

2003 DRAFTING REQUEST

Bill

Received: 02/26/2004

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Alvin Ott (608) 266-5831

By/Representing: eric

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Shared Revenue

Extra Copies:

Submit via email: YES

Requester's email: Rep.Ott@legis.state.wi.us

Carbon copy (CC:) to: joseph.kreye@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Municipal aid payments

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	jkreye 02/26/2004	wjackson 02/26/2004	jfrantze 02/27/2004	_____	sbasford 02/27/2004		S&L
	jkreye 03/02/2004	wjackson 03/03/2004		_____			
/1			rschluet 03/03/2004	_____	sbasford 03/03/2004	sbasford 03/03/2004	S&L

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

<END>

At
Intro.

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Subject: Shared Revenue

Extra Copies: RICK OLIN
LFB

Submit via email: YES

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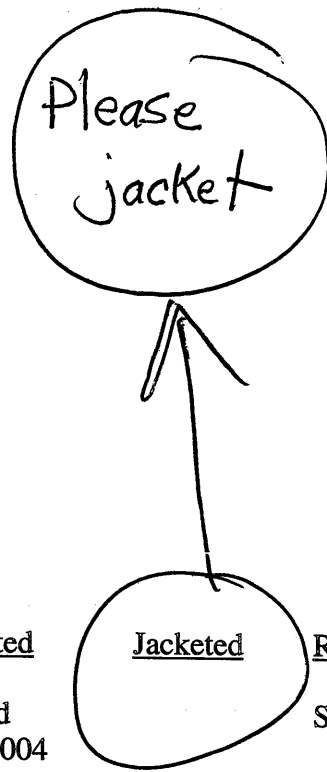
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/P1	jkreye 02/26/2004	wjackson 02/26/2004	jfrantze 02/27/2004		sbasford 02/27/2004		S&L

FE Sent For:

1 WJ 3/3

[Handwritten signatures and initials]
END



2003 DRAFTING REQUEST

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RICK OLIN - LFB

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/P1	jkreye	1/pl Wly 2/26	<i>J</i> 2/27	<i>J</i> 2/27			

FE Sent For:

<END>



Legislative Fiscal Bureau

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

February 26, 2004

TO: Representative Alvin Ott
Room 318 North, State Capitol

*may contact Eric in act's office
and Rick Olin*

FROM: Rick Olin, Fiscal Analyst

6-9916

SUBJECT: County and Municipal Aid Proposal

At your request, this memorandum describes your proposal to modify the 2004 county and municipal aid distribution, with regard to payments for municipalities.

Relative to current law provisions, the proposal would increase payments for 2004 and thereafter for municipalities where utility aid comprised less than 25% of the 2001 shared revenue payment but more than 75% of the combined payments for 2004 under the shared revenue and county and municipal aid programs.) For each of these municipalities, the per capita reductions authorized under 2001 Wisconsin Act 109 and 2003 Wisconsin Act 33 would be calculated from a 2003 "base-year" payment that includes its entire shared revenue payment and its small municipalities shared revenue payment. Under current law, the utility aid component of the shared revenue program is excluded from the base-year amount. The payment increases resulting from this change would be funded by decreasing payments to other municipalities by a uniform percentage.

Your proposal would increase 2004 payments to two municipalities by an estimated \$282,837. An offsetting decrease, estimated at 0.04%, would be extended to the remaining 1,848 municipalities in the state to fund the payment increases. Under current law provisions, 2003 base year payments are established at \$5,277 for the Town of Quincy (Adams County) and \$83,459 for the Village of Combined Locks (Outagamie County). Your proposal would increase those amounts to \$29,780 for Quincy and \$367,506 for Combined Locks. After the Act 109 and Act 33 payment reductions, 2004 payments would be increased by \$20,660 for Quincy and \$262,177 for Combined Locks. The attached table illustrates the proposed payment calculations.

If you have any questions, please let me know.

RO/sas
Attachment

*after the
per capita
reductions*

79.035

79.035 County and municipal aid.

79.035(1)

(1) In 2004 and subsequent years, each county and municipality shall receive a payment from the county and municipal aid account in an amount determined under sub. (2).

