



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-1797/P4
JK:cdc/skw/cjs

DOA:.....Quinn, BB0500 - Shared revenue reform

FOR 2023-2025 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

SHARED REVENUE

Public safety, per capita, and aidable revenues allocations

Under current law, counties and municipalities annually receive county and municipal aid payments, commonly referred to as shared revenue. Generally, each county and municipality receives a payment equal to the payment it received in 2012.

This bill provides additional aid payments by creating a municipal and county shared revenue program and using a percentage of state sales tax revenue to make the payments. The total amount available to make the payments under the bill is an amount equal to 20 percent of the state sales tax revenue collected in each fiscal year, minus the amounts distributed for county and municipal aid, as state aid for exempt personal property, and as payments under the expenditure restraint program.

Beginning in 2024, each county and municipality will receive a public safety payment to be used for law enforcement, fire protection, and ambulance and emergency medical services and to pay the costs of prosecutorial and judicial functions. The amount that DOR will distribute for these payments is equal to 43.4 percent of the total amount allocated for all payments under the bill. The amount of the payments are determined on the basis of the most recent three-year average of the county's or municipality's expenditures for law enforcement, fire protection, or ambulance and emergency medical services.

Under the bill, each county and municipality will also receive a payment based on the county's or municipality's population. Seventy percent of this per capita distribution is paid to municipalities and 30 percent to counties.

Finally, each county and municipality receives a payment on the basis of its aidable revenues. The bill defines "aidable revenues" as the total of the three-year average of revenues from general property taxes, other taxes, payments in lieu of taxes, special assessments, licenses and permits, fines and forfeitures, public charges, intergovernmental revenues, and shared revenues, not including public utility aid payments. The total amount that DOR distributes for aidable revenues is the amount remaining after determining the amounts distributed as public safety payments or per capita payments. Generally, each county and municipality receives an aidable revenues payment, as adjusted by DOR, in proportion to the amount of its aidable revenues, compared to the aidable revenues for all counties or municipalities.

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

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

SECTION 1. 20.835 (1) (dc) of the statutes is created to read:

20.835 (1) (dc) *Municipal and county shared revenue.* A sum sufficient to make the payments under s. 79.036.

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

SECTION 2. 25.50 (3) (b) of the statutes is amended to read:

25.50 (3) (b) On the dates specified and to the extent to which they are available, subject to s. 16.53 (10), funds payable to local governments under ss. 79.035, 79.036, 79.04, 79.05, 79.08, and 79.10 shall be considered local funds and, pursuant to the instructions of local officials, may be paid into the separate accounts of all local governments established in the local government pooled-investment fund and, pursuant to the instructions of local officials, to the extent to which they are available, be disbursed or invested.

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

79.01 (3) There is established an account in the general fund entitled the “Municipal and County Shared Revenue Account,” consisting of an amount equal to 20 percent of the amount of the revenues received from the taxes imposed under ss. 77.52 and 77.53 in each fiscal year, as specified under s. 20.005 (1), less the following amounts:

- (a) The amount distributed under sub. (1).
- (b) The amount distributed under sub. (2d).
- (c) The amount distributed to counties and municipalities under s. 79.096.

SECTION 4. 79.015 of the statutes is amended to read:

79.015 Statement of estimated payments. The department of revenue, on or before September 15 of each year, shall provide to each municipality and county a statement of estimated payments to be made in the next calendar year to the municipality or county under ss. 79.035, 79.036, 79.04, and 79.05.

SECTION 5. 79.02 (2) (b) of the statutes is amended to read:

79.02 (2) (b) Subject to ss. 59.605 (4) and 70.995 (14) (b), payments in July shall equal 15 percent of the municipality’s or county’s estimated payments under ss. 79.035 and 79.04, 50 percent of the municipality’s or county’s estimated payments under s. 79.036, and 100 percent of the municipality’s estimated payments under s. 79.05. Upon certification by the department of revenue, the estimated payment under s. 79.05 may be distributed before the 4th Monday in July.

SECTION 6. 79.02 (3) (a) of the statutes is amended to read:

79.02 (3) (a) Subject to s. 59.605 (4), payments to each municipality and county in November shall equal that municipality’s or county’s entitlement under ss. 79.035, 79.036, 79.04, and 79.05 for the current year, minus the amount distributed to the municipality or county under sub. (2) (b).

SECTION 7. 79.036 of the statutes is created to read:

79.036 Municipal and county shared revenue. (1) In this section:

(a) “Aidable revenues” means, for each municipality and county, the total of the 3-year average of revenues from each of the following, as reported under s. 73.10:

1. General property taxes and other taxes.
2. Payments in lieu of taxes.
3. Special assessments.
3. Licenses and permits.
4. Fines and forfeitures.
5. Public charges.
6. Intergovernmental revenues.
7. Distributions under this subchapter, not including distributions under s.

79.04.

(b) “County equalized value per capita” means the amount of a county’s most recent equalized value divided by the county’s population.

