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Thank you for the opportunity to address the concerns of the Village of Pleasant Prairie and many other municipalities that provide a home for Wisconsin's electric power generating plants and substations. The Village, and other recipients of the utility aid formula, have played an important part in assuring that Wisconsin has a reliable source of electric power within our State.

The ability of Wisconsin to construct additional electrical generating capacity will be seriously impacted if the current utility aid component of the shared revenue formula is not corrected. The Department of Revenue Electric Restructuring Study Group has made a recommendation that the caps on the value of utility value and population on which shared utility shared revenue payments are based be repealed.

As you are aware, the utility aid component of the shared revenue program provides payments to municipalities such as Pleasant Prairie and counties in Wisconsin based on the net book value of the qualifying utility property located within the specific jurisdiction. The qualifying utility properties include electric power production plants, substations, and general utility buildings such as offices. Payments to cities and villages are computed at a rate of six mills, and payments to towns are computed at three mills. County payments are computed at three mills if the property in questions is in a village or a city, and six mills if the property is in a town. Therefore, a total rate of nine mills is applied to the value of all qualifying property.

The payments under the utility aid formula are subject to two limits. The first limit is based on capping the value of the production plant at \$125 million. The second limit is that payments cannot exceed a maximum of \$300 per capita for municipalities and \$100 per capita for counties. As an example, consider how the formula affects the Village of Pleasant Prairie, home of Wisconsin Electric's largest coal fired power plant. The net book value of electric utility plant in Pleasant Prairie as of December 31, 1996 was just over \$360 million. Under the caps the Village receives \$750,000. Recently, Wisconsin Electric considered an expansion of generating capacity by constructing wind mills. The Village declined the expansion since it would not increase the shared revenues that the municipality receives. The cities of Oak Creek and Port Washington are also faced with expansions of existing generating facilities and tax payments that would not increase. The current formula encourages municipalities to act against the state interest of assuring power for everyone because they will not be compensated fairly for the impact of hosting a plant in their community.

As the costs for providing the services for municipal government have increased since the power plant was constructed property tax payers in the Village of Pleasant Prairie have paid the



increases, the utility aid formula has remained flat. As improvements were required to work around the operations of the power plant, such as bridges over railroad tracks that carry coal trains, Village taxes increased, the utility aid formula remained flat. As the costs for labor and equipment for police, fire, paramedics, public works, and general government increased, the Village taxpayers paid the increase, the utility aid formula remained flat. There has been no equity between what the taxpayers of the Village of Pleasant Prairie or any other jurisdiction pay for the increased costs of government and how the State provides utility aid.

The recommendations of the Electric Restructuring Committee Study Group should be considered for inclusion in to the State Budget. These recommendations place the utility aid formula at a level commensurate with the changes that the regular property tax payer face. Over the coming months and years, this legislature will deal with many proposals and changes in the national relationship of electric utilities that will alter the structure and nature of the utilities we currently are familiar with. Without the partnership of local government in siting and servicing electric power plants, Wisconsin could become an even greater importer of electricity. The Electric Restructuring Study Groups recommendations provides a method for insuring that those jurisdictions, subject to the utility aid formula are treated in a way that is fair to their taxpayers and will insure that the power plants that Wisconsin will need in the coming years are not difficult to site or sited in areas that will require excessive and expensive distribution systems.



**PG&E National
Energy Group**

**TESTIMONY OF
PG&E NATIONAL ENERGY GROUP**

**Before
The Joint Committee on Finance**

**Tuesday, April 10, 2001
Kenosha, WI**

44 East Mifflin Street
Suite 905
Madison, WI 53703

608.256.2290
Fax: 608.256.2275

Co-chairs Burke and Gard and members of the Committee, PG&E National Energy Group appreciates the opportunity to comment on the issues of Merchant Plant taxes as contained in the Governor's Budget Bill and what needs to be done to attract investments in competitive and environmentally sound electric generating plants in Wisconsin.

Three years ago the State Legislature enacted landmark legislation (Act 204) to encourage competitive power producers to invest in Wisconsin and help the State meet its electric reliability challenges.

To provide further encouragement, the legislature streamlined the power plant-siting process. Under Act 204, Wisconsin regulators are required to consider and act upon applications in a defined timeframe.

Recognizing the need for increased electricity supply and reliability and mindful of the steps that Wisconsin has taken to streamline the regulatory

process, PG&E National Energy Group responded and is developing a 1100 MW natural gas merchant plant in Kenosha County, an investment valued at more than \$600 million.

Unfortunately, Wisconsin's tax code did not anticipate electric restructuring and the robust wholesale market that Act 204 makes possible. Under the state tax code, each time electricity is sold in the state a Gross Receipts Tax of 3.19% is applied. Up until now, the tax system functioned well because most electricity was produced by a utility company and sold directly to its own retail customers. Generally there was only one transaction and the tax was applied only at that one sale.

However, with the dawn of a competitive Wisconsin wholesale electric market, there will likely be a number of transactions between and among producers, traders, aggregators, marketers and load-serving entities. If left unchanged, Wisconsin's Tax Code would require that the 3.19% Gross Receipts Tax be paid on each of those transactions and those added costs would be borne by the State's residential, commercial and industrial consumers.

This multiple taxation would not only apply to power generated by merchant plants like the one PG&E is planning for Pleasant Prairie but even

to smaller wind energy farms like those planned for West Bend and western Wisconsin.

Bipartisan legislation authored last session by Sen. Wirch, Sen. Plache and Rep. Ladwig and other legislators from the Kenosha/Racine area began to address the issue of multiple taxation. Under their bill (AB-927), the GRT rate would be cut in half for the wholesale transaction. Retail transactions would still be taxed at the full 3.19% rate. Although the multiple taxation is not totally eliminated, AB-927 was a good start, and sent another signal to the market that Wisconsin is the right place to invest and build highly competitive and environmentally superior electric generating plants.

AB-927 did two other important things. It made it clear that a community that hosts a merchant plant receives the utility-shared revenue payment it would receive hosting a utility plant. The bill also clarified existing law to insure that the GRT is not applied to intermittent sales. The bill provided that the GRT is applied once when sold wholesale (1.59%) and again when sold at retail (3.19%). If there is no wholesale transaction, then the GRT (3.19%) is applied only once.

The Governor's Budget Bill contains the language of AB-927 and an important amendment that was adopted by the Assembly. This provision is designed to insure that when a new power plant is built in Wisconsin,

whether it be a plant built by an investor owned utility or by an independent power producer, communities are not negatively impacted.

Under current law when a new plant is built, the host community (municipality and county) receives \$1.1 million in utility shared revenue payments. That \$1.1 million comes out of the state's shared revenue account. Thus all other communities in Wisconsin that now receive shared revenue get less due to \$1.1 million going to the new host community.

The Governor's budget fixes that problem by taking \$1.1 million of the Gross Receipts Tax revenue generated by the new plant and places it in the shared revenue account to make up for the \$1.1 million going to the new host community. We think that is an important provision.

Clearly, the state has done a good job of improving the regulatory structure to encourage merchant plants. However, if the state expects competitive companies to come to Wisconsin and assist the state in meeting its energy supply and reliability needs then the issue of multiple taxation must be addressed. We applaud the Governor for recognizing this and ask that you support those provisions.

Thank you.

Recommendations

Reduce the gross revenues tax rate from 3.19 % to 1.59% on wholesale electric power sales

Under current law, wholesale sales of electricity may be subject to double taxation (3.19% on the wholesale transaction and 3.19% on the retail transaction). The recommended tax rate reduction to 1.59% would only apply to wholesale sales of energy to reduce double taxation. The Department and Legislative Fiscal Bureau estimate that reducing the tax on wholesale sales of electricity would reduce General Purpose Revenues by about \$7-8 million per year.

Wisconsin may face energy shortages in the next few years as the growth of energy demand outstrips the growth of energy supplies. The study group believes that reducing the tax rate can make Wisconsin a more attractive investment opportunity for power plant operators and signal Wisconsin's need for additional supplies of electricity. We commend you for addressing this matter in the state budget you recently presented to the Legislature.

Since the electric power industry is in the process of change, the study group recommends sunsetting the tax reduction to signal that utility taxation may need to be revisited. The study group supports the provisions in 2001 SB 55/AB 144 reducing the gross revenues tax rate to 1.59% on wholesale electric sales for the tax periods from January 1, 2003 to December 31, 2008.

2. Repeal the \$125 million cap on utility value on which utility shared revenue payments are based; repeal the \$300 and \$100 per capita caps on utility shared revenue payments to municipalities and counties, respectively; and separate utility shared revenue payments from the state shared revenue program, and fully fund increases in utility shared revenue payments

Under current law, utility shared revenue payments, which compensate municipalities and counties for locating power plants within their boundaries, are based on the value of utility property within a municipality. However, over a decade ago, the value of utility property that would be compensated was capped at \$125 million. The \$125 million cap has become outdated: Large power plants currently cost over half a billion dollars and municipalities and counties should be compensated commensurately with that value.

In addition to the \$125 million cap on utility property value, current law also limits utility shared revenue payments to \$300 per capita for payments to municipalities and \$100 per capita for payments to counties. These per capita caps have also become outdated and their elimination would be an incentive to municipalities to allow construction of power plants within their boundaries.

Repealing the \$125 million cap on utility property value and the \$300 and \$100 per capita caps on payments to municipalities and counties, respectively, would increase utility shared revenue payments to municipalities and counties by about \$2.7 million, based on existing power plants. Under current law, utility shared revenue payments are the first draw on the shared revenue appropriation and so increasing them will reduce the aidable portion of shared revenues available for distribution to other municipalities by the same amount. The

shared revenues available for distribution to other municipalities by the same amount. The study group recommends that utility shared revenues be increased to fund the repeal of these caps, but that the increase not be at the expense of municipalities, i.e., that municipalities be held harmless.

