

SHARED REVENUE AND TAX RELIEF

Budget Summary by Funding Source					
	2022-23	Act 19		2023-25 Change Over	
	<u>Adjusted Base</u>	<u>2023-24</u>	<u>2024-25</u>	<u>Base Year Doubled</u>	<u>Percent</u>
				Amount	Percent
Direct Aid Payments					
Expenditure Restraint	\$59,311,700	\$58,145,700	\$0	-\$60,477,700	-51.0%
County and Municipal Aid	708,387,500	707,684,200	0	-709,090,800	-50.0
Public Utility Distribution	87,916,900	88,949,800	98,417,600	11,533,600	6.6
State Aid; Tax Exempt Property	98,047,100	98,047,100	0	-98,047,100	-50.0
State Aid; Personal Property Tax Exemption	75,530,900	75,620,900	0	-75,440,900	-49.9
State Aid; Video Service Provider Fee	10,008,200	10,008,200	0	-10,008,200	-50.0
Interest Payments on Overassessments of Manufacturing Property	10,000	10,000	10,000	0	0.0
Payments for Municipal Services	18,584,200	18,584,200	0	-18,584,200	-50.0
Property Tax Credits					
Homestead Tax Credit	\$47,300,000	\$42,200,000	\$37,700,000	-\$14,700,000	-15.5%
Veterans and Surviving Spouses Property Tax Credit	50,000,000	54,600,000	59,700,000	14,300,000	14.3
Pre-2010 Farmland Preservation Credit	290,000	240,000	190,000	-150,000	-25.9
Farmland Preservation Credit	16,500,000	15,900,000	15,700,000	-1,400,000	-4.2
School Levy Tax Credit	940,000,000	1,195,000,000	1,275,000,000	590,000,000	31.4
First Dollar Credit	148,500,000	148,228,000	148,228,000	-544,000	-0.2
Other Credits					
Claim of Right Credit	\$150,000	\$122,000	\$122,000	-\$56,000	-18.7%
Jobs Tax Credit	1,000,000	1,000,000	600,000	-400,000	-20.0
Business Development Credit	11,700,000	15,700,000	16,500,000	8,800,000	37.6
Enterprise Zone Jobs Credit	77,500,000	54,100,000	36,025,000	-64,875,000	-41.9
EITM Zone Credit	8,570,700	8,325,000	6,332,000	-2,484,400	-14.5
Research Credit	21,000,000	21,300,000	25,000,000	4,300,000	10.2
Cigarette and Tobacco Products Tax Refunds	29,700,000	27,100,000	26,400,000	-5,900,000	-9.9
Earned Income Tax Credit	25,500,000	26,500,000	27,900,000	3,400,000	6.7
Forestry Mill Rate					
Forestry Mill Rate -- GPR Transfer to the Conservation Fund	<u>\$115,541,300</u>	<u>\$141,500,000</u>	<u>\$135,500,000</u>	<u>\$45,917,400</u>	19.9%
GPR Total	\$2,551,048,500	\$2,808,865,100	\$1,909,324,600	-\$383,907,300	-7.5%
Other Credits					
Earned Income Tax Credit; Temporary Assistance for Needy Families	<u>\$66,600,000</u>	<u>\$61,725,000</u>	<u>\$65,002,000</u>	<u>-\$6,473,000</u>	-4.9%
PR Total	\$66,600,000	\$61,725,000	\$65,002,000	-\$6,473,000	-4.9%
Direct Aid Payments					
Expenditure Restraint	\$0	\$0	\$58,145,700	\$58,145,700	100.0%
County and Municipal Aid	0	0	753,075,300	753,075,300	100.0
County and Municipal Aid, Police and Fire Protection Fund	34,424,800	34,424,800	0	-34,424,800	-50.0
Supplemental County and Municipal Aid	0	0	274,867,200	274,867,200	100.0
State Aid; Tax Exempt Property	0	0	98,047,100	98,047,100	100.0
State Aid; Personal Property Tax Exemption	0	0	75,620,900	75,620,900	100.0
State Aid; Repeal of Personal Property Taxes	0	0	173,800,000	173,800,000	100.0
State Aid; Video Service Provider Fee	0	0	10,008,200	10,008,200	100.0
Payments for Municipal Services	0	0	18,584,200	18,584,200	100.0
Innovation Fund	0	0	300,000,000	300,000,000	100.0
Innovation Planning Grants	0	0	3,000,000	3,000,000	100.0
Property Tax Credits					
Lottery and Gaming Credit	\$277,116,000	\$338,025,800	\$311,790,000	\$95,583,800	17.2%
Lottery and Gaming Credit; Late Applications	<u>665,600</u>	<u>850,000</u>	<u>850,000</u>	<u>368,800</u>	27.7
SEG Total	\$312,206,400	\$373,300,600	\$2,077,788,600	\$1,826,676,400	292.5%
TOTAL	\$2,929,854,900	\$3,243,890,700	\$4,052,115,200	\$1,436,296,100	24.5%

