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State of Misconsin 2023 - 2024 LEGISLATURE

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2023 ASSEMBLY BILL 256

May 8, 2023 - Introduced by Representatives Macco, O'Connor, Allen, Armstrong, Behnke, Dittrich, Gundrum, Magnafici and Schraa. Referred to Committee on Local Government.

AN ACT *to repeal* 20.835 (1) (c), 20.835 (1) (db), 20.835 (1) (dm), 20.835 (1) (e), 20.835 (1) (f), 20.835 (1) (fa), 20.835 (1) (r), 49.45 (51), 79.01, 79.02 (3) (e) and 79.035 (1); *to renumber* 79.02 (3) (a); *to amend* 79.035 (4) (c) 2., 79.035 (4) (d) 2., 79.035 (4) (e) 2., 79.035 (4) (f) 2., 79.035 (4) (g), 79.035 (4) (h), 79.035 (4) (i), 79.035 (5) and 79.05 (3) (d); *to repeal and recreate* 79.035 (5) and 79.035 (9) (intro.); and *to create* 16.5185 (3), 16.5186, 20.835 (1) (s), 20.835 (1) (t), 20.835 (1) (u), 20.835 (1) (v), 20.835 (1) (w), 20.835 (1) (x), 25.17 (1) (jf), 25.491, 79.035 (9) and 79.05 (4) of the statutes; **relating to:** increasing county and municipal aid payments and making an appropriation.

Analysis by the Legislative Reference Bureau

Under current law, each county and municipality annually receives county and municipal aid payments. With certain exceptions, each county and municipality receives a county and municipal aid payment equal to the amount of the payment the county or municipality received in 2012. This bill creates a trust fund designated as the local government aid fund, to consist of moneys transferred each fiscal year from the general fund. In the 2024–25 fiscal year, the amount transferred into the local government aid fund is equal to 20 percent of the amount of state sales and use tax

revenues, and in subsequent fiscal years the amounts transferred into the fund for public utility aid, county and municipal aid, per capita deficiency aid, and additional county and municipal aid will increase by the percentage increase in the amount of sales and use tax revenue from the previous fiscal year to the current fiscal year. In 2024, counties and municipalities will receive a county and municipal aid payment equal to the amount of the payment received by the county or municipality in 2012, and in subsequent years, each payment will increase by the percentage increase in the amount of sales and use tax revenue. The bill also requires the Department of Revenue to distribute a per capita deficiency aid payment to certain towns, cities, villages, and counties. The total amount available to be distributed as per capita deficiency aid payments will increase each year by the percentage increase in the amount of sales and use tax revenue.

In addition, each county and municipality will receive an additional payment from the local government aid fund to use for hiring, training, and retaining law enforcement officers, members of a paid fire department, and emergency medical responders and for local highways. Under the bill, this payment is equal to 10 percent of the total amounts that a county or municipality receives for county and municipal aid payment and for per capita deficiency aid. If in any year a county or municipality decreases the amount of its budget dedicated to hiring, training, and retaining law enforcement officers, members of the paid fire department, and emergency medical responders and for local highways, so that the amount is less than the amount so dedicated in the previous year, the secretary of the Department of Administration will reduce the county's or municipality's additional payment by the amount of the decrease in the county's or municipality's budget dedicated to hiring, training, and retaining law enforcement officers, members of the paid fire department, and emergency medical responders and for local highways.

The bill also makes the following fiscal and appropriation changes:

- 1. Creates a segregated fund appropriation from the local government aid fund for the expenditure restraint program payments and repeals the general purpose revenue appropriation for those payments. Under current law, a municipality is eligible to receive an expenditure restraint payment if its property tax levy is greater than five mills and if the annual increase in its municipal budget, subject to certain exceptions, is less than the sum of factors based on inflation and the increased value of property in the municipality as a result of new construction. The bill also provides that in 2025, each municipality will receive an expenditure restraint program payment that is equal to the payment received by the municipality in 2024.
- 2. Creates a segregated fund appropriation from the local government aid fund for public utility aid payments to counties and municipalities and repeals the general purpose revenue appropriation existing for those payments. Under current law, counties and municipalities where power production plants, electric substations, and general public utility structures are located receive public utility aid payments based on a statutory formula.
- 3. Creates a segregated fund appropriation from the local government aid fund for computer aid payments to taxing jurisdictions and repeals the general purpose revenue appropriation existing for those payments. Under current law, computers

and certain computer-related equipment are exempt from local personal property taxes, and DOA makes computer aid payments to taxing jurisdictions to compensate them for the corresponding loss of property tax revenue.