Gross revenues taxes paid by utilities are part of state general purpose revenue. The study group recommends separating utility shared revenues from aidable shared revenues to link the incentive to build new power plants and the incentive to municipalities and counties to host those power plants. While new plants increase gross revenues taxes, communities that currently host those new plants do not necessarily benefit from those additional taxes. Adoption of this recommendation would also hold harmless aidable shared revenue payments to municipalities that do not host power plants.

3. Expand the use of new utility revenues to include other incentive payments to local government

As electric use increases, the state collects additional gross revenues taxes. To accommodate this growth in electric usage, Wisconsin will need additional transmission capacity. The current utility shared revenue formula does not compensate municipalities or counties for transmission facilities, except substations, located within their boundaries. Data regarding transmission facilities and potential payments were not available to the study group. Therefore, the study group recommends that a reasonable portion of the additional revenues be used to provide incentives to communities to allow location of new transmission lines within their boundaries.

The study group has successfully and timely completed the task with which I challenged it. The study group has asked me to express its appreciation of your efforts to reduce taxes in this state and to convey its offer to reconvene if it can be of service to your administration.

Sincerely,


Cate Zeuske
Secretary of Revenue

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Attachment

cc: Members, Department of Revenue Electric Restructuring Study Group
Acting Secretary of Revenue Shirley Eckes-Meyer
Secretary of Revenue-designee Rick Chandler
Senator Chuck Chvala
Representative Scott Jensen

**Wisconsin Department of Revenue
Electric Restructuring Study Group**

Mr. David J. Benforado
Municipal Electric Utilities of Wisconsin

Mr. Doug Forsberg
Xcel Energy

Mr. Dale Landgren
American Transmission Company

Representative Timothy Hoven
Wisconsin State Assembly

Mr. Kenyon Kies
Kies Consulting

Mr. Robert Mueller
Dairyland Power Cooperative

Mr. Thomas Ourada
Wisconsin Department of Revenue

Dr. Eric Schenker
Metropolitan Milwaukee Association of
Commerce

Mr. Michael Stuart
Wisconsin Public Power Inc

Mr. John R. Wilde
Wisconsin Public Service Corporation

Secretary Cate Zeuske
Wisconsin Department of Revenue

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Mr. Kevin Cronin
Wisconsin Public Service Commission

Ms. Freddi Greenberg
Midwest Independent Power Suppliers

Mr. Steve Hiniker
Citizens Utility Board

Ms. Jennifer Janecek
Alliant Energy Corporation

Senator Rodney Moen
Wisconsin State Senate

Mr. Richard L. (Dick) Olson
Wisconsin Industrial Energy Group

Mr. Larry Salustro
Wisconsin Electric Power Company

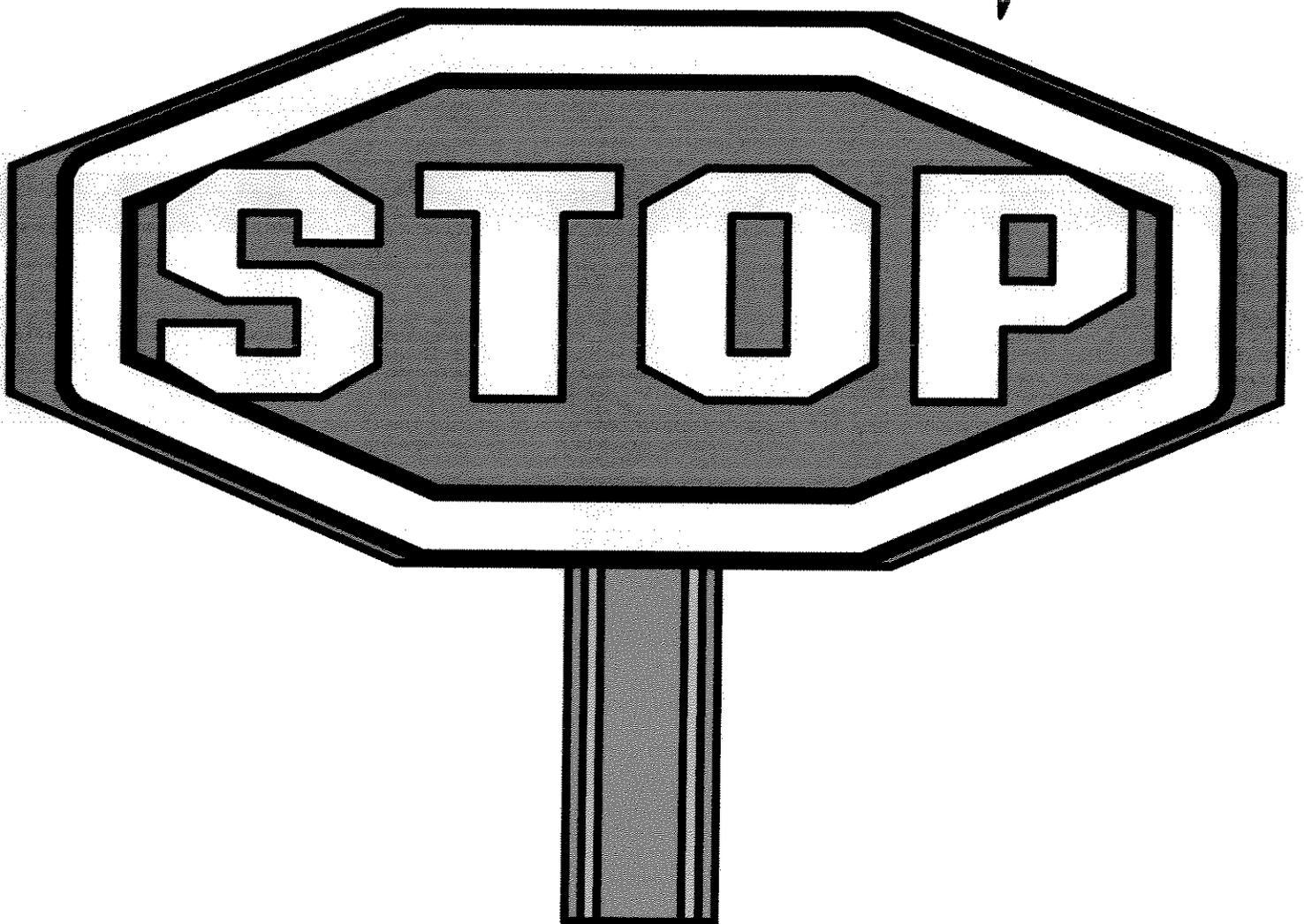
Mr. Joe Strohl
PG&E National Energy Group

Mr. Bill Ward
Procter and Gamble

Mr. Mark Williamson
Madison Gas and Electric Company

Gouvernor's Budget Cut

State Public Defenders



My name is ShaQueta Streeter.

I am 22 years old.

I am also a citizen of Racine, Wisconsin. That is a concerned citizen of Racine, Wisconsin. I would like to say I am very concerned about the upcoming situations that our city and state are facing as far as tax cuts that will soon cut off our Public Defenders.

First, I would like to say through the years our world has changed drastically and it hasn't been for the better. Our crime rates has risen to standards I thought were unreachable. There has been children killing children, children killing their own parents, parents killing their children and many unknown and unsolved murders all over this country. In spite of many guilty convictions of certain individuals, there are many innocent people who are standing trials. With the fair help and counsel of a Public Defender those individuals will take a shot at a chance of convincing a Jury they are innocent. Keep in mind I said they get a chance at convincing a Judge, Jury or D. A they are innocent with counsel which is the Public Defender. No one in this country or in office which consist of a Judge, Jury, D. A, Clerks of Court, County Executives, County Sheriffs, Senators, Governors, etc. should like to see innocent human beings in jail or prison. So when low income individuals are being tried through our courts today they need Public Defenders counsel because there is no way one person can stand trial against a Jury, the D. A especially and the Judge who are all on the same team.

What I am trying to say is that no one can stand trial alone without legal counsel which is the Public Defender.

There has also been sayings about a new prison that is in the minds of authorities. If we are trying to make our state along with our country a better place to live in, we must help keep the minds a better place for moral and righteous thoughts to live in. Society is the number one blaming cause of a
Corrupt people.

No one can stay in their right mind knowing they will be in court alone without a lawyer. Someone who is against the people that are trying to keep Public Defenders in office might say:

"They should get money for a paid lawyer"

But I say: "How?"

There is a such thing in our world today called
Low income!

Even worse than that there is a thing called
No Income!

Everyone is entitled to a fair trial. It's a right.

If we allow this to go on without a positive fight, we will need 3 or 4 more prisons. Crime will surely rise even higher because we will have people that will take drastic measures to obtain money for a paid lawyer.

What about the people who will not go down the wrong path to obtain money?

They will also end up in jail or prison.

Why?

They will appear in court with no counsel trying to convince
One team they are not guilty.

It's impossible.

Today I personally suggest that all top notch authorities who have say so in these matters reconsider what is planned to take place. Think about the people and that means all people.

Instead of building prisons you should consider building some churches.

Instead of building prisons let us build some new schools, homeless shelters and more job facilities.

Instead of building prisons lets' s set up recreational places and activities to keep our city and state positive and pull all minds into a state of positive growth.

It is time to make a change today.

The people of all nationalities, shapes, sizes, height and weight gathering as one to stop this situation is not an

Accident !

It's a

Purpose!

