



TONY KURTZ

STATE REPRESENTATIVE • 50th ASSEMBLY DISTRICT

Testimony before the Assembly Committee on Local Government

Assembly Bill 245

Good morning, Chairman Novak and committee members. Thank you for holding this hearing today on Assembly Bill 245, the local government funding bill.

One of the things I have heard about the most as I've done listening sessions in my district, and our travels for the budget hearings this session, is the need for additional funding for local units of government. This bill lays out the framework for the largest increase in aid to local governments in a generation, including historical reforms and directing new funding to law enforcement, fire and EMS services.

AB-245 creates a new Local Government Segregated Account with funding totaling over \$1.5 billion. It includes \$1 billion for current Shared Revenue program and other existing local government aid programs, \$227 million in new aid funding for local governments and \$300 million for the Innovation Fund.

The new \$227 million is split \$50 million for counties and \$177 million for cities, villages and towns and is directed to law enforcement, fire protection, emergency medical services, emergency response communications, public works and transportation. The old shared revenue formula was frozen in 2004 and many communities have seen major changes since then which created large gaps in funding. For example: under the old formula- the amount per capita ranged from \$2.65 to \$581. The new formula is trying to close these gaps between the communities who had done really well under the old formula and those who did poorly. The old shared revenue formula directed money at larger municipalities, so the new formula aims more funding at smaller municipalities to try to distribute aid a little better. It's important to remember that every community will see a minimum 10% increase, with most communities seeing a much higher increase.

Another important provision is allowing shared revenue aids to increase with the growth of the sales tax means communities will be able to grow and benefit as the state grows and benefits. It also means if there were a year where sales tax collection drops, they would also see a decrease. (This has only happened once in the last twenty years) Both their current shared revenue amount and the new money would increase by the same % as the total sales tax growth.



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For example: A community gets \$100 under the current shared revenue. They will receive an additional \$80 with the new aid in 2024. Let's say in 2025, sales tax grows by 3%- this means that the \$100 would grow by 3% and the \$80 would grow by 3%. So that year they would get \$103 + \$82.40. In 2026, if it goes up 3% again they would get \$106.09 + \$84.87. This provides a likely annual increase that local communities have not gotten in the past.

The Innovation Fund is a \$300 million, 3 year pilot program that will reward communities for working together to reduce the size and cost of government. Two or more communities must newly share services that results in at least a 5% savings by year two and 10% savings by year three. They will see an incentive payment of 25% of the costs of the lowest spending service provider prior to consolidation. We also allow local units of government who contract with private or non-profit entities to provide services and recognize savings to qualify for Innovation Fund payments.

The final key focus of AB-245 is public safety. While some of these provisions are not technically in the bill now, we are making the commitment to fund them out of the Local Government SEG account in the budget. We will be significantly increasing funding for EMS providers through the Funding Assistance Program (FAP) to \$25 million annually. We expand eligible providers to include EMR agencies and allow the funding to be used on additional items such as medical equipment that expires. We will be doubling the reimbursement for local law enforcement training from \$160 to \$320. We also create Maintenance of Effort language for Police/Fire/EMS based on service level to ensure these critical public safety departments are supported and maintained.

Over the next couple of days we will continue to iron out the details with our colleagues across the aisle and in both chambers, as well as with the local government stakeholders. I'm going to pause here for questions on this portion of the bill, then I'll turn it over to Rep. Jessie Rodriguez to talk about the provisions related to the City of Milwaukee and Milwaukee County. Thank you for your consideration of Assembly Bill 245.



MARY FELZKOWSKI

STATE SENATOR • 12TH SENATE DISTRICT

Testimony on Assembly Bill 245

**Senator Mary Felzkowski |
Assembly Committee on Local Government
May 4, 2023**

Chairman Novak and Committee Members,

Thank you for taking the time today to hear testimony on Assembly Bill 245 – a very simple bill that completely revamps the way we fund local governments, and offers a solution to Milwaukee’s multi-billion dollar pension issues.

When I first started working on this legislation, I had one goal in mind: to help our local communities provide core, necessary government services, such as police, fire, EMS, and roads. This is something they’ve been struggling to do since shared revenue was frozen back in 2004.

Shortly after taking on this already heavy lift, Representative Kurtz and I were approached by lawmakers and elected officials on both sides of the aisle with a monumental opportunity to give newly elected leadership in the City of Milwaukee and Milwaukee County the ability to fix their pension issues, and hopefully prevent them from spiraling into a post-bankruptcy Detroit.

While the two of us, from northern and western Wisconsin, are the least likely candidates to be working on Milwaukee’s finances, we understand that bankruptcy for the City and County would be detrimental for the entire state. We began meeting with stakeholders on both sides of the aisle, working on a solution that benefits all of Wisconsin – and that’s what we’ve brought to you today.

As we discuss the merits of this legislation, I need all of you to keep one thing in mind: compromise is give and take. At the end of the day, when the public has had a chance to provide input, and negotiations are finalized, nobody is going to see this as a perfect bill. What we need to remember is that this is compromise, and what I learned a long time ago is that you don’t let perfect get in the way of good.

Let’s get started.

Assembly Bill 245 would close the gap in the disparities that currently exist in the old shared revenue formula, while ensuring that every community receives a significant inflationary increase.

Along with these major inflationary increases, local government funding would increase at the same rate as state sales tax revenues – if sales tax revenues rise by 3.4%, local government funding will rise by 3.4%. This bill will directly plug our communities into the economy.

On top of these increases, our legislation would look to spur government consolidation and efficiencies through an innovation fund.

In exchange for the increased local revenues, there are a number of statewide policy changes included in this bill.

Regarding Milwaukee, the Legislature would allow the City and County to levy an increased sales tax, at this point in time relying upon approval through referendum, to raise sufficient revenues needed to pay down their unfunded pension liabilities.

In exchange for the special sales tax increase, there are a number of Milwaukee-specific policy changes included in this bill, such as strict law enforcement and firefighter maintenance of efforts, which would set minimum staffing levels for the two departments.

Milwaukee County and the City of Milwaukee have made some poor financial decisions regarding their pension over the last few decades, and this has resulted in a fiscal cliff that's about to drop out from under them. While I appreciate the newly elected leadership for stepping up and having these tough conversations, I fully expect them to use the tools in this bill to solve these pension issues on their own – without state taxpayer funding.

I look forward to hearing feedback from the public, and continuing our conversations with the Assembly as we work to iron out some final details.

Thank you again for taking the time to hear testimony on Assembly Bill 245. We're more than happy to answer any questions.



OFFICE OF THE COUNTY EXECUTIVE

DAVID CROWLEY

MILWAUKEE COUNTY EXECUTIVE

**Testimony on Assembly Bill 245
Assembly Committee on Local Government
May 4, 2023**

Good morning Chairman Novak, Vice Chair Donovan, Ranking Member Baldeh, and members of the committee. Thank you for the opportunity to speak on what can rightly be called the most pivotal legislation for local governments in a generation. I also want to thank Representative Kurtz, Representative Rodriguez, and Representative Goyke for spending countless hours with myself and other local elected officials discussing the parameters of this bill.

As you have heard, and will continue to hear, local governments across Wisconsin are facing historical financial challenges while seeking to provide the local services relied upon by so many of our constituents. Nowhere are these challenges more urgent, though, than in the County and City of Milwaukee. In the County alone, our structural deficit is expected to exceed \$100 million by 2028 without any action.

Counties play a critical role in Wisconsin and perform some of the most vital and on-the-ground services throughout the state. From the entire public safety continuum, to core government services like transportation and health & human services, local governments are on the front lines in making sure residents are safe, healthy, and have opportunities to be successful. A projected deficit of this size will inevitably lead to drastic service reductions, which will fall disproportionately upon those who rely on county services the most. And I can tell you my number one priority – and I would bet the number one priority of municipal executives across the state – is keeping my residents safe and healthy, which would be nearly impossible with the cuts that would take place without action.

That's why this legislation is so desperately needed, and why I thank leadership from both parties and Governor Evers for the robust, good-faith discussions we have had about this legislation. When you work across the aisle on a bill as large and far reaching as this one, not everyone is going to get everything they want. I imagine many of us at the table feel like this bill can be improved upon. This is however not the finish line, and we will continue working, but this is truly historic progress to ensure that Wisconsin's local governments can remain financially strong and continue serving our residents for generations to come.

Thank you again for your time, and for the progress we have made and will continue to make by working together. I would be happy to take any questions from the committee.



Cavalier Johnson

Mayor, City of Milwaukee

Dear Chairman Todd Novak, Vice Chairman Bob Donovan, and members of the Assembly Committee on Local Government, I am Cavalier Johnson, Mayor of the City of Milwaukee.

Thank you for holding this public hearing and thank you to the bill authors Representative Kurtz, Representative Rodriguez and Senator Felzkowski, along with all the legislators who have advanced this important legislation.

I appreciate the amount of work and collaboration that has gone into this bill, and I look forward to continuing to work with leadership in the Assembly and Senate, on both sides of the aisle, as well as with the Governor as this legislation moves forward.

I am particularly pleased that all of you here – and so many of your colleagues – have taken the time to fully understand the City of Milwaukee’s fiscal challenges. Without question, my city’s budgetary situation is dire.

Milwaukee is unique among major American cities in having just one source of tax revenue. That, combined with other factors, has my city on a path to catastrophic budget cuts. Our costs for public safety – including the costs for police officer and firefighter pensions, continue to climb far faster than the rate of inflation.

In order to address our financial issues, the city has already taken drastic steps including cutting over 1,000 city workers since the year 2000, utilizing the tools provided in Act 10 to increase pension contributions from general city employees, redesigning healthcare plans and rates, and implementing efficiencies and consolidations. Since Covid began in 2020, the city has relied on Federal ARPA dollars to sustain critical city services, and stave off the coming fiscal cliff. By 2025 the city will face insolvency, which will force massive cuts to general city workers, police officers, and firefighters. That will dramatically increase emergency response times, harm our quality of life, and reduce basic city services to unacceptable levels.

We have come a very long way, and you can see in AB 245 that a roadmap is in place to reach our goal. But, to be clear, this is not a celebratory moment. Even with the most favorable outlook, city government will continue to tighten its belt.

There is an understanding that Milwaukee’s future is important to the entire State of Wisconsin. My city will continue to be the state’s most important economic and cultural center. We are an essential location for jobs and higher education. Whether it’s Fortune 500 companies, major banks, accounting firms, and law practices, manufacturing, tech, or service industries, Milwaukee is at the heart of Wisconsin’s future.

I look forward to continuing to work on provisions in this bill so that Milwaukee can resolve its fiscal problems and continue to make significant contributions to the state.

For the first time in over 20 years, the City of Milwaukee will see an increase in the shared revenue payment we received from the State.

Through the ability for the city to enact a 2% local sales tax, the city will have the ability to raise local revenues, not state general purpose dollars, to address our rising pension costs. It will also provide the city the ability to sustain and grow our police and fire departments.

Further, this legislation will lead to an eventual closure of the City of Milwaukee pension plan, and place all new city employees into the Wisconsin Retirement System. This allows the City of Milwaukee to join every other municipality throughout Wisconsin in WRS.

As I have shared privately, the city requests that this bill be amended to enable the Milwaukee Common Council to enact the local sales tax component. A referendum adds a significant element of uncertainty, and, next year, none of us want to revisit all the hard work and planning that brought us to this point.

It is my strong preference that the bill be amended to allow for the City's Common Council to enact the sales tax. Common Council members are close to the communities they represent and can make informed and timely decisions on behalf of their constituents to move Milwaukee forward.

There are provisions in this bill to which I and many others have a strong aversion. Look, I want local elected officials to make decisions about purely local matters. So, when it comes to where police are deployed, or what transportation options exist, or how civilian oversight of the police department is structured, I ask that you leave these types of issues in the hands of Milwaukee, not Madison.

Thank you again to bill authors, Rep. Kurtz, Rep. Rodriguez and Senator Felzkowski for introducing AB 245. Thank you Chairman Novak, Vice Chairman Donovan, members of the Assembly Committee on Local Government for holding today's public hearing.