Budget Change Items

Direct Aid Payments

1. LOCAL GOVERNMENT FUND

GPR-Transfer	\$1,866,380,000
SEG-REV	\$1,866,380,000
SEG Lapse	5,958,800

Establish a segregated fund entitled the "Local Government Fund." In 2024-25, transfer 20% of state sales and use taxes, as outlined in the summary of general fund taxes under the biennial budget act, prepared by the Legislative Fiscal Bureau, to the local government fund. Estimate the amount of the transfer in that year at \$1,563.4 million. In addition, on July 1, 2024, make a one-time transfer in 2024-25 of \$303.0 million to the local government fund and exclude this transfer from the calculation of the annual amounts transferred beyond the 2023-25 biennium. Specify that \$300 million of this amount is credited to the innovation account of the fund on July 1, 2024.

In 2025-26, and each year thereafter, transfer from the general fund to the local government fund the sum of the following: (a) the amount transferred to the local government fund in the previous fiscal year, excluding the \$303 million amount transferred on July 1, 2024; and (b) the percentage change in the estimated amount of state sales and use tax revenues, as outlined in the summary of general fund taxes under the biennial budget act, for the previous fiscal year compared to the preceding fiscal year, multiplied by the amounts available for distribution in the previous fiscal year in the newly-created county and municipal aid and supplemental county and municipal aid accounts within the local government fund. Under these provisions, the annual transfer amount would increase by approximately \$23.9 million for a total transfer of \$1,587.3 million in 2025-26 to fund calendar year 2025 payments. Specify that 15% of the annual transfer amount would be transferred to the local government fund on the second Monday in July of each year, and the remaining 85% would be transferred on the second Monday in November of each year.

Convert the GPR funding for the following programs to instead be funded with SEG from the newly-created local government fund, beginning in 2024-25: (a) county and municipal aid; (b) expenditure restraint; (c) computer aid; (d) personal property aid, including aid on personal property exempted under 2017 Act 59; (e) video service provider fee aid; (f) payments for municipal services; (g) funding assistance program; and (h) law enforcement training program. In addition, specify that beginning in 2024-25, half of the funding for youth and family aids would be funded from the local government fund, and half would continue to be funded with GPR. Repeal the existing medical assistance supplement, that offsets a portion of county and municipal aid payments, and reestimate the GPR sum sufficient appropriation downward by \$2.0 million in 2024-25. The table below shows the reductions in GPR spending associated with converting existing GPR-funded programs to local government fund SEG in 2024-25, as well as the Medical Assistance GPR funding reduction.

GPR-Funding Reductions Associated with Creation of Local Government Fund

	<u>2024-25</u>
Existing GPR Programs	
Existing County and Municipal Aid	-\$707,684,200
Expenditure Restraint Program	-58,145,700
Computer Aid	-98,047,100
Existing Personal Property Aid	-75,620,900
Video Service Provider Fee Aid	-10,008,900
Payments for Municipal Services	-18,584,200
Funding Assistance Program	-2,200,000
Law Enforcement Training	-2,000,000
Youth and Family Aids	-46,652,900
Medical Assistance Supplement	<u>-2,000,000</u>
Total GPR Appropriation Reductions	-\$1,020,943,900

Specify that the following programs, created under Act 12, would be funded from the local government fund, beginning in 2024-25: (a) the programs to be converted to the local government fund, indicated earlier; (b) supplemental county and municipal aid; (c) personal property aid, associated with the full repeal of the personal property tax included in Act 12; (d) innovation grants; and (e) innovation planning grants. See later items for the fiscal effect of these appropriation conversions and creations.