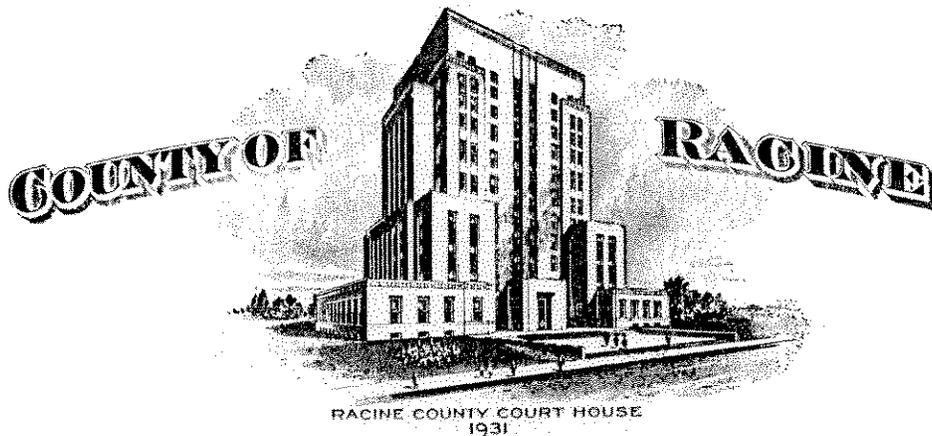
Thank You

Sha Queta Streeter

March 21, 2001

Please contact me by e-mailing me at

TruDiva22@aol.com.



CIRCUIT COURT BRANCH NO. 9
ALLAN B. TORHORST
JUDGE

730 Wisconsin Avenue
RACINE, WISCONSIN
53403

PHONE 414-636-3333
Racine County Courthouse Toll Free
1-800-242-4202 Ext. 3333

10 April 2001
Racine, Wisconsin

Members of the Joint Finance Committee:

As a State Circuit Court Judge and a member of the Supreme Court's Policy, Planning and Advisory Committee, I urge you to restore the Court system funding which is cut by the Governor's budget.

The court's budget has been "mean and lean" during the time I have worked as a Circuit Judge. The court system must provide essential services to the citizens on civil, criminal, traffic, family, and juvenile cases. In Racine county, the judges have no judicial assistants nor do we have law clerks (except for summer students volunteers). Many, if not all, of my fellow judges must type their own decisions or rely on our court reporters to do the typing for us. My reporter regularly covers other courts when the assigned reporter is unavailable due to illness, holiday or leave.

My judicial district, the 2nd District (Racine, Kenosha and Walworth counties) uses very few reserve judges to assist in covering calendars when the regular judge is absent due to vacation, judicial education, conferences, or illness. The 2nd district judges do their best to cover for other judges in their home and adjoining county, but the case load does not pause to accommodate a shortage of judges or reporter staff. The court system is

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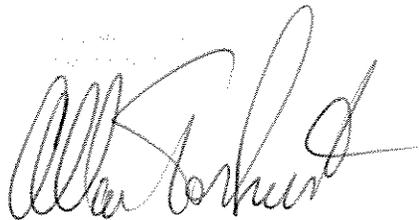
providing services at full capacity and delays in case management are hard to prevent. Statutes require many criminal and juvenile cases be completed within a time frame that requires a close and complete calendar.

To cut our tight budget would create stress, and in some courts, a crisis; this would have a negative impact on citizens. The public is entitled to have cases heard and disposed of in a timely manner.

I urge you to support the Supreme Court's budget request .

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Allan Torhorst". The signature is fluid and cursive, with a large initial "A" and "T".

Allan "Pat" Torhorst
Branch 9, Circuit Court
Racine, Wisconsin

Adrienne M. Moore
715 Kingston Ave.
Racine, WI 53402

April 10, 2001

Joint Finance Committee
Parkside, Union 104
Kenosha, WI

Dear Ladies and Gentlemen of Joint Finance:

I would like you to know I have been a Public Defender for 5 years 2 months and 5 days. I can't think of another job that is more stressful or more satisfying than the one I currently hold. I wake up everyday at 6am so that I can be at work by 8am. Most days I don't get home until 7pm or 8pm. My job doesn't stop there because many nights I lay awake thinking of motions I need to bring and the heart breaking lives many of my clients have led. The only day I take for myself is Saturday so I can mentally regroup for the week to come.

Now, I lay awake thinking of what I will do when I lose my job. I live in a small 1170 square foot home. It was with great pride that I bought my home in the older middle class neighborhood on the North side of Racine. Now Governor McCallaum is threatening to destroy the life I have worked so hard to cultivate.

However, that it not my main concern. I am a strong individual that can bounce back from anything. I am educated and loved by family and friends. I do, however, worry about the poor people that I represent. Not every attorney is going to worry about them like I do. If 50.2 public defenders are laid off, the private bar will be hired to take over the caseloads of those 50.2 public defenders. Because the private bar does not even get paid the rate that the Supreme Court has set for attorneys, they will have to take many cases in order to make ends meet. They will not have time to worry about motions that need to be brought or the horrible lives their clients have lived.

A lot of people have indicated the opposition to the Public Defender Budget cut is a liberal or Democrat thing. I disagree. I believe that it is a moral and justice thing that Democrats and Republicans should be able to come together and agree on wholeheartedly. It is wrong not to allow poor people to have adequate representation when charged with a crime. The Constitution guarantees this right. I expect the law makers to uphold the right as well.

Sincerely,



Adrienne M. Moore
Attorney at Law
Cc/ Governor Scott McCallaum

Good Morning, Chairman Burke, Chairman Gard and members of the Joint Committee on Finance. Thank you for allowing me to speak this morning. I am here today to address a concern we have in Walworth County with the proposed budget cuts on two separate issues:

The first issue is training and certification of interpreters. According to the Milwaukee Journal Sentinel, Walworth County is now the 15th largest county in the state and has the 2nd fastest growing Hispanic community. We also have the School for the Deaf in Delavan. Because of the diverse population, the county requires interpreters on a daily basis for many departments and especially the courts. Currently, we have two Spanish Interpreters who work almost exclusively for the court system. Interpreting is very complicated and difficult and the skill level requires a high level of knowledge in court procedures, legal terminology, medical terminology, simultaneous translation, being proficient in the language, short term memory skills, memorization skills and being able to speak all at the same time.

Walworth County spent \$9,828. in 1995 and that amount has steadily increased to \$77,378. in 2000. We pay \$45 - \$50 per hour for the language interpreters and only receive approx. \$10 an hour reimbursement from the state. Per capita, we pay more for interpreters than any other county in this state.

This position is crucial for the operations of the court system. Judges need to know that the information that is being translated is accurate and the interpreters have been properly trained and tested. How information is disseminated can affect people's lives and futures.

Why do we need a court interpreting program?

- ❖ Fair treatment in court depends on the ability to tell your side of the story and challenge the evidence by the other side.
- ❖ Hispanic and Asian populations of the state have doubled in the last ten years.
- ❖ An estimated 1% of the population is deaf and 6% hard of hearing.
- ❖ Not enough interpreters, especially in rural areas.
- ❖ We don't know the qualifications of the interpreters we have
 - Inaccuracies and omissions aren't apparent to monolingual judges and lawyers
 - Courts sometimes use relatives, social workers, prisoners, anyone handy
 - Most current interpreters have no training in law, not even in interpreting
 - There isn't any degree that guarantees qualification
- ❖ Accurate interpreting is a specialized skill
 - Being bilingual is only the start: Interpreters need memory skills, speed, practice
 - Legal interpreting is especially complex: terminology, procedure, formality
 - Good court interpreters are highly skilled professionals
- ❖ The court is accountable for accuracy and completeness
 - Poor interpreting can lead to miscarriages of justice, appeals
 - It's the judge's job to make sure the interpreter is qualified, accurate, ethical
 - Judges need help hiring, screening and supervising qualified interpreters
- ❖ Federal grant recipients must meet higher standards for interpreter use
 - The court's program will help law enforcement, district attorneys, other agencies.

A simple example showing the problem that can arise from a non-qualified interpreter is: An attorney stated he was bilingual and attempted to communicate with his client. The attorney had learned his Spanish in Texas and mostly communicated with migrant workers. The court had an interpreter at the hearing. At the plea hearing, the judge asked the defendant if he was entering a plea of guilty, not guilty or no contest. The attorney told his client No Contesta. The defendant didn't say anything. The judge asked two more times and the defendant wouldn't say anything. The judge and the attorney were getting frustrated because the defendant would not say anything. The interpreter finally said, No Disputa. The defendant then repeated No Desputa. No Contesta means Do Not Answer and No Disputa means No Contest. This is a good example of showing that just being bilingual does not mean that you are a good interpreter.

My second concern is the cut in the State Public Defender's budget and the impact that will have on the county's court appointed attorney fees budget.

The State Public Defender's Indigency Standards have become seriously outdated. They are still tied, by statute, to the obsolete AFDC table and have not been adjusted for inflation in over a decade. Defendants have a right to an attorney, but because the standards are so low, there are many people who cannot afford to hire an attorney.

The State Public Defender's current eligibility standards are very complex. Depending on a defendant's assets and "essential expenses", s/he might not qualify for SPD representation even with an income level well below the Federal Poverty level of \$8,350 per year for a single person.

This shifts the burden to the county to pay for that attorney under *State v. Arvid Dean*. In 1994, Walworth County paid \$49,800 for court appointed attorneys and that amount has now increased to \$117,366 for 2000. According to our local Public Defender's Office, with the 5% cut that is being proposed, Walworth County may see an increase that might even double next year. The impact, of not increasing the standards for representation coupled with the budget cut requested, will put a significantly higher burden on the counties.