May 4, 2023

To: Chairman Novak and Members of the Assembly Committee on Local Government
From: Wisconsin Chiefs of Police Association
Oshkosh Police Chief Dean Smith, President
Rice Lake Police Chief Steve Roux, Former President
Re: Support Assembly Bill 245, Shared Revenue and Funding for Law Enforcement Training

Chairman Novak, thank you for your willingness to hold a hearing on this legislation. We would also like to thank Representative Kurtz and Senator Felzkowski for authoring this legislation, as well as Speaker Vos for taking time to meet with us throughout this process.

Additionally, we would like to thank committee members Representatives Donovan, Gundrum, Krug, Maxey, Michalski, and Pronschinske, for their support in co-sponsoring this legislation.

Assembly Bill 245 covers many topics. In our testimony we would like to address the committee on the legislature's commitment on two issues that are very important to our profession – more funding for our local government partners and additional training funds.

The Wisconsin Chiefs of Police Association is very supportive of the commitment to increase funding to local governments. By directing these new funds towards public safety, we can help address issues that hurt our profession across the state.

Wisconsin currently has the lowest number of law enforcement officers working in the state in a decade. In a recent nationwide survey, 63 percent of departments said that the number of applicants applying for full-time sworn positions has decreased compared to five years ago. Additionally, of the nearly 40 types of jobs cited, policing jobs are the hardest for local governments to fill.

These additional funds will assist in our efforts to fill open positions and retain our best employees. This new consistent funding source and maintenance of effort for protective services will help our departments and local governments continue to keep our communities safe.



We appreciate the authors of this legislation providing our departments flexibility regarding the maintenance of effort for public safety by allowing our departments to pick two of the four options listed in the legislation. Our members come from large and small departments in all corners of the state. Each community has unique challenges they face, and a one size fits all approach removes the priorities of a local area. So, this flexibility is crucial, and we thank you for recognizing these challenges.

Each of the criteria listed in Assembly Bill 245 are possible indicators for public safety being underfunded or having their current level of service not being maintained. Between lack of resources, lack of staff, or the ability for our officers to be present in their communities performing vital components of their job, these criteria are good warning signs to monitor. Once again, having local governments decide which of the four options provides local say on what is important to their residents and communities is vital.

Another very important issue to our members across the state involves funding for officer training. The Wisconsin Department of Justice reimburses local law enforcement departments each year for the 24 hours of state mandated training every officer is required to perform.

Currently, the Penalty Surcharge Account funds these expenditures. For many years the Penalty Surcharge Account has been operating in deficit. This increasing structural deficit has grown from \$1.4 million in 2008 to \$23 million in 2022.

The amount each department receives per officer is the lowest it has been in over a decade. Departments spend hundreds of dollars a year on just staff salary for training, not including additional costs like conference fees, travel reimbursement, trainer fees, and potential overtime costs. Individual departments have reported that training for one officer can range from \$1,000-\$3,000 per year.

Assembly Bill 245 removes law enforcement training funds from the Penalty Surcharge Account and funds them separately. Additionally, we are optimistic the legislature will double the reimbursement funding for recertification from \$160 per year per officer to \$320.

The Wisconsin Chiefs of Police Association supports this legislation and asks that the committee move forward on this legislation.

We would be happy to take any questions regarding these two provisions.



Office of the Mayor

City of Racine, Wisconsin

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mayor@cityofracine.org

To: Wisconsin Assembly Committee on Local Government
From: Mayor Cory Mason, City of Racine
Date: May 4, 2023
Subject: AB245, Shared Revenue Funding

Chairman Novak and Members of the Committee:

Thank you for the opportunity to provide input to you on this important piece of legislation. My name is Mayor Cory Mason and I serve as the Mayor of the City of Racine, the fifth largest City in the State of Wisconsin.

I am commenting on AB245 today in my capacity as Mayor but also a former state Representative. This gives me a unique perspective. One in which I can appreciate the challenging task before both of us.

INTRODUCTION

Shared revenue affects the wellbeing of every citizen of Wisconsin. As you are well aware, shared revenue is an essential component of the financial relationship between the state and municipalities. It is the primary means by which the state helps local governments like ours fund vital services including police and fire, as well as public works.

The work of the Legislature on this issue should be commended. It is the first effort in decades that attempts to identify a sustainable funding source by dedicating a portion of state sales tax towards local funding. And while the bill's intention to sustain public safety through a maintenance of effort, in its current form this bill is inadequate to address the funding shortfalls needed to keep our community safe. Racine is one of the communities that under the bill in its current form would receive a 10% increase in shared revenue. When we compare that to our neighbors receiving twice as much as they receive now, without the same stresses on public safety, it causes real concern and a need for change.

In the last twenty years the amount of revenue distributed to local governments has seen little to no growth. According to the Department of Revenue, if the City of Racine were to receive the same amount of shared revenue adjusted for inflation, **we would receive an additional \$20 million today.**

STRUCTURAL DEFICIT

Before ARPA funding, we were facing a structural deficit of \$6 million per year. That number does not address unfunded health care liability or the increasing deferred maintenance that grows every year, which I will discuss in a moment. In short, we are in a fiscal crisis.

PUBLIC SAFETY

According to the Wisconsin Policy Forum, Wisconsin ranks 50th out of 50 states for state funding of law enforcement. The Legislative Fiscal Bureau has shown that the cost of public safety has risen 16% over

the last decade, while the state's contribution has decreased by 9%. This has created significant strain on our local resources, and we have been forced to make difficult decisions about how to allocate funding.

Up until this point, we have successfully averted reductions in staffing in police and fire through federal ARPA and SAFER grants. Those will run out at the end of 2024. I do not know how we will maintain these 16 positions without an increase in shared revenue. Maintaining positions will cost \$3.6 million annually including supervision and costs of police (squad cars, body cameras, etc.) The cost of those officers is worth every penny, but substantial in scope.

Furthermore, we just reached a new collective bargaining agreement with our firefighters and police officers. Those agreements will cost the City of Racine \$1.7 million more each year. We are counting on an increase in shared revenue to accommodate those much needed raises for our public servants.

We have a public safety building that is literally falling apart. The garage ceiling is beginning to collapse and one wall is braced up with metal beams.

HEALTHCARE LIABILITY

Promises were made to City of Racine retirees by previous municipal governments and their leaders. Unfortunately, those promises have led to an extreme growth in our unfunded healthcare liability. That liability was reported at over \$500,000,000 in a Wisconsin Policy Forum report entitled *Promises to Keep*.

To address this, we made hard decisions. We went to an \$8,000 annual deductible for current employees. Post retirement insurance for unrepresented employees now requires years of service and age to equal 85. We eliminated retiree health care benefits for those older than 65 and hired after 2009. Trust me, those changes were not easy. They reduced the rate of our liability increase, but the costs still continue to increase approximately \$25 million per year.

COST SAVING MEASURES

In addition to these changes, we have had to make a variety of other cost saving measures ranging from the aforementioned changes to benefits, to the elimination of roughly 100 positions from city government.

We have closed a community center and merged several departments to cut costs. We aggressively seek grant funding to maintain staffing levels off of the tax levy.

Our buildings are on average 65 years old. We do not have the money to maintain them all, so we continue to delay projects, resulting in over \$80 million in deferred maintenance.

We consolidated our dispatch operations with Racine County. We've frozen wages far below CPI. We've removed streetlights. The list goes on and on.

AB245

While I appreciate the sentiment behind AB245, I am concerned that is inadequate to address the challenges before us today. If you truly care about funding police and fire, we would need to raise the amount of revenue coming from the state to Racine substantially.

To meet our budget in a post ARPA world, with no additional resources to address health care or deferred maintenance, at 10% increase in shared revenue would still grow and unable to retain the positions we have.

The State of Wisconsin is sitting on a roughly \$7 billion surplus. Let's return more of that to local governments and residents to keep our communities safe.

CONCLUSION

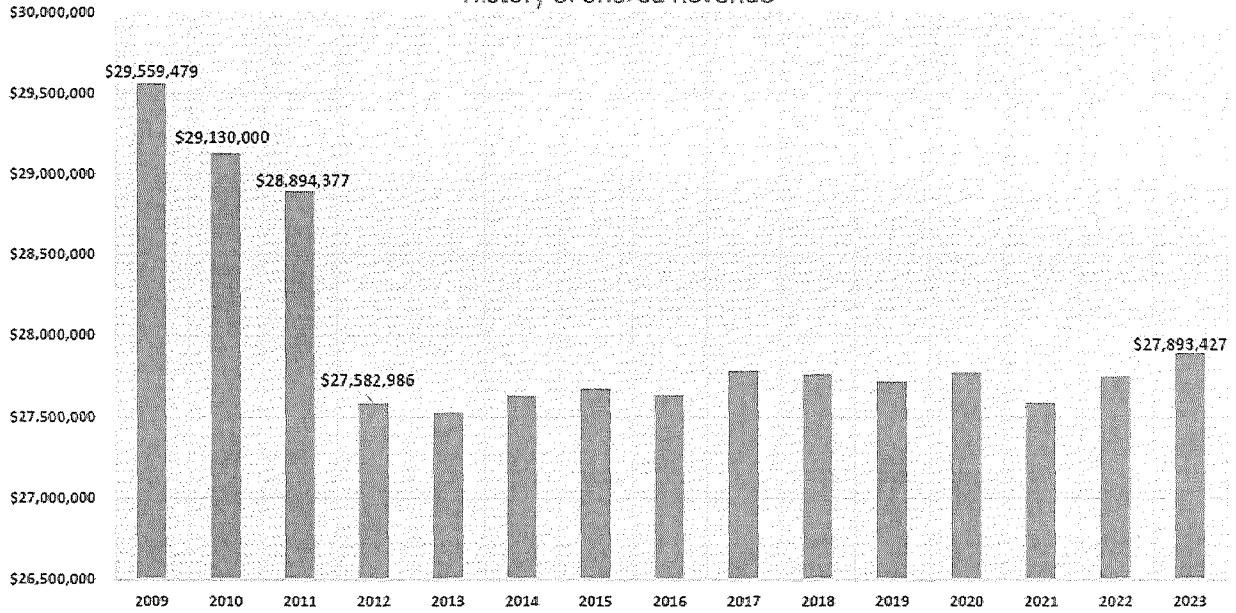
Clearly this situation is unsustainable, and it threatens the quality of life of all Wisconsinites. I urge you to consider increasing the amount of shared revenue distributed to local governments in Wisconsin. Doing so will not only help our municipalities provide essential services to their residents, it will increase the quality of life for all Wisconsinites. It seems we have a generational opportunity to fix funding to local governments to adequately fund public safety. Thank you for your attention to this important matter.

