read:

19 66.1001 (3) (rm) Area cooperation compacts under s. 79.065 (4).

20 **SECTION 7.** 79.005 (1) of the statutes is amended to read:

21 79.005 (1) "Municipality" means any town, village, or city in this state. If a  
22 municipality is located in more than one county, payments under this subchapter  
23 shall be computed using data for the municipality as a whole. If a municipality is

1 located in more than one growth-sharing region, as defined in s. 79.065 (1) (d),  
2 payments under s. 79.065 (3) shall be computed using data for the portion of the  
3 municipality that is located in each growth-sharing region.

4 **SECTION 8.** 79.005 (2) of the statutes is amended to read:

5 79.005 (2) "Population" means the number of persons residing in each  
6 municipality and county of the state as last determined by the department of  
7 administration under s. 16.96, except that under s. 79.065 (3) (b), if a municipality  
8 is located in more than one growth-sharing region, "population" means the number  
9 of persons residing in the portion of the municipality located in each growth-sharing  
10 region.

11 **SECTION 9.** 79.01 (1) of the statutes is amended to read:

12 79.01 (1) There is established an account in the general fund entitled the  
13 "~~Expenditure Restraint Program Account~~". Account. There shall be appropriated  
14 to that account \$25,000,000 in 1991, in 1992, and in 1993; \$42,000,000 in 1994;  
15 \$48,000,000 in each year beginning in 1995 and ending in 1999 ~~and~~; \$57,000,000  
16 beginning in the year 2000 and ending in 2001; and \$63,000,000 in 2002 and in each  
17 year thereafter.

18 **SECTION 10.** 79.01 (2) of the statutes is amended to read:

19 79.01 (2) There is established an account in the general fund entitled the  
20 "~~Municipal and County Shared Revenue Account~~", referred to in this chapter as the  
21 "shared revenue account". There shall be appropriated to the shared revenue  
22 account the sums specified in ss. 79.03 ~~and~~, 79.04, and 79.06.

23 **SECTION 11.** 79.01 (5) of the statutes is created to read:

24 79.01 (5) There is established an account in the general fund entitled the  
25 "Municipal Growth-Sharing Account." There shall be appropriated to that account



1 an amount, determined by the department of revenue, that is equal to the sales and  
2 use tax revenue collected under subch. III of ch. 77 in the fiscal year prior to the fiscal  
3 year that any municipality receives the statement under s. 79.015 multiplied by .05.

4 **SECTION 12.** 79.01 (6) of the statutes is created to read:

5 79.01 (6) There is established an account in the general fund entitled the  
6 "Municipal Services Aid Account." There shall be appropriated to that account the  
7 amounts necessary to make the payments to municipalities under ss. 79.04 (1) and  
8 (4) (a) and 79.065 (2) and to make the payments to municipalities under s. 79.065 (5)  
9 that are not paid from s. 20.835 (1) (dd).

10 **SECTION 13.** 79.015 of the statutes is amended to read:

11 **79.015 Statement of estimated payments.** The department of revenue, on  
12 or before September 15 of each year, shall provide to each municipality and county  
13 a statement of estimated payments to be made in the next calendar year to the  
14 municipality or county under ss. 79.03, 79.04, 79.05, 79.058 and, 79.06, and 79.065.

15 ~~**SECTION 14.** 79.02 (2) (b) of the statutes is amended to read:~~

16 ~~79.02 (2) (b) Subject to s. 59.605 (4), payments in July shall equal 15% of the~~  
17 ~~municipality's or county's estimated payments under ss. 79.03, 79.04, 79.058 and,~~  
18 ~~79.06, and 79.065 and 100% of the municipality's estimated payments under s. 79.05.~~

19 ~~**SECTION 15.** 79.02 (3) of the statutes is amended to read:~~

20 ~~79.02 (3) Subject to s. 59.605 (4), payments to each municipality and county in~~  
21 ~~November shall equal that municipality's or county's entitlement to shared revenues~~  
22 ~~under ss. 79.03, 79.04, 79.05, 79.058 and, 79.06, and 79.065 for the current year,~~  
23 ~~minus the amount distributed to the municipality or county in July.~~

24 **SECTION 16.** 79.03 (1) of the statutes is amended to read:

1           79.03 (1) Each ~~municipality and~~ county is entitled to shared revenue,  
2           ~~consisting of an in the amount determined on the basis of population under sub. (2),~~  
3           ~~plus an amount determined under sub. (3).~~

4           **SECTION 17.** 79.03 (2) of the statutes is repealed.

5           **SECTION 18.** 79.03 (3) (a) of the statutes is amended to read:

6           79.03 (3) (a) The amount in the shared revenue account for ~~municipalities and~~  
7           ~~the amount in the shared revenue account for~~ counties, less the payments under sub.  
8           ~~(2) and s. 79.04,~~ shall be allocated to each ~~municipality and~~ county respectively in  
9           proportion to its entitlement. In this paragraph, “entitlement” means the product  
10          of aidable revenues and tax base weight.

11          **SECTION 19.** 79.03 (3) (b) 1. of the statutes is amended to read:

12          79.03 (3) (b) 1. “Aidable revenues” means:

13          ~~a. For a municipality, the average local purpose revenues.~~

14          ~~b. For a county, 85% of the average local purpose revenue.~~

15          **SECTION 20.** 79.03 (3) (b) 3. of the statutes is amended to read:

16          79.03 (3) (b) 3. “Full valuation” means the full value of property that is exempt  
17          under s. 70.11 (39) as determined under s. 79.095 (3) plus the full value of all taxable  
18          property for the preceding year as equalized for state tax purposes, except that for  
19          ~~municipalities the value of real estate assessed under s. 70.995 is excluded. Value~~  
20          value increments under s. 66.1105 plus the full value of property that is exempt  
21          under s. 70.11 (39) that would otherwise be part of a value increment are ~~included~~  
22          ~~for municipalities but excluded for counties.~~ Environmental remediation value  
23          increments under s. 66.1106 are included for ~~municipalities and~~ counties that create  
24          the environmental remediation tax incremental district and are excluded for ~~units~~  
25          of ~~government~~ counties that do not create the district. ~~If property that had been~~

1 ~~assessed under s. 70.995 and that has a value exceeding 10% of a municipality's value~~  
2 ~~is assessed under s. 70.10, 30% of that property's full value is included in "full~~  
3 ~~valuation" for purposes of the shared revenue payments in the year after the~~  
4 ~~assessment under s. 70.10, 65% of that property's full value is included in "full~~  
5 ~~valuation" for purposes of the shared revenue payments in the year 2 years after the~~  
6 ~~assessment under s. 70.10 and 100% of that property's full value is included in "full~~  
7 ~~valuation" for purposes of subsequent shared revenue payments.~~

8 **SECTION 21.** 79.03 (3) (b) 4. (intro.) of the statutes is amended to read:

9 79.03 (3) (b) 4. (intro.) "Local purpose revenues" means the sum of payments  
10 under s. 79.095, local general purpose taxes, regulation revenues, revenues for  
11 services to private parties by a county's ~~or municipality's~~ general operations or  
12 enterprises, revenue for sanitation services to private parties, special assessment  
13 revenues, and tax base equalization aids ~~and, for municipalities only, a proxy for~~  
14 ~~private sewer service costs, a proxy for private solid waste and recycling service costs~~  
15 ~~and a proxy for retail charges for fire protection purposes.~~ In this subdivision:

16 **SECTION 22.** 79.03 (3) (b) 4. a. of the statutes is amended to read:

17 79.03 (3) (b) 4. a. "Local general purpose taxes" means ~~the portion of tax~~  
18 ~~increments collected for payment to a municipality under s. 66.1105 which is~~  
19 ~~attributable to that municipality's own levy,~~ the portion of environmental  
20 remediation tax increments collected for payment to a municipality ~~or county~~ under  
21 s. 66.1106 that is attributable to that ~~municipality's or county's~~ own levy, general  
22 property taxes, excluding taxes for a county children with disabilities education  
23 board, collected to finance the general purpose government unit, property taxes  
24 collected for sewage and sanitary districts, mobile home fees, the proceeds of county

1 sales and use taxes, and ~~municipal and~~ county vehicle registration fees under s.  
2 341.35 (1).