I was only able to obtain the 1999 costs of court appointed counsel at county expense for the entire state and that amount totaled \$4,078,934. Imagine what it will be if that 5% cut is passed; that is an unfunded mandate in reverse.

Thank you again for allowing me to speak.

Sheila T. Reiff, Clerk of Circuit Court, Walworth County

1999 COSTS OF COURT APPOINTED COUNSEL AT COUNTY EXPENSE 6/29/00

	<u>Adult</u>	<u>Mental</u>	<u>CHIPS Parents</u>	<u>Other</u>	<u>Total</u>
District 1					
Milwaukee	155,500	269,922	1,149,210		1,574,632
District 2					
Kenosha	28,434	13,632	30,720	3,020	75,806
Racine	5,708	4,767	308		10,783
Walworth	65,919	8,113	5,753	0	79,785
District 3					
Jefferson	89,773	8,935	5,159		103,867
Ozaukee	19,058	3,924	2,406		25,388
Washington	36,471	5,250	5,333		47,054
Waukesha	51,715	71,076	52,761		175,552
District 4					
Calumet	3,674	3,626	7,637		14,937
Fond du Lac	38,749	3,106	35,357	6,534	83,746
Manitowoc	3,753	4,298	3,036		11,087
Sheboygan	19,285	14,157	6,789	289	40,520
Winnebago	12,400	3,928		41,836	58,164
District 5					
Dane	122,665	29,777	135,782		288,224
Green	19,218	1,424	21,199	1,420	43,261
LaFayette	0	0	5,000	0	5,000
Rock					55,000
District 6					
Adams	6,166	2,057			8,223
Clark					1,678
Columbia					59,972
Dodge	46,323	6,141	3,209	4,299	59,972
Green Lake	1,676	7,547	133	217	9,573
Juneau					23,897
Marquette					21,609
Portage					43,974
Sauk	29,059	1,821	6,944	6,150	43,974
Waushara	4,390	1,205	1,129		6,724
Wood					20,174
District 7					
Buffalo	6,734	1,862			8,596
Crawford	4,842		1,719		6,561
Grant	53,133	3,121	5,589	8,182	70,025
Iowa					40,888
Jackson		1,603		1,070	2,673
LaCrosse					69,000
Monroe					57,824
Pepin	3,408	1,473			4,881
Pierce					6,920
Richland	11,669	588	22,015	889	35,161

Trempealeau	5,639	7,063	1,169		13,871
Vernon					4,536
District 8					
Brown					177,335
Door	10,667	1,742	3,272		15,681
Kewaunee	24,596	2,957			27,553
Marinette	12,517	5,102	188		17,807
Oconto	23,769	3,400	252	3,434	30,855
Outagamie	41,033	22,137	4,529	11,159	78,858
Waupaca					1,547
District 9					
Florence					0
Forest					0
Iron					10,130
Langlade					150
Lincoln	9,139	3,413	3,821		16,373
Marathon	60,481	23,620	13,688	2,975	100,764
Menomonie					0
Oneida	19,026	6,450	35,091		60,567
Price					0
Shawano		1,292	3,000	3,048	7,340
Taylor	10,501	5,934			16,435
Vilas	1,962	3,283	0		5,245
District 10					
Ashland					
Barron	8,151	2,698	3,001	1,984	15,835
Bayfield	11,622	5,704	4,040	546	21,912
Burnett	1,500	520			2,020
Chippewa	14,826	9,901	5,471		30,198
Douglas					15,794
Dunn					12,552
Eau Claire					135,937
Polk			7,852		7,852
Rusk					10,061
Sawyer	5,023				5,023
St. Croix	3,483				3,483
Washburn	40,042	802		1,227	42,077
TOTAL (69 of 72 Counties Reporting)					4,078,934

Comment: Of the counties that broke their total costs down by case type: 32% were "adult"; 17% were "mental"; 48% were "CHIPS", and 3% were "other".



COUNTY OF KENOSHA

Clerk of Circuit Court

GAIL GENTZ

912 56th Street

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Kenosha, WI 53140-3747

Phone 262 653-2664

Fax 262 653-2435

gail.gentz@kenosha.courts.state.wi.us

GOVERNOR'S BUDGET STATE PUBLIC DEFENDER/COURT APPOINTED INDIGENT ATTORNEYS' FEES

April 10, 2001

The Governor's budget bill proposes a 5% GPR reduction in the Public Defender Budget. We have been informed by the local Public defender's office that if this proposal passes, staff across the State of Wisconsin will be reduced by 50.2 attorneys.

The Governor says that this will save money for taxpayers. Unfortunately this is not true. Every poor person charged with a crime has a constitutional right to be represented by an attorney. If these positions are eliminated, the private Bar will be appointed to represent indigent clients.

Also, the additional costs of shifting representation to private attorneys could fall back on the individual counties. The public defender's office now has a difficult time finding private attorneys to accept appointments at the hourly rate of \$40.00. If the public defender cannot find a private attorney to represent the person, the courts will appoint an attorney at county expense so that statutory time standards can be met to process cases.

Last year, Kenosha, Racine and Walworth counties spent \$270,000 of local tax dollars for representation of indigent persons charged with crimes, parents in Chips cases and mental cases. The public defender has not raised the indigency standard since 1985 which results in indigent persons not qualifying for public defender representation. 65 out of 72 counties in the state reported that \$4,486,285 was spend on representation of persons

who did not qualify for public defender but were unable to afford an attorney. This is a 10% increase from the 1999 costs. The court cannot proceed without having persons properly represented. This is local taxpayers dollars that are funding the State of Wisconsin's responsibility. Those dollars should be used for local programs, not state agencies.

If the Governor's proposal passes, additional costs will be incurred and the county will again be faced with another unfunded mandate. It is time for the State of Wisconsin to accept their responsibility. It is the responsibility of this Joint Finance Committee to make the necessary adjustments in the budget to be maintain the tough on crime attitude put forth by the legislature and provide the funding to do so. The continual shift of costs to local units of government must stop. Thank you.

2000 COSTS OF COURT APPOINTED COUNSEL AT COUNTY EXPENSE 3/26/01

	<u>Adult</u>	<u>Mental</u>	<u>CHIPS Parents</u>	<u>Other</u>	<u>Total</u>
District 1					
Milwaukee	163,169	142,512	1,164,156	0	1,469,837
District 2					
Kenosha	36,579	20,627	47,654	7,268	112,128
Racine	38,114	1,778	698	0	40,590
Walworth	102,094	11,283	3,989	0	117,366
District 3					
Jefferson	46,543	0	2,414	0	48,957
Ozaukee	---	---	---	---	23,527
Washington	---	---	---	---	71,255
Waukesha	52,351	54,928	55,090	0	162,369
District 4					
Calumet	13,673	4,665	7,103	0	25,441
Fond du Lac	53,218	24,827	24,130	0	102,175
Manitowoc	---	---	---	---	8,614
Sheboygan	27,944	13,280	768	0	41,992
Winnebago	25,398	6,617	7,463	21,166	60,644
District 5					
Dane	140,950	47,010	136,945	0	324,905
Green	---	---	---	---	43,261
LaFayette	---	---	---	---	12,977
Rock	---	---	---	---	106,600
District 6					
Adams	---	---	---	---	---
Clark	---	---	---	---	9,067
Columbia	---	---	---	---	15,454
Dodge	97,515	3,259	3,779	3,651	108,204
Green Lake	802	6,935	---	---	7,737
Juneau	11,863	0	0	0	11,863
Marquette	---	---	---	---	---
Portage	---	---	---	---	41,535
Sauk	---	---	---	---	48,867
Waushara	17,098	1,420	0	0	18,518
Wood	---	---	---	---	28,321
District 7					
Buffalo	3,530	1,303	0	0	4,833
Crawford	7,888	1,970	372	0	10,230
Grant	---	---	---	---	62,157
Iowa	---	---	---	---	33,690
Jackson	1,215	3,522	0	547	5,284
LaCrosse	---	---	---	---	78,200
Monroe	14,990	0	21,101	0	36,091
Pepin	5,586	2,507	84	0	8,177
Pierce	---	---	---	---	13,756

Richland	10,860	1,648	1,307	0	13,815
Trempealeau	17,205	8,119	1,514	0	26,838
Vernon	---	---	---	---	6,317
District 8					
Brown	---	---	---	---	171,453
Door	10,834	3,286	2,464	0	16,584
Kewaunee	---	---	---	---	---
Marinette	33,136	0	0	0	33,136
Oconto	28,432	5,894	0	0	34,326
Outagamie	---	---	---	---	106,600
Waupaca	---	---	---	---	44,620
District 9					
Florence	---	---	---	---	0
Forest	---	---	---	---	---
Iron	2,238	0	0	0	2,238
Langlade	---	---	---	---	5,772
Lincoln	25,982	3,683	1,932	0	31,597
Marathon	98,074	28,411	15,212	0	141,697
Menomonie	---	---	---	---	---
Oneida	---	---	---	---	21,823
Price	812	0	0	0	812
Shawano	---	---	---	---	---
Taylor	15,754	954	500	0	17,208
Vilas	---	---	---	---	4,829
District 10					
Ashland	---	---	---	---	17,934
Barron	---	---	---	---	20,746
Bayfield	4,196	0	0	0	4,196
Burnett	---	---	---	---	2,128
Chippewa	8,519	9,547	1,491	0	19,557
Douglas	---	---	---	---	27,753
Dunn	---	---	---	---	16,904
Eau Claire	108,757	45,759	40,689	33,337	228,542
Polk	0	0	11,836	0	11,836
Rusk	---	---	---	---	---
Sawyer	6,622	0	1,188	0	7,810
St. Croix	19,352	1,112	3,096	0	23,560
Washburn	16,858	1,242	0	0	18,100

**TOTAL (65 of
72 Counties
Reporting)**

4,486,285

Comment: Of the counties that broke their total costs down by case type: 38% were "adult", 14% were "mental", 46% were "Juv./CHIPS" and 2% were "other". The total represents a 10% increase from 1999 costs.