ATTACHMENTS

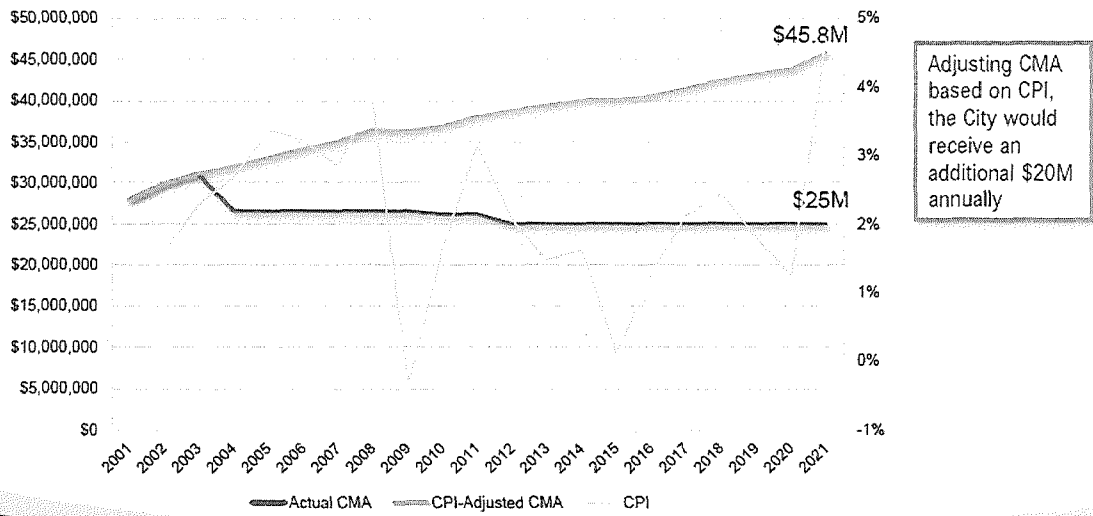
**City of Racine
History of Shared Revenue**

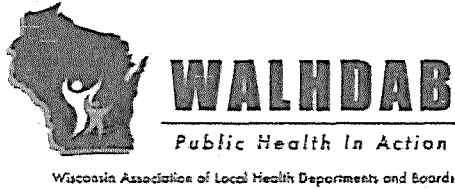
| <u>Year</u> | <u>Shared Revenue</u> | <u>Expenditure Restraint</u> | <u>Total</u> | <u>Dollar Change</u> | <u>Shared Revenue Change</u> |
|-------------|-----------------------|------------------------------|---------------|----------------------|------------------------------|
| 2009 | \$ 26,531,089 | \$ 3,028,390 | \$ 29,559,479 | | |
| 2010 | \$ 26,175,172 | \$ 2,954,828 | \$ 29,130,000 | \$ (429,479) | -1.45% |
| 2011 | \$ 26,242,211 | \$ 2,652,166 | \$ 28,894,377 | \$ (235,623) | -0.81% |
| 2012 | \$ 25,101,930 | \$ 2,481,056 | \$ 27,582,986 | \$ (1,311,391) | -4.54% |
| 2013 | \$ 25,113,481 | \$ 2,413,361 | \$ 27,526,842 | \$ (56,144) | -0.20% |
| 2014 | \$ 25,113,572 | \$ 2,517,834 | \$ 27,631,406 | \$ 104,564 | 0.38% |
| 2015 | \$ 25,088,652 | \$ 2,585,696 | \$ 27,674,348 | \$ 42,942 | 0.16% |
| 2016 | \$ 25,125,129 | \$ 2,510,047 | \$ 27,635,176 | \$ (39,172) | -0.14% |
| 2017 | \$ 25,124,625 | \$ 2,659,862 | \$ 27,784,487 | \$ 149,311 | 0.54% |
| 2018 | \$ 25,134,553 | \$ 2,627,051 | \$ 27,761,604 | \$ (22,883) | -0.08% |
| 2019 | \$ 25,156,589 | \$ 2,559,980 | \$ 27,716,569 | \$ (45,035) | -0.16% |
| 2020 | \$ 25,249,230 | \$ 2,528,186 | \$ 27,777,416 | \$ 60,847 | 0.22% |
| 2021 | \$ 25,259,630 | \$ 2,326,446 | \$ 27,586,076 | \$ (191,340) | -0.69% |
| 2022 | \$ 25,266,581 | \$ 2,482,536 | \$ 27,749,117 | \$ 163,041 | 0.59% |
| 2023 | \$ 25,255,872 | \$ 2,637,555 | \$ 27,893,427 | \$ 144,310 | 0.52% |

City of Racine History of Shared Revenue



City of Racine - CPI-Adjusted CMA





TO: Honorable Members of the Assembly Committee on Local Government

FROM: Robin Lankton, on behalf of the Wisconsin Association of Local Health Departments and Boards (WALHDAB) and the Wisconsin Public Health Association (WPHA)

DATE: May 4, 2023

RE: Please Remove Provision Limiting Local Health Officer Authority from Assembly Bill 245, the Shared Revenue Bill

My name is Robin Lankton. I am past President of the Wisconsin Public Health Association and first-Vice Chair of the Board of Health for Madison and Dane County.

The Wisconsin Association of Local Health Departments and Boards (WALHDAB) and the Wisconsin Public Health Association (WPHA) represent over 1,200 public health professionals who promote and protect the health of Wisconsin residents. Local health officers across Wisconsin have specialized training, education, and experience to make informed decisions to protect health.

We applaud the Legislature's efforts to expand shared revenue to local communities through Assembly Bill 245. As we all know, local governments continue to face revenue challenges and need increased shared revenue from the State of Wisconsin.

However, both WALHDAB and WPHA are concerned about the provision in Assembly Bill 245 that would limit local health officer authority. This provision would impact local government functioning, put community health at risk, and jeopardize local business privacy and individual confidentiality. In rare instances when a local health officer orders a business closure, it's essential to protect Wisconsin businesses and their customers from communicable diseases. As such, WPHA and WALHDAB respectfully request the removal of the provision limiting local health officer authority from Assembly Bill 245.

Specifically, this provision would prohibit a local health officer from taking actions that exceed 14 days to protect businesses and their respective customers from communicable diseases, unless the appropriate local governing body approves one or more 14-day extensions of that action. Hindering the ability of local health officers to take action to address a communicable disease outbreak risks very serious consequences for individuals, businesses, and the community.

Moreover, restricting local health officers' ability to control the spread of a disease to 14 days is arbitrary and dangerous. Communicable diseases have specific time frames for contagiousness and incubation which may exceed 14 days. While this bill limits public health orders affecting businesses

to 14 days, there are a number of diseases in which individuals could be contagious for a longer period of time, or a source of contagion – such as water or food – could take longer to be resolved. For example, it could take 30 or more days for an individual with tuberculosis to no longer be infectious. Individuals who have whooping cough might be infectious for up to 3 weeks.

This language also unnecessarily complicates existing local requirements and processes. Some local governing bodies only meet once per month, which would delay potential extensions of necessary public health orders. Also, local governing bodies, according to chapter 252.03 of state statutes, must be kept informed of communicable disease measures taken by the local health officer and already have authority over the actions and employment of the local health officer.

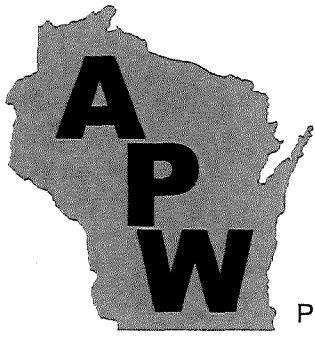
In addition, this bill could have unintended consequences for businesses. Each time a local governing body considers extending the decision of a local health officer to protect a particular business and its customers from communicable diseases beyond 14 days, this would be debated in a public meeting and would likely generate a considerable amount of media attention. During such a meeting, the name of the business would likely be referenced. The resulting media attention on such a business could have a considerable negative impact on their bottom line. This also potentially puts individual employee health information confidentiality at risk, especially for our small business owners who have a very small number of employees.

Chapter 252.03 of state statutes is an essential tool used to protect public health. This law has been in effect for over 40 years and while rarely used to close a business, is essential to maintaining health and safety in a community if it is needed. The original legislation passed the State Assembly on a heavily bipartisan 87 to 5 vote and was unanimously approved by the State Senate and signed into law by Republican Governor Lee Sherman Dreyfus in 1982.

Here is an example of why a 14-day restriction is misguided:

- The water supply at a retail facility tests positive for a water-borne bacterium listeria, and this water supply continues to contain listeria after 14 days (such disease outbreaks may last up to 70 days). Someone experiencing listeriosis may suddenly have a fever, nausea or diarrhea. In some cases, listeria could cause seizures, coma or death. In that scenario, if the appropriate local governing body does not vote within 14 days to extend the local health officer's actions, the management of the retail facility could turn the water supply back on, exposing all employees and customers to listeria.

We respectfully request and urge you to remove the dangerous provision weakening local health officer authority from Assembly Bill 245. It is simply the right thing to do to protect the health of Wisconsinites.



Aggregate Producers of Wisconsin

producers of crushed stone, sand and gravel

PO Box 2157 ■ Madison, WI 53701 ■ Phone: (608) 283-2595 ■ Fax: (608) 237-2299

To: Members, Wisconsin Legislature
Fr: Aggregate Producers of Wisconsin
Dt: April 2023
Re: Quarry Reform Provisions

For more information, please contact Annie Early (414-405-1050) or George Ermert (414-405-0838)

Quarry Reforms Will Help Bring More Bidders & Reduce Road Construction Costs

The purpose of the quarry reform provisions is to reduce costs and maximize taxpayer dollars when funding construction projects that require the use of aggregate materials. Aggregates are the most basic material used in construction; said another way, they are the building blocks of our communities. These raw materials produced from natural sources and extracted from pits and quarries, include gravel, crushed stone, and sand, and are used to build roads, bike paths, schools, homes, and every other structure in our state.

By identifying and placing regulations at the appropriate level of government, we will ensure operators and our local and state government partners have access to construction aggregates at the closest source, reducing costs to taxpayers. Quarries must already follow strict federal and state standards, in addition to the local regulations that may be in place, to operate and produce the aggregate needed for construction projects (*see the attached detailed diagram of nonmetallic mining regulation in Wisconsin*).

Ensuring that more aggregate sites are available for use in transportation / construction projects will significantly reduce trucking costs, reduce wear and tear on our roads, and reduce carbon emissions. Additionally, these provisions will help ensure more existing quarry sites are available to bid on state transportation projects, providing competition and better pricing for the state.

and create greater regulatory certainty for construction-grade quarry operations that produce aggregate materials primarily used for road construction. These provisions are limited to quarry operations only.

These quarry reforms provisions will accomplish these goals by doing the following:

Public Works Exemption *(Included in Governor Evers' budget proposal)*

This provision prohibits a local government from limiting the times that quarry operations may occur, if the materials produced by the quarry are to be used in a public works project that requires construction work to be performed during the night or an emergency repair.

Most of our major highway projects are now done at night to avoid traffic disruptions, requiring the aggregate needed for these projects to be trucked during night hours. Unfortunately, some of our pits and quarries that supply the aggregate for these projects are not able to operate during that time (i.e., a political subdivision may only allow a quarry to "operate" between the hours of 8am – 5pm therefore not allowing it to haul material for these projects). That limits the number of sources who can bid on these projects, which can significantly increase costs by restricting competition

The Public Works Exemption will allow more sources of material to be usable for night-time projects which will reduce trucking time and allow more operators to bid on these projects, saving taxpayer costs.

Statewide Blasting Standards

State regulations currently allow that "local municipalities may have more restrictive regulations than the Department"¹ which means that local governments can set their own blasting standards. This has resulted in a patchwork of blasting regulations across the state, leading to increased costs to quarry operators, and in some cases preventing quarries from making aggregate all together.

For example, in 2015 – 2016 the Town of Deerfield (Dane County) passed a blasting ordinance that could not be met by any blasting / explosives company operating in Wisconsin. Effectively, that meant any quarry operating in the Town of Deerfield would be unable to blast and therefore unable to make any aggregate.

Not long after passing the blasting ordinance, WisDOT announced Phase 1 of the I-39 / 90 rebuild. The bid called for approximately 400,000 tons of aggregate, requiring around 19,500 truckloads.

Oak Park Quarry in Deerfield was the closest material source to the job site at 12 minutes away. However, Oak Park Quarry was unable to make a bid because the blasting ordinance imposed by the town was so restrictive that the quarry could not produce any new aggregate.

Another quarry ended up being chosen as one supplier for the project, with an average drive time of 19 minutes from the quarry to the work site. **Sourcing from this site, rather than the Oak Park Quarry with a difference in drive time of only 7 minutes, increased projected project costs by more than \$455,000.**

Blasting –Regulations Under Current Law

The quarry reform provisions included in this package do not result in a lack of regulation on blasting in nonmetallic mines. Rather, it simply says that the state and federal standards currently in place, and developed by professionals, may not be exceeded. The provisions also still allow for local regulation in many other areas related to blasting.

Blasting and the use of explosives at nonmetallic mining sites is regulated at the state-level by the Department of Safety and Professional Services (DSPS) under SPS Chapter 307. The current state regulations include:

¹ Wis SPS 307.44 (4) (c)

- Requiring proper licensure of blasters
- Controlling the types of explosives permitted in different ventilated areas
- Requiring extremely detailed blasting logs on file for at least 3 years
- Requiring those conducting blasting to notify local law enforcement, fire departments and any owners or residents affected at least 24 hours in advance
- Requiring those conducting blasting to survey for the affected owners or residents prior to blasting to gain structural knowledge
- Requiring that blasting can only be done between sunrise and sunset. The Department can further restrict blasting times if necessary
- Regulations on how far quarries are allowed to throw debris following a blast and how much noise and vibration is experienced at nearby public and private establishments

Blasting – Reforms in Legislation

Under the quarry reform provisions, a local government would not be able to impose blasting requirements in connection with the regulation of quarries. However, a local government will have the authority to seek a variance from DSPS that could impose more restrictive blasting standards if deemed necessary. In addition, a local government may suspend an operator's permit for a violation of the state blasting requirements.