- 4. Creates a segregated fund appropriation from the local government aid fund for exempt personal property aid payments to taxing jurisdictions and repeals the general purpose revenue appropriation existing for those payments. Under current law, machinery, tools, and patterns not used for manufacturing purposes are exempt from local personal property taxes, and DOA makes exempt personal property aid payments to taxing jurisdictions to compensate them for the corresponding loss of property tax revenue. The bill also appropriates funds from the local government aid fund to make aid payments to taxing jurisdictions during the 2024–25 fiscal year if the personal property tax is repealed during the 2023–24 legislative session.
- 5. Creates a segregated fund appropriation from the local government aid fund for video service provider fee aid payments to municipalities and repeals the general purpose revenue appropriation existing for those payments. Under current law, the state provides an aid payment to municipalities to compensate the municipalities for a state-mandated reduction in the amount of video service provider franchise fees that a municipality may impose and collect.
- 7. Repeals the appropriation from the police and fire protection fund that provides funds for county and municipal aid payments.
- 8. Eliminates the general purpose revenue provided to local government units through the Medical Assistance program for providing transportation for medical care.
- 9. Transfers, beginning in the 2024–25 fiscal year, \$8,000,000 from the local government aid fund to the transportation fund in each fiscal 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:

- **Section 1.** 16.5185 (3) of the statutes is created to read:
- 16.5185 (3) On December 30, 2024, and on each December 30 thereafter, the secretary shall transfer from the local government aid fund to the transportation fund \$8,000,000.
 - **Section 2.** 16.5186 of the statutes is created to read:

- 6 16.5186 Transfers involving the local government aid fund. (1)
- 7 Beginning in fiscal year 2024–25, on the 2nd Monday in July in each fiscal year, the

secretary shall t	transfer from the genera	l fund to t	the local	governmen	t aid fund 15
percent of the ar	mount specified under s. 2	5.491, and	d on the 2	and Monday	in November
in each fiscal ye	ear, the secretary shall t	ransfer fr	om the g	general fund	d to the local
government aid	fund 85 percent of the a	mount sp	ecified u	nder s. 25.4	91.
(2) On Ju	ne 30, 2025, and on eac	ch June 3	0 therea	fter, the se	cretary shall
transfer the une	encumbered balance of th	e local gov	ernment	aid fund in	excess of 0.1
percent of the a	mounts deposited under	s. 25.491	during t	hat fiscal y	ear, from the
local governmer	nt aid fund to the genera	l fund.			
Section 3.	20.005 (3) (schedule) of t	he statute	es: at the	appropriate	e place, insert
the following an	nounts for the purposes i	ndicated:			
				2023-24	2024-25
20.835 Shared	d revenue and tax reli	ef			
(1) SHARED RE	EVENUE PAYMENTS				
(x) State aid	l; video service provider				
fee		SEG	A	-0-	10,008,200
Section 4	. 20.835 (1) (c) of the sta	tutes is re	epealed.		
Section 5	. 20.835 (1) (db) of the st	atutes is	repealed		
Section 6	• 20.835 (1) (dm) of the s	tatutes is	repealed	d.	
Section 7.	. 20.835 (1) (e) of the sta	tutes is re	epealed.		
Section 8	• 20.835 (1) (f) of the star	tutes is re	pealed.		

Section 9. 20.835 (1) (fa) of the statutes is repealed.

Section 10. 20.835 (1) (r) of the statutes is repealed.