Date: 3/29/01

Nicholas L. Chiarkas
State Public Defender
Virginia Pomeroy
Deputy State Public Defender
Michael Tobin
Director – Trial Division



Richard Jones
First Assistant
Adrienne Moore
Deputy First Assistant
Diane Zitzner
Deputy First Assistant
Sarah Godard
Regional Office Administrator

**THE STATE OF WISCONSIN
STATE PUBLIC DEFENDER**

718 Grand Avenue
Racine, WI 53403-1136
(262) 638-7530
FAX (262) 638-7548

March 29, 2001

Ms. Gail Gentz
Clerk of Circuit Court
Kenosha County Courthouse
912 56th St.
Kenosha WI

Dear Ms. Gentz:

Thank you for your inquiry and concerns regarding our budget situation. In response to your concerns, enclosed please find information that we believe will assist you in better understanding our situation and the ramifications of the Governor's budget proposal.

As you are already aware, the Governor's Budget Bill proposes a 5% GPR reduction in the Public Defender Budget. This GPR amounts to \$3,278,800 each year. The current proposal would require us to reduce our staff by 50.2 attorneys. You should further be aware that the Governor's proposal does not save money for taxpayers, but rather increases costs.

Every poor person charged with a crime has a constitutional right to representation that must be poor persons charged with criminal offenses are protected, we would be forced to shift that representation to private attorneys who take our cases when there are too many cases for our staff. The cost of shifting those 50.2 staff attorney caseloads to the private bar is \$5,851,900. In other words, the state would spend \$5,851,900 to save \$3,278,800 – a net loss (i.e., added tax burden) of \$2,573,100 per year.

The Governor's proposal could effectively eliminate access to counsel for a number of poor people charged with crimes. The impact on the Racine Community and the Racine SPD Office would be dramatic. The Racine Trial Office of the Public Defender Agency is currently budgeted for 16 attorney positions. We currently have 14 attorneys with 2 positions vacant. Under the Governor's budget, we would not fill the 2 vacancies and we would further be forced to lay off several of our remaining 14 attorneys.

You should also be aware that additional costs of shifting this representation to private attorneys could very well fall on the counties because we already experience difficulty in locating qualified private attorneys to accept appointments at the hourly rate of \$40 which is well below their overhead costs. When we are unable to appoint an attorney promptly, the court may find it necessary to appoint an attorney at the higher Supreme Court rate of \$70 per hour.

If you have any questions or need additional information, please don't hesitate to contact me at my office (638-7559) or by paging me (499-1536).

Sincerely,

A handwritten signature in cursive script that reads "Richard L. Jones".

Attorney Richard L. Jones
First Assistant State Public Defender

ROBERT F. SFASCIOTTI
ATTORNEY AT LAW
SFASCIOTTI & ASSOCIATES

April 10, 2001

Joint Finance Committee
Room 310 South, State Capitol
Madison, WI 53702

Re: State Public Defender Budget Item

Dear Legislators:

I urge you to actively support tying the State Public Defender ("SPD") private attorney compensation rate to Supreme Court Rule 81.02(1) in the State Public Defender budget. I also request that you support an exemption for the State Public Defender from the Governor's proposed 5% across-the-board budget cut for all state agencies.

I am an attorney in private law practice. Our firm is a small firm composed of three lawyers, two full-time assistants, and one part time clerk. I have an emphasis on serious criminal defense and family law, while my associates concentrate their practice on criminal law, bankruptcy, and labor law. I am a board member of the Wisconsin Association of Criminal Defense Lawyers and a member of the Criminal Law Section of the State Bar of Wisconsin. I have lived in Mt. Pleasant, Wisconsin, for 14 years. I am a property owner in both Kenosha and Racine counties, and therefore a property taxpayer in both counties.

I consider defense of the indigent to be critical, honorable work which is absolutely central to the functioning of our criminal justice system. Proper funding does not currently exist, raising the following issues:

- ▶ The current \$40 per hour SPD rate is inadequate to cover even overhead expenses.
- ▶ No other small business is required to lose money when doing work for a state agency.
- ▶ I stopped taking all but a few of the most intriguing SPD cases three years ago because I cannot afford to accept them due to the low compensation rate. I truly enjoyed this important work, but it is simply not viable for me to accept this incredibly low rate.
- ▶ With labor costs alone averaging about \$20 per hour, when I do accept such cases, I am faced with the reality that my staff is paid better than I am while performing this service.

Joint Finance Committee

April 10, 2001

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- ▶ Counties suffer the high cost of delayed proceedings (wasted time and resources of judges, court personnel, prosecutors, and law enforcement) when private attorneys cannot be found to work on SPD cases.
- ▶ The state suffers the high costs of increased appeals based on inadequate counsel. Only new or less skilled attorneys are willing to accept these appointments.
- ▶ The integrity of our justice system is compromised when competent counsel cannot be found due to inadequate pay. Innocent people, or those whose actions are not honestly reflected in the crimes charged, will have their positions compromised.

I view this issue as one that requires my input. The decreasing interest that competent counsel is showing in representing the indigent in defense of a criminal charge will, in the long run, impact financially on the counties, cause delays in the criminal justice system, further overcrowding of jails and prisons, and, most importantly, erode the balance necessary to insure that prosecutions are not improvidently brought (sometimes so for political gain), nor hastily concluded, because defense attorneys lacking the skill or mettle to competently represent the indigent are unavailable.

Sincerely,

SFASCIOTTI & ASSOCIATES



Robert F. Sfasciotti
Attorney at Law

RFS/js



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STATE OF WISCONSIN

SECOND JUDICIAL DISTRICT

RACINE COUNTY COURTHOUSE
730 WISCONSIN AVENUE
RACINE, WISCONSIN 53403

FAX (414) 636-3437



BUDGET REDUCTION IMPACT ON THE COURTS

April 10, 2001

Governor McCallum's budget recommendations for Wisconsin's court system will have extensive impact on the day to day functioning of the trial courts. The appropriation for the circuit courts is cut by 5% for 2001-2002, with no addition cut for 2002-2003. The dollar amount is approximately \$2.7 million.

The circuit court appropriation funds the salaries, fringe benefits, and expenses of circuit court judges, official court reporters, reserve judges, and free-lance court reporters—and very little else. If the 5% reduction is approved, the pay for reserve judges and free-lance court reporters will disappear. Result: delay—for litigants, attorneys, those who rely on the court system to resolve their disputes, longer time spent in local jails and detention centers, a need for additional circuit court commissioners, increasing county expense.

worthy for court hearings
all

Reductions in the public defender budget will have a similarly drastic impact on county expense. Fewer staff attorneys will mean greater reliance

on local attorneys, if available, to represent indigent persons, increasing county expense. Fewer staff attorneys will result in scheduling delays, longer time for those in jail awaiting trial or sentencing, increasing county expense.

Prompt and efficient access to justice and to the court system is something the people of Wisconsin have long enjoyed and are entitled to expect. On behalf of the trial judges of Kenosha county and the second judicial district, I ask that you not cut funding for the court system.



COUNTY OF KENOSHA

COUNTY BOARD

Douglas J. Noble
County Board Chairman

1010 - 56th Street
Kenosha WI 53140
(262) 653-2417

April 9, 2001

Joint Committee on Finance
State Capitol
Madison WI 53702

Honorable Members of the Joint Committee on Finance:

From the members of the Kenosha County Finance Committee, we wish to take the opportunity to welcome you to Kenosha County. We are grateful that you offer us this forum to provide testimony in regards to the State budget.

As members of the County Finance Committee, we are charged with the responsibility of approval of the County budget, and general custodianship of the financial direction of County Government. This has become a daunting task.

The County is currently straining under the effects of the mill rate freeze that began in 1993.

Since the inception of the mill rate, freeze in 1993:

The average daily inmate population in the jail has grown from 279 just prior to the mill rate freeze, to 560 in 2000. Property tax levy for the jail has gone from \$3.9 million in 1993 to \$12.8 million in 2001.

All inmates in our system are sentenced by State Judges for violations of State law.

The response from the State to this dilemma has been to freeze parole hold reimbursements, and to pass laws that increase the population in the County jail.

In our Social Services system, out-of-home placements have grown from 70,000 days of care in 1993 to just under 160,000 in 2000. The cost of this has gone from \$3.2 million in 1993 to \$9 million in 2000.

All of these juveniles are placed through the State Court System by State Judges for violations of State law.

The response from the State to this dilemma has been to freeze Youth Aids while at the same time increasing rates at the State Juvenile Corrections Institutes by 15% over the biennium.

If the cost of the County Jail and Social Services out-of-home placements had grown only at the rate of inflation, Kenosha County would be \$10 million below the State mill rate cap. Instead, the County is about \$100,000 below the cap, and used \$2.8 million of cash reserves to balance the 2001 budget.

The County cannot continue along this path. Over the next two years, we are considering a raft of service reductions. These reductions will impact on core services in all areas of county government, including law enforcement, courts, corrections, prosecution, highways, and human services. In order to balance our budget under the present budgetary parameters, it is not a matter of if these services will be impacted, but when.

