



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT

February 2, 2022 Assembly Committee on Local Government Testimony on Assembly Bill 866

Thank you Chairman Novak and committee members for hearing Assembly Bill (AB) 866, which would provide grants to small municipalities to compensate for the loss of property tax revenue and water and sewer revenues for condemned properties due to severe flooding.

Many ideas for legislation come from the constituents I represent and this legislation is no different. I represent the small village of Kendall in Monroe County. Kendall was devastated by flooding in the summer of 2018 and is still feeling the financial effects.

After the flooding, and as part of the remediation and buy-out process, the Federal Emergency Management Agency (FEMA), condemned and provided buy-outs to tear down a number of destroyed buildings. In addition, FEMA prohibited future development on these properties.

While this may not be that big of an issue for larger municipalities with a large, expandable tax base, this can cause financial strain for small, rural municipalities. Specifically in Kendall, all of the former occupants of these buildings have left the area and resettled in other parts of the state with no plans to return.

Since no future building is permitted on the land, Kendall permanently lost a source of revenue from property taxes as well as from water and sewer fees for six properties. This amounts to about \$5,000/year in lost property tax revenue and about \$475/month in water and sewer revenues.

AB 866 would create a grant program to provide funding to municipalities to compensate for the loss of property tax revenue and water and sewer revenues as the result of flooding and actions by FEMA related to the flooding.

Specifically, a municipality must have a population of less than 700 and have property that was destroyed by flooding after December 31, 2017 where the owner(s) of the destroyed property accepted a FEMA buyout. In addition, FEMA must have prohibited future development of the land.

The payments will be received by eligible municipalities over a five-year period and would phase-out over time – 100% in year one, 80% in year two, and so on. Payments would be based on the preceding three-year average of property tax revenues and water and sewer fees for each destroyed property.

Finally, the property tax portion of the payment would be included under existing revenue limits and a municipality would be prohibited from raising water or sewer fees to compensate for the loss of revenue from the destroyed properties.

This bill would go a long way toward helping our small municipalities devastated by flooding. Thank you again to the committee for hearing this proposal, and your timely action on the bill.



TONY KURTZ

STATE REPRESENTATIVE • 50th ASSEMBLY DISTRICT

Assembly Bill 866
Wednesday, February 2, 2022
Assembly Committee on Local Government

Thank you Chairman Novak and committee members for allowing me to testify today in support of Assembly Bill 866 (AB 866).

During 2018, western Wisconsin saw historic amounts of precipitation leading to record flooding and destruction. Particularly, areas like Kendall, Wisconsin and neighboring communities saw their villages washed away.

Assembly Bill 866 requires the Department of Revenue to establish a program to provide grants to cities and villages to compensate for the loss of property tax revenue, and revenue from water and sewerage fees, as a result of flooding and the actions of the Federal Emergency Management Agency (FEMA) with regard to that flooding.

AB 866 states that a city or village with a population of less than 700 is eligible to receive a grant if property has been destroyed by flooding that occurred after December 31, 2017. The city or village must also have accepted a buyout from FEMA, and FEMA must have prohibited the city or village from doing improvements on the land on which the property was destroyed by flooding.

AB 866 allows an eligible municipality to receive a grant in an amount equal to a percentage of the three year average of property taxes and water or sewage fees assessed to flood- destroyed property in the three years preceding the flood. The municipality receives a payment for five years that decreases in each year from a 100 percent payment in the first year, to a 20 percent payment in the fifth year.