RN & AM
79.035(2)(a)1.

and sub. 1. l.
1. Except as provided under s. 79.02 (3) (e), for the distribution in 2004, each county and municipality will receive a payment that is equal to the amount of the payments the county or municipality would have received in 2003 under ss. 79.03, 79.058, and 79.06, if not for the reductions under s. 79.02 (3) (c) 3., less the amount of the reduction under subd. 2.

79.035(2)(a)2.

2. The department of revenue shall reduce the amount of the payments to be distributed to each county and municipality, as determined under subd. 1., by subtracting from such payments an amount based on the county's or municipality's population, as determined by the department, so that the total amount of the reduction to all such payments in 2004 is \$40,000,000, except that the reduction applied to any county's or municipality's payment shall not exceed the amount of the payments specified under subd. 1. distributed to the county or municipality in 2003.

79.035(2)(b)

(b) Except as provided under s. 79.02 (3) (e), for the distribution in 2005 and subsequent years, each county and municipality shall receive a payment under this section that is equal to the amount of the payment determined for the county or municipality under par. (a) in 2004.

79.043

79.043 Municipal aid. As determined by the department of revenue based on 2003 population and notwithstanding s. 79.035, per capita reductions to payment amounts for all municipalities under s. 79.035 shall be withheld that total \$50,000,000. 15.68513% is the maximum reduction allowable to the payments to any municipality, excluding any reduction under s. 79.02 (3) (e), under this section. Except as provided under s. 79.02 (3) (e), beginning in 2004 the total amount to be distributed each year to municipalities from the aid account is \$703,102,200.

or; 79.035(2)(a)1. l.



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-4377/P1

JK./:....

WJ

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

D-N

2-26-04

(NoT) The amount of the municipality's 2004 payment then becomes the amount that the municipality receives in 2005 and in each subsequent year. **(Gen)**

due FRI 2-27-04

1 AN ACT ...; relating to: the calculation of municipal aid payments.

Analysis by the Legislative Reference Bureau

Under current law, in 2004, generally, each county and municipality receives a county and municipal aid payment that is equal to the amount of shared revenue payments, excluding public utility aid payments, that the county or municipality received in 2003, less certain per capita reductions. Under current law, the amount of the county and municipal aid payment that a county or municipality receives in 2004 is also the amount that the county or municipality receives in 2005 and in each subsequent year.

Under this bill, in 2004, a municipality will receive a county and municipal aid payment that is equal to the amount of shared revenue payments, including public utility aid payments, that the municipality received in 2003, less certain per capita reductions, if the municipality satisfies the following conditions: 1) its public utility aid payment in 2001 was less than 25 percent of its total shared revenue payment in 2001 and 2) its public utility aid payment in 2004 would be more than 75 percent of the total its county and municipal aid payment and public utility aid payment in 2004.

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

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

1 **SECTION 1.** 79.035 (2) (a) 1. of the statutes, as affected by 2003 Wisconsin Act
2 33, is renumbered 79.035 (2) (a) 1. a. and amended to read:

3 79.035 (2) (a) 1. a. Except as provided under s. 79.02 (3) (e) and subd. 1. b., for
4 the distribution in 2004, each county and municipality will receive a payment that
5 is equal to the amount of the payments the county or municipality would have
6 received in 2003 under ss. 79.03, 79.058, and 79.06, if not for the reductions under
7 s. 79.02 (3) (c) 3., less the amount of the reduction under subd. 2.

8 History: 2001 a. 109; 2003 a. 33.

8 **SECTION 2.** 79.035 (2) (a) 1. b. of the statutes is created to read:

9 79.035 (2) (a) 1. b. For the distribution in 2004, if the amount of any
10 municipality's payment under s. 79.04 in 2001 was less than 25 percent of the total
11 amount of the municipality's payments under ss. 79.03, 79.04, and 79.06 in 2001 and
12 if the amount of the municipality's payment under s. 79.04 in 2004 would be more
13 than 75 percent of the municipality's payments under ss. 79.03, 79.04, and 79.06 in
14 2004, including the reductions under subd. 2. and s. 79.043, the municipality shall
15 receive a payment that is equal to the amount of the payments the municipality
16 would have received in 2003 under ss. 79.03, 79.04, and 79.06, if not for the
17 reductions under s. 79.02 (3) (c) 3., less the amount of the reduction under subd. 2.

