SHARED REVENUE AND TAX RELIEF

Budget Summary by Funding Source

	2022-23 Adjusted Base	Governor's Recommendation 2023-24	Governor's Recommendation 2024-25	Change Over Base Year Doubled Amount	Change Over Base Year Doubled Percent
Direct Aid Payments					
Expenditure Restraint	$59,311,700	$58,145,700	$58,145,700	-$2,332,000	-2.0%
County and Municipal Aid	708,387,500	713,464,200	713,464,200	10,153,400	0.7
Municipal and County Shared Revenue	0	0	576,153,200	576,153,200	N.A.
Supplemental County and Municipal Aid; Lac Courte Oreilles Decision	0	578,000	520,200	1,098,200	N.A.
Public Utility Distribution	87,916,900	88,181,700	96,696,300	9,044,200	5.1
State Aid; Tax Exempt Property	98,047,100	196,094,200	98,047,100	98,047,100	50.0
State Aid; Personal Property Tax Exemption	75,530,900	75,620,900	278,020,900	202,580,000	134.1
State Aid; Video Service Provider Fee	10,008,200	10,008,200	10,008,200	0	0.0
Interest Payments on Overassessments of Manufacturing Property	10,000	10,000	10,000	0	0.0
Payments for Municipal Services	18,584,200	19,513,400	19,513,400	1,858,400	5.0
Property Tax Credits					
Homestead Tax Credit	47,300,000	88,200,000	97,900,000	91,500,000	96.7
Pre-2010 Farmland Preservation Credit	290,000	260,000	220,000	-100,000	-17.2
Farmland Preservation Credit	16,500,000	16,100,000	16,100,000	-800,000	-2.4
School Levy Tax Credit	940,000,000	940,000,000	940,000,000	0	0.0
First Dollar Credit	148,500,000	148,228,000	148,228,000	-544,000	-0.2
Veterans and Surviving Spouses Property Tax Credit	50,000,000	75,200,000	77,800,000	53,000,000	53.0
Other Credits					
Claim of Right Credit	150,000	122,000	122,000	-56,000	-18.7
Jobs Tax Credit	1,000,000	418,000	292,000	-1,290,000	-64.5
Business Development Credit	11,700,000	6,904,000	10,032,000	-6,464,000	-27.6
Enterprise Zone Jobs Credit	77,500,000	54,102,000	35,538,000	-65,360,000	-42.2
EITM Zone Credit	8,570,700	8,325,000	6,332,000	-2,484,400	-14.5
Research Credit	21,000,000	13,500,000	77,900,000	49,400,000	117.6
Cigarette and Tobacco Products Tax Refunds	29,700,000	28,540,000	28,034,000	-2,826,000	-4.8
Marijuana Tax Refunds	0	0	2,200,000	2,200,000	N.A.
Earned Income Tax Credit	25,500,000	44,734,000	46,998,000	40,732,000	79.9
Forestry Mill Rate					
Forestry Mill Rate -- GPR Transfer to the Conservation Fund	115,541,300	141,500,000	135,500,000	45,917,400	19.9
GPR Total	$2,551,048,500	$2,727,749,300	$3,473,775,200	$1,099,427,500	21.5%
Other Credits					
Earned Income Tax Credit; Temporary Assistance for Needy Families	$66,600,000	$104,145,000	$109,662,000	$80,607,000	60.5%
PR Total	$66,600,000	$104,145,000	$109,662,000	$80,607,000	60.5%
Direct Aid Payments					
County and Municipal Aid	$34,424,800	$28,652,300	$28,652,300	-$11,545,000	-16.8%
Property Tax Credits					
Lottery and Gaming Credit	277,116,000	298,850,700	297,076,900	41,695,600	7.5
Lottery and Gaming Credit; Late Applications	665,600	850,000	850,000	368,800	27.7
SEG Total	$312,206,400	$328,353,000	$326,579,200	$30,519,400	4.9%
Total	$2,929,854,900	$3,160,247,300	$3,910,016,400	$1,210,553,900	20.7%

Direct Aid Payments

1. MUNICIPAL AND COUNTY SHARED REVENUE ACCOUNT -- 20% OF STATE SALES AND USE TAXES LESS EXISTING PROGRAMS

Governor: Establish a new account in the general fund entitled the "Municipal and County Shared Revenue Account" (MCSR account). Specify that the fund would consist of an amount equal to 20% of the amount of the revenues received from state sales and use taxes, as specified in the general fund condition summary under s. 20.005(1) in each fiscal year, less the payments from the following programs: (a) the amount distributed through the expenditure restraint program, under the bill; (b) the amount distributed through the existing county and municipal aid program; and (c) amounts distributed to counties and municipalities as state aid for tax-exempt personal property, including the new aid payment associated with the exemption of personal property from taxation included in the bill. The remaining funds each year would be available for a newly-created municipal and county shared revenue program.