In 2024-25, a total of \$1,866.4 million GPR will be transferred to the local government fund, as described above. The table below shows the new effect on the general fund of this transferred amount and the GPR funding reductions shown in the previous table.

Net Effect on the General Fund

GPR Transfer	\$1,866,380,000
GPR Program Funding Reductions	<u>-1,020,943,900</u>
Net Impact on General Fund	\$845,436,100

In addition, transfer \$8.0 million from the local government fund to the transportation fund on December 30, 2024, and on each December 30, thereafter. This provision would make the transportation fund whole for the reduction in taxes paid by railroads associated with the repeal of the personal property tax under Act 12 (see "Property Taxation -- Transfer to Transportation Fund").

Estimate lapses to the local government fund at \$5,958,800 in 2024-25 associated with the current law lapses under the existing county and municipal aid program.

The table below indicates the estimated transfers to the local government fund in 2024-25, as well as the balance of that fund.

Local Government Fund

Revenues

Transfer to Local Government Fund - 20% of 2024-25 State Sales and Use Taxes	\$1,563,380,000
Transfer to Local Government Fund - Innovation Account and Innovation Planning Grants Account	<u>303,000,000</u>
Total SEG Revenues	\$1,866,380,000

Expenditures

Total County and Municipal Aid	\$753,075,300
Expenditure Restraint Program	58,145,700
Computer Aid	98,047,100
Existing Personal Property Aid	75,620,900
Video Service Provider Fee Aid	10,008,900
Payments for Municipal Services	18,584,200
Funding Assistance Program	25,000,000
Law Enforcement Funding	8,800,000
Youth and Family Aids	46,652,900
Supplemental County and Municipal Aid	274,867,200
Innovation Grants	300,000,000
Full Personal Property Exemption Aid	173,800,000
Innovation Planning Grants	3,000,000
Transfer to Transportation Fund -- Railroad Personal Property	8,000,000
Current Law County and Municipal Aid Lapses*	<u>-5,958,800</u>
Total SEG Expenditures	\$1,847,642,700

Balance	\$18,737,300
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*Lapses are related to current law offsets to county and municipal aid associated primarily with the \$4.0 million from Milwaukee County for the Bucks Arena and for partial repayment of mass transit capital grants.

[Act 19 Sections: 39, 199 thru 202, 9101(4), 9406(1), 9419(2), 9427(2), and 9437(4)]

2. SUPPLEMENTAL COUNTY AND MUNICIPAL AID

SEG	\$274,867,200
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Provide \$274,867,200 SEG in 2024-25 from the supplemental county and municipal account of the local government fund to fund the supplemental county and municipal aid program created under 2023 Act 12 to be distributed according to the aid formulas created under that Act. Of this amount, \$68,000,000 would be distributed to counties and \$206,867,200 would be distributed to municipalities, as required by Act 12.

[Act 19 Section: 166, 205 thru 207, and 9437(4)]

3. INNOVATION GRANTS

SEG	\$300,000,000
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Provide \$300,000,000 in 2024-25 from the innovation account of the local government fund for the innovation grant program created under 2023 Act 12. Require the Department of Revenue (DOR) to certify the grants and the Department of Administration (DOA) to pay the amount of the grants. This funding would be available for distribution to local governments that meet the requirements specified in that Act for the consolidation or transfer of the following government services or duties: (a) public safety, including law enforcement; (b) fire protection; (c) emergency services; (d) courts; (e) jails; (f) training; (g) communications; (h) information technology; (i) administration, including staffing, payroll, and human resources; (j) public works; (k) economic development and tourism; (l) public health; (m) housing, planning, and zoning; and (n) parks and recreation. The consolidation or transfer of these services would be required to realize savings of at least 10% of the cost of providing the service or duty, in order to qualify for an innovation grant.

[Act 19 Sections: 167, 208, 354, and 9437(4)]

4. INNOVATION PLANNING GRANTS

SEG	\$3,000,000
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Provide \$3,000,000 in 2024-25 from the local government fund for the innovation planning grant program created under 2023 Act 12. Pursuant to the requirements of that Act, this funding would be available to for distribution to municipalities with populations below 5,000 to assist with staffing and consultant expenses relating to planning the consolidation or transfer of services or duties eligible for innovation grants (see previous item). Require DOR to certify the grants and DOA to pay the amount of the grants.