18

(END)

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

LRB-4377/P1dn

JK: /:....

WJ

Representative Ott:

Please review this draft carefully to ensure that it is consistent with your intent. I have also submitted a copy of the draft to Rick Olin for his review.

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

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

LRB-4377/P1dn
JK:wlj:jf

February 27, 2004

Representative Ott:

Please review this draft carefully to ensure that it is consistent with your intent. I have also submitted a copy of the draft to Rick Olin for his review.

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

Rather than amend s. 79.035, amend s. 79.043. This would give us the opportunity to clean up the grammar errors resulting from the Act 33 veto. For example:

s. 79.043 is renumbered and amended:

s. 79.043

(1) as determined by the department of revenue based on 2003 population and Notwithstanding s. 79.035, per capita reductions to payment amounts for all municipalities under s. 79.035 shall be withheld that total \$50000000. 15.68513% is the maximum reduction allowable to the payments to any municipality, excluding any reduction under s. 79.02(3)(e), under this section.

(4) Except as provided under s. 79.02(3)(e), Beginning in 2004 the total amount to be distributed each year to municipalities from the aid account is \$703,102,200.

s. 79.043 (2) and (3) are created:

(2) [this is largely your language from LRB 4377/P1, except for italics] For the distribution in 2004, if the amount of any municipality's payment under s. 79.04 in 2001 was less than 25% of the total amount of the municipality's payments under ss. 79.03, 79.04, and 79.06 in 2001 and if the amount of the municipality's payment under s. 79.04 in 2004 would be more than 75% of the municipality's payments under ss. 79.035, 79.04, and 79.043(1) [*as renumbered above*] in 2004, *the municipality's county and municipal aid payment in 2004 is equal to the amount of the payments the municipality would have received in 2003 under ss. 79.03, 79.04, and 79.06, if not for the reductions under s. 79.02(3)(c)3., less the amount of the reductions calculated under s. 79.035(2)(a)2. and s. 79.043(1).* **Technically, we want these reductions recalculated. Is there a way for this language to state that more clearly?**

(3) For the distribution in 2004, the department of revenue shall reduce the amount of the payments to be distributed to each municipality, except the municipalities with payments subject to adjustment under s. 79.043(2), by a percentage equal to the difference in payments subject to s. 79.043(2) and those municipalities' payments under s. 79.035 and s. 79.043(1) divided by the difference between the total payments to municipalities under s. 79.035 and s. 79.043(1) and the payments under s. 79.035 and s. 79.043(1) for municipalities qualifying for a payment under s. 79.043(2).

s. 79.035(2)(b) is renumbered s. 79.043(5) and amended OPTIONAL

Except as provided under s. 79.02(3)(e), for the distribution in 2005 and subsequent years, each county and municipality shall receive a payment under s. 79.035 and s.

79.043 that is equal to the amount of the payment determined for the county or municipality under s. 79.035 and s. 79.043 in 2004.

Kreye, Joseph

From: Olin, Rick
Sent: Monday, March 01, 2004 4:22 PM
To: Kreye, Joseph
Subject: Rep. Ott Request

Joe:

Attached are my comments re LRB 4377/P1.

Do you understand my concern about spending an extra \$282 k, and is it valid?

If these comments make sense to you, I will have the attachment converted to an "official" LFB memo.

Also, I'd like to discuss this approach with Fred, who is out ill today.

Finally, I will modify my original memo to Rep Ott to reflect this approach.

Let me know what you think.

Thanks

Rick
266-9916



BruisersMyDog.doc



Legislative Fiscal Bureau

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

March 1, 2004

S:\LFB Share\RO\BruisersMyDog.doc

TO: Joe Kreye
Legislative Reference Bureau

FROM: Rick Olin, Fiscal Analyst

SUBJECT: LRB 4377/P1 Regarding Representative Ott's Request Concerning the Village of Combined Locks

I have reviewed LRB 4377/P1 and have several comments. When I suggested the remedy for Combined Locks' payment reduction, I had not envisioned the difficulty of drafting language instructing the Department of Revenue (DOR) to calculate the distribution for the Village of Combined Locks and the Town of Quincy first on a "make-believe" basis and then on an actual basis. Your draft avoids that. However, LRB 4377/P1 seems to increase expenditures for the county and municipal aid program by \$282,837. While the draft distributes additional aid to the two identified municipalities, it does not impose a reduction on the remaining 1,848 municipalities to fund the payment increases.