As drafted, the MCSR account would consist of 20% of state sales and use tax revenue in each year of the biennium. The Administration indicates that its intent was that beginning in calendar year 2024, the fund would consist of 20% of the sales tax and use tax revenues for the fiscal year ending in that calendar year, and each year thereafter, less the amounts for the programs identified earlier. This would mean that the MCSR account would first consist of 20% of state sales and use tax revenues in 2024-25, with the amount to be included in the fund being based on 2023-24 sales tax collections, less the amounts for programs identified earlier. An amendment would be needed to reflect the Administration's intent. Using the Administration's intended language, the following table indicates how the administration calculated the $576,153,200 that would be available for the new municipality and county shared revenue program (described in a separate recommendation below).

Governor's Estimate of Sales and Use Tax Available to the MCSR Account and New Municipal and County Shared Revenue Program

State Sales and Use Tax Revenues (2023-24)	$7,603,150,000
Estimate of 20% of State Sales Tax	$1,520,630,000
Less Existing Program Funding	
Existing County and Municipal Aid	753,075,800
Expenditure Restraint	58,145,700
Existing Exempt Personal Property Aid (Counties and Municipalities)	29,090,500
Proposed Exempt Personal Property Aid (Counties and Municipalities)	104,164,800
Total Existing Program Amounts	$944,476,800
Amounts Available for New Municipal and County Shared Revenue Program	$576,153,200

For the purposes of calculating the MCSR account funds available for the new municipal and county shared revenue program, the bill refers to the existing county and municipal aid distribution amount of $748.1 million. This amount does not include the $5.0 million that the Secretary of the Department of Health Services is required to pay from medical assistance funds to specific local government units for medical care transportation services. The Administration indicates that its intent was to include these amounts when calculating the funds available for the new municipal and county shared revenue program. The bill would have to be amended to reflect this intent.

[Bill Sections: 534 and 1651]

2. NEWLY-CREATED MUNICIPAL AND COUNTY SHARED REVENUE AID PROGRAM AND FORMULA

GPR	$576,153,200

Governor: Provide $576,153,200 in 2024-25 for calendar year 2024 municipal and county aid payments to be distributed under a new municipal and county shared revenue aid payment program administered by DOR. This funding level represents the amount of funds available in the Municipal and County Shared Revenue (MCSR) account, described above in a separate recommendation, for distribution under the new aid payment. Because the MCSR account would consist of 20% of state sales and use taxes, less the required reductions to fund other programs described in the previous item, the amount available to be distributed under the new aid payment program would grow each year by the percentage growth in state sales and use taxes. These aid payments would be in addition to the $748.1 million currently distributed under the existing county and municipal aid program, and would be made from a newly-created sum sufficient appropriation.

Beginning in 2024-25, create a public safety payment, a per capita aid payment, and an aidable revenue aid payment. In addition, beginning in 2025-26, create an aids deficiency payment. Specify that these payments are to be funded from the MCSR account and distributed to municipalities and counties.

Public Safety Payments. Create a public safety payment that could only be used to pay for the following services: (a) law enforcement; (b) fire protection; (c) ambulance and emergency medical services; and (d) the costs of prosecutorial and judicial functions. Specify that that the funding level for this payment would equal 43.4% of the total funding in the newly-established MSCR account, rounded to the nearest $1,000,000, which would equal $250,000,000 in 2024-25, for calendar year 2024 payments, given the recommended funding. Require DOR to calculate the payment as a percentage of the most recent three-year average of qualifying public safety expenditures for each county and municipality as necessary to distribute the full amount of aid available, or $10,000, whichever is greater. Specify that "qualifying public safety expenditures" would mean amounts expended by each municipality or county for the purposes of law enforcement, fire protection, or ambulance and emergency medical services, as reported to DOR under current law.