3 **SECTION 23.** 79.03 (3) (b) 4. b. of the statutes is repealed.

4 **SECTION 24.** 79.03 (3) (b) 4. bg. of the statutes is repealed.

5 **SECTION 25.** 79.03 (3) (b) 4. bm. of the statutes is repealed.

6 **SECTION 26.** 79.03 (3) (b) 4. d. of the statutes is amended to read:

7 79.03 (3) (b) 4. d. "Revenue for sanitation services to private parties" means  
8 revenues collected from private parties by a county's ~~or municipality's~~ general  
9 operations or enterprises and by sewerage, sanitation, or inland lake rehabilitation  
10 districts as refuse collection fees, sewerage service fees, and landfill fees.

11 **SECTION 27.** 79.03 (3) (b) 4. e. of the statutes is amended to read:

12 79.03 (3) (b) 4. e. "Revenues for services to private parties by a county's ~~or~~  
13 ~~municipality's~~ general operations or enterprises" means revenues collected from  
14 private parties for the following services: general government services consisting of  
15 license publication fees, sale of publications, clerk's fees, and treasurer's fees; public  
16 safety services, consisting of police or sheriff's department fees, fire department fees,  
17 and ambulance fees; inspection services, consisting of building, electrical, heat,  
18 plumbing, elevator, and weights and measures; sidewalk replacement or  
19 construction fees, storm sewer construction fees, street lighting fees; parking ramps,  
20 meters and lot fees; library fines or fees; and museum and zoo users or admission  
21 fees.

22 **SECTION 28.** 79.03 (3) (b) 4. f. of the statutes is amended to read:

23 79.03 (3) (b) 4. f. "Special assessment revenues" means charges assessed  
24 against benefited properties for capital improvements by a ~~municipality or~~ county

1 placed on the current tax roll for collection or collected during the year in advance  
2 of being placed on the tax roll.

3 **SECTION 29.** 79.03 (3) (b) 4. h. of the statutes is repealed.

4 **SECTION 30.** 79.03 (3) (b) 5. of the statutes is amended to read:

5 79.03 (3) (b) 5. “Standardized valuation” means the product of the standardized  
6 valuation per person times the population of a ~~municipality or a county~~ in the  
7 preceding year.

8 **SECTION 31.** 79.03 (3) (b) 6. of the statutes is amended to read:

9 79.03 (3) (b) 6. “Standardized valuation per person” is that number that when  
10 used in the computation under par. (a) most nearly approximates the sum of  
11 entitlements for all ~~municipalities or for all~~ counties respectively to the funds  
12 distributable under par. (a).

13 **SECTION 32.** 79.03 (4) of the statutes is amended to read:

14 79.03 (4) In 1991, the total amount to be distributed under ss. 79.03, 79.04, and  
15 79.06 from s. 20.835 (1) (d) is \$869,000,000. In 1992, the total amount to be  
16 distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1) (d) is \$885,961,300.  
17 In 1993, the total amount to be distributed under ss. 79.03, 79.04, and 79.06 from s.  
18 20.835 (1) (d) is \$903,680,500. In 1994, the total amounts to be distributed under this  
19 section and ss. 79.04 and 79.06 from s. 20.835 (1) (d) are \$746,547,500 to  
20 municipalities and \$168,981,800 to counties. In Beginning in 1995 and subsequent  
21 years ending in 2001, the total amounts to be distributed under ss. 79.03, 79.04, and  
22 79.06 from s. 20.835 (1) (d) are \$761,478,000 to municipalities and \$168,981,800 to  
23 counties. In 2002, the total amount to be distributed to municipalities under ss.  
24 79.04 and 79.065 (2) from s. 20.835 (1) (db) is \$755,478,000, less the amounts  
25 distributed under s. 79.065 (3) from s. 20.835 (1) (dd). In 2003 and subsequent years,

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1 the total amount to be distributed to municipalities under ss. 79.04 and 79.065 (2)  
2 from s. 20.835 (1) (db) is the amount distributed under ss. 79.04 and 79.065 (2) to  
3 municipalities in 2002. In 2002 and subsequent years, the total amount to be  
4 distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1) (d) is \$168,981,800.

5 **SECTION 33.** 79.06 (1) of the statutes is amended to read:

6 79.06 (1) MINIMUM PAYMENTS. (b) If the payments to any ~~municipality or county~~  
7 under s. 79.03, ~~excluding payments under s. 79.03 (3e),~~ in 1986 or any year thereafter  
8 are less than 95% of the combined payments to the ~~municipality or county~~ under this  
9 section and s. 79.03, ~~excluding payments under s. 79.03 (3e),~~ for the previous year,  
10 the ~~municipality or county~~ has an aids deficiency. The amount of the aids deficiency  
11 is the amount by which 95% of the combined payments to the ~~municipality or county~~  
12 under this section and s. 79.03, ~~excluding payments under s. 79.03 (3e),~~ in the  
13 previous year exceeds the payments to the ~~municipality or county~~ under s. 79.03,  
14 ~~excluding payments under s. 79.03 (3e),~~ in the current year.

15 (c) A ~~municipality or county~~ that has an aids deficiency shall receive a payment  
16 from the amounts withheld under sub. (2) equal to its proportion of all the aids  
17 deficiencies of ~~municipalities or counties~~ respectively for that year.

18 **SECTION 34.** 79.06 (2) of the statutes is amended to read:

19 79.06 (2) MAXIMUM PAYMENTS. (b) If the payments to a ~~municipality or county,~~  
20 except any county in which there are no cities or villages, in any year exceed its  
21 combined payments under this section and s. 79.03, ~~excluding payments under s.~~  
22 ~~79.03 (3e),~~ in the previous year by more than the maximum allowable increase, the  
23 excess shall be withheld to fund minimum payments in that year under sub. (1) (c).

24 (c) In this subsection, "maximum allowable increase" in any year means a  
25 percentage such that the sum for all ~~municipalities or counties~~ respectively in that

1 year of the excess of payments under ss. 79.02 and 79.03, ~~excluding payments under~~  
2 ~~s. 79.03 (3e)~~, over the payments as limited by the maximum allowable increase is  
3 equal to the sum of the aids deficiencies under sub. (1) in that year.

4 **SECTION 35.** 79.065 of the statutes is created to read:

5 **79.065 Municipal growth sharing.** (1) DEFINITIONS. In this section:

6 (a) "Aidable expenditures" means a municipality's expenditures for general  
7 government operations; law enforcement, fire protection, ambulance services, and  
8 other public safety services; and health and human services. "Aidable expenditures"  
9 does not include a municipality's expenditures for highway maintenance,  
10 administration, or construction; road-related facilities or other transportation; solid  
11 waste collection and disposal or other sanitation; culture; education; parks and  
12 recreation; conservation; or development.