I suggest that the draft be modified by basing the second condition for special treatment on the 2003 aid distribution. This would involve changing "2004" to "2003" on lines 12 and 14 of page 2. Also on line 12, "payment" should be replaced with "entitlement calculated" since municipalities did not receive utility aid payments in 2003. Since aid in 2003 becomes the basis for the second condition, there is no need for the cross-references to the reductions under 2001 Act 109 [s. 79.035 (2) (a) 2.] and 2003 Act 33 [s. 79.043]. Therefore, the phrase reading "including the reductions under subd. 2. and s. 79.043" on line 14 should be deleted.

If these changes are made, DOR will calculate slightly higher per capita reduction rates for the 2004 distribution than will occur under current law. The higher rates will have the effect of "freeing up" \$282,837 for distribution to the Village of Combined Locks and the Town of Quincy. Their payments will be higher because the two reductions will be calculated against 2003 "base" payments that have not been reduced by the amount of their 2003 utility aid entitlements.

Thanks for considering my comments.



State of Wisconsin
2003 - 2004 LEGISLATURE

1
LRB-4377/E1
JK:wlj:jf

RM
K

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Now

in 3-2-04
blue used 3-3
D-V

re gen

- 1 AN ACT *to renumber and amend* 79.035 (2) (a) 1.; and *to create* 79.035 (2) (a)
- 2 1. b. of the statutes; **relating to:** the calculation of municipal aid payments.

Analysis by the Legislative Reference Bureau

Under current law, in 2004, generally, each county and municipality receives a county and municipal aid payment that is equal to the amount of shared revenue payments, excluding public utility aid payments, that the county or municipality received in 2003, less certain per capita reductions. Under current law, the amount of the county and municipal aid payment that a county or municipality receives in 2004 is also the amount that the county or municipality receives in 2005 and in each subsequent year.

Under this bill, in 2004 a municipality will receive a county and municipal aid payment that is equal to the amount of shared revenue payments, including public utility aid payments, that the municipality received in 2003, less certain per capita reductions, if the municipality satisfies the following conditions: 1) its public utility aid payment in 2001 was less than 25 percent of its total shared revenue payment in 2001 and 2) its public utility aid payment in 2004 would be more than 75 percent of the total of its county and municipal aid payment and public utility aid payment in 2004. The amount of the municipality's 2004 payment then becomes the amount that the municipality receives in 2005 and in each subsequent year.

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

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

1 SECTION 1. 79.035 (2) (a) 1. of the statutes, as affected by 2003 Wisconsin Act
2 33, is renumbered 79.035 (2) (a) 1. a. and amended to read:

5. 79.043(2) and (3) ✓

3 79.035 (2) (a) 1. a. Except as provided under ~~s. 79.02 (3) (e) and ~~79.043(2) and (3)~~~~^{ss.}, for
4 the distribution in 2004, each county and municipality will receive a payment that
5 is equal to the amount of the payments the county or municipality would have
6 received in 2003 under ss. 79.03, 79.058, and 79.06, if not for the reductions under
7 s. 79.02 (3) (c) 3., less the amount of the reduction under subd. 2.

8 ~~SECTION 2. 79.035 (2) (a) 1. b. of the statutes is created to read:~~

9 ~~79.035 (2) (a) 1. b. For the distribution in 2004, if the amount of any
10 municipality's payment under s. 79.04 in 2001 was less than 25 percent of the total
11 amount of the municipality's payments under ss. 79.03, 79.04, and 79.06 in 2001 and
12 if the amount of the municipality's payment under s. 79.04 in 2004 would be more
13 than 75 percent of the municipality's payments under ss. 79.03, 79.04, and 79.06 in
14 2004, including the reductions under subd. 2. and s. 79.043, the municipality shall
15 receive a payment that is equal to the amount of the payments the municipality
16 would have received in 2003 under ss. 79.03, 79.04, and 79.06, if not for the
17 reductions under s. 79.02 (3) (c) 3., less the amount of the reduction under subd. 2.~~