As responsible State officials, we request that you work in partnership with Counties in several key areas. These are delineated in the attached report.

We look forward to working with you and developing solutions to these problems. Our Committee and staff are at your disposal if we can assist you in any way in helping to solve these problems.

Sincerely,

Kenosha County Finance Committee

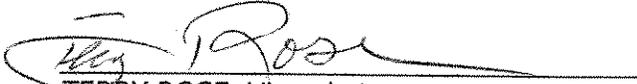
CC: Representative James Kreuser
Representative John Steinbrink
Representative Samantha Staryczk
Senator Charles Chvala
Senator Mary Panzer
Representative Scott Jensen
Representative Shirley Krug

RESPECTFULLY SUBMITTED

FINANCE COMMITTEE



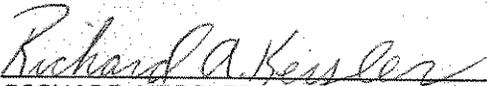
ROBERT CARBONE, Chairman



TERRY ROSE, Vice-chairman



DARREL HAEN, Secretary



RICHARD KESSLER



JOHN O'DAY

Update on State Budget

Governor's Budget was presented on February 20, 2001. The next steps in the process to adopt a state budget include Legislative Fiscal Bureau Analysis, modifications by Joint Committee on Finance, Caucus reviews, Conference Committee action and eventual passage by the Legislature. By state law, the budget should be in place by July 1, 2001. It is noted that the last biennial budget was not adopted until October 1999, which was four months late.

The 2001-2003 state budget is tough on counties because the overall financial outlook is not good, and local units of government are not high on the funding priority list.

- \$574 million structural deficit to start;
- \$558 million of new funding for the 2/3 K-12 commitment;
- \$205 million of new funding for state corrections;
- modest growth in state GPR forecasts;
- continued supplanting of GPR with federal funds;
- continued cost shifting to counties.

The outlook for the 2001-2003 is similar to what we experienced in the last two biennial budgets:

- Stagnate or declining state aids for Youth Aids, Community Aids, Shared Revenue, and the Court System. When those sources of revenue for counties are frozen or decrease the result is pressure is placed on property tax levies to fill the inflationary gap.
- The 2001-2003 Governor's budget contains modest increases of 2.7% in FY02 and 3.0% in FY03 for General Transportation Aids.
- The one bright spot in the Governor's budget is IGT. Between the MA rate increases and IGT increases, there is the potential to continue Brookside IGT at its present level. However, this outcome is not guaranteed. In order for this to take place, the Feds have to approve the State Plan amendment that allows significant increased funding for nursing homes. In addition, the Legislature has to pass a state budget that does not redirect IGT funding.
- Counties have been under a tax rate limit since 1992. The 2001 County Budget placed Kenosha County within \$126,538 of its rate cap.

We need to take an aggressive stance with the Legislature. Priorities include increased Youth Aids allocation, restoration of Family Care funding, increased parole hold revenue, insuring that the Legislature does not raid the IGT funding earmarked for Counties, promoting the Kettl recommendations that call for State takeover of the State Court

System, and increasing the awareness of the cost shifting from the state to counties for Human Services.

- Develop position statements on important revenue sources for the County.
- Meet with our Legislative Delegation.
- Work with other county registered lobbyists to influence budgetary issues affecting counties.
- Work with "Partners in Local Government" to promote local government needs.
- County Board support in the form of letters and resolutions on issues of importance to Kenosha County.
- Keep the County Board Staff Committee and Governing Committees informed of the developments in the state budget process.

Key Areas in Governor's Budget Affecting Counties

Department of Public Works & Council on Aging

Transportation:

The Governor's budget contains the following percent increases in program funding:

DPW - General Transportation Aids (GTA):	2.7% FY02, 3.0% FY03
DPW - Local Roads Improvement Program (LRIP):	2.7% FY02, 3.0% FY03
CoA - Elderly & Handicapped (E&H) Transportation:	3.0% FY02, 3.4% FY03

Kenosha County Impact. The percent increases in the Governor's Budget translate into the dollar increases in program funding shown below:

	<u>FY02</u>	<u>FY03</u>
GTA:	\$64,800	\$73,980
LRIP:	\$7,560	\$8,400
E&H	\$4,714	\$5,300

The GTA formula is complicated. It is based on a wide variety of factors and the previous six years of local cost history. Figures in the table above are based upon the percent increases in the FY2001 base for Kenosha County. The state did not use the GTA formula in FY2001 to allocate funding. Instead it gave each municipality a straight percent increase in funding.

Human Services and Developmental Disabilities

Youth Aids (HSD):

No increase in Youth Aids, however the daily rates charged to counties for placements at the State's juvenile correctional institutions (JCI) are increased in the budget. The daily rate increases from the current rate of \$154.08/day to \$171.16/day in FY02, and 176.06/day in FY03.

Kenosha County Impact. To put these increases in perspective, the annualized cost *per juvenile* will increase from the current cost of \$56,239/year to \$64,262/year by the second year in the biennium. Based on an average daily census of 40 juveniles, the base budget must be increased by \$250,000 in FY02, and an additional \$71,000 in FY03 in order to pay for rate increases. Due to the fact that the county "overmatches" its Youth Aids with tax levy in order to pay for youth aid eligible services, the increases must be absorbed by the property tax levy.

Family Care

Kenosha County Impact

Family Care for the resource pilot is intact. Family Care for the care management pilot was not included. This is \$7 million that would have affected a waiting list in our Aging and Disability Services Divisions of 500.

Community Aids (HSD & DD):

Multiple sources of funding comprise "Community Aids". The combination of Federal Social Service Block Grant (SSBG) cuts, reduced flexibility to transfer TANF Funds to the SSBG, and insufficient GPR to offset the federal funding reductions mean that Community Aids decrease \$1.2 million in each year of the biennium.

Kenosha County Impact. There are approximately \$285 million of Community Aids distributed statewide to counties. In Kenosha County, Community Aids fund significant portions of the Human Services and Developmental Disabilities Programs, such as child protective services, mental health services and support for disabled individuals. Our allocation for 2001 is approximately \$8,300,000 for Human Services. The decrease will mean about a \$35,000 reduction in funding to the County in each year of the biennium.

SACWIS (HSD)

To avoid federal penalties and comply with state law, DHFS must implement WiSACWIS statewide by the end of FY 05. The Governor recommends that counties fund one-third of the non-federal portion of all one-time and on-going costs.

Kenosha County Impact. Implementation cost pro-rated to Kenosha County is estimated at about \$200,000. The State will allow the County to pay that cost over a three-year period. Ongoing costs not determined yet. The County would be forced, for the first time to help pay for the on-going cost of a state information system. That practice would set an unfavorable precedent.

Birth to 3 Program (Community Programs)

No increase in funding.

Kenosha County Impact. The Birth to Three program is a mandate to provide education and development assistance to children with disabilities. Because this program is entitlement, there is no waiting list for services. In 2001, Community Programs budgeted approximately \$405,000 of funding to provide services to an average daily population of 160 children. The program requires 10% local match, or \$28,000 of levy to match the \$280,000 of "Birth to Three" funding plus maintenance of effort local requirement of \$125,000. Increased participation, plus inflation costs will be paid for with levy dollars.

CIP IB (DD) [target clients: DD in institutions other than state centers]

60 new placements statewide in FY02.

Kenosha County Impact. Community Services has identified several individuals that could benefit from this program, but realistically will place one or two individuals for a CIP IB placement. The placement would reduce impact on the County Tax levy.

CIP II (HSD) [target clients: elderly or disabled in nursing homes]

686 new placements statewide in FY02.

Kenosha County Impact. This could have impact if nursing home beds are de-licensed within the County. Community placements will not have an impact on the County Tax levy.

CIP 1A (DD) [target clients: DD in state centers]

30 new placements targeted for FY02 & FY03. New placement rates go from \$190 to \$200/day in FY02, and \$200 to \$225/day in FY03.

Kenosha County Impact. This would only apply to new community placements from state centers. The state has identified at least 2 Kenosha County residents as suitable for placement in the community. The concern is that the rate will be insufficient to meet the needs of the person.

COP (primarily HSD) [target clients: elderly or disabled slated for nursing homes]

\$1.3 million more GPR in both FY02&03 for "cost to continue" program, i.e. no new COP slots in this biennium. Note: language in budget to change minimum CBRF size from 8 to 20 for individuals who receive COP Waiver and CIP II funding.

Kenosha County Impact. The additional \$1.3 million GPR appropriation is paltry compared to the total amount of COP funding. No reduction in the waiting list for services.

Income Maintenance and W2 Allocation & W-2 (HSD)

Kenosha County Impact. Funding impact not determined at this point because we do not know what the state is offering for the Income Maintenance Allocation. However, the preliminary information suggests that the County could administer both programs with existing staff without committing county dollars.

In the area of the W2 program, the allocation to Kenosha County reflects an increase of about \$.8 million (net) higher than 2001. This increase is expected to cover the increased cost of benefits. This may allow this program to break even over the biennium.

Circuit Courts

Support Grants/GAL

The Governor's proposed budget offers no additional assistance for both the Circuit Court Support Grant and the Guardian Ad Litem Reimbursement Grant. However, the budget contains \$50,000 *statewide* for court interpreter reimbursement costs.

Kenosha County Impact. Inflationary cost increases in the court system will be borne by the county tax levy.

Indigent Counsel

No change in the Public Defender's indigence standards. Governor's Budget reduced the Public Defender Board budget by \$2.7 from the FY01 base. The reaction of the Board has been to threaten staff cuts.

Kenosha County Impact. The impact will likely be higher indigent counsel cost for counties.