Section 11. 20.835 (1) (s) of the statutes is created to read:

20.835 (1) (s) Expenditure restraint program. From the local government aid 1 $\mathbf{2}$ fund, a sum sufficient to make the payments under s. 79.05 (3). 3 **Section 12.** 20.835 (1) (t) of the statutes is created to read: 4 20.835 (1) (t) County and municipal aid. From the local government aid fund, a sum sufficient to make the payments under s. 79.035 (9). 5 6 **Section 13.** 20.835 (1) (u) of the statutes is created to read: 7 20.835 (1) (u) Public utility distribution account. From the local government aid fund, a sum sufficient to make the payments under s. 79.04. 8 9 **Section 14.** 20.835 (1) (v) of the statutes is created to read: 10 20.835 (1) (v) State aid; computer aid payments. From the local government 11 aid fund, a sum sufficient to make the payments under s. 79.095. 12 **Section 15.** 20.835 (1) (w) of the statutes is created to read: 13 20.835 (1) (w) State aid; personal property tax exemption. From the local 14 government aid fund, a sum sufficient to make the payments under s. 79.096 and 2023 Wisconsin Act (this act), section 37 (1). 15 16 **Section 16.** 20.835 (1) (x) of the statutes is created to read: 20.835 (1) (x) State aid; video service provider fee. From the local government 17 18 aid fund, the amounts in the schedule to make the state aid payments under s. 79.097. 19 20 **Section 17.** 25.17 (1) (if) of the statutes is created to read: 25.17 (1) (if) Local government aid fund (s. 25.491); 21 22 **Section 18.** 25.491 of the statutes is created to read: 23 **25.491 Local government aid fund.** (1) There is established a separate 24 nonlapsible trust fund designated as the local government aid fund, to consist of the 25 following moneys transferred from the general fund:

- (a) In fiscal year 2024–25, 20 percent of the amount of revenues received from the taxes imposed under ss. 77.52 and 77.53 as specified for that fiscal year under s. 20.005 (1) by the biennial budget act.
- (b) In fiscal year 2025-26, and in each fiscal year thereafter, the sum of the following:
 - 1. The amount transferred from the general fund in the previous fiscal year.
- 2. The percentage change in the amount of revenues received from the taxes imposed under ss. 77.52 and 77.53 for the current fiscal year from the previous fiscal year, as specified for that fiscal year under s. 20.005 (1) by the biennial budget act multiplied by the sum of the amounts credited to the accounts under subs. (2), (3), (4), and (5) in the previous fiscal year.
- (2) (a) There is established in the local government aid fund a separate account that is designated the public utility distribution account. In fiscal year 2024–25, and in each fiscal year thereafter, the sums specified in s. 79.04 shall be credited to this account.
- (b) Each fiscal year, the department of administration shall make payments under this subsection before any other payments under this section. If the amount remaining after making the payments under this subsection is not sufficient to make the full payments under subs. (3), (4), and (5), the department of administration shall make payments in proportion to the amount owed and the total remaining amount available for distribution.
- (3) There is established in the local government aid fund a separate account that is designated the county and municipal base aid account. In fiscal year 2024–25, the total amount of payments made in the previous fiscal year under s. 79.035 shall be credited to this account. In fiscal year 2025–26, and in each fiscal year thereafter,