A political subdivision may also still require a quarry operator to do any of the following related to blasting:

- Provide pre-blast notice of the blasting operation to all political subdivisions in which the quarry is located
- Provide pre-blast notice to owners of dwellings or other structures within the affected area.
- Require that a pre-blast building survey be conducted by a third party on dwellings and other structures within the affected area.
- Require that pre-blasting well surveys and testing be conducted by a third party within the affected area.
- Provide evidence of insurance.
- Provide copies of blasting logs.
- Provide maps associated with the affected area.
- Provide copies of any reports submitted to DSPS relating to blasting at the quarry.

Local Zoning / Ordinance Overlap & Conflict / Permits

Quarries frequently must obtain a Conditional Use Permit (CUP) from the County where the quarry is located to operate. This CUP outlines the conditions the quarry must follow and includes things like hours of operation, blasting, setbacks, lighting, dust mitigation procedures, and more.

Towns, however, also regulate quarries through licensing ordinances, and these licensing ordinances may cover issues that are already regulated by the County through the CUP. This creates layers of unnecessary overlap and instances where quarry operators have multiple levels of government regulating them on the same issue. In some cases, it may also mean that the regulations conflict – making it very difficult for the quarry operator to comply and ultimately get a permit to operate.

Under this provision, a political subdivision cannot enact a licensing ordinance on an issue that is already regulated by a CUP. In addition, if a political subdivision wants to enact a licensing ordinance on an issue not regulated by a CUP, it must be related to the purpose of the ordinance and based on “substantial evidence” (as defined by 2017 Wis. Act 67).

This provision provides regulatory certainty for quarry operators by eliminating unnecessary overlap and regulatory conflict. This ensures that only one level of government may regulate a quarry on a specific issue.

Permits

To ensure continued regulatory certainty for quarry operators, the provisions also state:

- A political subdivision may not add additional conditions to a quarry permit during the duration of the permit, except upon consent of the permit holder.
- If a county quarry permit is issued to a quarry, then a town's permit for that quarry may not impose additional restrictions or requirements on matters already being regulated by the county's permit. If a town quarry permit is issued to a quarry, then a county's permit for that quarry may not impose additional restrictions or requirements on matters already being regulated by the town's permit.
- While a quarry permit is in effect, a political subdivision may not require an additional quarry permit for the same quarry.
- An ordinance enacted by a political subdivision pursuant to its non-zoning authority may not prohibit or impose any license or other permitting requirement on the operation of a quarry at a nonconforming quarry site.

Additional Provision

Codification of Diminishing Asset Rule

This proposal codifies the common law diminishing asset rule. The diminishing asset rule states: if a political subdivision enacts a nonmetallic mining licensing ordinance regulating the operation of a quarry that was not in effect when quarry operations began at an active quarry, the ordinance requirement cannot apply to that quarry or to land that is contiguous to the land on which the quarry is located, if the contiguous land has remained under common ownership, leasehold, or control with the land on which the quarry is located since the time the ordinance was enacted, is shown to have been intended for quarry operations prior to the enactment of the ordinance, and is located in the same political subdivision.

Local Governments Still Maintain Broad Control over Quarries

The quarry reform provisions do not address local government regulations in many other areas. This includes, but is not limited to:

- Entering into road-use agreements with quarry operators
- Establishing haul routes for trucks
- Establishing limits on the hours trucks may operate (outside of a public works project)
- Establishing setbacks for quarry operations
- Establishing limits on the hours a quarry may operate (outside of a public works project)
- Establishing limits for off-site noise levels
- Establishing limits on quarry depth
- Imposing fees on quarry operations
- Establishing standards to mitigate for off-site and fugitive dust

Impact of Supplier Distance on Project Costs

Trucking aggregate is a major cost driver of road construction projects. If local permitting issues cause an aggregate site to go offline, the product must be trucked in from alternative sites, adding significant cost to the project.

| Increase in supplier distance | Rural Road Cost Increase | % Increase in project cost | Urban Road Cost Increase | % Increase in project cost |
|-------------------------------|--------------------------|----------------------------|--------------------------|----------------------------|
| 10 miles | \$345,600 | 17% | \$472,320 | 7% |
| 20 miles | \$691,200 | 34% | \$944,640 | 14% |
| 30 miles | \$1,036,800 | 51% | \$1,416,960 | 21% |
| 40 miles | \$1,382,400 | 69% | \$1,889,280 | 29% |
| 50 miles | \$1,726,800 | 86% | \$2,359,960 | 36% |

Rural Road

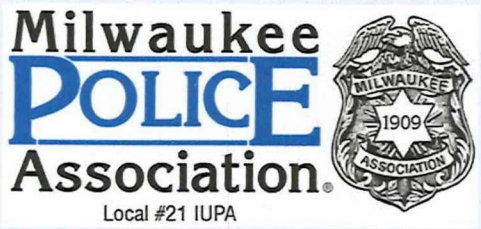
Assuming a typical 4-mile stretch of reconstruction on a rural road costs \$2M, the cost of trucking aggregate increases the project cost at the following intervals:



Urban Road

Assuming a typical 4-mile stretch of reconstruction on an urban road costs \$6.5M, the cost of trucking aggregate increases the project cost at the following intervals:





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May 4th, 2023

Good morning my name is Alexander Ayala, and I am the Vice President of the Milwaukee Police Association where we represent 1,300 members of the rank and file of the Milwaukee Police Department.

I want to thank the chair and Co-chair and the entire committee and all authors of AB 245 which I will be testifying in favor of this morning.

I have been with the Milwaukee Police Department for 23 years now. I have served as a police officer in patrol for 15 years working various districts and assignments. The last 7 years of my career I have been working as a Detective in the robbery unit.

The City of Milwaukee and the Milwaukee Police Department are no strangers to the challenges that come with maintaining adequate police and fire staffing levels. In recent years, budget cuts have resulted in a shortage of police officers, leaving the department struggling to keep up with the demands of the city's needs.

This shortage of personnel has made it difficult for the department to respond quickly and effectively to emergencies, leaving citizens vulnerable and feeling unsafe. Additionally, with the city's high crime rate, the Milwaukee Police Department needs all the resources it can get to combat crime and ensure public safety for everyone.

We believe that this is a once in a life time opportunity for police and fire to be properly staffed, so that we can provide the City of Milwaukee and the Milwaukee Police Department with the necessary resources it needs to hire and train new officers, as well as to equip them with the tools they need to do their job effectively, and to keep the safety and well-being of its citizens and to protect our communities.

I want to thank everyone involved in ensuring that Milwaukee is financially healthy and safe for everyone to enjoy.

Sincerely,

Milwaukee Police Association

Alexander Ayala
Vice President
Local #21, IUPA



Coalition to
REPEAL Wisconsin's
Personal Property Tax

Michelle Kussow
Testimony on AB 245
Assembly Committee on Local Government
May 4, 2023

Chairman Novak, members of the Committee, thank you for your time and the opportunity to speak on AB 245. My name is Michelle Kussow, I am here today on behalf of the Coalition to Repeal Wisconsin's Personal Property Tax in support of doing just that—repealing Wisconsin's personal property tax.

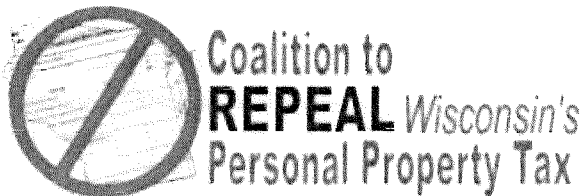
The language that is included in Assembly Bill 245 accomplishes the coalition's goals by fully repealing the personal property tax and providing a mechanism for municipalities to be reimbursed for the lost revenue. We are pleased that the language has been agreed upon by the bill authors and the administration. We know that this was no easy task and would like to thank Reps. Macco & Kurtz, Senators Stroebel, Knodl & Felzkowski and Department of Revenue Secretary Peter Barca for their work on this issue.

The Coalition to Repeal Wisconsin's Personal Property Tax was created 8 years ago to bring awareness to the unfair nature of the personal property tax and to have a uniform message calling for repeal. The coalition has 61 major statewide organizations that represent nearly every business in our state with a single purpose: to repeal the personal property tax and make sure that municipalities are made whole.

We've all heard about the long history of the tax which was part of the original property tax, and the first piece of legislation after Wisconsin's statehood in 1849. Originally, it taxed all property owned by individuals and businesses and included the clothes on your back and the animals that you owned. Over the past nearly 175 years, the Wisconsin Legislature has taken many whacks at the tax, exempting individual property, specific business property and even exempting entire industries from the tax. What's left is a tax on furniture, fixtures, boats and a few odds and ends—items found in businesses up and down the mainstreets of every city in Wisconsin, which is why we call it a Mainstreet tax.

After nearly two centuries worth of exemptions, the personal property tax now looks like swiss cheese and is an entirely unfair and unconstitutional way to tax. Senator Stroebel has put this into perspective by saying that there is not a person in this legislature that would vote for this tax in the form it is in today.

When the coalition started working on this issue and pushing for repeal of the tax in 2015, we spent a lot of time educating legislators on what the tax was and why it was an unfair tax. Today, the coalition is thankful that repealing the personal property tax is a bipartisan issue and a priority for many lawmakers. We are hopeful that this session the tax is finally, and fully, repealed.



The Coalition to Repeal Wisconsin's Personal Property Tax consists of 61 statewide organizations that represent nearly every business in Wisconsin, including more than a million employees and thousands of individual taxpayers. Together, our common goal is to fully repeal Wisconsin's personal property tax and to ensure that municipalities are reimbursed for the lost revenue.

Background

Wisconsin's personal property tax (PPT) existed prior to statehood, but was officially organized and included in the Revised Statutes of 1849. Personal property taxes are assessed and collected by local governments including cities, villages and towns.

Over the past 174 years, the State Legislature has whittled away at the PPT, arbitrarily picking winners and losers by exempting specific equipment and industries. Among the first significant exemptions were household and residential property. In the 1970's, manufacturing equipment was exempted, in the 1980's it was agricultural equipment, and in the 1990's, computers were exempted. Most recently, the Legislature provided an exemption for machinery effective January 1, 2018.

Issue

The remnants of Wisconsin's personal property tax leave an extremely unfair tax on small and main street businesses. Essentially, the personal property tax is now a tax on furniture, fixtures, boats and a few random items unintentionally left out of previous exemptions.

The most recent exemption on machinery was clearly defined by the Legislature, however the Wisconsin Department of Revenue did not provide guidance to assessors leaving interpretation up to municipal assessors and businesses. This added to the inequity and non-uniformity of the personal property tax by creating a situation where a cooler, or other personal property that falls under the definition of machinery, could be taxed in one municipality but not in another.

The businesses left footing the PPT bill are in every main street in every district of the state—propane dealers, chiropractors, dentists, grocers, convenience stores, restaurants, car dealerships and the list goes on. This added tax burden is extremely unfortunate because these are the types of businesses that are the economic engines of every community. These are businesses that pay corporate taxes, income taxes, labor and employment taxes, and real estate property taxes, in addition to the PPT.

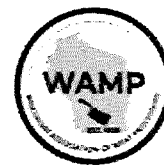
Eliminating the personal property tax creates an equitable tax code - treating everyone equally under the property tax law. More importantly, from an economic development perspective, all of our neighboring states have eliminated or are phasing out the personal property tax and are using it to attract businesses. Seven states have no personal or tangible property tax, including our closest neighbors: Minnesota, Iowa, Illinois, North Dakota and South Dakota, with Michigan most recently phasing out the personal property tax in 2014.