[Act 19 Sections: 168, 355, 356, and 9437(4)]

5. COUNTY AND MUNICIPAL AID PROGRAM REESTIMATE [LFB Paper 106]

GPR	-\$1,406,600
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Decrease funding by \$703,300 annually for the county and municipal aid program to fund the current law statutory distribution amount, as reduced to reflect estimated offsets associated with payments from certain municipalities that received Volkswagen settlement transit capital grants.

6. COUNTY AND MUNICIPAL AID PROGRAM -- ELIMINATE POLICE AND FIRE PROTECTION FUNDING OFFSET

SEG	-\$34,424,800
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In 2024-25, rename the police and fire protection fund, the 911 fund, as required by 2023 Act 12. Delete the current law county and municipal aid SEG appropriation estimated at \$34,424,800 in 2024-25, which offsets GPR funding for county and municipal aid payments (see also "Department of Military Affairs" for the use of 911 fund monies).

[Act 19 Sections: 165 and 9437(4)]

7. PUBLIC UTILITY AID -- SUM SUFFICIENT REESTIMATE [LFB Paper 106]

GPR	\$7,433,600
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Increase funding by \$1,032,900 in 2023-24 and \$6,400,700 in 2024-25 to the sum sufficient utility aid distribution account to reflect estimated payment amounts in the biennium. With these adjustments, base level funding of \$87,916,900 would increase to \$88,949,800 in 2023-24 and \$94,317,600 in 2024-25. The public utility aid distribution account is used to make aid payments to counties and municipalities containing light, heat, power, and electric public utility generation and transmission properties that are exempt from local property taxation.

8. UTILITY AID -- INCREASE EXISTING INCENTIVE AIDS

GPR	\$4,100,000
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Provide \$4,100,000 in 2024-25 associated with modifying existing incentive aid components of the utility aid formula. Increase the incentive aid payment from \$600 to \$900 per megawatt for production plants with at least one of the following characteristics: (a) the production plant was built on the site of or on a site adjacent to an existing or decommissioned production plant; (b) the production plant was built on a site purchased before January 1, 1980, that was identified in an advance plan as a proposed site for a production plant; or (c) on a brownfield or a site adjacent to a brownfield. In addition, increase the incentive aid payment from \$1,000 to \$1,500 per megawatt for production plants built after 2003 that generate at least one megawatt of power using alternative energy resources. This provision would first apply to the 2024 aid distribution, which is paid in 2024-25.

[Act 19 Sections: 357 and 358]

9. EXPENDITURE RESTRAINT PAYMENT PROGRAM [LFB Paper 106]

GPR	-\$2,232,000
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Reduce funding by \$1,166,000 annually in the appropriation for the expenditure restraint payment program. These decreases reflect the elimination of payments made to the Village of Maine and the City of Janesville, which ended with the payment made in 2022-23. With these adjustments, base level funding would decrease from the adjusted base level funding amount of \$59,311,700 to \$58,145,700 each year.

10. EXISTING EXEMPT PERSONAL PROPERTY AID REESTIMATE [LFB Paper 106]

GPR	\$180,000
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Increase funding by \$90,000 annually to reflect a reestimate of the current law exempt personal property aid payments to local governments for exempt personal property classified as non-manufacturing machinery, tools, and patterns. This reestimate reflects changes to the treatment of personal property aid payments provided to tax incremental financing (TIF) districts after the district closes, made by 2021 Act 61. That Act required those payments to be distributed among all overlying taxing jurisdictions in the year after the district closes, according to each jurisdiction's share of the TIF district's value. This aid payment was created to hold local taxing jurisdictions harmless for this property being made tax exempt in 2017. With this reestimate, base

level funding of \$75,530,900 would increase to \$75,620,900 in both years of the biennium (the amount in 2024-25 would be increased under a separate recommendation, shown below, to exempt additional items of personal property from taxation).