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- an amount equal to the amount credited to this account in the previous fiscal year, and subject to sub. (2) (b), increased by the percentage change in the amount of revenues received from the taxes imposed under ss. 77.52 and 77.53 from the previous fiscal year to the current fiscal year as determined under sub. (1), shall be credited to this account.
- (4) There is established in the local government aid fund a separate account that is designated the per capita deficiency aid account to make the payments under s. 79.035 (9) (b). The following amounts shall be credited to this account:
- (a) In fiscal year 2024–25, for distribution to towns, \$65,000,000. In fiscal year 2025–26, and in each fiscal year thereafter, an amount equal to the amount credited to this account under this paragraph in the previous fiscal year, and subject to sub. (2) (b), increased by the percentage change in the amount of revenues received from the taxes imposed under ss. 77.52 and 77.53 from the previous fiscal year to the current fiscal year as determined under sub. (1), shall be credited to this account.
- (b) In fiscal year 2024–25, for distribution to cities and villages, \$75,000,000. In fiscal year 2025–26, and in each fiscal year thereafter, an amount equal to the amount credited to this account under this paragraph in the previous fiscal year, and subject to sub. (2) (b), increased by the percentage change in the amount of revenues received from the taxes imposed under ss. 77.52 and 77.53 from the previous fiscal year to the current fiscal year as determined under sub. (1), shall be credited to this account.
- (c) In fiscal year 2024–25, for distribution to counties, \$57,500,000. In fiscal year 2025–26, and in each fiscal year thereafter, an amount equal to the amount credited to this account under this paragraph in the previous fiscal year, and subject to sub. (2) (b), increased by the percentage change in the amount of revenues received

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- from the taxes imposed under ss. 77.52 and 77.53 from the previous fiscal year to the current fiscal year as determined under sub. (1), shall be credited to this account.
- (5) There is established in the local government aid fund a separate account that is designated the additional county and municipal aid account to make the payments under s. 79.035 (9) (c). In fiscal year 2024–25, and in each fiscal year thereafter, an amount equal to 10 percent of the sum of the amounts credited to the accounts under subs. (3) and (4) shall be credited to this account.
- (6) There is established in the local government aid fund a separate account that is designated the expenditure restraint program account to make the payments under s. 79.05.
- (7) There is established in the local government aid fund a separate account that is designated "state aid; computers" to make the payments under s. 79.095.
- (8) There is established in the local government aid fund a separate account that is designated "state aid; personal property" to make the payments under s. 79.096.
- (9) There is established in the local government aid fund a separate account that is designated "state aid; video service provider fee" to make the payments under s. 79.097.
- **Section 19.** 49.45 (51) of the statutes is repealed.
- 20 **Section 20.** 79.01 of the statutes is repealed.
- 21 **Section 21.** 79.02 (3) (a) of the statutes is renumbered 79.02 (3).
- **Section 22.** 79.02 (3) (e) of the statutes is repealed.
- 23 Section 23. 79.035 (1) of the statutes is repealed.
- **SECTION 24.** 79.035 (4) (c) 2. of the statutes is amended to read:

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79.035 (4) (c) 2. Except as provided under par. (h), the reduction determined under this paragraph may not exceed the lesser of an amount equal to 15 percent of the municipality's payment under this section in 2011, prior to any reduction under s. 79.02 (3) (e), 2021 stats., or 10 cents for each \$1,000 of the municipality's equalized value, as determined under s. 70.57. **Section 25.** 79.035 (4) (d) 2. of the statutes is amended to read: 79.035 (4) (d) 2. Except as provided in par. (h), the reduction determined under this paragraph may not exceed the lesser of an amount equal to 15 percent of the municipality's payment under this section in 2011, prior to any reduction under s. 79.02 (3) (e), <u>2021 stats.</u>, or 15 cents for each \$1,000 of the municipality's equalized value, as determined under s. 70.57. **Section 26.** 79.035 (4) (e) 2. of the statutes is amended to read: 79.035 (4) (e) 2. Except as provided in par. (h), the reduction determined under this paragraph may not exceed the lesser of an amount equal to 15 percent of the municipality's payment under this section in 2011, prior to any reduction under s. 79.02 (3) (e), 2021 stats., or 25 cents for each \$1,000 of the municipality's equalized value, as determined under s. 70.57. **Section 27.** 79.035 (4) (f) 2. of the statutes is amended to read: 79.035 (4) (f) 2. Except as provided in par. (h), the reduction determined under this paragraph may not exceed the lesser of an amount equal to 15 percent of the municipality's payment under this section in 2011, prior to any reduction under s. 79.02 (3) (e), 2021 stats., or 30 cents for each \$1,000 of the municipality's equalized

SECTION 28. 79.035 (4) (g) of the statutes is amended to read:

value, as determined under s. 70.57.