Cooperative Network
THE TRUSTED VOICE FOR COOPERATIVES

NFIB

ABC
Wisconsin Chapter

WISCONSIN HOUSING ALLIANCE
THE VOICE OF FACTORY-BUILT HOUSING



OAAW
OFFICIAL RESTAURANT ASSOCIATION OF WISCONSIN

WISCONSIN RESTAURANT ASSOCIATION

Skiing Wisconsin
Ski, Snowboard & Snow Tubing
Association Wisconsin

AMC
ASSOCIATION

MCAW

WPGA
Wisconsin Propane Gas Association

WISCONSIN BEVERAGE ASSOCIATION



Independent Insurance
Trusted Choice
Agents of Wisconsin

MWFPA
Midwest Food Products Association, Inc.



WFDA
Wisconsin Association of Textile Services
1881

AMERICANS FOR PROSPERITY

NAIOP
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION
WISCONSIN CHAPTER



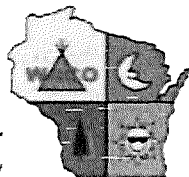
MMAC
METROPOLITAN MILWAUKEE ASSOCIATION OF COMMERCE

WISCONSIN PROPERTY TAXPAYERS INCORPORATED

Wisconsin Bankers ASSOCIATION

WNLA

Water Quality Association



WEDA
Wisconsin Economic Development Association

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WMC
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WISCONSIN BUILDERS ASSOCIATION



AOTA
Association of Wisconsin Tourism Attraction



Wisconsin Technology Council

GWC
GREATER WHITWATER COMMITTEE

WISCONSIN NORTH LAKEVILLE LEGISLATION

WIB

WRA
Wisconsin REALTORS Association

WISCONSIN PAPER COUNCIL

WDA
WISCONSIN DENTAL ASSOCIATION

WAMO
WISCONSIN AMUSEMENT AND MUSIC OPERATORS, INC.

WISCONSIN FABRICARE INSTITUTE, INC.

WVMA
WISCONSIN VETERINARY MEDICAL ASSOCIATION

WNA
WISCONSIN NEWSPAPER ASSOCIATION

Great Lakes CREDIT & COLLECTION ASSOCIATION



AGC
WISCONSIN Associated General Contractors

SMAGNA
SOUTH MILWAUKEE ASSOCIATION OF GENERAL CONTRACTORS

TAVERN LEAGUE OF WISCONSIN



WISCA

ALLIANCE of WISCONSIN RETAILERS, LLC

WIA
Wisconsin Insurance Alliance

WHLA
WISCONSIN HOTEL & LODGING ASSOCIATION

WRVDA
Wisconsin Real Estate Valuers Association

National Waste & Recycling Association
Wisconsin Chapter

WCCA
Wisconsin Cable Communications Association

Wisconsin Cable Communications Association

AMERICAN FAMILY INSURANCE

Chiropractic Society OF WISCONSIN

WISCONSIN GROCERS ASSOCIATION



2801 Fish Hatchery Road | Madison, WI 53713 | (608) 270-9950 | (800) 589-3211 | FAX (608) 270-9960 | www.wirestaurant.org
May 4, 2023

TO: Assembly Committee on Local Government

FR: Susan Quam, WRA Executive Vice President

Testimony in support of the Repeal of the Personal Property Tax as part of AB 245

Thank you, Chair Novak and the committee, for the opportunity to present testimony at today's hearing. I am here today to speak on behalf of the 7,000 WRA member locations who are negatively impacted by the Personal Property Tax. We greatly appreciate that the repeal of the PPT has been included in AB 245

- Over many decades, many industries have been exempted from paying the PPT based on their business activities. Main street businesses, like restaurants pay the tax over and over again on fixtures and equipment that we already paid state and county sales tax on when purchased
- As an example, bakeries, which restaurants compete with, do not pay PPT on their equipment because they considered manufacturers. This is not fair and creates an uneven playing field
- For a lot of restaurants, especially independent operators, the fixtures and furniture we pay PPT on has already fully depreciated and is no longer on their balance sheets, yet they still must have it on our PPT roster
- Restaurants margins are thin. In 2019 the average Wisconsin restaurant had a profit margin of 3-5 percent. Now, many are just breaking even or may have a 1-2 percent margin. Eliminating the PPT will help our industry continue to recover from pandemic and the inflationary forces caused by the pandemic that are out of our control. While our restaurants are busy, that does not mean we have recovered from terrible years in 2020 and 2021
- The repeal of the PPT will allow restaurants to reinvest into their business, provide for their team members or give back to their communities.
- The PPT discourages most restaurants from remodeling or investing in their business. If a restaurant is a franchise, it is required to remodel every 7-10 years, forcing those restaurants to pay even higher PPT, since the fixtures are newer
- We are very hopeful that this is the session that the PPT will finally be fully repealed and we greatly thank Reps. Macco & Kurtz, Senators Stroebel, Knodl & Felzkowski and Department of Revenue Secretary Peter Barca for their work on this issue

The Wisconsin Restaurant Association (WRA) represents over 7,000 restaurant locations statewide. Our organization represents all segments of the restaurant and hospitality industry; our membership includes food establishments of all types and sizes, such as seasonal drive-ins, supper clubs, diners, bars, locally owned franchisees, fine-dining, and hotels/resorts. Over 75 percent of our membership are independent restaurants or restaurant groups. Regardless of ownership type, all restaurants are the cornerstones of their neighborhoods and communities. Restaurants not only provide great food, drink, and hospitality, they support schools, teams, charities and churches with fundraising and donations. They provide meeting places to celebrate, mourn and organize, or just provide a safe, tasty meal for a busy family.

WHY A SALES TAX FOR MILWAUKEE, AND WHY ELECTED OFFICIALS SHOULD VOTE ON IT



By MMAC President **Tim Sheehy**

The definition of a fiscal crisis is “the inability to bridge a deficit between expenditures and tax revenue.” The City of Milwaukee is in a fiscal crisis.

On a \$1B budget, the city begins next year with a \$156M deficit, that – with a cost-to-continue budget – grows to \$176 by 2026. Without substantial changes in expenditures or revenues these deficits become structural (ongoing).



EXPENDITURES

City government is a service business. To control costs, staffing has been reduced by 1,000 positions since 2000, including hundreds of police and fire positions. The staffing and related payroll costs have delivered \$120M in estimated annual savings. Further, pension and health care contributions have saved an additional \$46M annually. The remainder of city staffing is supported by revenue from fees, permits and licenses. Reductions here do nothing to balance the overall budget.

The largest fixed cost going forward is pension obligations, including current costs for retirees and future costs for current employees. The pension costs for 2023 are \$100M, increasing by 40 percent for 2024 and beyond.

Can the city reduce its expenses further? Sure, but to put the 2024 deficit of \$156M in perspective, it's 36% of the \$430M payroll cost (salary and wages) for all city employees in 2024.

REVENUE

Property taxes are high and a sore spot, but they are the largest source of revenue and the only taxing authority available to the City. Property taxes raised \$311M in 2023. As a point of reference, the police department's budget is \$300M. The second largest source of revenue (\$230M) comes from the State of Wisconsin in the form of a revenue sharing payment. All other revenue comes from fees for services, licensing and permits.

Grounded on both ends of this fiscal bridge, the crisis is real. What is the best way to address this crisis before the bridge crumbles into a river of bankruptcy?

Here are the three needed repairs supported by MMAC:

1. INCREASE SHARED REVENUE

In 1911, Wisconsin was the first state to implement an income tax. An agreement was struck between state and local governments. State government would exclusively levy income and sales taxes, leaving local governments to collect property taxes. In exchange, the state would share a portion of income and sales taxes it collected with local municipalities. State income tax collections increased from \$3B to \$9B since 2000. During this same time, shared revenue payments to local government have flatlined. For the City of Milwaukee, the shared revenue declined from \$240M in 2000 to \$230M in 2023. If this payment had kept pace with inflation, it would be \$420M – providing an additional \$180M in 2024 against its projected budget deficit of \$156M.

MMAC supports the proposal from the Governor and Republican legislative leadership obligating 1 cent of the 5-cent sales tax currently levied by the state to fund an increase in state shared revenue. This would add \$25M to Milwaukee's shared revenue payment and provide for potential future increases with a rise in sales tax collections.

2. REFORM THE CITY PENSION

The City of Milwaukee and Milwaukee County are the only local municipalities whose employees do not participate in the State pension plan. The city's pension plan is underfunded by hundreds of millions of dollars.

MMAC supports a proposal to freeze the plan for new employees, with all new employees enrolled in the state plan. This will cap the cost of the existing pension plan, allowing its liabilities to be contained and paid down over the next 30 years at an estimated annual cost of \$120M. No current employee will lose their earned benefit and all new employees will enter a well-funded and managed pension plan.

3. ACCESS TO A CITY SALES TAX

Of 123 cities with populations of 200,000 or greater, Milwaukee is one of only 10 without a sales tax.

MMAC supports a proposal developed by Republican legislators to provide Milwaukee access to a sales tax of 2%, under the condition that its proceeds be used to pay down the pension obligations and fund additional police and fire positions requested by the City. This funding source, estimated to raise \$160M annually, is the key to the pension reforms, mentioned above, and increased staffing for public safety.

Why should a citywide sales tax be voted on by the Common Council and approved by the Mayor?

We hold elections to entrust our leaders to make difficult decisions regarding convoluted issues. When considering the complexities involved between managing new sources of revenue and implementing a pension reform plan, it is in our best interest to hold them accountable for doing the work they were elected to do. Elected city leaders should be required to vote for this revenue source (in this case a sales tax) and be held accountable for its expenditure. This authorization is not an unprecedented.

This exercise of representative government also allows for a broad engagement of taxpaying stakeholders that go beyond city limits. Employers located in Milwaukee and Milwaukee County export \$7.6B personal income to their employees who work in Milwaukee but live in a surrounding county. Nowhere in the surrounding five-county region is the reverse true. Every other county is a net importer of personal income. Milwaukee and its employers, in turn, benefit from this broad regional talent pool. The city's arts, cultural and entertainment assets also thrive on this regional base of population. A referendum in the city excludes input from Milwaukee employers and the hundreds of thousands of citizens who utilize the city as a place to work, play and learn.

A vote of the elected officials at the state level to put the question in the hands of elected city officials is the best way to represent the citizens of this region.

WHY A SALES TAX FOR MILWAUKEE COUNTY, AND WHY ELECTED OFFICIALS SHOULD VOTE ON IT



By MMAC President **Tim Sheehy**

No two stories are the same, and while they have similarities, Milwaukee County's fiscal crisis is different from the City's. However, it is a clear-and-present danger to the county's future, and it does have a clear-and-present solution.

Milwaukee County's governmental leaders made an ill-informed decision some 23 years ago that substantially increased the cost of its pension plan with overly optimistic return assumptions. Despite future reforms, these pension liabilities continue to absorb over 30% of the County's tax levy.

The County has had structural deficits dating back to the early 2000's, bolstered by stagnant state funding in the form of shared revenue, general transportation, basic community aid and mass transit operating assistance. The County's funding structure limits revenue growth to about 1% per year.

How has the County reacted? It has cut spending over the past decade by \$380M. The largest chunk of savings came from a 46% reduction in staff – from 7,300 full-time equivalents to 3,900. Unfortunately, to balance its budgets has also deferred maintenance and reduced its capital spending, which leaves an \$828M backlog through 2028. The sum of these actions still leaves Milwaukee County with a deficit in 2024 of \$18M.

Going forward its pension costs (which were \$60M in 2015) will peak at over \$120M by 2027. This will help drive the county's structural deficit to \$109M by 2028. While all this seems bleak, if state aid had kept pace with inflation over the past decade, the county would receive an additional \$83M in 2023.

The current shared revenue proposal contained in AB 245 would provide Milwaukee County with an additional \$7M in aid on top of the \$47M it currently receives. While this is helpful, it will not provide a path to fiscal solvency and a chance to eliminate the ongoing structural deficit. The County needs an additional sales tax of up to .5% to address its unfunded pension liabilities for current and past employees. The goal is to freeze the plan for new employees and have those employees funded in the State pension plan. Increased shared revenue and a sales tax dedicated to pension obligations will provide the county with better footing to serve its citizens, businesses and visitors.

