

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-0554/3	Introduction Number AB-0253
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Description
 The apportionment of law enforcement services costs among counties and municipalities

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		
<input checked="" type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
		<input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DOR/ Daniel Huegel (608) 266-5705	Authorized Signature Paul Ziegler (608) 266-5773	Date 5/22/2007
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Fiscal Estimate Narratives
DOR 5/23/2007

LRB Number	07-0554/3	Introduction Number	AB-0253	Estimate Type	Original
Description The apportionment of law enforcement services costs among counties and municipalities					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the portion of the county property tax levy that supports county sheriff department patrol and investigative services is allocated to each municipality in the county on the basis of the percentage of the county's total equalized value (excluding tax incremental values) that lies in that municipality.

Under the bill, a municipality will be exempt from the county property tax levy for sheriff department patrol and investigative services if, upon written certification to the county board, the municipality can state that it provides the same services to its citizens for 24 hours per day with its own police department. A group of municipalities can also be exempt if, upon written notification to the county board, they can state that they provide the same services for 24 hours per day via an intergovernmental cooperation agreement, by contract with another municipality, or through the creation of a joint police department.

This bill does not apply to municipalities in a county that has a population of 500,000 or more. Thus, the bill would not apply to those municipalities in Milwaukee County.

MUNICIPALITIES

DOR does not have data on which municipalities provide police patrol and investigative services 24 hours a day. It is also unclear to DOR what level of spending and/or staffing would be necessary to provide 24 hour police services across varying localities. DOR is therefore unable to determine which municipalities would be able to claim the exemption created under the bill.

However, to the extent that a municipality's per capita spending on law enforcement may be indicative of the level of police patrol and investigative services it provides, DOR data may provide some information on how many municipalities might be able to claim the exemption created under the bill.

The following discussion is based on operating expenditures in 2005 for law enforcement insurance, law enforcement services, and the law enforcement share of "911" communications services, as reported in financial report forms filed with DOR. For the 1,832 municipalities outside of Milwaukee County, per capita spending ranges from exactly \$0 (for the 1,037 municipalities with no law enforcement spending) to \$1,600 in the Village of Chenequa in Waukesha County. The 1,037 municipalities with no law enforcement spending clearly could not qualify for the exemption created under the bill since they provide no law enforcement services. However, some of the other 795 municipalities may qualify for the exemption. If the level of per capita spending is indicative of whether or not a municipality provides police patrol and investigative services 24 hours a day, Table One in the attachment, which shows the number of municipalities and total population by level of law enforcement spending per capita, may indicate how many municipalities potentially qualify for the exemption created under the bill.

COUNTIES

To the extent that municipalities are able to claim exemption from the county tax levy for sheriff department patrol and investigative services, county property taxes will be shifted to taxpayers in those municipalities unable to claim the exemption.

The following discussion is based on data from county financial report forms filed with DOR for 2005. For purposes of this discussion, it is assumed that the operating expenditures for county law enforcement spending reported to DOR is for patrol and investigative services purposes. The data discussed below are also shown in Table Two of the attachment.

Total operating expenditures for county law enforcement services was about \$348 million. After deducting federal law enforcement aids, state law enforcement aids, public charges for law enforcement services, and

intergovernmental charges for law enforcement services, about \$314 million of these operating expenditures needed to be financed from county tax revenues (primarily property taxes and county sales tax revenues).

Total county general tax revenues for 2005 were about \$1,500 million. General property taxes totaled to \$1,242 million, or about 83% of general taxes. Based on this data, it is estimated that about \$260 million (\$314 million X 83%) of county operating expenditures for law enforcement services are financed from county property taxes.

Since it is not possible to state which municipalities would be able to claim exemption from the county property tax levy for law enforcement patrol and investigative services, it is not possible to estimate what portion of the \$260 million tax levy will be shifted to taxpayers in municipalities unable to claim the exemption.

Long-Range Fiscal Implications

TABLE ONE

**Municipal Police Expenditures per Capita in 2005
For Municipalities Outside of Milwaukee County**

Based on data from municipal financial report forms for lines:

118-59131: Law enforcement insurance

120-52100: Law enforcement

120-52601: Law enforcement share "911" communications

<u>Per capita spending</u>	<u>Number of Municipalities</u>	<u>2005 Population</u>	<u>% State Population</u>
Exactly \$0.00	1,037	940,517	16.85%
\$0.01 to \$9.99	273	503,553	9.02%
\$10.00 to \$49.99	103	199,110	3.57%
\$50.00 to \$99.99	77	162,946	2.92%
\$100.00 to \$199.99	230	1,440,564	26.52%
\$200.00 to \$299.99	95	1,281,434	27.06%
\$300.00 to \$399.99	9	102,610	13.45%
<u>\$400.00 and above</u>	<u>8</u>	<u>10,922</u>	<u>0.61%</u>
Total	1,832	4,641,656	100.00%

TABLE TWO

**Expenditures and Revenues Related to Law Enforcement in 2005
For All County Governments Except Milwaukee County**

<u>Item</u>	<u>State Total</u>	<u>2005 Population</u>	<u>Amount Per Capita</u>
Expenditures:			
Law enforcement (based on same lines as municipalities)	\$348,221,766	4,641,656	\$75.02
Revenues:			
Federal law enforcement aids	4,418,387	4,641,656	0.95
State law enforcement aids	10,963,079	4,641,656	2.36
Public charges	9,226,731	4,641,656	1.99
Intergovernmental charges	9,888,317	4,641,656	2.13
Net law enforcement expenditures	\$313,725,252	4,641,656	\$67.59
Property taxes (excluding taxes for children with disabilities boards)			
Sales taxes	\$1,242,509,237	4,641,656	\$267.69
Interest and penalties on taxes	202,062,629	4,641,656	43.53
Real estate transfer fees	32,267,648	4,641,656	6.95
Other taxes	16,568,736	4,641,656	3.57
Total general taxes	7,229,603	4,641,656	1.56
Total general taxes	\$1,500,637,853	4,641,656	\$323.30
Percent from property taxes	82.80%		
Net law enforcement expenditures financed from property taxes	\$259,760,556		