11. EXEMPTION OF PERSONAL PROPERTY FROM TAXATION -- ADDITIONAL EXEMPT PERSONAL PROPERTY AID PAYMENTS

SEG	\$173,800,000
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Beginning in 2024-25, provide \$173,800,000 from the local government fund for an aid payment to hold local taxing jurisdictions harmless following the repeal of remaining personal property from taxation included in 2023 Act 12. Require the Department of Revenue to certify the payment due to each taxing jurisdiction to the Department of Administration (DOA) and specify that DOA is to make the payments on or before the first Monday in May. Modify the current law levy limit adjustment for personal property aid to include the new personal property aid payments provided under this provision.

[Act 19 Sections: 160, 319, and 360]

12. CONVERT COUNTY AND MUNICIPAL AID APPROPRIATION TO SEG -- LOCAL GOVERNMENT FUND

GPR	- \$707,684,200
SEG	<u>753,075,300</u>
Total	\$45,391,100

Beginning in 2024-25, convert the GPR appropriation for providing existing county and municipal aid payments to a newly-created SEG appropriation funded from the county and municipal aid account of the local government fund, created under 2023 Wisconsin Act 12. Delete \$707,684,200 GPR and provide \$753,075,300 SEG in 2024-25 from the local government fund to make the aid payments in that year.

[Act 19 Sections: 158, 203, and 9437(4)]

13. CONVERT GPR COMPUTER AID APPROPRIATION TO SEG -- LOCAL GOVERNMENT FUND

GPR	- \$98,047,100
SEG	<u>98,047,100</u>
Total	\$0

Beginning in 2024-25, convert the GPR appropriation for providing computer aid payments to a newly-created SEG appropriation funded from the local government fund, created under 2023 Wisconsin Act 12.

[Act 19 Sections: 159 and 9437(4)]

14. CONVERT EXISTING GPR EXEMPT PERSONAL PROPERTY AID APPROPRIATION TO SEG -- LOCAL GOVERNMENT FUND

GPR	- \$75,620,900
SEG	<u>75,620,900</u>
Total	\$0

Beginning in 2024-25, convert the GPR appropriation for providing existing personal property aid payments to a newly-created SEG appropriation funded from the local government

fund, created under 2023 Wisconsin Act 12.

[Act 19 Sections: 161 and 9437(4)]

15. CONVERT GPR EXPENDITURE RESTRAINT PAYMENT PROGRAM APPROPRIATION TO SEG -- LOCAL GOVERNMENT FUND

GPR	-\$58,145,700
SEG	<u>58,145,700</u>
Total	\$0

Beginning in 2024-25, convert the GPR appropriation for providing expenditure restraint payments to a newly-created SEG appropriation funded from the expenditure restraint incentive program account local government fund, created under 2023 Wisconsin Act 12.

[Act 19 Sections: 157, 204, 359, and 9437(4)]

16. CONVERT GPR PAYMENTS FOR MUNICIPAL SERVICES PROGRAM APPROPRIATION TO SEG - LOCAL GOVERNMENT FUND

GPR	-\$18,584,200
SEG	<u>18,584,200</u>
Total	\$0

Beginning in 2024-25, convert the GPR appropriation for providing payments for municipal services to a newly-created SEG appropriation funded from the local government fund, created under 2023 Wisconsin Act 12.

[Act 19 Sections: 172, 324, 9401(2), and 9437(4)]

17. CONVERT GPR VIDEO SERVICE PROVIDER FEE AID APPROPRIATION TO SEG -- LOCAL GOVERNMENT FUND

GPR	-\$10,008,200
SEG	<u>10,008,200</u>
Total	\$0

Beginning in 2024-25, convert the GPR appropriation for providing video service provider fee aid payments to a newly-created SEG appropriation funded from the local government fund, created under 2023 Wisconsin Act 12.

[Act 19 Sections: 162 and 9437(4)]