Milwaukee County is not only home to 928,000 residents, but it draws in millions of visitors to attend the cultural, arts and entertainment assets that call Milwaukee County home. Most importantly, it is the hub of the five-county regional economy. Some \$7.6B in personal income is earned in Milwaukee County by residents who live in Waukesha, Washington, Ozaukee and Racine. This income is exported out of Milwaukee County for these residents to spend on homes, schooling and other goods and services in their home counties.

The regional economy relies on the relationship of this talent base and the employers in Milwaukee County. No other county has this interdependence, nor an export of net personal income. Left unchecked, Milwaukee's fiscal crisis will not be self-contained. The Milwaukee County board and its County Executive are best suited to balance all these varied interests, while being held accountable for the use of the sales tax. This is why a sales tax is needed and why we have representative government.



May 4, 2023

Assembly Committee on Local Government

**Department of Public Instruction Testimony
2023 Assembly Bill 245**

I want to thank Chairman Novak and members of the committee for the opportunity to give written testimony on 2023 Assembly Bill 245 (AB 245). My name is Kevyn Radcliffe, Legislative Liaison for the Department of Public Instruction. We submit this testimony for informational purposes.

Student safety has always been a top priority for our schools. We know that children who do not feel safe at school can suffer academically. Supplying safe learning environments is of paramount importance to the department and schools across the state. DPI promotes evidence-based policies that focus on the root cause of the need for school safety rather than just looking at School Resource Officers (SRO). Specifically, safe, and supportive schools for all students, comprehensive mental health frameworks, increased funding for special education, and restorative practices.

Collection of Certain Data Related to Criminal or Ordinance Violations Occurring on School Property

These provisions are identical to those of 2023 Assembly Bill 53 (AB 53), which requires public high schools (including independent charter schools) and private high schools participating in a parental choice program to collect statistics on violations of municipal disorderly conduct ordinances and certain crimes (including homicide, sexual assault, burglary, battery, and arson) that occur on school property or on school-provided transportation (during weekdays between 6 a.m. and 10 p.m.), if the incident was reported to law enforcement and as a result of the report, a charge was filed, or a citation was issued.

While public reporting is an important part of an overall school safety strategy, the provision presents several implementation issues and policy questions that would make implementation across the state difficult and expensive for districts, already struggling to pay for the operational costs of educating students.

- This provision creates an unfunded mandate for schools by imposing significant costs on schools for the creation of new data systems and staff time for reporting.
- The proposed requirement for schools to report data does not confer the authority to collect that data, nor does it resolve issues around the confidentiality of student records.

- Data collection tools would need to be developed for both public and private schools to ensure secure collection and reporting of data across systems. Public schools must already track discipline incidents resulting in suspension or expulsion. Schools that take part in a parental choice program will experience the most significant impact as the discipline collection would be entirely new for private schools.

School Resource Officers in Milwaukee Public Schools

The bill also requires that Milwaukee Public Schools (MPS) ensure that at least 25 school resource officers (SROs) be present at MPS schools during normal school hours, and be available for before/after school care, extracurricular activities, and sporting events, beginning January 1, 2024. Under the bill, the cost of supporting SROs in MPS schools would be shared between MPS and the City of Milwaukee. Beginning with the 2025-26 school year, MPS would be required to allocate SROs based on the data related to criminal or ordinance violations occurring on school property that schools would be required to collect and report (under the bill). Debate exists about whether the presence of SROs in schools is effective in mitigating negative behavior in schools and/or for keeping students and staff safe in schools. Some research suggests that the presence of SROs can result in more negative than positive outcomes for students, for example:

- A study of schools in Connecticut found that the presence of SROs “do not appear, on average, to contribute statistically to a measurably safer school climate, however their presence may contribute to more students experiencing discipline for school policy violations.”ⁱ
- The Chicago Lawyers’ Committee for Civil Rights amassed findings from research that found that “the presence of SROs leads to more expulsions and suspensions – particularly for Black students. Studies show that schools with SROs also rely more heavily on exclusionary discipline and schools with high security (including police presence) have significantly more suspensions, and a greater black-white disparity in suspensions.”ⁱⁱ
- Inappropriate use of force by SROs against students often affects students of color disproportionately. The presence of officers in hallways has a profound impact on students of color and those with disabilities, who, according to several analyses and studies, are more likely to be harshly punished for ordinary misbehavior.ⁱⁱⁱ

Providing a safe learning environment in schools is not the sole responsibility of the school, but rather shared with both law enforcement and the community. This provision infringes on local control by dictating under what circumstances the MPS would have to place SROs in specific schools. The decision to employ SROs should be a school district decision rather than a state mandate.

The role of SROs is one that must strive for balance between providing an educational

environment centered around student learning and ensuring safety within schools. An SRO must focus “on providing redirection and guidance and engaging in educational and relationship building activities.

When deciding whether to place SROs in schools, DPI encourages stakeholders to:

1. Use a root cause analysis to identify if a Student Resource Officer Program is needed in a school, and if so, for what purpose. This should be determined before a program is developed.
2. Identify the knowledge, skill, and disposition criteria for SRO candidates, and obtain input from stakeholders during the selection process.
3. Discuss and define the role and responsibilities of SROs through a collaborative process.
4. Identify under what circumstances an SRO will respond to an incident involving a student.
 - a. It is essential that both parties can distinguish between disciplinary misconduct, which is typically handled by school administrators, and illegal conduct, which may be handled by law enforcement.
 - b. To the extent possible, SROs should not be used to enforce student discipline.
 - c. While it may be necessary for a SRO to get involved in an incident, it does not mean infractions must result in tickets and/or being taken into custody.
5. Distinguish between the role of an SRO from the role of a school security officer if both work in the same building.
6. Develop an organizational chart to identify how the work of SROs and school administrators are aligned in relation to other positions within both agencies.
7. Identify the school property within the control of an SRO.
8. Identify the community outreach and educational components of the SRO's role.

This provision utilizes crime statistics as the sole determining factor in deciding when and where to place SROs and is not supported by the research. This is a political response that ignores evidence-based best practices and eliminates any feedback from community and educational stakeholders.

ⁱ Policing Connecticut's Hallways: The Prevalence and Impact of School Resource Officers in Connecticut - Executive Summary (ctvoices.org), April 2019 (retrieved on April 24, 2023).

ⁱⁱ What the Research Shows: The Impact of School Resource Officers — Chicago Lawyers' Committee for Civil Rights (clccrul.org), June 23, 2020 (retrieved on April 24, 2023).

ⁱⁱⁱ Do Police Officers Make Schools Safer or More Dangerous? - The New York Times (nytimes.com), June 12, 2020 (retrieved on April 24, 2023).



To: Representative Todd Novak, Chair
Members of the Assembly Committee on Local Government

From: Alan DeYoung, Executive Director

Date: Thursday, May 4, 2023

RE: Assembly Bill 245 re: Local Government Funding

Honorable Members of the Assembly Committee on Local Government:

On behalf of the Wisconsin Emergency Medical Services Association (WEMSA) and the first responders and departments that we represent, we are submitting the following testimony in support of provisions contained in Assembly Bill 245 and the corresponding co-sponsorship memo summary that details the levels of funding to be included in the state budget. Our association represents half of all active EMS providers and their departments in Wisconsin, over 7,000 EMS providers and over 350 EMS departments, both urban and rural.

WEMSA supports proposals and efforts to increase funding to help stabilize Wisconsin's Emergency Medical Services (EMS) system. Which is why our association is supporting the bill, specifically on the policy items contained in Assembly Bill 245 and fiscal initiatives outlined in the corresponding co-sponsorship memo - in relation to the new aid funding for local governments, "Maintenance of Effort" provisions for EMS, the proposed \$25 million annual base appropriation (increased from \$2.2 million) and expanded uses of the Funding Assistance Program (FAP).

For many years, EMS in Wisconsin has faced the challenges of underfunding and inadequate resources, often relying on volunteers to provide critical 9-1-1 emergency medical response services. The proposed increase in the Funding Assistance Program (FAP) to \$25 million per year from its current \$2.2 million, as well as the expansion of the program to include non-transport (EMR) departments, represents an important first steps toward addressing the financial needs of EMS providers across the state.

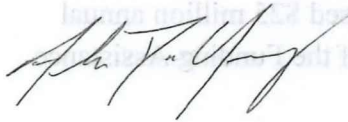
Additionally, we ask the committee to consider that the Maintenance of Effort provision be revised to require compliance with three out of the four statements, rather than the current two out of four. We believe this adjustment will further strengthen the commitment to EMS and help ensure a more robust and sustainable system.

Overall, we commend any proposals that increase or create new aid funding for local EMS. To that end, any ability to provide additional funding to build upon this for emergency medical services would assist in further stabilizing local services and with the recruitment and retention crisis facing EMS.

It is important for policymakers to recognize that EMS providers are already extremely efficient - operating on tight budgets, with costs frequently being subsidized by volunteer efforts. What state staffing positions or programs rely on volunteers, such as the nearly 80 percent of Wisconsin's EMS systems do? What other programs rely on local fundraising events to supplement local EMS budgets? Further, studies conducted by the Wisconsin Policy Forum have demonstrated that consolidating EMS services may not lead to immediate cost savings.

In conclusion, we believe that the Assembly Bill 245 provisions relating to funding for public safety and maintenance of effort - and the corresponding co-sponsorship memo outlining state budget funding appropriations represent an important step toward providing needed funding to help stabilize Emergency Medical Services in Wisconsin, ultimately ensuring the safety and well-being of our citizens. We encourage the Assembly Committee on Local Government to consider our recommendations and continue working towards a well-funded and fully-operating EMS system in the state.

Thank you,



Alan DeYoung, M.S.
Executive Director/ CEO
Wisconsin EMS Association

For statistical data and related information, please reach out to the Wisconsin EMS Association (WEMSA) at 414-431-8193 or wemsa@wisconsinems.com to get additional information.



To: Members of the Assembly Committee on Local Government
Rep. Todd Novak, Chair

From: Kathi Kilgore, Contract Lobbyist

Date: May 4, 2023

Re: Support for Eliminating the Personal Property Tax

The Wisconsin Hotel & Lodging Association is made up of approximately 600 bed and breakfasts, vacation homes, hotels, motels, resorts, and other industry partners who play a key role in the successful operation of lodging properties in the state. Our members span across all regions of the state, and we represent a great variety of independent, franchise, family-owned and corporate-owned properties. Some have restaurants, some have attractions, and some are single units that allow you to get away from it all.

No matter what type of property they run or which corner of the state they do business in, WHLA members support the repeal of Wisconsin's archaic Personal Property Tax. For decades, the Legislature has been chipping away at the tax, picking winners and losers by exempting specific equipment and industries. This unfair approach has put the tax and compliance burden on Wisconsin's lodging industry and other "Main Street" businesses.

We know that these taxes are a factor when developers decide if they are going to invest in new hotels in our communities, and the personal property tax deters economic development throughout the state. The lodging industry is already paying sales tax to acquire personal property items, like tables, chairs, beds and other furniture and fixtures, so it is especially unfair to continue to tax us year after year on the same goods. Lodging properties who try to "stay fresh" remodel and upgrade fixtures and furnishings on a regular basis, so we are not able to fully depreciate our personal property. Oftentimes, our franchise agreements require it every seven years.

We look forward to working with you all to bolster Wisconsin's tourism economy to help advance our great state.



**Testimony of Matt Rothschild,
Executive Director, Wis. Democracy Campaign
To the Assembly Committee on Local Government
In Opposition to Assembly Bill 245**

May 4, 2023

To the honorable Chair Novak and to the other distinguished members of the Assembly Committee on Local Government,

I'm Matt Rothschild, the executive director of the Wisconsin Democracy Campaign, which has been around since 1995. We track and expose the money in our politics, and we advocate for a broad range of pro-democracy reforms so that everyone can have an equal voice in our public affairs.

I would have testified before you in person this morning had I not come down with Covid, which I'm just getting over. So I hope this written testimony will suffice.

We oppose, in the strongest terms possible, the section of AB 245 that bans advisory referendums at the county and municipal level.

This provision is a blatant violation of the Wisconsin Constitution and a slap in the face to every citizen of this state. You are telling all of us that you don't even want to hear from us, and that we can't even express ourselves in advisory referendums on public issues through our local governments.