79.035 (4) (g) The reduction for a municipality that has a population greater than 110,000 is an amount equal to 30 cents for each \$1,000 of the municipality's equalized value, as determined under s. 70.57, plus an amount equal to the municipality's population multiplied by the amount determined under par. (b) 1., except that the reduction determined under this paragraph may not exceed the lesser of an amount equal to 25 percent of the municipality's payment under this section in 2011, prior to any reduction under s. 79.02 (3) (e), 2021 stats., or 35 cents for each \$1,000 in equalized value, as determined under s. 70.57.

Section 29. 79.035 (4) (h) of the statutes is amended to read:

79.035 (4) (h) The reduction determined under par. (c), (d), (e), or (f) for a town or village may not exceed the lesser of an amount equal to 25 percent of the town's or village's payment under this section in 2011, prior to any reduction under s. 79.02 (3) (e), 2021 stats., or the amount determined under par. (c) 2., (d) 2., (e) 2., or (f) 2. based on equalized value.

Section 30. 79.035 (4) (i) of the statutes is amended to read:

79.035 (4) (i) The reduction for a county is the amount determined under par. (b) 2. multiplied by the county's population, except that the reduction determined under this paragraph may not exceed the lesser of an amount equal to 25 percent of the county's payment under this section in 2011, prior to any reduction under s. 79.02 (3) (e), 2021 stats., or 15 cents for each \$1,000 of the county's equalized value, as determined under s. 70.57.

Section 31. 79.035 (5) of the statutes is amended to read:

79.035 **(5)** Except as provided in subs. (6), (7), and (8), for the distribution in 2013 and <u>in subsequent years ending with 2023</u>, each county and municipality shall

1	receive a payment under this section that is equal to the amount of the payment
2	determined for the county or municipality under this section for 2012.
3	SECTION 32. 79.035 (5) of the statutes, as affected by 2019 Wisconsin Act 19 and
4	2023 Wisconsin Act (this act), is repealed and recreated to read:
5	79.035 (5) Except as provided in subs. (7) and (8), for the distribution in 2013
6	and in subsequent years ending with 2023, each county and municipality shall
7	receive a payment under this section that is equal to the amount of the payment
8	determined for the county or municipality under this section for 2012.
9	SECTION 33. 79.035 (9) (intro.) of the statutes, as created by 2023 Wisconsin Act
10	(this act), is repealed and recreated to read:
11	79.035 (9) (intro.) Except as provided in subs. (7) and (8), for the distribution
12	in 2024 and subsequent years, each county and municipality shall receive payments
13	under this section as follows:
14	Section 34. 79.035 (9) of the statutes is created to read:
15	79.035 (9) Except as provided in subs. (6), (7), and (8), for the distribution in
16	2024 and subsequent years, each county and municipality shall receive payments
17	under this section as follows:
18	(a) 1. For the distribution in 2024, each county and municipality shall receive
19	a payment equal to the amount it received under this section in 2023.
20	2. For the distribution in 2025 and subsequent years, each county and
21	municipality shall receive a payment equal to the proportion of the total payments
22	from the county and municipal base aid account under s. 25.491 (3) that the county
23	or municipality received in 2024 multiplied by the amount for the year in the county
24	and municipal base aid account under s. 25.491 (3).