Countywide – Property Tax Relief

Shared Revenue

The Budget contains no increases in the shared revenue or mandate relief allocation. This marks the eighth year without an increase in shared revenue and the fourth year for mandate relief. While the Governor's budget incorporates some recommendations of the Kettl Commission as they relate to municipalities, it does not provide direct and meaningful assistance to counties.

Kenosha County Impact. One provision that was included in the Budget does not benefit counties. This provision directs that county shared revenue and mandate relief funds be utilized in the following prescriptive order: payment of probation and parole costs, payment of circuit court expenses, and youth services costs not otherwise funded by state or federal aid. The original purpose of shared revenue was to replace lost tax base for local units of government when the State of Wisconsin granted the machinery and equipment exemption to manufacturers. Thus, the change would deflect the criticism the State receives for not fully funding its mandates or the State Court system.

Computer Tax Exemption Payment

Local Assistance payments increase by \$6 million in FY02 and \$10.2 million in FY03. These increases compensate local governments for the reduction in tax base resulting from the exemption of computer equipment from the property tax.

Kenosha County Impact. The County budgeted \$186,390 in 2001 for this funding source. The county compensation is based on formula that contains a variety of factors. Thus it is not possible to determine the impact at this time.

Health Care Center

IGT

Beginning in FY01, the state changed its methodology to capture federal funding for nursing homes. The expanded IGT program uses the "wire transfer" mechanism to maximize the allowable capture of those dollars. The "vast majority" of the funds are to be earmarked for the nursing home industry. Federal Funds that are in excess of the state budget appropriation go into a trust fund as the source for future MA expenditures for the nursing home industry. The Governor's budget continues the current \$37.1 million IGT payments to county nursing homes and provides an additional \$115 million in FY02 and \$157 million in FY03 of MA funding. Of the \$115 million, \$40 million will be distributed to counties through IGT awards and \$75 million will provide increases in the MA reimbursement rates to all nursing homes, including county-owned nursing homes.

Kenosha County Impact:

If the Federal Government approves the State Plan Amendment that expands the IGT program, and the Legislature passes a budget without diverting IGT funding, then it is likely that the County will be able to continue to budget IGT at the same level as in the 2001 budget.

Parole Holds

Kenosha County Impact

The Governor's budget did not mention an increase in parole hold revenue. The County pays about \$75 per day to house State parole violators. The State only reimburses the County \$37 per day for this. In the year 2000, the County had over 12,000 days of State parole violators in the County jail. County property taxpayers paid about \$500,000 of the cost to house State parole violators in 2000. Kenosha County has a desire to have the State pay more of its fair share of parole holds costs.

District Attorney's

Kenosha County Impact

No new DA positions were included. The County is presently 4 DA's below the amount needed to properly handle his current caseload.

April 9, 2001

Dear Members of the Joint Finance Committee:

I am writing to express my concern about the proposed budget cuts directed at the State Public Defender Trial Division. I am proud to say that I have worked as an assistant state public defender at the Racine Trial Office since July, 1995, and I have learned firsthand how essential a viable public defender agency is to a fair and evenhanded criminal justice system. The proposed cuts would have a devastating effect not only on the Public Defender Agency but also to the criminal justice system as a whole and to taxpayers throughout the State of Wisconsin.

Having devoted nearly six years to the State Public Defender's Office, I, as well as many similarly situated co-workers, would be at risk of losing my position. The projected layoff of 50 attorneys would likely result in many attorneys in the Racine Office losing their jobs. These attorneys are very talented and dedicated to their work. They work long hours to provide excellent representation to their clients and to assure cases are processed through the system efficiently and without needless delay or waste of resources. In addition, they devote their free time to a variety of community services. A loss of such employees would be a devastating loss to the agency and the to the efficiency of the court system .

The devastating effect of the budget cuts would not be limited only to those attorneys that would lose their positions. The cuts would affect the criminal justice system as a whole. There would be fewer attorneys to handle the same number of cases. The need for representation is not malleable. Every person charged with a crime has a Constitutional right to effective representation. The cases that could no longer be handled by the Public Defender's Office would need to be assigned to private bar attorneys. These appointments would need to be made at state or county expense. Difficulty finding enough private bar attorneys to accept the cases, would cause additional delays in the case and additional costs to the system (i.e. longer detention in jails, wasted court time, needless witness fees, etc.).

The budget cuts also negatively affect the integrity of the criminal justice system. It is essential to a fair and "just" criminal justice system that both sides have equal representation. We have all heard far too many accounts of innocent people who have been wrongly convicted and sentenced to prison or even to death row. Innocence projects have exonerated many individuals through scientific tests and uncovering overlooked evidence. A well balanced criminal justice system avoids accounts such as these by providing thorough representation and examination of evidence from the beginning, preventing horrible injustices and preserving the integrity of the system. I believe Wisconsin should be proud of its commitment to a well balanced criminal justice system and not seek to take a step backwards. Wisconsin can be especially proud of an internationally recognized Public Defender system.

Finally, the proposed cuts have a direct impact on each and every taxpayer in the state. The cuts will actually cost taxpayers money. The cost to the State of providing representation, as is Constitutionally mandated, will increase substantially if the proposed cuts remain. Fiscally, the proposed budget does not make sense.

April 9, 2001

I am asking you to take my concerns into consideration. If you have any questions or would like additional information, please feel free to contact me at (262) 681-3425.

Sincerely,



Diane Zitzner

SARAH M. GODARD

April 10, 2001

Dear Members of the Joint Finance Committee:

I am writing to share my deep concerns regarding the 5% budget cut Governor Scott McCallum has proposed for the Office of the State Public Defender.

I am a lifelong resident of Racine. I grew up on the south side and was raised in an environment that promoted diverse & liberal views of the minority and indigent community. However, it was not until I took a job as the Regional Office Administrator of the Racine Trial Division in 1995 that I was truly exposed to the plight of the indigent charged with crimes. Heretofore I took it for granted that if the police and the newspaper said the person "did it" then it must be true. Imagine my surprise when I found out that the "Justice" system was sometimes wrong, that poor and minority people were falsely accused of crimes more often than my Caucasian counterparts, that "tough on crime" translates into "tough on people".

I listened to the testimony given by Budget Director Richard Chandler and Secretary George Lightbourn. I was outraged when, in answer to a question about the loss of quality representation, they responded that "**those** people do not need quality representation - adequate is good enough". In my opinion adequate representation IS quality representation and that is exactly what our clients are given by our talented and dedicated staff attorney's. To give anything less to the poorest sector of our society is just plain wrong.

I know that you are keenly aware of the Constitutional Right to Counsel. It is abundantly clear that this premise is at risk with this budget cut. What message does it send for Wisconsin to increase spending on prisons, probation and parole, prosecutors and in turn decrease the only barrier the indigent accused have to keep them out of jails and prison.

Even if you don't buy into the concept of right to counsel this budget cut still does not make financial sense. It is "fuzzy math" at best designed to deny right to counsel and ultimately shift the costs of public defender representation to the counties. I believe it is only the first step in an attempt to eliminate this agency completely - this the most highly regarded Public Defender Agency in the entire world.

Please advise as to what you plan to do to support your constituents - both the staff attorneys and the indigent accused individual. I would like to see you vote to exempt the Office of the State Public Defender from these budget cuts. I would also like you to vote for a full restoration of the budget as initially submitted, most importantly raising the private bar rate to the Supreme Court rate of \$70.00 per hour.

Lastly, always remember the familiar saying "That for the grace of God there go I".

Sincerely,

Sarah M. Godard

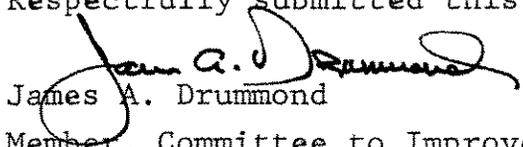
Members, Joint Committee on Finance, State of Wisconsin

Only the most talented and experienced legislators gain a prized seat on the Joint Committee on Finance. You have been given the power and the awesome responsibility to assess thousands of proposals before selecting those that move toward enactment and funding. Usually what is proposed derives from some limited interest to promote that particular interest. The privileged, knowledgeable and determined interest groups seek their favors from the citizenry through your votes. Rarely are you offered the opportunity to vote for proposals that you know in your bones merit your support.

The Committee to Improve Interpretation in the Wisconsin Courts provides you with that opportunity to vote into law certain modest, yet clearly overdue, refinements in our joint pursuit of justice for all. This Committee's proposals merit your consent and, if at all possible, their financing from general revenue funds rather than from more fees.

With appreciation for your labors and on behalf of those citizens without sufficient resources to secure skilled interpretation in our Courts, I respectfully request your approval of all the Committee's proposals.

Respectfully submitted this 10th day of April, 2001.


James A. Drummond

Member, Committee to Improve Interpretation in Wisconsin Courts
Judicial Court Commissioner, Racine County

April 10, 2001

Dear Joint Finance Committee,

For the first time in the history of the U.S. Census, the farming occupation category in 2000 fell below the required percentage of applicability to population and was deleted. We no longer had 2% or more of our citizens qualified as farmers in order to register under this primary job title. Farmers are now absorbed under the employment listing of "other" category. Kind of like being placed on the endangered species list.

I am an aspiring organic farmer in the Town of Vernon – Waukesha County, a WI WIC food stamp produce grower / seller at several of the Milwaukee area Hunger Task Force sponsored direct farm markets, and a community work site that hosts local juvenile offenders. Today I'm here sharing my deepest concerns about our quality of life for not only my fellow farmers and myself, but for all Wisconsin residents who cherish a balance between growth and preservation... and real justice between decency and dollars.