In 26 states, the citizens have the right, by plebiscite, to make law by themselves, over the head of the Legislature. I believe we should have that right in Wisconsin, as well.

But now you don't even want us to have the ability to offer our views on advisory referendums that have no binding power and only act as a vehicle of public speech. You want to impound that vehicle, and that's outrageous.

Advisory referendums provide the public with crucial ways to express themselves on vital issues of the day, and to communicate with you and other elected officials.

Here are but three examples.

On the issue of gerrymandering, over the last several years, 32 counties and 21 municipalities have passed a fair voting maps referendum, almost always by overwhelming margins.

Or take the issue of legalizing marijuana. Last November, three counties and five municipalities voted in favor of this by large margins on their advisory referendums.

Or take the issue of money in politics. Over the last dozen years, 12 counties and 80 municipalities passed referendums saying they want to amend the U.S. Constitution to proclaim that corporations aren't persons and money isn't speech. These referendums have also passed by huge margins almost all the time. On April 4, for instance, the people of Viroqua passed it with 91% approval.

OK, even if you don't value the opportunity to hear the views of the citizens of this great state, I would have thought that you'd value the words, and the meaning, and the purpose of Wisconsin's Constitution.

Because your provision to ban advisory referendums runs afoul of several sections of the Wisconsin Constitution.

Article 1, Section 3, states, in part: "no laws shall be passed to restrain or abridge the liberty of speech." Your provision abridges our liberty to speak.

Article I, Section 4, on "the right to assemble and petition," states in full: "The right of the people peaceably to assemble, to consult for the common good, and to petition the government, or any department thereof, shall never be abridged." Your provision facially and flagrantly violates this section.

Article XI, Section 3, on 'municipal home rule,' states, in part: "Cities and villages organized pursuant to state law may determine their local affairs and government, subject only to this constitution and to such enactments of the legislature of statewide concern as with uniformity shall affect every city or every village. The method of such determination shall be prescribed by the legislature." There is no "statewide concern" here for the Legislature to intervene and override our cherished principle of home rule.

As with other wrong-headed and unconstitutional acts of the Legislature over the last dozen years, this one would embroil the State of Wisconsin in expensive litigation, which I'm confident you would lose. But who would put up the tab again? We, the taxpayers! And I can guarantee you that we, the taxpayers, are sick and tired of paying for your mistakes.

So I urge you to strip the language about advisory referendums out of this bill.

Do not muffle the voices of the citizens of Wisconsin.

Do not abridge our freedom of speech and assembly.

Do not abridge our right to petition our government.

Do not meddle with home rule and local self-governance.

Do not violate the Wisconsin Constitution.

And don't waste our money while you're doing it.

Thank you for considering the views of the Wisconsin Democracy Campaign on this matter.



Waukesha County

OFFICE OF THE COUNTY EXECUTIVE

Testimony of Waukesha County Executive Paul Farrow:
Assembly Committee on Local Government
May 4, 2023

Chairman Novak, I want to begin today by thanking you for taking up this issue and your willingness to address long overdue changes to the State's Shared Revenue formula. I appreciate you taking a few minutes to learn why this issue is so important to me and the residents of Waukesha County.

As you know, today I serve as the Waukesha County Executive, but prior to my first election as County Executive in 2015, I served in both the State Assembly and the State Senate. I understand the difficult task you have before you and am familiar with the challenges you face balancing the wants and needs of different interest groups especially those people representing the counties, cities, villages, and towns across Wisconsin.

Waukesha County is the 3rd largest county in the State of Wisconsin; we have the 2nd lowest tax rate of any county, and the absolute lowest tax rate of any county without a county sales tax. We are the lowest spending county per person in the state and maintain a AAA/Aaa Bond rating due to our award-winning and exemplary conservative budgeting practices and fiscal discipline.

Like all communities, we have been doing the best we can to maintain high levels of service while operating under state-imposed tax levy limits for the past 15 years. Despite our success in keeping the taxpayers shielded from dramatic spikes in property taxes, the years of small 1% or 1.5% increases in tax levy have caught up to us and have put tremendous pressure on the Sheriff and other department leaders to maintain service levels. Some of those services, are of course, mandated by the state. Every so often, the state even pays for those mandates.

When state funding for those mandated programs falls short though, local property taxpayers pick up the bill. Over 40% of the property tax levy collected by Waukesha County goes to fund state-mandated services. In some cases, we are funding state priorities and sacrificing the priorities of our residents. On top of requiring us to fund certain operations, the state limits the amount of tax levy local governments can collect. I am partially to blame for this problem. When I was in the Legislature, I voted to support local levy limits changes in 2011.

Under the levy limits, over the last 5 years Waukesha County has averaged a tax levy increase of 1.7%. The state has no such limitation on the amount of taxes it collects. During that same time the state's general fund tax collections have increased an average of 5.7%. While the state is enjoying billions of dollars in surpluses, local governments are struggling keep up with the cost of inflation.

In the past the state has drawn our attention to Shared Revenue as a way to help address these funding issues. The bill before you today recognizes the current shared revenue formula is underfunded and imbalanced. For the first time in decades, there seems to be a willingness to address these inequities in a meaningful way.

I have read and reviewed every page of this bill. I know what the bill funds, the strings attached to that funding, and know how changes to the share revenue formula benefit Waukesha County. My overarching reaction is that it is *not* an "historic" gamechanger for a county like Waukesha. Waukesha County received little money in the old formula, and, despite the seemingly large percentage increase in our projected aid under the new formula, we will not receive enough money to cover our cost-to-continue in one single year of our budget. To put it another way, by the time the state ends its two-year budget cycle, Waukesha County will be back to square one. That is not the hallmark of a bill making an historic impact on local government.

Under this plan the per capita dollars increase for all communities, including Waukesha County, but the disparity in the formula remains. Our per person funding increases up from \$1.55 under the old formula to \$9.51. La Crosse County, one-third the size of Waukesha County, received about \$28 per person under the old system and would receive about \$36 per person under the new plan. Despite the clear flaws in both the old and new shared revenue formulas, the main issue is that the pot of money applied to that formula is far too small, specifically for counties. This committee, and the Assembly as a whole, has an opportunity to make a significant change to that funding level and it should.

The reason I am giving this issue so much attention is not simply that I am a County Executive, it's that I was State Senator and a State Representative. I know if this bill, or a version of it, gets signed into law the Legislature is not going to address funding local government or adjust the shared revenue formula for years, if not decades, to come. This is the last chance for nearly every member in this Legislature to influence the way local governments fund fighting crime, keeping the public safe, and paying for other local priorities. If this bill passes as is, moving forward, we all know local governments are on their own. That is why getting this bill right is so important.

I appreciate that you have to make difficult decisions that affect millions of people and many local governments. You don't have an easy job. Please take this once in a career opportunity to get the Shared Revenue formula right and fund it at a level that will make a real difference for counties like Waukesha.

Thank you again for you taking the time to consider my position.



10 East Doty Street, Suite 519
Madison, WI 53703

608/255-6083
www.NFIB.com

**Statement for
Members of the Assembly Committee on Local Government**

by
Bill G. Smith, NFIB State Director in Wisconsin

May 4, 2023

Assembly Bill 245 - Personal Property Tax

Assembly Bill 245 includes a provision that would eliminate the personal property tax – a top tax priority of Wisconsin’s small business community.

The personal property tax, in many ways is a small business tax. It is a grab bag of exemptions and definitions that violates the basic principles of tax fairness, simple cost effective administration and low enforcement costs.

In order to be competitive with surrounding states, promote economic development, and importantly, encourage small business creation and growth, NFIB believes the personal property tax should be eliminated.

We understand that tax reform almost by definition creates winners and losers. One taxpayer’s exemption, credit or deduction is another’s tax increase.

However, when we asked small business owners if NFIB should support legislation that would eliminate the personal property tax, 82 percent said NFIB should fight to eliminate the tax.

NFIB supports eliminating the personal property tax reforms because this key tax change would impact all Main Street businesses equally regardless of economic status, number of employees, amount of revenue, or type of business.

Wisconsin’s small business economy continues to struggle toward a level of recovery. However, many challenges remain up and down Main Streets in communities throughout our state.

Accordingly, on behalf of small and independent business, I respectfully urge the legislature to finally take the necessary action that would eliminate Wisconsin’s archaic personal property tax.

TO: Members, Assembly Committee on Local Government

FROM: Sharon L. Schmeling, Executive Director

SUBJECT: AB 245 - Sales tax increase and school crime reporting requirement

DATE: May 4, 2023

Thank you for your consideration. The Wisconsin Council of Religious and Independent Schools (WCRIS) has no position on AB-245. But we have some serious concerns about some of its provisions. We provide our perspective for information only.

As you may know, WCRIS represents over 600 private schools and over 100,000 students in K-12 schools across the state. About two-thirds of those schools utilize the choice programs to carry out their mission of expanding access to the education they provide.

WCRIS takes no position on the sales tax increase. We would like to address the provision requiring Choice schools to report incidents of crime that take place on school grounds. We fully understand the need for safe schools and are committed to improving safety measures at all schools. In fact, many of our families choose Choices schools because they provide a safe environment for their children.

As you deliberate about the sales tax increase, please consider our concerns with the implementation of the crime reporting requirement. WCRIS voiced these concerns when a similar bill, AB-53, had a hearing this session. Many other groups also opposed this reporting requirement for a variety of logistical reasons, which have been identified for years.

WCRIS is specifically concerned about the following:

1. School safety is an issue that needs prevention efforts. WCRIS is concerned that this provision could hinder educators from calling the police because they fear their cries for help will show up on statistics. Due to general societal violence and mass shootings, we need more school staff comfortable with law enforcement, not less.
2. How do the Constitutional “innocent until proven guilty” protections fit within the context of reporting a criminal charge? A charge does not prove that someone committed a crime. Anyone can be charged. Charges often drastically differ from a layman’s interpretation of the events, for good reason.
3. The 6 a.m. to 10 p.m. limits are too early and too late in the day to hold school administrators responsible. Many administrators do come early or stay late. But

Archdiocese of Milwaukee

Association of Christian
Schools International

Christian Schools
International

Diocese of Green Bay

Diocese of LaCrosse

Diocese of Madison

Diocese of Superior

Lutheran Church
Missouri Synod
North Wisconsin District

Lutheran Church
Missouri Synod
South Wisconsin District

Wisconsin Association
of Independent Schools

Wisconsin Conference
of Seventh Day Adventists

Wisconsin Evangelical
Lutheran Synod
Northern Wisconsin District

Wisconsin Evangelical
Lutheran Synod
Western Wisconsin District

Wisconsin Evangelical
Lutheran Synod
Southeastern Wisconsin
District

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ADDRESS
110 East Main Street
Suite 802
Madison, WI 53703

they are more than likely gone before 10 p.m., leaving only security and janitorial staff to lock up. Mandatory reporting should be only required for an hour before the school day begins and two hours after the school day ends.

4. Police departments should be required to collect the information and send it to the Department of Justice Office of School Safety, which can collate it and issue an annual report to each school that could be shared with the public. We should let public safety experts report the charges, not school leaders with no official access to accurate information.
5. Private schools will struggle to comply with additional state-mandated paperwork. Our administrators are already overworked with teacher and substitute teacher shortages. And, such a requirement will make it harder to recruit administrators.
6. The state voucher amount is already not sufficient to cover the full costs of education. This potential reporting requirement will require additional non-remunerated work for our school leaders.

Please take time to resolve or address these issues before including the crime reporting requirement in this bill.

Please don't hesitate to contact me if WCRIS can be of additional service.

A handwritten signature in black ink that reads "Sharon L. Schmeling". The signature is written in a cursive style with a large, sweeping flourish at the end.

Sharon Schmeling
WCRIS Executive Director



TO: Assembly Committee on Local Government

FROM: Evan Umpir, Director of Tax, Transportation, and Legal Affairs

DATE: May 5, 2023

RE: Support of Personal Property Tax Repeal Provisions in AB 245

Thank you Chairman Novak, Ranking Member Baldeh, and Committee members for the opportunity to comment on 2023 Assembly Bill 245, specifically the provisions relating to personal property tax repeal.