18. SUPPLEMENTAL TRIBAL GAMING REVENUE APPROPRIATION -- LAC COURTE OREILLES FEDERAL COURT DECISION [LFB Paper 710]

Provide \$3,613,000 PR to the Joint Finance Committee's supplemental PR appropriation in 2023-24 for the Committee to release to make one-time aid payments to counties affected by the 2022 U.S. 7th Circuit Court of Appeals decision *Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin v. Evers*. The Court ruled in that case that the state of Wisconsin and its political subdivisions are prohibited under the 1854 Treaty of La Pointe from taxing all real property within the Bad River, Lac Courte Oreilles, Lac du Flambeau, and Red Cliff reservations if that property is owned by the tribe or one or more tribal members, regardless of whether the property had been previously owned by a non-tribal member. The funding provided under this

provision is intended to make counties whole for taxes that were levied but not collected on property that became exempt from taxation under the Court ruling. Following the decision of the Court, the affected counties may not recover those unpaid taxes through the usual process for the collection of delinquent taxes. The counties affected by this ruling are Ashland County, Bayfield County, Iron County, Sawyer County, and Vilas County. Separate legislation would be required in the 2023-24 legislative session to direct the Joint Committee on Finance to distribute the funds to a newly-created tribal gaming appropriation created by this provision. The fiscal effect of this item is shown under "Program Supplements."

Create an annual PR appropriation funded from tribal gaming revenue to provide an aid payment to the counties affected by the federal Circuit Court of Appeals decision. Any unencumbered balance in this PR appropriation as of June 30 of each year would lapse to the tribal gaming receipts appropriation account under DOA. Specify that the appropriation would sunset July 1, 2025.

[Act 19 Sections: 151 and 163]

Property Tax Credits

1. SCHOOL LEVY TAX CREDIT FUNDING INCREASE

GPR	\$590,000,000
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Provide an additional \$255,000,000 in 2023-24 and \$335,000,000 in 2024-25, and each year thereafter, for the school levy tax credit. Create a separate payment date to distribute this payment amount on the first Monday in May, rather than the fourth Monday in July, when existing school levy tax credits are paid. With these changes, total funding for the credit would increase to \$1,195,000,000 in 2023-24 and \$1,275,000,000 in 2024-25, and each year thereafter.

[Act 19 Sections: 361 thru 367]

2. FIRST DOLLAR CREDIT REESTIMATE [LFB Paper 106]

GPR	- \$544,000
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Decrease funding by \$272,000 annually to reflect the \$148,228,000 actual amount of 2022(23) credits to be paid in 2023-24 and the estimated credits to be paid for property tax year 2023(24) in 2024-25. The 2022(23) credits are to be distributed in July, 2023, based on the \$8,500 credit base established by the Department of Revenue in November, 2022, and an estimate of the eligible parcels on which the credit was claimed. The base funding level for the first dollar credit is \$150 million.

3. FARMLAND PRESERVATION CREDIT REESTIMATE

GPR	- \$1,550,000
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[LFB Paper 106]

Decrease funding by \$650,000 in 2023-24 and \$900,000 in 2024-25 to estimate the sum-sufficient appropriations for the farmland preservation tax credit, which applies to certain lands in farmland preservation zoning districts and under farmland preservation agreements. With these estimates, farmland preservation tax credits are estimated at \$16,140,000 in 2023-24 and \$15,890,000 in 2024-25. The cost of the credit for 2022-23 is estimated to be \$16,340,000.

4. LOTTERY AND GAMING CREDIT REESTIMATE [LFB

SEG	\$95,583,800
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Paper 675]

Increase funding for the lottery and gaming credit by \$60,909,800 in 2023-24 and \$34,674,000 in 2024-25, associated with the following changes in funding available for the credit from the lottery fund: (a) an increase of \$45,091,200 in 2023-24 and \$18,895,300 in 2024-25, to reflect reestimates of lottery sales and interest earnings in 2022-23 and the 2023-25 biennium; (b) an increase of \$15,849,800 annually to reflect additional GPR funding for lottery retailer compensation and vendor fee expenditures, which results in a corresponding decrease in lottery fund expenditures for these purposes; (c) a decrease of \$125,200 in 2023-24 and \$165,100 in 2024-25, to reflect funding for additional staff positions (see "Department of Revenue -- Lottery Administration"); and (d) an increase of \$94,000 annually to reflect standard budget adjustments for turnover reduction. With these increases, funding for the credit would equal an estimated \$338,025,800 in 2023-24 and \$311,790,000 in 2024-25.

5. LOTTERY AND GAMING CREDIT; LATE APPLICATIONS

SEG	\$368,800
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[LFB Paper 106]

Increase funding by \$184,400 in each year to the sum sufficient appropriation to reflect estimated lottery and gaming credits to be paid to persons who apply for the credit after tax bills have been issued. With these adjustments, estimated total funding would increase from an adjusted base level of \$665,600 to \$850,000 annually.