13 (b) "Entitlement" means the product of aidable expenditures and tax base  
14 weight.

15 (c) "Full valuation" means the full value of all taxable property of a  
16 municipality for the preceding year as equalized for state tax purposes, including the  
17 value increments under s. 66.1105, the environmental remediation value increments  
18 under s. 66.1106 for municipalities that create the environmental remediation tax  
19 incremental district, and the value of real estate assessed under s. 70.995, but  
20 excluding the full value of property that is exempt under s. 70.11 (39) as determined  
21 under s. 79.095 (3).

22 (d) "Growth-sharing region" means "growth-sharing region" as defined by  
23 rule, no later than September 1, 2001, by the department of revenue so that this state  
24 is divided into at least 7 but not more than 25 growth-sharing regions.

25 (e) "Sales tax" means the tax imposed under ss. 77.52 and 77.53.

1 (f) “Standardized valuation” means the product of the standardized valuation  
2 per person times the population of a municipality in the preceding year.

3 (g) “Standardized valuation per person” is that number that when used in the  
4 computation under sub. (2) most nearly approximates the sum of entitlements for all  
5 municipalities to the funds distributable under sub. (2).

6 (h) “Tax base weight” means one minus the decimal obtained by dividing the  
7 full valuation by the standardized valuation, except that “tax base weight” shall be  
8 a decimal of at least 0.0.

9 (2) AIDABLE EXPENDITURES ENTITLEMENTS. (a) Beginning in 2002, the amount  
10 in the municipal services aid account for municipalities, less the payments under s.  
11 79.04 (1) and (4) (a), shall be allocated to each municipality in proportion to its  
12 entitlement.

13 (b) Annually, the department of revenue shall determine the amount of each  
14 municipality’s aidable expenditures. For purposes of calculating a municipality’s  
15 entitlement, the amount of a municipality’s aidable expenditures in a year is the  
16 lesser of the following:

17 1. The amount of the municipality’s aidable expenditures in the year prior to  
18 the year in which the municipality receives the statement under s. 79.015.

19 2. The average of the amount of the municipality’s aidable expenditures in  
20 1998, 1999, and 2000, increased by the cumulative percentage under s. 79.05 (2) (c)  
21 by which the municipality could have increased its budget and still be eligible for a  
22 payment under s. 79.05, regardless of whether the municipality was eligible for a  
23 payment under s. 79.05. The cumulative percentage shall be calculated from 1999  
24 to the year prior to the year of the statement under s. 79.015.



1           **(3) GROWTH-SHARING REGIONS ENTITLEMENT.** (a) Except for payments made in  
2 2002, a municipality in a growth-sharing region shall receive a payment under par.

3 (b) if the following applies:

4           1. The municipality limits the growth in its municipal budget to the increase  
5 specified under s. 79.05 (2) (c) for the year of the statement under s. 79.015.

6           2. The municipality enters into an area cooperation compact under sub. (4) for  
7 the year of the statement under s. 79.015.

8           (b) In 2002, a municipality in a growth-sharing region, and in 2003 and  
9 subsequent years, a municipality in a growth-sharing region that fulfills the  
10 requirements under par. (a), shall receive a payment that is equal to the total amount  
11 allocated to the growth-sharing region, as determined under par. (c), multiplied by  
12 a fraction the numerator of which is the municipality's current population in the  
13 growth-sharing region, and the denominator of which is the current population in  
14 the growth-sharing region of all the municipalities that are eligible for payments  
15 under this subsection that are located in the growth-sharing region.

16           (c) The total amount allocated to a growth-sharing region shall be equal to the  
17 total amount to be distributed under s. 20.835 (1) (dd) multiplied by a fraction the  
18 numerator of which is the amount of sales tax collected in the growth-sharing region,  
19 as determined by the department of revenue, in the fiscal year prior to the fiscal year  
20 in which any municipality receives the statement under s. 79.015, and the  
21 denominator of which is the total amount of sales tax collected in this state, as  
22 determined by the department of revenue, in the fiscal year prior to the fiscal year  
23 in which any municipality receives the statement under s. 79.015.

24           **(4) AREA COOPERATION COMPACTS.** (a) 1. Except as provided in subd. 3., beginning  
25 in 2003 and ending in 2005, to receive payments under sub. (3), a municipality shall

1 enter into an area cooperation compact with at least 2 municipalities or counties, or  
2 with any combination of at least 2 such entities, to perform at least 2 of the functions  
3 listed in par. (b).

4 2. Except as provided in subd. 3., beginning in 2006 and in each subsequent  
5 year, to receive payments under sub. (3), a municipality shall enter into an area  
6 cooperation compact with at least 4 municipalities or counties, or with any  
7 combination of at least 4 such entities, to provide law enforcement and to perform  
8 at least 5 of the other functions listed in par. (b).

9 3. A municipality that is not adjacent to at least 2 other municipalities may  
10 enter into a cooperation compact with any adjacent municipality or with the county  
11 in which the municipality is located to perform the number and type of functions as  
12 specified under subsd. 1. or 2., as applicable to the year of the payment.

13 (b) An area cooperation compact may involve the following functions:

14 2. Housing.

15 3. Emergency services.

16 4. Fire protection.

17 5. Solid waste collection and disposal.

18 6. Recycling.

19 7. Public health.

20 8. Animal control.

21 10. Transportation.

22 11. Mass transit.

23 12. Land use planning.

24 13. Boundary agreements.

25 14. Libraries.

1           15. Parks and recreation.

2           16. Culture.

3           17. Purchasing.

4           18. Electronic government.

5           (c) An area cooperation compact shall provide a plan for any municipalities or  
6 counties that enter into the compact to collaborate to provide any functions under  
7 par. (b), as selected under par. (a). The compact shall provide benchmarks to measure  
8 the plan's progress and provide outcome-based performance measures to evaluate  
9 the plan's success. Municipalities and counties that enter into the compact shall  
10 structure the compact in a way that results in significant tax savings to taxpayers  
11 within those municipalities and counties.

12           (d) Annually, beginning in 2002, to receive a payment under sub. (3), a  
13 municipality shall certify to the department of revenue, in a manner prescribed by  
14 the department, by May 1 of the year of the statement under s. 79.015, that the  
15 municipality complied with pars. (a) to (c) for the year of the statement under s.  
16 79.015.

17           (e) Annually, beginning in 2004, the legislative audit bureau shall prepare a  
18 report on the performance of area cooperation compacts and shall submit copies of  
19 the report to the chief clerk of each house of the legislature for distribution to the  
20 appropriate standing committees under s. 13.172 (3) by June 30.

21           (5) MINIMUM PAYMENTS. (a) In 2002, if the combined payments to a municipality  
22 under subs. (2) and (3) are less than 95% of the combined payments to the  
23 municipality under s. 79.06, 1999 stats., and s. 79.03 (3), 1999 stats., excluding  
24 payments under s. 79.03 (3c), 1999 stats., for 2001, the municipality has an aids  
25 deficiency. The amount of the aids deficiency is the amount by which 95% of the

1 amount of the combined payments to the municipality under s. 79.06, 1999 stats.,  
2 and s. 79.03 (3), 1999 stats., excluding payments under s. 79.03 (3c), 1999 stats., for  
3 2001 exceeds the payments to the municipality under subs. (2) and (3) in 2002. A  
4 municipality that has an aids deficiency under this paragraph shall receive a  
5 payment from the amounts withheld under sub. (6) (a) that is equal to its proportion  
6 of all the aids deficiencies of municipalities under this paragraph in 2002.