WMC is the largest general business association in Wisconsin, representing approximately 3,800 member companies of all sizes, from every sector of the economy. Since 1911, our mission has been to make Wisconsin the most competitive state in the nation to do business. Repeal of the personal property tax is one item that could not be a more clear competitive disadvantage to, and burden on, Wisconsin businesses that businesses in many states around the country do not have to calculate and pay every year, which is why WMC has strongly supported its repeal. Wisconsin's business climate has dropped to 27th in 2023 from our peak at 25th in 2020.¹ Repealing the personal property tax has been identified as one simple solution that will enhance Wisconsin's business climate and competitiveness.²

This tax, which costs businesses approximately \$200 million a year, costs businesses much more than the dollar amount that must be paid every year. Businesses must annually calculate the cost of their property, or pay to have an accountant undertake the project, which costs both time and money, both of which could be put to better use serving customers. As Ben Franklin is attributed writing in 1748, "time is money." Not only does compliance cost businesses, but assessors too spend countless hours a year devoted to ensuring the tax is paid. With the twenty-seven exemptions in statute already, the tax collected combined with the cost of compliance – both to the private and public sectors – is not worth the money and effort on both sides of the equation. The human capital expended to aid compliance and tax money paid could much better be utilized by serving customers and reinvesting in business, particularly at this time when so many businesses are struggling to find workers.

As mentioned, Wisconsin has made efforts to lessen this burden. As noted, the twenty-seven exemptions to the tax have helped relieve some of this burden, the most recent in 2017, but much property and many businesses are still subject to the tax. Not only is the tax a competitive disadvantage for Wisconsin, but frequently the exemptions have resulted in non-uniform

¹ Janelle Fritts and Jared Walczak, "2023 State Business Tax Climate Index," Tax Foundation (October 25, 2022), available at: <https://taxfoundation.org/2023-state-business-tax-climate-index/>.

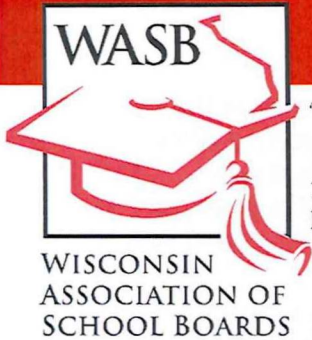
² Katherine Loughead, "Wisconsin Legislature Considering Several Pro-Growth Tax Reforms," Tax Foundation (June 29, 2021), available at: <https://taxfoundation.org/wisconsin-state-budget-tax/>.

application and/or litigation, which can leave similarly situated businesses confused, frustrated, and on unequal footing. Full repeal of the personal property tax is the simplest, best course of action after the long – decades long – effort to repeal this tax which predates our statehood.

Last session, the Legislature set aside funding to ensure that local governments who are directly impacted by the collection of this tax are not impacted by the loss of this tax revenue. While ultimately last session's repeal bill was vetoed, the same sentiment to ensure that both businesses and local government are not harmed through repeal remains alive and a bipartisan goal.

Another issue of concern in past sessions would be ensuring repeal would not negatively impact manufacturers who claim the Manufacturing and Agriculture Credit. I am happy to say that **WMC and the Department of Revenue (DOR) have come to agreement on language that both sides feel confident is viable; past concerns over the effect of repealing the personal property tax should no longer be an impediment to repeal becoming law effective with the 2024 tax year.** I would like to thank DOR for their efforts to address our concerns.

WMC and the business community, would like to thank the authors of the bill for their tireless commitment to seeking repeal of the personal property tax, the DOR for their efforts to address WMC's concerns, and the other legislators and stakeholders who have worked the last few months – and many, many sessions prior – to see that Wisconsin can become a more competitive state to do business and promote economic opportunity and growth through repeal of the personal property tax.



"Leadership in Public School Governance"

JOHN H. ASHLEY, EXECUTIVE DIRECTOR

122 W. WASHINGTON AVENUE, MADISON, WI 53703
PHONE: 608-257-2622 FAX: 608-257-8386

TO: Members, Assembly Committee on Local Government
FROM: Dan Rossmiller, WASB Government Relations Director
DATE: May 4, 2023
RE: OPPOSITION to Provisions in ASSEMBLY BILL 245 relating to reporting certain crimes and other incidents that occur on school property or school transportation and relating to requiring certain school boards to ensure that specified numbers of school resource officers are present at schools in the school district during school hours and during other school-related activities.

The Wisconsin Association of School Boards (WASB) is a voluntary membership association representing all 421 of Wisconsin's locally elected public school boards.

School board members, parents, students, teachers, administrators, members of the public, and the WASB all have a shared interest in ensuring student and school safety. The WASB's member school boards take student safety and security seriously. That is why all public school districts have internal procedures to address student behavior issues, including suspension and expulsion policies, have adopted school safety plans, and work closely with law enforcement agencies in our communities to protect students.

For over 30 years—from 1991 to the present—public schools have already been reporting large amounts of information to the DPI regarding student behavior that results in school discipline—i.e., suspensions and expulsions. This information, which includes the numbers of suspensions and expulsions; the reasons for which pupils are suspended or expelled, the length of time for which pupils are expelled, and whether pupils return to school after their expulsion, has been reported to the DPI according to categories specified by the state superintendent. This information has been accessible via the DPI's WISE Dash information system.¹

Assembly Bill 245 would add new requirements, identical to those included Assembly Bill 53, which the WASB also opposed, that would require all public high schools collect, maintain and report statistics on all incidents described in the bill, regardless of whether they involve students. In other words, under this bill schools could potentially be reporting on many incidents involving community members who are not students, including adults or others who may not have any direct connection to the school. Some, and perhaps many of these incidents, would include incidents over which schools may have little or no control, and which may have little effect on student safety or health.

We are concerned that the statistics required to be reported and included on the school report cards under Assembly Bill 245 may not be an accurate reflection of the safety and security of a particular school or district and would impose unfunded costs on high schools and school districts.

Our main questions and concerns with provisions on collecting, maintaining, and reporting statistics on incidents mandated by this bill include the following:

assault; battery, substantial battery; or aggravated battery, as those crimes are defined under state statutes). Often “disorderly conduct” citations are issued for behavior that creates a disturbance--such as loud, indecent, or profane speech or making obscene gestures--behavior that is not “violent” per se.

In a sense, Assembly Bill 245 lumps extremely different degrees of conduct--disorderly conduct under a municipal ordinance—with serious crimes against life and personal security--homicide, sexual assault, and aggravated assault--as incidents that must be reported on school report cards. Q: How is one (e.g., a parent trying to evaluate these statistics) supposed to meaningfully equate a student outburst of yelling or profanity with homicide or aggravated assault?

Lumping together violent and non-violent acts could make comparisons between schools in different municipalities difficult at best and invalid at worst. We fear that schools in communities where “disorderly conduct” is broadly defined by municipal ordinance will look comparatively worse than schools in communities where it is narrowly defined, when in actual fact the schools may not differ at all in terms of student safety or security. This flaw means the public is likely to be misled when trying to compare schools in different communities.

- 5) The bill would require that incidents be reported if they occur on Mondays through Fridays between the hours of 6:00 am and 10:00 p.m. This means schools will still have to sort through records to determine whether an incident (e.g., a scuffle following an athletic event) occurred at 9:55 p.m. (in which case it must be reported) or at 10:05 p.m. (in which case it need not be reported). The bill also does not distinguish between days (e.g., teacher in-service days) or weeks in which school is in session or weeks in which the school is completely closed, and students are on vacation (e.g., winter or spring break or summer vacation). Obviously, student safety and security are likely at far lower risk when these incidents occur during periods when school is not in session.

To provide a more accurate picture, reports should include only those incidents that occur on a school day (rather than simply on a weekday). An incident that occurs on a weekday when no classes are held (e.g., an in-service day or on a summer weekday or vacation weekday when school is not in session) likely has little bearing on the safety of students on a typical school day and school personnel may not even be notified of it.

- 6) Under the bill, these statistics must be reported to the DPI regardless of whether: a) the original report to law enforcement was accurate or a charge or citation is later dropped; b) the incident involved only persons who are not students at the school; c) the original report leads to any school-related discipline or criminal conviction; d) the alleged crime or incident was committed by a student or staff member of the school or district; and e) the alleged crime or incident occurred at a time when students were present or likely to be present. This lessens the ability of these reports to predict the safety risk to students and makes them less valuable.
- 7) The bill does not define what constitutes “statistics” of crimes or incidents. Is this just the number of incidents *reported* within each category or is more detailed information contemplated? Obviously, the more detail required, the more staff time that will be associated with gathering and inputting this information. On the other hand, if the bill contemplates that only the number of incidents is to be reported, that leaves no opportunity for the school or district to provide any explanations that might aid parents or community members. Consider the following three examples that all might result in a disorderly conduct citation being issued: 1) a fight between two high school boys over a girl; 2) a disturbance caused by a parent involved in a custody dispute with an ex-spouse who refuses to leave the

building without his or her child; and 3) a fight between two adults that breaks out on a basketball court located on school grounds over excessively physical play or a hard foul. Each of these three “incidents” would be reported the same way and would appear to an uninformed school report card reader to pose the same risk to school safety or to the ordinary student, which seems unlikely.

While this concern may be addressed by the rules the DPI would be required to promulgate under the bill, at this point school board members do not have a clear idea about how much detail may be required. Further, the legislative rule review process might alter whatever requirements the DPI proposes.

- 8) The costs of complying with bill’s unfunded mandate are likely to vary widely but, in some cases, could be substantial for both schools and law enforcement depending on crime rates in different communities.

To the extent that these “statistics” may tend to reflect the neighborhood in which a school is located as much as they do what is happening inside school buildings, comparisons based on those statistics may be misleading. Large high schools in densely populated urban areas might be expected to tally greater numbers of “incidents” than similarly sized schools with in suburban areas with large campuses located away from housing or commercial areas. To the extent this is true, they may face higher costs than their suburban counterparts and much higher costs than smaller and more rural high schools in smaller communities.

Many public high schools are located adjacent to public (municipal) parks. Because no mail is delivered to these park spaces, they tend not to have addresses. For this reason, police reports may list the school’s address as the location of the “incident.” This may cause the number of incidents to skew higher for public high schools located adjacent to public parks.

It is also likely that schools with school resource officers will receive more reports to law enforcement than schools without them. This will occur simply because of greater access to and ease of making reports to these officers. If this difference in reported incidents is significant, it could have the effect of making schools with school resource officers on duty look worse than they actually are in comparison to schools without such officers. After all, it is hard to expect law enforcement officers invited into a school building not to act like law enforcement officers. To the extent that voucher high schools tend to lack school resource officers, this may skew comparisons between public and private high schools subject to the reporting requirements under the bill. In addition, relatively few rural high schools have school resource officers. This may also skew comparison between urban and rural schools.

The WASB also opposes, on the grounds that they unnecessarily infringe on local control and the governance of school districts by local elected school boards, provisions in Assembly Bill 245 that would require the school board of the school district that is located in the first class city must ensure that 25 school resource officers are present at schools in the school district during school hours and that a reasonable number are present during other school-related activities, and that, beginning in the 2025-26 school year, the school board must consider the statistics required to be collected on violations of municipal disorderly conduct ordinances and certain crimes, as further in the bill, to allocate the school resource officers to specific schools in the school district.

For the above reasons, the WASB opposes the provisions of Assembly Bill 245 cited in this testimony. The WASB takes no position regarding other provisions contained within this bill.

ⁱ Wisconsin already collects and reports discipline data for all students regardless of grade. Data about disciplinary removals and incidents are disaggregated by student demographic group and reported at the state, district, and school levels. The total count of student-incidents which result in out-of-school suspension or expulsion are reported as a percentage of enrolled students.

While discipline data may or may not be associated with a criminal charge or citation, all student-incidents resulting in an out-of-school suspension or expulsion are reported by behavior (e.g., assault, alcohol, etc.). Handgun, shotgun or rifle, other firearm, and “dangerous weapon - not a firearm” are grouped together under weapon-related incidents. If an incident resulting in removal of a student is associated with multiple behaviors, then reporting is based on the primary behavior. The most serious infraction or offense committed is identified as the primary behavior.