Funding Available for Per Capita, Aidable Revenues, and Deficiency Payments. Specify that the funding level for these aid payments would equal the amount of remaining funds in the MCSR account, after accounting for the distribution of the public safety payments. Given the

recommended funding under the bill, $326,153,200 would be available for these aid payments in 2024-25 for calendar year 2024 payments. Specify that 70% of this funding ($228,307,200) would be distributed to municipalities and 30% ($97,846,000) to counties.

Specify that 15% of the funding provided municipalities and counties would be available for per capita aid payments for each group, while 85% of the funding available for each group would be used to make aidable revenue payments. Based on the funding available for these payments for each group, $34,246,100 in per capita aid and $194,061,000 in aidable revenue payments would be available for distribution to municipalities in 2024-25 for calendar year 2024 payments. Counties would have $14,676,900 in per capita and $83,169,100 in aidable revenue funding available for distribution in 2024-25 for calendar year 2024 payments.

Per Capita Aid Payment. Require DOR to calculate the per capita aid payment amounts for municipalities and counties by dividing the per capita funding available for each group by the state's total population to derive a statewide average municipal and county per capita amount. The per capita amount for each group would then be multiplied by the population of each municipality and county to determine each municipality's and county's per capita aid payment.

Aidable Revenues Payment. Require DOR to determine the following in order to calculate aidable revenue payments:

(a) "aidable revenues," would equal the total of the three-year average of the following revenues: (1) general property taxes and other taxes; (2) payments in lieu of taxes; (3) special assessments; (4) licenses and permits; (5) fines and forfeitures; (6) public charges; (7) intergovernmental revenues; and (8) other shared revenue distributions, consisting of the existing county and municipal aid program, the expenditure restraint program, exempt property aid payments, including the aid related to proposed full exemption of personal property, and video service provider fee payments, but not including public utility aid payments;

(b) "equalized value" would equal the assessed value of county and municipal property adjusted to reflect full value, including, for municipalities, the value increment for tax incremental districts and excluding manufacturing land and improvements assessed by DOR;

(c) "equalization factor," would equal the ratio of municipal or county equalized value per capita divided by the statewide equalized value per capita, as calculated by DOR separately for municipalities as a group and counties as a group, but not to exceed 500% of the statewide equalized value per capita;

(d) "standard aidable revenue match percentage" would mean the percentage match of aidable revenues determined by DOR, as necessary to distribute the total funding available for the aidable revenues payment;

(e) "municipal equalized value per capita," would mean the amount of a municipality's most recent equalized value divided by the municipality's population; and

(f) "county equalized value per capita," would mean the amount of a county's most recent equalized value divided by the county's population.

Require DOR to calculate the aidable revenues payment for municipalities and counties separately as follows: (a) divide the standard aidable revenue match percentage by the equalization factor for the municipality or county receiving the payment; and (b) multiply that result by the municipality's or county's aidable revenues.

The following table indicates the funding amount available to municipalities and counties under the proposed municipal and county shared revenue program.

Funding Available Under the Proposed Municipal and County Shared Revenue Program

	2024
Municipalities and Counties	
Public Safety Payments	$250,000,000
Municipalities	
Per Capita Aid Payments	$34,246,100
Aidable Revenues	194,061,100
Subtotal	$228,307,200
Counties	
Per Capita Aid Payments	$14,676,900
Aidable Revenues	83,169,100
Subtotal	$97,846,000
Total	$576,153,200

Aids Deficiency Payment. Specify that, beginning with payments distributed in 2025 (2025-26), a municipality or county is determined to have an aids deficiency if the amount that a municipality or county receives from the sum of aid payments paid from the MCSR account and from the existing county and municipal aid program, is less than 95% of the amount that county or municipality received from these programs in the prior year. Provide that the amount of the aids deficiency would equal the amount by which 95% of the total payment received from payments to a municipality or county made from the MCSR account and the existing county and municipal aid program in the prior year exceeds the amount of the same payments calculated for the municipality or county in the current year.