7 (b) Except as provided in par. (c), in 2003 and subsequent years, if the combined  
8 payments to a municipality under subs. (2) and (3) are less than 95% of the combined  
9 payments to the municipality under this subsection and subs. (2), (3), and (6) for the  
10 previous year, the municipality has an aids deficiency. The amount of the aids  
11 deficiency is the amount by which 95% of the amount of the combined payments to  
12 the municipality under this subsection and subs. (2), (3), and (6) in the previous year  
13 exceeds the combined payments to the municipality under subs. (2) and (3) in the  
14 current year. A municipality that has an aids deficiency under this paragraph shall  
15 receive a payment from the amounts withheld under sub. (6) (b) that is equal to its  
16 proportion of all the aids deficiencies of municipalities under this paragraph for the  
17 current year.

18 (c) In 2003 and subsequent years, if a municipality receives a payment under  
19 sub. (3) in the year following the year of the statement under s. 79.015 but did not  
20 receive a payment in the year of the statement, or if a municipality does not receive  
21 a payment under sub. (3) in the year following the year of the statement under s.  
22 79.015 but received a payment in the year of the statement, the payment under sub.  
23 (3) shall be excluded from the calculation for determining the minimum payment  
24 under par. (b).

1           **(6) MAXIMUM PAYMENTS.** (a) In 2002, if the combined payments to a municipality  
2 under subs. (2) and (3) exceed combined payments to the municipality under s. 79.06,  
3 1999 stats., and s. 79.03 (3), 1999 stats., excluding payments under s. 79.03 (3c), 1999  
4 stats., for 2001 by more than the maximum allowable increase, the excess shall be  
5 withheld to fund minimum payments in 2002 under sub. (5) (a). In this paragraph,  
6 “maximum allowable increase” means a percentage such that the sum for all  
7 municipalities of the excess of payments in 2002 under subs. (2) and (3) over the  
8 payment as limited by the maximum allowable increase is equal to the sum of the  
9 aids deficiencies under sub. (5) (a) in 2002.

10           (b) In 2003 and subsequent years, if the combined payments to a municipality  
11 under subs. (2) and (3) exceed the combined payments to the municipality under this  
12 subsection and subs. (2), (3), and (5) for the previous year by more than the maximum  
13 allowable increase, the excess shall be withheld to fund minimum payments in the  
14 current year under sub. (5) (b). In this paragraph, “maximum allowable increase”  
15 in any year means a percentage such that the sum for all municipalities of the excess  
16 of payments in that year under subs. (2) and (3) over the payment as limited by the  
17 maximum allowable increase is equal to the sum of the aids deficiencies under sub.  
18 (5) (b) in that year.

19           (c) In 2003 and subsequent years, if a municipality receives a payment under  
20 sub. (3) in the year following the year of the statement under s. 79.015 but did not  
21 receive a payment in the year of the statement, or if a municipality does not receive  
22 a payment under sub. (3) in the year following the year of the statement under s.  
23 79.015 but received a payment in the year of the statement, the payment under sub.  
24 (3) shall be excluded from the calculation for determining the maximum payment  
25 under par. (b).

1           **SECTION 9344. Initial applicability; revenue.**

2           (1) ~~GROWTH-SHARING REGION.~~ The treatment of sections 20.835 (1) (d), (db), and  
3           (dd), 25.50 (3) (b), 33.32 (3) (b), 79.01 (1), (5), and (6), 79.015, ~~79.02 (2) (b) and (c),~~  
4           79.03 (1), (2), (3) (a), (b) 1., 3., 4. (intro.), a. to bm., d. to f., and h., 5. and 6., and (4),  
5           79.06 (1) and (2), and 79.065 of the statutes first applies to payments made in 2002.

6   (END)

2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-1744/2ins  
JK:wlj:rs

Insert 11 - 4

1  
2 *ws 97* In 2002, and subsequent years, the amount to be distributed to municipalities  
3 from s. 20.835 (1) (d) shall be increased by any amounts to be paid under s. 79.04 for  
4 any qualifying property of wholesale merchant plants, located in a municipality, that  
5 did not exist in the previous year and the amount to be distributed to counties from  
6 s. 20.835 (1) (d) shall be increased by any amounts to be paid under s. 79.04 for any  
7 qualifying property of wholesale merchant plants, located in a county, that did not  
8 exist in the previous year.

\*\*\*NOTE: This is reconciled s. 79.03 (4) <sup>✓</sup>. This SECTION has been affected by drafts  
with the following LRB numbers: -1321 and -1744.

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

LRB-1744/2dn<sup>3</sup>  
JK:wlj:rs

Paul Ziegler:

This draft reconciles LRB-1301, LRB-1321, and LRB-1744. All of these drafts should continue to appear in the compiled bill.

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

LRB-1744/3dn  
JK:wlj:pg

February 7, 2001

Paul Ziegler:

This draft reconciles LRB-1301, LRB-1321, and LRB-1744. All of these drafts should continue to appear in the compiled bill.

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February 7, 2001



DOA:.....Ziegler – Restructuring municipal shared revenue

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

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*Analysis by the Legislative Reference Bureau*

**LOCAL GOVERNMENT**

Under current law, a municipality receives a shared revenue payment based on the municipality's population. The payment is equal to the municipality's population multiplied by the product of the following: the 1982 state population multiplied by \$30 divided by the state's current population. This bill eliminates the current shared revenue payment to a municipality based on population.

Under current law, a municipality also receives an aidable revenues payment that is equal to the product of the municipality's aidable revenues and the municipality's tax base weight. Aidable revenues are, generally, revenues raised by the municipality, such as local taxes and regulation revenues. Tax base weight is based, generally, on the value of property in the municipality compared to the municipality's population. This bill eliminates a municipality's aidable revenues payment.

This bill creates an aidable expenditures payment for a municipality. The bill also creates a "growth-sharing region" payment for a municipality.

Beginning in 2002, a municipality receives an aidable expenditures payment that is equal to the product of the municipality's aidable expenditures and the municipality's tax base weight. Aidable expenditures include a municipality's expenditures for general government operations; law enforcement, fire protection, ambulance services, and other public safety services; and health and human

services. Aidable expenditures do not include a municipality's expenditures for highway maintenance, administration, or construction; road-related facilities or other transportation; solid waste collection and disposal or other sanitation; culture; education; parks and recreation; conservation; or development.

Annually, DOR determines the amount of each municipality's aidable expenditures. The amount of a municipality's aidable expenditures in a year is lesser of: 1) the amount of the municipality's aidable expenditures in the year that was two years before the municipality receives an aidable expenditures payment or 2) the average of the municipality's aidable expenditures in 1998, 1999, and 2000, adjusted for inflation and for the property value in the municipality.

Under the bill, a municipality in a growth-sharing region may also receive a growth-sharing region payment. DOR must define "growth-sharing region" by rule and in such way so that the state consists of at least 7 but not more than 25 growth-sharing regions. A municipality will receive a growth-sharing region payment if the municipality limits the annual increase in its municipal budget to the allowable increase, based on the inflation rate and the property value in the municipality, to qualify for the expenditure restraint program under current law and if the municipality enters into an area cooperation compact (compact).