Urban-rural sprawl and corporate "factory" farming is threatening to annihilate family farms on a daily basis. Our farmlands, river frontage and open space areas are being eyed for development / acquisition by surrounding municipalities and Waukesha County. By no means is this an isolated incidence as these unwanted and unwarranted destructive patterns crisscross our entire state boundary too.

In addition, large scale subsidized factory farms undercut our small scale family farming practices and living wage prices. Worse yet, my own tax dollars are being funneled into free giveaways to encourage these out of state factory farms to set up shop in Wisconsin. Yet funding for organic and family farms is miniscule or non-existent for most sustainable small scale agricultural operations such as mine. How do we create a fair and equitable agreement between these public entities, corporate "factory" operations and family farmers?

The resounding answer is to take personal responsibility for our state's family farm future. All legislators need to begin making decisions based on a system of evaluating short-term benefits vs. long-term consequences regardless of who you are or where you live. We all eat and share the same watershed aquifers. Both depend on our local farmers to provide this food and water absorption / purification services to ensure nutritious, clean, healthy and abundant supplies.

When you allow for the decimation of family farms, these sustaining and life giving resources will also disappear. All our lives are truly at stake on this crucial issue. I am the connecting thread between my rural, suburban and metropolitan neighbors and customers. You are the resultant fabric that enmeshes our lives as well. Family farmers are depending upon your strength and durability to protect our lives and livelihoods.

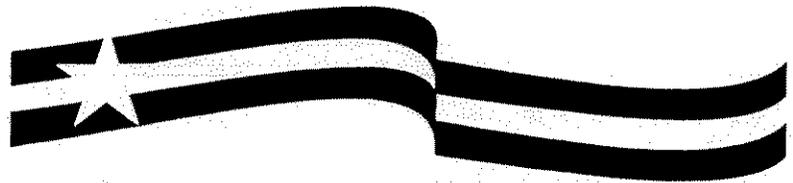
Please support and include in this current budget planning session the **Family Farm Protection Act** proposed budget amendment. This brief flyer details not only the necessary financial amounts, but it also tells the truth about this tragic dilemma while providing a sound solid solution. Wisconsin's family farming future and fate must be directed by wise and impartial statewide leadership. I am asking you personally to make the difference right here, right now. Please say publicly and permanently that those who built our towns and nation, are worth the effort of saving. I'm counting on each and every one of you who reads this to make the difference in my continuing as a viable, flourishing 110 acre family farm or perishing forever into the ink of an imposed municipal masterplan or bankruptcy filing. I dread the thought of becoming just another footnote on our local Historical Society register. The possible entry of one more family farm and another traditional lifestyle preserved only to reference memory, breaks my heart. Please don't let this happen to me or anyone else. By endorsing this proposal you can make a world of change and I'm willing to bet the farm on that! Are you?

Sincerely,



Jane Krogstad

WISCONSIN CITIZEN ACTION



Wisconsin's Largest Public Interest Organization ♦ Representing 53,000 individual members and 250 affiliate organizations
1202 Williamson Street, Suite B, Madison, WI 53703 ♦ 608-256-1250 ♦ (fax) 608-256-1177 ♦ info@wi-citizenaction.org
152 W. Wisconsin Ave., Suite 308, Milwaukee, WI 53203 ♦ 414-272-2562 ♦ (fax) 414-274-3494 ♦ www.wi-citizenaction.org

Support Senator Burke's Family Farm Protection Act Budget Amendment

The proposed Family Farm Protection Act is designed to:

- Level the playing field so small to moderate sized family farms – the majority of Wisconsin farms – can be economically viable
- Ensure adequate environmental protection and healthy rural communities
- Invest in a future for Wisconsin family-farms including low interest loans, low-cost strategies for modernization and expansion and the development of new agricultural enterprises, new products and an aggressive marketing effort for Wisconsin grown products.

Key Budgetary Components:

(see reverse for dollar amounts)

- a) Fund UW-PATS to study the degree of concentration in the dairy, livestock and grain industry and its impact social and economic impact on family farm agriculture and rural communities.
- b) Create a position in the Department of Justice to investigate and enforce anti-competitive practices in agriculture and ensure compliance with and enforcement of discriminatory pricing prohibitions.
- c) Increase DATCP Agriculture Development and Diversification grant program that promotes new markets and new uses.
- d) Establish DATCP "Buy Wisconsin" Market Development Program.
- e) Establish DATCP cost-share program for transition to managed intensive grazing and organic systems of livestock production.
- f) Increase funding for the Small Business Health Insurance Pool, enabling farmers and other small business owners to join in a pool and gain the purchasing powers of larger corporations.
- g) Establish a low-interest revolving loan program for farmers who are implementing new farm enterprises and/or developing businesses that add value and build markets.
- h) Provide cost share funding for state and federal required nutrient management plans, certification and crop insurance programs.

For more information, please contact:

Sam Gieryn, Citizen Action Family Farm Stewardship Campaign Coordinator
(608) 256-1250 ext. 13 • sgieryn@wi-citizenaction.org
1202 Williamson Street, Suite B • Madison, WI 53703



School of Business Administration

**ECONOMIC IMPACT OF
SINGLE FACTOR
SALES APPORTIONMENT:
JOB CREATION AND
TAX REVENUES**

by

Austan Goolsbee and Edward Maydew
University of Chicago

John Healy and Michael Schaedewald
University of Wisconsin-Milwaukee

February 1999

We thank the Wisconsin Manufacturers & Commerce for funding this research.

ECONOMIC IMPACT OF SINGLE FACTOR SALES APPORTIONMENT: JOB CREATION AND TAX REVENUES

EXECUTIVE SUMMARY

This study estimates the impact that switching to a single factor sales apportionment formula would have on job creation and tax revenue for the State of Wisconsin. The estimates we present are based on the actual experiences of other states that have modified their apportionment formulae from 1978 to 1995. The analysis controls for other factors that can affect employment, such as state corporate income tax rates, state trends, state personal income growth rates, national unemployment rates, and the actions of other states regarding their apportionment formulae. We find that increasing the weight on the sales factor has significant positive effects on in-state employment. Based on the analysis, we estimate that switching to single factor sales apportionment will have a long-run impact of increasing the number of manufacturing jobs in Wisconsin by about 2.9 percent, or 18,000 new jobs. We further estimate that the number of non-manufacturing jobs would grow by 2.4 percent, or 49,000 new jobs. Together these jobs would have significant positive impact on the individual income taxes collected by the State of Wisconsin, creating an estimated \$51 million in additional annual tax revenue. In sum, we find clear evidence that the adoption of a single factor sales apportionment formula should increase employment, generating additional personal income and individual income tax revenues for the State of Wisconsin. Coupled with neighboring states' aggressive modification of their own apportionment formulae, these results underscore the need for the State of Wisconsin to act promptly to remain competitive and avoid revenue and job losses to other states.

**ECONOMIC IMPACT OF SINGLE FACTOR SALES APPORTIONMENT:
JOB CREATION AND TAX REVENUES**

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WHAT IS APPORTIONMENT?

Wisconsin corporate income tax collections totaled \$627 million in fiscal year 1998, or roughly 7 percent of the state's total tax collections.¹ Wisconsin taxes the entire taxable income of corporations that conduct business solely within the State of Wisconsin. For example, if a small retailer has stores and makes sales only in Wisconsin, all of that retailer's income is subject to Wisconsin taxation. On the other hand, if a corporation does business and is subject to taxation in two or more states, the Supreme Court has ruled that the taxpayer has the right to have its income fairly apportioned among the taxing states.² In such cases, neither Wisconsin nor any other state is entitled to tax the corporation's entire income. Instead, each state can tax only that portion of the corporation's income attributable to assets and activities located within its borders. Therefore, if a retailer has stores located in both Wisconsin and Minnesota, Wisconsin can not tax 100 percent of the retailer's income, but rather must settle for taxing that amount of income that can be fairly apportioned to Wisconsin.

States use apportionment formulae to compute the percentage of a multistate corporation's total income that is taxable in a particular state. Apportionment formulae vary from state-to-state, but are usually based on the relative amounts of property, payroll and sales that a corporation has in a state. Historically, the most common approach has been to equally weight these three "factors," such that the state apportionment percentage equals the average of the property, payroll and sales factors, as follows:

$$\text{Apportionment \%} = \left(\frac{\text{property in - state}}{\text{total property}} + \frac{\text{payroll in - state}}{\text{total payroll}} + \frac{\text{sales in - state}}{\text{total sales}} \right) / 3$$

To illustrate, consider a corporation that does business in two states, X and Y. Assume the corporation's total taxable income is \$10 million, and that it has 40 percent of its property, 30 percent of its payroll, and 20 percent of its sales in State X. If State X uses an equally-weighted three-factor formula, the corporation's State X apportionment

¹ Wisconsin Department of Administration, *1998 Annual Fiscal Report*.

² *Complete Auto Transit, Inc. v. Brady*, 430 U.S. 274, 1977.

percentage is 30 percent ($(40\% + 30\% + 20\%)/3$), in which case State X is entitled to tax the corporation on \$3 million ($30\% \times \10 million) of income.

Wisconsin currently uses an apportionment formula that includes all three factors, but with a double-weighting on sales.³ This means that the sales factor is weighted 50 percent (rather than 33 percent as in an equally-weighted formula), while the property and payroll factors are weighted 25 percent each. The purpose of this report is to evaluate whether Wisconsin should consider amending its corporate income tax laws to adopt a single factor sales apportionment formula.

³ Wis. Sec. 71.25(6).