Specify that beginning with payments in 2025 (2025-26), a "maximum allowable increase" would be determined each year. Require the annual growth in the amount that each municipality or county may receive from the sum of the payments from the MCSR account and the existing county and municipal aid payment to be limited to that maximum allowable increase. Require DOR to withhold any amount of calculated payments in excess of the maximum allowable increase. Specify that the "maximum allowable increase" would equal a percentage derived by taking the sum of the payments calculated that year, as described above, over those same payments as limited by the maximum allowable increase, and setting that difference equal to the total of aids deficiency payments for that year. The administration indicates that its intention was to require DOR to calculate the aids deficiency and maximum allowable increase separately for counties and

municipalities, which is not clearly indicated as drafted. As a result, an amendment would be needed to clarify this intent.

Reporting Requirements. Specify that no municipality or county may receive a payment from the new aid payments that would be funded from the MSCR account in any year in which it fails to submit the annual financial report form to DOR required under current law. Provide that if a county or municipality does not submit the information, as required, or if a county or municipality submits incomplete information, DOR would be directed to notify the county or municipality and provide a reasonable opportunity to provide the information or correct the deficiency.

Distribution of Payments. As under current law for certain existing aid payments, require DOR to provide each municipality and county with an estimate of their payments from the MCSR account for the next calendar year by September 15 of each year. Require DOR to distribute 50% of the MCSR account aid payments on the fourth Monday in July and the remainder on the third Monday in November annually. Specify that these payments shall be considered local funds on the date that they are distributed, and may be paid into the separate accounts of all local governments established in the local government pooled-investment fund, and may be disbursed or invested, pursuant to the instructions of local officials.

[Bill Sections: 533, 604, 1652 thru 1654, and 1658]

3. COUNTY AND MUNICIPAL AID PROGRAM -- POLICE AND FIRE PROTECTION FUND REVENUE REESTIMATE

GPR	- $1,406,600
SEG	15,000
Total	- $1,391,600

Governor: Decrease funding by $703,300 GPR annually and increase funding by $7,500 SEG annually for the county and municipal aid program to fund the current law statutory distribution amount, as reduced to reflect the offsets to payments to certain municipalities that received Volkswagen settlement transit capital grants. This reestimate reflects an increase of $7,500 annually in the estimated amount of police and fire protection fund revenues being available for the county and municipal aid distribution each year. A corresponding reduction of $703,300 annually is made to the GPR amounts needed to fund the county and municipal aid distribution amount as adjusted to reflect the Volkswagen settlement offsets. With these adjustments, including the offsets, an estimated $1,959,300 less funding would be needed to fund the annual statutory distribution. Estimated current law GPR payments for the county and municipal aid program would be $707,684,200 annually and estimated payments from the police and fire protection fund would be $34,432,300 annually. These estimated amounts would be reduced under a separate recommendation, as shown below, that would use police and fire protection fund SEG funding for the other agencies, including a recommendation for the Department of Military Affairs for public safety answering grants.

4. COUNTY AND MUNICIPAL AID PROGRAM -- POLICE AND FIRE PROTECTION FUNDING FOR OTHER AGENCIES

GPR	$11,560,000
SEG	- 11,560,000
Total	$0

Governor: Provide an increase in funding of $5,780,000 GPR annually and make a

corresponding decrease in funding of $5,780,000 SEG annually for the county and municipal aid program. These funding changes reflect the recommended changes in funding provided from the police and fire protection fund to the Public Service Commission and the Department of Military Affairs under the bill. County and municipal aid is paid from sum sufficient GPR and police and fire protection fund SEG appropriations. The GPR increase reflects a reestimate of the GPR sum sufficient appropriation that would be needed to offset the police and fire protection fund SEG funding decrease for county and municipal aid. Under the bill, the sum-sufficient GPR appropriation for county and municipal aid would be estimated at $713,464,200 GPR annually and $28,652,300 SEG annually.

Annual revenues to the police and fire protection fund are estimated $52,200,700 annually under the bill. Of these amounts, $28,652 300 would be used to fund county and municipal aid. In addition, an increase of $6,149,100 in funding is recommended for the Department of Military Affairs, including $6,000,000 annually for public safety answering point grants and $149,100 annually in standard budget and other adjustments (see "Military Affairs"). Finally, $19,399,300 in police and fire protection fund revenues would be used to fund base level funding in other agencies as follows: (a) $166,000 annually for the Public Service Commission administration of the police and fire protection fee; (b) $324,100 annually to fund the Department of Military Affairs interoperability council; and (c) $18,908,600 annually to fund the Department of Military Affairs implementation of Next Generation 911.