Beginning in 2002 and ending in 2005, to receive a payment, a municipality must enter into a compact with at least two municipalities or counties, or with any combination of at least two such entities, to perform at least two specified functions. Beginning in 2006, to receive a payment, a municipality must enter into a compact with at least four municipalities or counties, or with any combination of at least four such entities, to provide law enforcement and to perform at least five other specified functions. The specified functions are housing, emergency services, fire protection, solid waste collection and disposal, recycling, public health, animal control, transportation, mass transit, land use planning, boundary agreements, libraries, parks and recreation, culture, purchasing, and electronic government. A municipality that is not adjacent to at least two other municipalities may enter into a compact with any adjacent municipality or with the county in which the municipality is located.

A compact must provide a plan for any municipalities or counties that enter into the compact to collaborate to provide the specified functions. The compact must also provide benchmarks to measure the plan's progress and provide outcome-based performance measures to evaluate the plan's success. Municipalities and counties that enter into the compact must structure the compact in a way that results in significant tax savings to taxpayers within the municipalities and counties. Annually, the municipality that is to receive a payment must certify to DOR that the municipality has complied with all of the compact requirements.

The total amount of the growth-sharing region payments allocated to all growth-sharing regions is an amount equal to the sales and use taxes collected in the state in a year multiplied by .05, and each growth-sharing region is allocated an amount that is proportional to the sales and use taxes that are collected in the region. A municipality that is eligible to receive a growth-sharing payment receives an amount, from the amount allocated to the growth-sharing region in which the

municipality is located, in proportion to its population within the growth-sharing region.

In 2002, a municipality is guaranteed a combined minimum aidable expenditures and growth-sharing region payment equal to 95% of the amount of the aidable revenues and per capita payments the municipality received in 2001. In 2003 and subsequent years, a municipality is guaranteed a combined minimum aidable expenditures and growth-sharing region payment equal to 95% of the combined amounts of the aidable expenditures and the growth-sharing region payments the municipality received in the previous year, if the municipality received growth-sharing region payments in both the current year and the previous year.

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

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

1           **SECTION 1.** 20.835 (1) (d) of the statutes is amended to read:

2           20.835 (1) (d) *Shared County shared revenue account.* A sum sufficient to meet  
3 the requirements of the county shared revenue account established under s. 79.01  
4 (2) to provide for the distributions from the shared revenue account to counties,  
5 ~~towns, villages and cities~~ under ss. 79.03, 79.04, and 79.06.

      \*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

6           **SECTION 2.** 20.835 (1) (db) of the statutes is created to read:

7           20.835 (1) (db) *Municipal services aid account.* A sum sufficient to make the  
8 payments to municipalities under ss. 79.04 and 79.065 (2) and to make the payments  
9 to municipalities under s. 79.065 (5) that are not paid from s. 20.835 (1) (dd).

      \*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

10          **SECTION 3.** 20.835 (1) (dd) of the statutes is created to read:

11          20.835 (1) (dd) *Municipal growth sharing account.* A sum sufficient in the  
12 amount determined under s. 79.01 (5) to make the payments to municipalities under

1 s. 79.065 (3) and to make the payments to municipalities under s. 79.065 (5) that are  
2 not paid from s. 20.835 (1) (db).

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 **SECTION 4.** 25.50 (3) (b) of the statutes is amended to read:

4 25.50 (3) (b) On the dates specified and to the extent to which they are  
5 available, subject to s. 16.53 (10), funds payable to local governments under ss. 79.03,  
6 79.04, 79.05, 79.058, 79.06, 79.065, 79.08, and 79.10 shall be considered local funds  
7 and, pursuant to the instructions of local officials, may be paid into the separate  
8 accounts of all local governments established in the local government  
9 pooled-investment fund and, pursuant to the instructions of local officials, to the  
10 extent to which they are available, be disbursed or invested.

11 **SECTION 5.** 33.32 (3) (b) of the statutes is amended to read:

12 33.32 (3) (b) If a county or municipality fails to pay a special assessment levied  
13 by a district, the clerk of the district may certify this fact to the department of  
14 administration, and shall state the amount due. The department, at the time of  
15 making the next scheduled distribution under s. 79.03 or 79.065, shall deduct the  
16 amount claimed from the payment due the county or municipality, and shall forward  
17 it to the district.

18 **SECTION 6.** 66.1001 (3) (rm) of the statutes is created to read:

19 66.1001 (3) (rm) Area cooperation compacts under s. 79.065 (4).

20 **SECTION 7.** 79.005 (1) of the statutes is amended to read:

21 79.005 (1) "Municipality" means any town, village, or city in this state. If a  
22 municipality is located in more than one county, payments under this subchapter  
23 shall be computed using data for the municipality as a whole. If a municipality is

1 located in more than one growth-sharing region, as defined in s. 79.065 (1) (d),  
2 payments under s. 79.065 (3) shall be computed using data for the portion of the  
3 municipality that is located in each growth-sharing region.

4 **SECTION 8.** 79.005 (2) of the statutes is amended to read:

5 79.005 (2) "Population" means the number of persons residing in each  
6 municipality and county of the state as last determined by the department of  
7 administration under s. 16.96, except that under s. 79.065 (3) (b), if a municipality  
8 is located in more than one growth-sharing region, "population" means the number  
9 of persons residing in the portion of the municipality located in each growth-sharing  
10 region.

11 **SECTION 9.** 79.01 (1) of the statutes is amended to read:

12 79.01 (1) There is established an account in the general fund entitled the  
13 "Expenditure Restraint Program Account". Account. There shall be appropriated  
14 to that account \$25,000,000 in 1991, in 1992, and in 1993; \$42,000,000 in 1994;  
15 \$48,000,000 in each year beginning in 1995 and ending in 1999 ~~and~~; \$57,000,000  
16 beginning in the year 2000 and ending in 2001; and \$63,000,000 in 2002 and in each  
17 year thereafter.

18 **SECTION 10.** 79.01 (2) of the statutes is amended to read:

19 79.01 (2) There is established an account in the general fund entitled the  
20 "~~Municipal and County Shared Revenue Account,~~", referred to in this chapter as the  
21 "shared revenue account,". There shall be appropriated to the shared revenue  
22 account the sums specified in ss. 79.03 ~~and~~, 79.04, and 79.06.

23 **SECTION 11.** 79.01 (5) of the statutes is created to read:

24 79.01 (5) There is established an account in the general fund entitled the  
25 "Municipal Growth-Sharing Account." There shall be appropriated to that account

1 an amount, determined by the department of revenue, that is equal to the sales and  
2 use tax revenue collected under subch. III of ch. 77 in the fiscal year prior to the fiscal  
3 year that any municipality receives the statement under s. 79.015 multiplied by .05.

4 **SECTION 12.** 79.01 (6) of the statutes is created to read:

5 79.01 (6) There is established an account in the general fund entitled the  
6 “Municipal Services Aid Account.” There shall be appropriated to that account the  
7 amounts necessary to make the payments to municipalities under ss. 79.04 (1) and  
8 (4) (a) and 79.065 (2) and to make the payments to municipalities under s. 79.065 (5)  
9 that are not paid from s. 20.835 (1) (dd).

10 **SECTION 13.** 79.015 of the statutes is amended to read:

11 **79.015 Statement of estimated payments.** The department of revenue, on  
12 or before September 15 of each year, shall provide to each municipality and county  
13 a statement of estimated payments to be made in the next calendar year to the  
14 municipality or county under ss. 79.03, 79.04, 79.05, 79.058 and, 79.06, and 79.065.