- (b) 1. The department of revenue shall distribute the amount determined under s. 25.491 (4) (a) to towns to maximize across all towns the minimum per capita amount of total payments received under this subdivision and par. (a) by any town.
- 2. The department of revenue shall distribute the amount determined under s. 25.491 (4) (b) to cities and villages to maximize across all cities and villages the minimum per capita amount of total payments received under this subdivision and par. (a) by any city or village.
- 3. The department of revenue shall distribute the amount determined under s. 25.491 (4) (c) to counties to maximize across all counties the minimum per capita amount of total payments received under this subdivision and par. (a) by any county.
- (c) 1. From the appropriation account under s. 20.835 (1) (t), each county and municipality shall receive a payment that equals 10 percent of the total amount received by the municipality or county under pars. (a) and (b) to be used for hiring, training, and retaining law enforcement officers, as defined in s. 165.85 (2) (c), members of the paid fire department, as defined in s. 213.10 (1g), and emergency medical responders, as defined in s. 256.01 (4p), and for local highways.
- 2. a. For the distribution in 2024 and subsequent years, if in any year a county or municipality decreases the amount of its budget dedicated to hiring, training, and retaining law enforcement officers, as defined in s. 165.85 (2) (c), so that the amount is less than the amount so dedicated in the previous year, the secretary of administration shall reduce the county's or municipality's payment under subd. 1. by the amount of the decrease in the county's or municipality's budget dedicated to hiring, training, and retaining law enforcement officers. This subd. 2. a. does not apply to a county or municipality that transfers responsibility for providing law enforcement to another local unit of government or that enters into a cooperative

agreement to share law enforcement responsibilities with another local unit of government.

b. For the distribution in 2024 and subsequent years, if in any year a county or municipality decreases the amount of its budget dedicated to hiring, training, and retaining members of the paid fire department, as defined in s. 213.10 (1g), so that the amount is less than the amount so dedicated in the previous year, the secretary of administration shall reduce the county's or municipality's payment under subd.

1. by the amount of the decrease in the county's or municipality's budget dedicated to hiring, training, and retaining members of the paid fire department. This subd.

2. b. does not apply to a county or municipality that transfers responsibility for providing fire protection to another local unit of government or that enters into a cooperative agreement to share fire protection responsibilities with another local unit of government.

c. For the distribution in 2024 and subsequent years, if in any year a county or municipality decreases the amount of its budget dedicated to hiring, training, and retaining emergency medical responders, as defined in s. 256.01 (4p), so that the amount is less than the amount so dedicated in the previous year, the secretary of administration shall reduce the county's or municipality's payment under subd. 1. by the amount of the decrease in the county's or municipality's budget dedicated to hiring, training, and retaining emergency medical responders. This subd. 2. c. does not apply to a county or municipality that transfers responsibility for providing emergency medical services to another local unit of government or that enters into a cooperative agreement to share emergency medical services responsibilities with another local unit of government.

d. For the distribution in 2024 and subsequent years, if in any year a count
or municipality decreases the amount of its budget dedicated to local highways, se
that the amount is less than the amount so dedicated in the previous year, the
secretary of administration shall reduce the county's or municipality's paymen
under subd. 1. by the amount of the decrease in the county's or municipality's budge
dedicated to local highways.

SECTION 35. 79.05 (3) (d) of the statutes is amended to read:

79.05 (3) (d) Multiply the amount under par. (c) by the amount for the year under s. 79.01 (1), 2021 stats.

SECTION 36. 79.05 (4) of the statutes is created to read:

79.05 (4) Notwithstanding subs. (2) and (3), in 2025 each municipality shall receive a payment under this section that is equal to the amount of the payment received by the municipality under this section in 2024.

Section 37. Nonstatutory provisions.

(1) State AID; Personal property tax exemption. If legislation is enacted during the 2023–24 legislative session to eliminate the personal property tax imposed under ch. 70, effective with the January 1, 2024, assessments, the department of revenue shall certify the amount of property taxes that would have been levied by each taxing jurisdiction on all items of personal property for the property tax assessments of January 1, 2024, to the department of administration, and the department of administration shall make a payment to the taxing jurisdiction for that amount from the appropriation under s. 20.835 (1) (w).

SECTION 38. Fiscal changes.

(1) Medical care transportation services. In the schedule under s. 20.005 (3) for the appropriation to the department of health services under s. 20.435 (4) (b), the

dollar amount for fiscal year 2024–25 is decreased by \$2,000,000 as a result of
eliminating the supplement payments to local governmental units for the provision
of transportation for medical care.
SECTION 39. Effective dates. This act takes effect on July 1, 2024, except as
follows:
(1) COUNTY AND MUNICIPAL AID. The repeal and recreation of s. 79.035 (5) and
(9) (intro.) takes effect on June 30, 2036.
(END)