Property Taxation

1. **TRANSFER TO TRANSPORTATION FUND -- RAILROAD PERSONAL PROPERTY TAX EXEMPTION**

SEG-Transfer	\$8,000,000
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Make an \$8.0 million transfer in 2024-25 from the newly-created local government fund to the transportation fund associated with the Act 12 repeal of personal property taxes on railroad property. Prior to the repeal of these taxes on railroad personal property, revenues from the taxes were deposited to the transportation fund. [See "Transportation -- Transportation Finance."]

[Act 19 Section: 37]

2. **CRANBERRY RESEARCH STATION PROPERTY TAX EXEMPTION**

Provide a property tax exemption for all property that is used primarily for research and educational activities associated with commercial cranberry production. Specify that the property must be owned or leased by a nonprofit organization that is exempt from income taxation under federal section 501(c)(3) of the Internal Revenue Code. This provision would first apply to the property tax assessments as of January 1, 2023, for the 2023(24) property tax year.

This exemption would apply to the Wisconsin Cranberry Research Station, owned by the Wisconsin Cranberry Research and Education Foundation and located in the Town of Manchester in Jackson County. The exemption would result in the tax currently levied on this property being shifted to other properties within the taxing jurisdictions in which the Research Station is located.

[Act 19 Sections: 321 and 9337(1)]

Forestry Mill Rate

1. **FORESTRY MILL RATE -- GPR TRANSFER TO THE CONSERVATION FUND CURRENT LAW REESTIMATE**

GPR	\$47,517,400
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[LFB Paper 106]

Increase funding by \$25,958,700 in 2023-24 and \$21,558,700 in 2024-25 for the annual transfer to the conservation fund from the sum sufficient appropriation to reflect projected changes in statewide equalized values. Funds equal to the amount calculated by multiplying the value of all taxable property in the state, as determined by DOR, by a rate of 0.1697 mills (0.01697%) are transferred from the general fund to the conservation fund annually. This transfer occurs due to the repeal of the state forestry mill tax as of property taxes levied in 2017, payable in 2018. With these adjustments, base level funding of \$115,541,300 would increase to \$141,500,000 in 2023-24 and \$137,100,000 in 2024-25. [See "Natural Resources -- Forestry and Parks."]

**2. GPR TRANSFER TO THE CONSERVATION FUND --
IMPACT OF THE EXEMPTION PERSONAL PROPERTY
FROM TAXATION**

GPR	- \$1,600,000
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Reduce the amount of the annual transfer (under the forestry mill rate) to the conservation fund by \$1,600,000 in 2024-25 to reflect statewide decreases in taxable equalized values associated with the exemption of personal property from taxation enacted under 2023 Wisconsin Act 12, which would decrease statewide equalized values by approximately \$9.4 billion in 2024-25. Under this recommendation, the total transfer to the conservation fund, as reestimated, would equal \$135,500,000 in 2024-25, for a net increase to base of \$45,917,400 in the biennium. [See "Natural Resources -- Forestry and Parks."]

Local Revenue Options

1. CITY OF MILWAUKEE MUNICIPAL TAXES APPROPRIATION

Create a program revenue appropriation under shared revenue and tax relief for all monies received from municipal sales and use taxes that may be adopted by ordinance by a first class city (the City of Milwaukee), net the 1.75% of the taxes retained by DOR for administration of the taxes. 2023 Wisconsin Act 12, authorizes the City of Milwaukee to impose a two percent sales and use tax, subject to certain conditions, including the approval of a supermajority of the Milwaukee Common Council. Specify that the distribution of taxes, as required under Act 12, be funded from this newly-created appropriation. Act 12 requires DOR to distribute 98.25% of the municipal taxes reported for the enacting municipality, minus the municipal portion of the retailers' discounts, to the municipality. [See "Revenue -- Tax Administration."]

[Act 19 Sections: 171 and 353]

Other Credits

Descriptions of budget provisions related to the homestead tax credit, earned income tax credit, enterprise zone tax credits, veterans property tax credit, other tax credits, and cigarette and tobacco products tax refunds are provided under "General Fund Taxes -- Refundable Tax Credits and Other Payments."