15 **SECTION 14.** 79.03 (1) of the statutes is amended to read:

16 79.03 (1) Each ~~municipality and~~ county is entitled to shared revenue,  
17 ~~consisting of an in the amount determined on the basis of population under sub. (2),~~  
18 ~~plus an amount determined under sub. (3).~~

19 **SECTION 15.** 79.03 (2) of the statutes is repealed.

20 **SECTION 16.** 79.03 (3) (a) of the statutes is amended to read:

21 79.03 (3) (a) The amount in the shared revenue account for ~~municipalities and~~  
22 ~~the amount in the shared revenue account for~~ counties, less the payments under ~~sub.~~  
23 ~~(2) and~~ s. 79.04, shall be allocated to each ~~municipality and~~ county respectively in  
24 proportion to its entitlement. In this paragraph, “entitlement” means the product  
25 of aidable revenues and tax base weight.

1           **SECTION 17.** 79.03 (3) (b) 1. of the statutes is amended to read:

2           79.03 (3) (b) 1. “Aidable revenues” means:

3           a. ~~For a municipality, the average local purpose revenues.~~

4           b. ~~For a county, 85% of the average local purpose revenue.~~

5           **SECTION 18.** 79.03 (3) (b) 3. of the statutes is amended to read:

6           79.03 (3) (b) 3. “Full valuation” means the full value of property that is exempt  
7 under s. 70.11 (39) as determined under s. 79.095 (3) plus the full value of all taxable  
8 property for the preceding year as equalized for state tax purposes, except that for  
9 municipalities the value of real estate assessed under s. 70.995 is excluded. Value  
10 value increments under s. 66.1105 plus the full value of property that is exempt  
11 under s. 70.11 (39) that would otherwise be part of a value increment are included  
12 for municipalities but excluded for counties. Environmental remediation value  
13 increments under s. 66.1106 are included for municipalities and counties that create  
14 the environmental remediation tax incremental district and are excluded for units  
15 of government counties that do not create the district. If property that had been  
16 assessed under s. 70.995 and that has a value exceeding 10% of a municipality’s value  
17 is assessed under s. 70.10, 30% of that property’s full value is included in “full  
18 valuation” for purposes of the shared revenue payments in the year after the  
19 assessment under s. 70.10, 65% of that property’s full value is included in “full  
20 valuation” for purposes of the shared revenue payments in the year 2 years after the  
21 assessment under s. 70.10 and 100% of that property’s full value is included in “full  
22 valuation” for purposes of subsequent shared revenue payments.

23           **SECTION 19.** 79.03 (3) (b) 4. (intro.) of the statutes is amended to read:

24           79.03 (3) (b) 4. (intro.) “Local purpose revenues” means the sum of payments  
25 under s. 79.095, local general purpose taxes, regulation revenues, revenues for



1 services to private parties by a county's ~~or municipality's~~ general operations or  
2 enterprises, revenue for sanitation services to private parties, special assessment  
3 revenues, and tax base equalization aids ~~and, for municipalities only, a proxy for~~  
4 ~~private sewer service costs, a proxy for private solid waste and recycling service costs~~  
5 ~~and a proxy for retail charges for fire protection purposes.~~ In this subdivision:

6 **SECTION 20.** 79.03 (3) (b) 4. a. of the statutes is amended to read:

7 79.03 (3) (b) 4. a. "Local general purpose taxes" means ~~the portion of tax~~  
8 ~~increments collected for payment to a municipality under s. 66.1105 which is~~  
9 ~~attributable to that municipality's own levy,~~ the portion of environmental  
10 remediation tax increments collected for payment to a ~~municipality or~~ county under  
11 s. 66.1106 that is attributable to that ~~municipality's or~~ county's own levy, general  
12 property taxes, excluding taxes for a county children with disabilities education  
13 board, collected to finance the general purpose government unit, property taxes  
14 collected for sewage and sanitary districts, mobile home fees, the proceeds of county  
15 sales and use taxes, and ~~municipal and~~ county vehicle registration fees under s.  
16 341.35 (1).

17 **SECTION 21.** 79.03 (3) (b) 4. b. of the statutes is repealed.

18 **SECTION 22.** 79.03 (3) (b) 4. bg. of the statutes is repealed.

19 **SECTION 23.** 79.03 (3) (b) 4. bm. of the statutes is repealed.

20 **SECTION 24.** 79.03 (3) (b) 4. d. of the statutes is amended to read:

21 79.03 (3) (b) 4. d. "Revenue for sanitation services to private parties" means  
22 revenues collected from private parties by a county's ~~or municipality's~~ general  
23 operations or enterprises and by sewerage, sanitation, or inland lake rehabilitation  
24 districts as refuse collection fees, sewerage service fees, and landfill fees.

25 **SECTION 25.** 79.03 (3) (b) 4. e. of the statutes is amended to read:

1           79.03 (3) (b) 4. e. “Revenues for services to private parties by a county’s or  
2 ~~municipality’s~~ general operations or enterprises” means revenues collected from  
3 private parties for the following services: general government services consisting of  
4 license publication fees, sale of publications, clerk’s fees, and treasurer’s fees; public  
5 safety services, consisting of police or sheriff’s department fees, fire department fees,  
6 and ambulance fees; inspection services, consisting of building, electrical, heat,  
7 plumbing, elevator, and weights and measures; sidewalk replacement or  
8 construction fees, storm sewer construction fees, street lighting fees; parking ramps,  
9 meters and lot fees; library fines or fees; and museum and zoo users or admission  
10 fees.

11           **SECTION 26.** 79.03 (3) (b) 4. f. of the statutes is amended to read:

12           79.03 (3) (b) 4. f. “Special assessment revenues” means charges assessed  
13 against benefited properties for capital improvements by a ~~municipality or county~~  
14 placed on the current tax roll for collection or collected during the year in advance  
15 of being placed on the tax roll.

16           **SECTION 27.** 79.03 (3) (b) 4. h. of the statutes is repealed.

17           **SECTION 28.** 79.03 (3) (b) 5. of the statutes is amended to read:

18           79.03 (3) (b) 5. “Standardized valuation” means the product of the standardized  
19 valuation per person times the population of a ~~municipality or a county~~ in the  
20 preceding year.

21           **SECTION 29.** 79.03 (3) (b) 6. of the statutes is amended to read:

22           79.03 (3) (b) 6. “Standardized valuation per person” is that number that when  
23 used in the computation under par. (a) most nearly approximates the sum of  
24 entitlements for all ~~municipalities or for all counties~~ respectively to the funds  
25 distributable under par. (a).