5. SUPPLEMENTAL COUNTY AND MUNICIPAL AID -- LAC COURTE OREILLES FEDERAL COURT DECISION

GPR	$1,098,200

Governor: Provide $578,000 in 2023-24 and $520,200 in 2024-25 and create a sum sufficient appropriation to make supplemental county and municipal aid payments to certain towns and 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 effect of this decision is to reduce the amount of taxable property within certain towns and counties in which such property exists, which also shifts property taxes to the remaining taxable properties within those jurisdictions.

The affected towns and counties that will receive a payment from this program are: (a) the Town of Gingles in Ashland County; (b) the Town of Sanborn in Ashland County; (c) the Town of White River in Ashland County; (d) the Town of Russell in Bayfield County; (e) the Town of Sherman in Iron County; (f) the Town of Bass Lake in Sawyer County; (g) the Town of Lac du Flambeau in Vilas County; (h) Ashland County; (i) Bayfield County; (j) Iron County; (k) Sawyer County; and (l) Vilas County.

Direct the Department of Administration to calculate the amount of property tax revenue lost as a result not being able to legally impose general property taxes on property located within

the Bad River, Lac Courte Oreilles, Lac du Flambeau, and Red Cliff reservations and owned by the tribe or one or more tribal members, and provide a payment in 2023-24 equal to that amount. Reduce the payment provided to each town and county by 10% in 2024-25 and each year thereafter. Specify that no payment will be provided in 2032-33, or thereafter. Modify the existing county and municipal aid GPR appropriation to exclude these payments.

[Bill Sections: 533, 535, and 1657]

6. COUNTY AND MUNICIPAL AID OFFSET ASSOCIATED WITH VOLKSWAGEN SETTLEMENT TRANSIT CAPITAL ASSISTANCE GRANTS

Governor: Modify the percentage reduction in county and municipal aid that Milwaukee County (Tier A-1) or the City of Madison (Tier A-2) would receive associated with a Volkswagen settlement transit capital assistance grant received after the effective date of the bill by a transit system serving their populations. Under current law, Milwaukee County and the City of Madison are subject to an annual reduction to their county and municipal aid payment over 10 consecutive years in the amount of 75% of the total amount of Volkswagen settlement transit capital assistance grants received by their transit systems. Under this modification, the annual reduction to county and municipal aid would instead be equal to 20% of the amount for any such grants awarded after the effective date of the bill.

Under current law, any county or municipality with an urban mass transit system that receives a transit capital assistance grant funded with Volkswagen settlement funds will receive a state aid reduction to its county and municipal aid payment in the following amounts, over 10 consecutive years: (a) for a Tier A-1 (Milwaukee County) or Tier A-2 (Madison) urban mass transit system serving a population exceeding 200,000, 75% of the total amount of grants received; (b) for a Tier B urban mass transit system serving a population of at least 50,000, 20% of the total amount of grants received; and (c) for a Tier C urban mass transit system serving a population of less than 50,000, 10% of the total amount of grants received.

[Bill Sections: 1655 and 1656]

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

GPR	$202,400,000

Governor: Provide $202,400,000 in 2024-25 and expand the existing sum sufficient appropriation to include additional payments to taxing jurisdictions associated with Governor's recommendation to exempt all personal property from property taxation. Require that beginning in 2025, the Department of Administration distribute to each taxing jurisdiction an amount equal to the property taxes levied in 2023(24) on items of personal property that would be exempt from taxation under the bill. Specify that beginning in 2026, and each year thereafter, the amount of aid received by taxing jurisdictions would equal the previous year's distribution, adjusted by the percentage change in the U.S. consumer price index for all urban consumers, U.S. city average, for the 12 months ending on June 30, but not less than zero. The current law aid payment is meant

to hold taxing jurisdictions harmless of the loss in taxable value associated with the 2017 exemption of personal property classified as machinery, tools, and patterns not used for manufacturing, from taxation.

Require municipalities to report to DOR the amount of property taxes levied on items of personal property as of January 1, 2023, on behalf of the municipality and other taxing jurisdictions. Specify that a municipality's 2025 personal property aid payment would be reduced by 50% if the municipality does not provide this information by June 30, 2024, and forfeited if the municipality does not provide this information by July 15, 2024. If a municipality fails to submit this information to DOR, the Department may use the best available information to estimate the amount of the 2025 aid payment to the other affected taxing jurisdictions.