(c) “Department” means the department of revenue.

(d) “Equalization factor” means the ratio of municipal equalized value per capita or county equalized value per capita divided by the statewide equalized value per capita, as calculated by the department separately for municipalities as a group and counties as a group. For purposes of this paragraph, the equalization factor may not be more than 500 percent of the statewide equalized value per capita, as determined by the department.

(e) “Equalized value” means the assessed value of property adjusted to reflect full value as determined by the department under s. 70.57, including, for municipalities, the value increment, as defined in s. 66.1105 (2) (m), in tax

incremental districts and excluding manufacturing land and improvements assessed under s. 70.995.

(f) “Municipal equalized value per capita” means the amount of a municipality’s most recent equalized value divided by the municipality’s population.

(g) “Qualifying public safety expenditures” means amounts expended by each municipality or county for the purposes of law enforcement, fire protection, or ambulance and emergency medical services, as reported to the department under s. 73.10.

(h) “Standard aidable revenue match percentage” means the percentage match of aidable revenues determined by the department as necessary to distribute the total amount allocated under s. 79.01 (3) to make the payments under this section.

(2) (a) Beginning with the distributions in 2024, each county and municipality shall receive a payment under this subsection from the municipal and county shared revenue account to use for law enforcement, fire protection, and ambulance and emergency medical services and to pay the costs of prosecutorial and judicial functions. The total annual amount to be distributed to counties and municipalities under this subsection is an amount equal to 43.4 percent of the amount determined under s. 79.01 (3), rounded to the nearest \$1,000,000.

****NOTE: The instructions indicate that the payments may be used “to pay for the costs of providing district attorneys and judicial functions.” Please note that, under s. 20.475, district attorneys, although considered county officers, are paid by the state. Therefore, I changed the phrase to read “to pay the costs of prosecutorial and judicial functions.”

(b) The department shall calculate the payment under par. (a) for each municipality and county as a percentage of the most recent 3-year average of qualifying public safety expenditures for each municipality and county as necessary to distribute the full amount of the aid available, or \$10,000, whichever is greater.

(3) (a) Beginning with the distributions in 2024, in addition to the payments under sub. (2), each county and municipality shall receive payments under this subsection from the municipal and county shared revenue account as per capita and aidable revenues allocations. The total annual amount to be distributed to counties and municipalities under this subsection is the amount that remains after making the payments under sub. (2). The department shall distribute 70 percent of the total annual amount determined under this paragraph to municipalities and 30 percent of that amount to the counties.

(b) 1. The department shall determine the per capita aid for the municipalities by multiplying the total amount available to municipalities by 0.15 and dividing the product by the state's total population.

2. Each municipality shall receive its per capita allocation as the result of multiplying the statewide per capita amount determined under subd. 1. by the municipality's population.

(c) 1. The department shall determine the per capita aid for the counties by multiplying the total amount available to counties by 0.15 and dividing the product by the state's total population.

2. Each county shall receive its per capita allocation as the result of multiplying the statewide per capita amount determined under subd. 1. by the county's population.

(d) 1. The total amount available for aidable revenues allocations shall be equal to the amount remaining for municipalities and counties after the distributions of the per capita payments under pars. (b) and (c).

2. Each municipality's aidable revenues allocation is an amount equal to the municipality's aidable revenues multiplied by the quotient of the standard aidable

revenue match percentage for all municipalities divided by the equalization factor for the municipality receiving the allocation.

3. Each county's aidable revenues allocation is an amount equal to the county's aidable revenues multiplied by the quotient of the standard aidable revenue match percentage for all counties divided by the equalization factor for the county receiving the allocation.

(4) (a) 1. Beginning with the distribution in 2025, if the total payments to a municipality or county under this section and s. 79.035 are less than 95 percent of the total payments to the municipality or county under this section and s. 79.035 for the previous year, the municipality or county has an aids deficiency. The amount of the aids deficiency is the amount by which 95 percent of the total payments to the municipality or county under this section and s. 79.035 in the previous year exceeds the payments to the municipality or county under this section and s. 79.035 in the current year.

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

(b) 1. In this paragraph, "maximum allowable increase" in any year means a percentage such that the sum for all municipalities or counties respectively in that year of the excess of payments under this section and s. 79.035 over the payments as limited by the maximum allowable increase is equal to the sum of the aids deficiencies under par. (a) in that year.

2. Beginning with the distribution in 2025, if the payments to a municipality or county in any year exceed its total payments under this section and s. 79.035 in

the previous year by more than the maximum allowable increase, the excess shall be withheld to fund minimum payments in that year under par. (a) 2.

(5) No county or municipality may receive a payment under this section for any year in which it fails to submit to the department the information required under s. 73.10. If a county or municipality does not submit the required information, or submits incomplete information, the department shall notify the county or municipality and give the county or municipality a reasonable opportunity to submit the information or correct the deficiency.

(END)