1           **SECTION 30.** 79.03 (4) of the statutes is amended to read:

2           79.03 (4) In 1991, the total amount to be distributed under ss. 79.03, 79.04, and  
3           79.06 from s. 20.835 (1) (d) is \$869,000,000. In 1992, the total amount to be  
4           distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1) (d) is \$885,961,300.  
5           In 1993, the total amount to be distributed under ss. 79.03, 79.04, and 79.06 from s.  
6           20.835 (1) (d) is \$903,680,500. In 1994, the total amounts to be distributed under this  
7           section and ss. 79.04 and 79.06 from s. 20.835 (1) (d) are \$746,547,500 to  
8           municipalities and \$168,981,800 to counties. In Beginning in 1995 and subsequent  
9           years ending in 2001, the total amounts to be distributed under ss. 79.03, 79.04, and  
10          79.06 from s. 20.835 (1) (d) are \$761,478,000 to municipalities and \$168,981,800 to  
11          counties. In 2002, the total amount to be distributed to municipalities under ss.  
12          79.04 and 79.065 (2) from s. 20.835 (1) (db) is \$755,478,000, less the amounts  
13          distributed under s. 79.065 (3) from s. 20.835 (1) (dd). In 2003 and subsequent years,  
14          the total amount to be distributed to municipalities under ss. 79.04 and 79.065 (2)  
15          from s. 20.835 (1) (db) is the amount distributed under ss. 79.04 and 79.065 (2) to  
16          municipalities in 2002. In 2002 and subsequent years, the total amount to be  
17          distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1) (d) is \$168,981,800.  
18          In 2002, and subsequent years, the amount to be distributed to municipalities from  
19          s. 20.835 (1) (d) shall be increased by any amounts to be paid under s. 79.04 for any  
20          qualifying property of wholesale merchant plants, located in a municipality, that did  
21          not exist in the previous year, and the amount to be distributed to counties from s.  
22          20.835 (1) (d) shall be increased by any amounts to be paid under s. 79.04 for any  
23          qualifying property of wholesale merchant plants, located in a county, that did not  
24          exist in the previous year.

\*\*\*\*NOTE: This is reconciled s.79.03 (4). This SECTION has been affected by drafts with the following LRB numbers: -1321 and -1744.

1           **SECTION 31.** 79.06 (1) of the statutes is amended to read:

2           79.06 (1) MINIMUM PAYMENTS. (b) If the payments to any ~~municipality or county~~  
3 under s. 79.03, ~~excluding payments under s. 79.03 (3e)~~, in 1986 or any year thereafter  
4 are less than 95% of the combined payments to the ~~municipality or county~~ under this  
5 section and s. 79.03, ~~excluding payments under s. 79.03 (3e)~~, for the previous year,  
6 the ~~municipality or county~~ has an aids deficiency. The amount of the aids deficiency  
7 is the amount by which 95% of the combined payments to the ~~municipality or county~~  
8 under this section and s. 79.03, ~~excluding payments under s. 79.03 (3e)~~, in the  
9 previous year exceeds the payments to the ~~municipality or county~~ under s. 79.03,  
10 ~~excluding payments under s. 79.03 (3e)~~, in the current year.

11           (c) A ~~municipality or county~~ that has an aids deficiency shall receive a payment  
12 from the amounts withheld under sub. (2) equal to its proportion of all the aids  
13 deficiencies of ~~municipalities or counties~~ respectively for that year.

14           **SECTION 32.** 79.06 (2) of the statutes is amended to read:

15           79.06 (2) MAXIMUM PAYMENTS. (b) If the payments to a ~~municipality or county~~,  
16 except any county in which there are no cities or villages, in any year exceed its  
17 combined payments under this section and s. 79.03, ~~excluding payments under s.~~  
18 ~~79.03 (3e)~~, in the previous year by more than the maximum allowable increase, the  
19 excess shall be withheld to fund minimum payments in that year under sub. (1) (c).

20           (c) In this subsection, “maximum allowable increase” in any year means a  
21 percentage such that the sum for all ~~municipalities or counties~~ respectively in that  
22 year of the excess of payments under ss. 79.02 and 79.03, ~~excluding payments under~~

1 ~~s. 79.03 (3e)~~, over the payments as limited by the maximum allowable increase is  
2 equal to the sum of the aids deficiencies under sub. (1) in that year.

3 **SECTION 33.** 79.065 of the statutes is created to read:

4 **79.065 Municipal growth sharing. (1) DEFINITIONS.** In this section:

5 (a) “Aidable expenditures” means a municipality’s expenditures for general  
6 government operations; law enforcement, fire protection, ambulance services, and  
7 other public safety services; and health and human services. “Aidable expenditures”  
8 does not include a municipality’s expenditures for highway maintenance,  
9 administration, or construction; road-related facilities or other transportation; solid  
10 waste collection and disposal or other sanitation; culture; education; parks and  
11 recreation; conservation; or development.

12 (b) “Entitlement” means the product of aidable expenditures and tax base  
13 weight.

14 (c) “Full valuation” means the full value of all taxable property of a  
15 municipality for the preceding year as equalized for state tax purposes, including the  
16 value increments under s. 66.1105, the environmental remediation value increments  
17 under s. 66.1106 for municipalities that create the environmental remediation tax  
18 incremental district, and the value of real estate assessed under s. 70.995, but  
19 excluding the full value of property that is exempt under s. 70.11 (39) as determined  
20 under s. 79.095 (3).

21 (d) “Growth-sharing region” means “growth-sharing region” as defined by  
22 rule, no later than September 1, 2001, by the department of revenue so that this state  
23 is divided into at least 7 but not more than 25 growth-sharing regions.

24 (e) “Sales tax” means the tax imposed under ss. 77.52 and 77.53.

1 (f) “Standardized valuation” means the product of the standardized valuation  
2 per person times the population of a municipality in the preceding year.

3 (g) “Standardized valuation per person” is that number that when used in the  
4 computation under sub. (2) most nearly approximates the sum of entitlements for all  
5 municipalities to the funds distributable under sub. (2).

6 (h) “Tax base weight” means one minus the decimal obtained by dividing the  
7 full valuation by the standardized valuation, except that “tax base weight” shall be  
8 a decimal of at least 0.0.

9 (2) AIDABLE EXPENDITURES ENTITLEMENTS. (a) Beginning in 2002, the amount  
10 in the municipal services aid account for municipalities, less the payments under s.  
11 79.04 (1) and (4) (a), shall be allocated to each municipality in proportion to its  
12 entitlement.

13 (b) Annually, the department of revenue shall determine the amount of each  
14 municipality’s aidable expenditures. For purposes of calculating a municipality’s  
15 entitlement, the amount of a municipality’s aidable expenditures in a year is the  
16 lesser of the following:

17 1. The amount of the municipality’s aidable expenditures in the year prior to  
18 the year in which the municipality receives the statement under s. 79.015.

19 2. The average of the amount of the municipality’s aidable expenditures in  
20 1998, 1999, and 2000, increased by the cumulative percentage under s. 79.05 (2) (c)  
21 by which the municipality could have increased its budget and still be eligible for a  
22 payment under s. 79.05, regardless of whether the municipality was eligible for a  
23 payment under s. 79.05. The cumulative percentage shall be calculated from 1999  
24 to the year prior to the year of the statement under s. 79.015.

1           **(3) GROWTH-SHARING REGIONS ENTITLEMENT.** (a) Except for payments made in  
2           2002, a municipality in a growth-sharing region shall receive a payment under par.  
3           (b) if the following applies:

4           1. The municipality limits the growth in its municipal budget to the increase  
5           specified under s. 79.05 (2) (c) for the year of the statement under s. 79.015.

6           2. The municipality enters into an area cooperation compact under sub. (4) for  
7           the year of the statement under s. 79.015.

8           (b) In 2002, a municipality in a growth-sharing region, and in 2003 and  
9           subsequent years, a municipality in a growth-sharing region that fulfills the  
10          requirements under par. (a), shall receive a payment that is equal to the total amount  
11          allocated to the growth-sharing region, as determined under par. (c), multiplied by  
12          a fraction the numerator of which is the municipality's current population in the  
13          growth-sharing region, and the denominator of which is the current population in  
14          the growth-sharing region of all the municipalities that are eligible for payments  
15          under this subsection that are located in the growth-sharing region.