Delete the aid payment appropriation created by 2021 Act 58 to make payments to local taxing jurisdictions if the personal property tax was repealed during the 2021-22 legislative session. Repeal the requirement that the Joint Finance Committee transfer funds appropriated in 2021-22 from its biennial supplemental appropriation to that personal property aid payment appropriation following a repeal of the personal property tax.

[Bill Sections: 536, 1664 thru 1669, and 3396]

8. EXISTING EXEMPT PERSONAL PROPERTY AID REESTIMATE

GPR	$180,000

Governor: 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 (TTF) 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).

9. ELIMINATE COMPUTER AID PAYMENT DELAY

GPR	$98,047,100

Governor: Provide $98,047,100 in 2023-24 associated with eliminating the delay in computer aid payments, beginning with the 2024 aid payment. Specify that the date for the distribution of the current calendar year computer aid payment to taxing jurisdictions be the first Monday in May of that year, rather than the fourth Monday in July (the subsequent fiscal year), as required under current law. For example, under current law, the 2024 aid payments are distributed on the fourth Monday in July, which means these computer aid payments are made in 2024-25. Under the recommended payment date change, the 2024 aid payment would instead be made in 2023-24. To reflect the change in payment dates, eliminate the requirement that school districts

treat computer aid payments received in July as if they had been received in the previous school year. Specify that this change would first take effect on January 1, 2024. The provision would result in both the calendar year 2023 and 2024 computer aid payments being made in 2023-24. Computer aid payments are made to hold local taxing jurisdictions harmless for exempt computer property that was made tax exempt in 1999.

[Bill Sections: 1663 and 9437(9)]

10. PUBLIC UTILITY AID -- SUM SUFFICIENT REESTIMATE

GPR	$8,641,500

Governor: Increase funding by $264,800 in 2023-24 and $8,376,700 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 $88,181,700 2023-24 and $96,293,600 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.

11. UTILITY AID -- ENERGY STORAGE FACILITIES

GPR	$400,000

Governor: Provide $400,000 in 2024-25 associated with requiring utility aid payments to be made to municipalities and counties where energy storage facilities are located. Calculate the amount of the payment by multiplying the facility's name-plate capacity by $2,000 and divide the resulting payment between the municipality and the county in which the facility is located. As drafted, if the facility is located in a town, the town will receive a payment equal to three mills multiplied by the total name-plate capacity payment, and the county will receive a payment equal to six mills multiplied by the name-plate capacity payment. If the facility is located in a city or village, the municipality will receive a payment equal to six mills multiplied by the total name-plate capacity payment, and the county will receive a payment equal to three mills multiplied by the name-plate capacity payment. However, the administration indicates that its intention was to divide these payments in a manner similar to the way net book value payments are divided under current law. This would mean that if the facility is located in a town, the town would receive one-third of this payment, while the county would receive two-thirds; if the facility is located in a city or village, the municipality would receive two-thirds of the payment, and the county would receive one-third. A technical amendment would be required to reflect the intention of the administration.

Utility aid payments are made on the fourth Monday in July (15%) and the third Monday in November (85%). As drafted, this provision would first apply to utility aid distributions made after January 1, 2025, or the 2025-26 aid payment. However, the Administration indicates that the intention was to have the additional distributions begin in 2024-25. An amendment to the bill would be needed to reflect this intent.

Define "energy storage facility" as a property to which all of the following apply: (a) the property is interconnected to the electrical grid; (b) the property is designed to receive electrical energy, to store the electrical energy as another form of energy, and to convert that other form back into electrical energy; (c) the property delivers the electrical energy, converted from some other

form of energy, for sale or to use for providing reliability or economic benefits to the electrical grid; and (d) the property is owned by a light, heat, and power company or electric cooperative paying state licensing fees, or a municipal electric company, but not property used by a municipal utility to provide service outside the municipal boundaries unless that property is owned or operated by a local governmental unit located outside of the municipality. Clarify that an "energy storage facility" may include hydroelectric pumped storage, compressed air energy storage, regenerative fuel cells, batteries, superconducting magnetic energy storage, flywheels, thermal energy storage systems, and hydrogen storage, or any combination thereof. Specify that an "energy storage facility" may also include any similar technologies, as determined by the federal energy regulatory commission.