(END)

18
*INSERT
2-17*

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4377/P1ins
JK:wlj:jf

Insert 2 - 17

1 ~~4~~ [#] SECTION 79.035 (2) (b) of the statutes, as affected by 2003 Wisconsin Act 33,
2 is renumbered 79.043 (5) and amended to read:

3 79.043 (5) Except as provided under s. 79.02 (3) (e), for the distribution in 2005
4 and subsequent years, each county and municipality shall receive a payment under
5 this section and s. 79.035 that is equal to the amount of the payment determined for
6 the county or municipality under ~~par. (a) this section and s. 79.035~~ in 2004.

7 History: 2001 a. 109; 2003 a. 33. [#]

8 ~~24~~ SECTION 79.043 of the statutes, as created by 2003 Wisconsin Act 33, is
9 renumbered 79.043 (1) and amended to read:

10 79.043 (1) **Municipal aid.** As determined by the department of revenue based
11 on 2003 population, and notwithstanding s. 79.035, per capita reductions to payment
12 amounts for all municipalities under s. 79.035 shall be withheld that total
13 ~~\$50,000,000.~~ ^{\$50,000,000} 15.68513% is the ~~The~~ maximum reduction allowable to the payments
14 to any municipality under this section, excluding any reduction under s. 79.02 (3) (e),
15 ~~under this section. Except as provided under s. 79.02 (3) (e), beginning in 2004 the~~
16 ~~total amount to be distributed each year to municipalities from the aid account is~~
17 ~~\$703,102,200 is 15.68513 percent.~~

strike

17 History: 2003 a. 33. [#]

18 ~~24~~ SECTION 79.043 (2) of the statutes is created to read:
19 79.043 (2) If the amount of any municipality's payment under s. 79.04 in 2001
20 was less than 25 percent of the total amount of the municipality's payments under
21 ss. 79.03, 79.04, and 79.06 in 2001 and if the amount of the municipality's payment
22 under s. 79.04 in 2004 would be more than 75 percent of the municipality's payments
23 under sub. (1) and ss. 79.035 and 79.04 in 2004, the municipality shall receive a
county and municipal aid payment in 2004 that is equal to the amount of the

1 payments the municipality would have received in 2003 under ss. 79.03, 79.04, and
2 79.06, if not for the reductions under s. 79.02 (3) (c) 3., and less the amount of the
3 reductions calculated under sub. (1) and s. 79.035 (2) (a) 2. using the base established
4 under this subsection.

5 SECTION ~~§~~[#] 79.043 (3) of the statutes is created to read:

6 79.043 (3) For the distribution in 2004, the department of revenue shall reduce
7 the amount of the payments to be distributed to each municipality, except
8 municipalities that receive payments as adjusted under sub. (2), by a percentage
9 determined as follows:

10 (a) Determine the total amount of the payments calculated under sub. (2).

11 (b) From the amount determined under par. (a), subtract the total amount of
12 the payments calculated under sub. (1) and s. 79.035 that the municipalities that
13 qualify for payments under sub. (2) would receive if not for sub. (2).

14 (c) Determine the total amount of the payments to all municipalities under sub.
15 (1) and s. 79.035.

16 (d) From the amount determined under par. (c), subtract the total amount of
17 the payments calculated under sub. (1) and s. 79.035 ^{g that the} ~~for~~ municipalities that qualify
18 for payments under sub. (2) would receive if not for sub. (2).

19 (e) Divide the amount determined under par. (b) by the amount determined
20 under par. (d).

21 SECTION ~~§~~[#] 79.043 (4) of the statutes is created to read:

22 79.043 (4) Except as provided under s. 79.02 (3) (e), beginning in 2004 the total
23 amount to be distributed each year to municipalities from the aid account is
24 \$703,102,200.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4377/P1dn
JK:wlj:jf

Representative Ott:

This draft incorporates the changes recommended by Rick Olin and a copy of this draft has been submitted to Rick for his review.

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

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4377/1dn
JK:wlj:rs

March 3, 2004

Representative Ott:

This draft incorporates the changes recommended by Rick Olin and a copy of this draft has been submitted to Rick for his review.

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