



Legislative Fiscal Bureau

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June 14, 2023

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Senate Amendment 1 (LRBa 0298/2) to AB 245

Following is an identification of the provisions of Senate Amendment 1 (LRBa 0298/2) to 2023 Assembly Bill 245.

1. Delete the requirement for a referendum to enact sales and use taxes for the City and County to instead require a two-thirds vote by the Milwaukee Common Council or County Board. [Items 1, 2, 13, and 15 thru 19]
2. Increase the potential additional county sales and use tax for Milwaukee County from 0.375% to 0.4%. [Item 14]
3. Increase the minimum supplemental county and municipal aid payment for municipalities with less than 110,000 in population from 15% of their existing county and municipal aid payment to 20% of their existing county and municipal aid payment. This provision would increase the distribution to municipalities by \$14.1 million, from \$192.7 million to \$206.8 million. [Items 21 thru 23]
4. Expand the advisory referenda allowed under the bill to include the following current law advisory referenda relating to: (a) municipal or county revenue sharing agreements between political subdivisions; (b) the operation of a cable system by a municipality; (c) the provision of video service, telecommunications service, or Internet access service directly or indirectly to the public by a municipality; or (d) supporting the operation of a municipal telecommunications utility. Specify that the remaining provisions relating to the prohibition on advisory referenda in the bill would take effect on the day after publication rather than July 1, 2024. [Items 3, 12, 34 and 35]
5. Specify that the provision that would limit public health officers issuing mandates to close a business to control the spread of a communicable disease to no more than 30 days, unless the governing body of the political subdivision approves an extension, would take effect on the day after publication rather than July 1, 2024. [Item 36]

6. Specify that, with regard to the utilization of municipal sales and use tax revenue, the growth in any year in which the amount of revenue generated by municipal sales and use taxes exceeded the amount collected in the previous year, and exceeded the amounts necessary to pay the City's annual required employer contribution for its unfunded actuarial accrued liability and the increase in participating city agency employer contribution costs from 2022 (with the limitations specified in the bill, up to the amount of revenue generated by the municipal sales and use tax in the first full calendar year in which the tax is imposed), the City would be required to use the excess revenue to increase its number of law enforcement officers and daily staffing level of the paid fire department above the number and daily staffing level provided on April 1, 2023.

Specify that the City of Milwaukee must attain a staffing level of no fewer than 1,725 law enforcement officers, including 175 detectives, and attain a daily staffing level of no fewer than 218 members of the paid fire department by December 31 of the 10th year beginning after the City first imposes the municipal sales and use tax.

Further, specify that the City of Milwaukee would have its supplemental county and municipal aid payment reduced by 15% if the City fails to meet the requirement that it increase its law enforcement and fire department staffing levels by December 31 of the 10th year beginning after the City first imposes the municipal sales and use tax.

Under the bill, the City of Milwaukee would have its current law county and municipal aid (shared revenue) payment and supplemental county and municipal aid payment each reduced by 15% if the City fails to meet either the City of Milwaukee-specific maintenance of effort requirement relating to law enforcement and fire protective and emergency medical service or the more general maintenance of effort requirements applicable to all municipalities with regard to law enforcement and fire protective and emergency medical service. Under the amendment, if the City failed to meet the specified staffing increase requirement and additionally failed to meet either the general maintenance of effort requirement applicable to all municipalities or the City of Milwaukee-specific maintenance of effort requirement, the City would have its current law county and municipal aid payment reduced by 15% and its supplemental county and municipal aid payment reduced by 30%. [Items 10, 11, and 24]

7. Specify that the provisions relating to amortization of unfunded liability and calculation of required employer contributions for the City retirement system would apply beginning in the calendar quarter of the year that a municipal or additional county sales and use tax is first imposed, and would take effect on January 1 of the year following the year that an ordinance is adopted to impose a municipal or additional county sales and use tax, rather than beginning January 1, 2024. In addition, specify that the calculation of required employer contributions for the City retirement system utilize an amortization period of 30 years, rather than a period not more than 30 years.

Specify that the amortization of unfunded liability and calculation of required employer contributions for the City and County retirement systems are a matter of statewide concern, and would be void if an ordinance is not adopted to impose a municipal or additional county sales and use tax. [Items 6, 7, and 30 thru 33]

8. With regard to the City of Milwaukee specify that, after the City repeals any applicable

ordinance regarding the City retirement system that requires an actuary to periodically reset the actuarial contribution rate, the municipal sales and use tax could not be imposed unless the City subsequently follows standard actuarial practices to determine contribution rates. [Item 20]

9. Replace the specification in the bill relating to prohibited subjects of collective bargaining for City and County public safety employees with the following: (a) for the City, prohibited subjects would include any terms of the City retirement system, including but not limited to the contribution rates, pension benefit calculation, or factors used to calculate a pension benefit under the system, and all of the aforementioned that were in effect on December 30, 2022, for employees who are in a public safety bargaining unit would remain the same moving forward; and (b) for the County, prohibited subjects would include any terms of the County retirement system, including but not limited to the costs, payments, contribution rates, pension benefit calculation, or design, and all impacts or effects that any changes made to the retirement system might have upon the wages, hours, or conditions of employment with respect to a public safety bargaining unit. In addition, specify that the prohibited subjects of bargaining are a matter of statewide concern, would be effective January 1 of the year following the year that an ordinance is adopted to impose a municipal or additional county sales and use tax, and would be void if an ordinance is not adopted to impose a municipal or additional county sales and use tax.

The bill provision that would be replaced under the amendment would specify that, for City and County public safety employees, prohibited subjects of collective bargaining would include, with respect to the City and County retirement systems: any terms of such retirement systems, including but not limited to the costs, payments, contributions, benefits, or design, including all impacts or effects that any changes made to the retirement system might have upon the wages, hours, or conditions of employment. [Items 25 and 31 thru 33]

10. Specify that, with respect to the City of Milwaukee retirement system, the City and pension board may not make any of the following changes to the retirement system for employees who remain in the system: (a) except as required for compliance with federal law, increase or enhance the retirement benefit; (b) for police, police who are supervisors, and firefighters, any changes that would be contrary to the collective bargaining agreements for those groups that were in effect December 31, 2022; or (c) any changes to the system that are contrary to any benefits or payments as defined in the City Charter in 2022 that are applicable to police officers and firefighters.

The bill specifies that the City and County may not increase or in any way enhance the benefits of employees remaining in the City or County retirement system, except as required for compliance with federal law. The amendment would modify this provision with respect to the City only. [Items 26 thru 29]

11. Remove language specifying that the bill provisions relating to new program spending and net new positions requiring a two-thirds vote of the City of Milwaukee Common Council or Milwaukee County Board would only apply if the municipal or additional county sales and use tax is being imposed.

Instead, specify that if the City or County impose a municipal or additional county sales and use tax and subsequently repeal the tax, the provisions relating to new program spending and net

new positions requiring a two-thirds vote of the City of Milwaukee Common Council or Milwaukee County Board would not apply after the repeal. [Items 4, 5, 8, and 9]

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