16          (c) The total amount allocated to a growth-sharing region shall be equal to the  
17          total amount to be distributed under s. 20.835 (1) (dd) multiplied by a fraction the  
18          numerator of which is the amount of sales tax collected in the growth-sharing region,  
19          as determined by the department of revenue, in the fiscal year prior to the fiscal year  
20          in which any municipality receives the statement under s. 79.015, and the  
21          denominator of which is the total amount of sales tax collected in this state, as  
22          determined by the department of revenue, in the fiscal year prior to the fiscal year  
23          in which any municipality receives the statement under s. 79.015.

24          **(4) AREA COOPERATION COMPACTS.** (a) 1. Except as provided in subd. 3., beginning  
25          in 2003 and ending in 2005, to receive payments under sub. (3), a municipality shall

1 enter into an area cooperation compact with at least 2 municipalities or counties, or  
2 with any combination of at least 2 such entities, to perform at least 2 of the functions  
3 listed in par. (b).

4 2. Except as provided in subd. 3., beginning in 2006 and in each subsequent  
5 year, to receive payments under sub. (3), a municipality shall enter into an area  
6 cooperation compact with at least 4 municipalities or counties, or with any  
7 combination of at least 4 such entities, to provide law enforcement and to perform  
8 at least 5 of the other functions listed in par. (b).

9 3. A municipality that is not adjacent to at least 2 other municipalities may  
10 enter into a cooperation compact with any adjacent municipality or with the county  
11 in which the municipality is located to perform the number and type of functions as  
12 specified under subds. 1. or 2., as applicable to the year of the payment.

13 (b) An area cooperation compact may involve the following functions:

- 14 2. Housing.
- 15 3. Emergency services.
- 16 4. Fire protection.
- 17 5. Solid waste collection and disposal.
- 18 6. Recycling.
- 19 7. Public health.
- 20 8. Animal control.
- 21 10. Transportation.
- 22 11. Mass transit.
- 23 12. Land use planning.
- 24 13. Boundary agreements.
- 25 14. Libraries.



1 15. Parks and recreation.

2 16. Culture.

3 17. Purchasing.

4 18. Electronic government.

5 (c) An area cooperation compact shall provide a plan for any municipalities or  
6 counties that enter into the compact to collaborate to provide any functions under  
7 par. (b), as selected under par. (a). The compact shall provide benchmarks to measure  
8 the plan's progress and provide outcome-based performance measures to evaluate  
9 the plan's success. Municipalities and counties that enter into the compact shall  
10 structure the compact in a way that results in significant tax savings to taxpayers  
11 within those municipalities and counties.

12 (d) Annually, beginning in 2002, to receive a payment under sub. (3), a  
13 municipality shall certify to the department of revenue, in a manner prescribed by  
14 the department, by May 1 of the year of the statement under s. 79.015, that the  
15 municipality complied with pars. (a) to (c) for the year of the statement under s.  
16 79.015.

17 (e) Annually, beginning in 2004, the legislative audit bureau shall prepare a  
18 report on the performance of area cooperation compacts and shall submit copies of  
19 the report to the chief clerk of each house of the legislature for distribution to the  
20 appropriate standing committees under s. 13.172 (3) by June 30.

21 **(5) MINIMUM PAYMENTS.** (a) In 2002, if the combined payments to a municipality  
22 under subs. (2) and (3) are less than 95% of the combined payments to the  
23 municipality under s. 79.06, 1999 stats., and s. 79.03 (3), 1999 stats., excluding  
24 payments under s. 79.03 (3c), 1999 stats., for 2001, the municipality has an aids  
25 deficiency. The amount of the aids deficiency is the amount by which 95% of the

1 amount of the combined payments to the municipality under s. 79.06, 1999 stats.,  
2 and s. 79.03 (3), 1999 stats., excluding payments under s. 79.03 (3c), 1999 stats., for  
3 2001 exceeds the payments to the municipality under subs. (2) and (3) in 2002. A  
4 municipality that has an aids deficiency under this paragraph shall receive a  
5 payment from the amounts withheld under sub. (6) (a) that is equal to its proportion  
6 of all the aids deficiencies of municipalities under this paragraph in 2002.

7 (b) Except as provided in par. (c), in 2003 and subsequent years, if the combined  
8 payments to a municipality under subs. (2) and (3) are less than 95% of the combined  
9 payments to the municipality under this subsection and subs. (2), (3), and (6) for the  
10 previous year, the municipality has an aids deficiency. The amount of the aids  
11 deficiency is the amount by which 95% of the amount of the combined payments to  
12 the municipality under this subsection and subs. (2), (3), and (6) in the previous year  
13 exceeds the combined payments to the municipality under subs. (2) and (3) in the  
14 current year. A municipality that has an aids deficiency under this paragraph shall  
15 receive a payment from the amounts withheld under sub. (6) (b) that is equal to its  
16 proportion of all the aids deficiencies of municipalities under this paragraph for the  
17 current year.

18 (c) In 2003 and subsequent years, if a municipality receives a payment under  
19 sub. (3) in the year following the year of the statement under s. 79.015 but did not  
20 receive a payment in the year of the statement, or if a municipality does not receive  
21 a payment under sub. (3) in the year following the year of the statement under s.  
22 79.015 but received a payment in the year of the statement, the payment under sub.  
23 (3) shall be excluded from the calculation for determining the minimum payment  
24 under par. (b).

1           **(6) MAXIMUM PAYMENTS.** (a) In 2002, if the combined payments to a municipality  
2 under subs. (2) and (3) exceed combined payments to the municipality under s. 79.06,  
3 1999 stats., and s. 79.03 (3), 1999 stats., excluding payments under s. 79.03 (3c), 1999  
4 stats., for 2001 by more than the maximum allowable increase, the excess shall be  
5 withheld to fund minimum payments in 2002 under sub. (5) (a). In this paragraph,  
6 “maximum allowable increase” means a percentage such that the sum for all  
7 municipalities of the excess of payments in 2002 under subs. (2) and (3) over the  
8 payment as limited by the maximum allowable increase is equal to the sum of the  
9 aids deficiencies under sub. (5) (a) in 2002.

10           (b) In 2003 and subsequent years, if the combined payments to a municipality  
11 under subs. (2) and (3) exceed the combined payments to the municipality under this  
12 subsection and subs. (2), (3), and (5) for the previous year by more than the maximum  
13 allowable increase, the excess shall be withheld to fund minimum payments in the  
14 current year under sub. (5) (b). In this paragraph, “maximum allowable increase”  
15 in any year means a percentage such that the sum for all municipalities of the excess  
16 of payments in that year under subs. (2) and (3) over the payment as limited by the  
17 maximum allowable increase is equal to the sum of the aids deficiencies under sub.  
18 (5) (b) in that year.

19           (c) In 2003 and subsequent years, if a municipality receives a payment under  
20 sub. (3) in the year following the year of the statement under s. 79.015 but did not  
21 receive a payment in the year of the statement, or if a municipality does not receive  
22 a payment under sub. (3) in the year following the year of the statement under s.  
23 79.015 but received a payment in the year of the statement, the payment under sub.  
24 (3) shall be excluded from the calculation for determining the maximum payment  
25 under par. (b).