[Bill Sections: 1649, 1659, and 9337(9)]

12. UTILITY AID -- ELECTRIC VEHICLE CHARGING INFRASTRUCTURE

GPR	$2,700

Governor: Provide $2,700 in 2024-25 associated with requiring utility aid payments to be made to municipalities and counties where qualifying electric vehicle charging infrastructure is located. Calculate the amount of the payment in the same manner as the current law nine mill formula, by multiplying the value of the qualified electric vehicle charging station by nine mills and divide the payment between the municipality and the county in which the infrastructure is located. Specify that if the charging infrastructure is located in a town, the town would receive one-third of this payment, while the county would receive two-thirds; if the charging infrastructure is located in a city or village, the municipality would receive two-thirds of the payment, and the county would receive one-third.

Utility aid payments are made on the fourth Monday in July (15%) and the third Monday in November (85%). As drafted, this provision would first apply to utility aid distributions made after January 1, 2025, or the 2025-26 aid payment. However, the Administration indicates that the intention was to have the additional distributions begin in 2024-25. An amendment to the bill would be needed to reflect this intent.

Define "qualifying electric vehicle charging infrastructure" as level 3 electric vehicle supply equipment that has a minimum charging capacity of 480 volts and is owned by a light, heat, and power company or electric cooperative paying state licensing fees, or a municipal electric company, but not property used by a municipal utility to provide service outside the municipal boundaries unless that property is owned or operated by a local governmental unit located outside of the municipality.

[Bill Sections: 1650, 1660, and 9337(10)]

13. PAYMENTS FOR MUNICIPAL SERVICES PROGRAM

GPR	$1,858,400
GPR-REV	606,600

Governor: Provide $929,200 annually for the payments for municipal services program, to increase base level funding from $18,584,200 to $19,513,400 for

the program. In addition, increase GPR-REV by $303,300 annually to reflect additional chargebacks to facilities funded from non-GPR sources. The program provides annual payments to reimburse municipalities for all or a portion of property tax supported expenses incurred in providing services to state facilities, which are exempt from property taxation. When calculated entitlements under the program exceed the appropriation, payments are prorated. In 2022-23, payments under this program were prorated at 38.1% of total calculated entitlements.

14. EXPENDITURE RESTRAINT PAYMENT PROGRAM

GPR	- $2,232,000

Governor: 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.

15. EXPENDITURE RESTRAINT PROGRAM -- DEFINITION OF MUNICIPAL BUDGET

Governor: Specify that for the purposes of determining eligibility for an expenditure restraint payment, the definition of "municipal budget" would not include the following; (a) revenues resulting from a referendum to exceed the municipal levy limit; (b) revenues from a municipal motor vehicle registration fee that is approved at referendum; and (c) moneys received from the federal government. The provision would first apply to payment distributions made for 2024 (2024-25).

Under current law, a municipality must satisfy two eligibility criteria to receive an expenditure restraint payment: (a) a municipality must have a full value property tax rate that exceeds five mills; and (b) a municipality must restrict the rate of year-to-year growth in its municipal budget to a percentage determined by a statutory formula. For the purpose of determining eligibility for an expenditure restraint payment, this provision would exclude from a municipality's budget the amount by which a municipality would be allowed to adjust its allowable levy following passage of a referendum to increase the municipal levy limit. In 2022, 29 municipalities approved an increase in the levy limit at referendum.

The provision would exclude from a municipality's budget the amount of revenues associated with municipal registration fees for motor vehicles (the "wheel" tax), if the imposition of the fee is approved at referendum. Municipalities are allowed under state law to impose a flat, annual registration fee on automobiles and trucks of not more than 8,000 pounds customarily kept within their jurisdiction. The revenues from the registration fee must be used for purposes related to transportation. In order to impose a municipal registration fee, the municipal governing body must adopt an ordinance. While the proposed exclusion would only apply to revenues associated with a wheel tax approved at referendum, current law does not require electors to approve a wheel tax at referendum.

The provision would also exclude from a municipality's budget any moneys received from

the federal government. Municipalities receive intergovernmental revenue from the federal government for a variety of purposes. In 2021, municipalities received a total of $477.5 million in direct federal intergovernmental revenues, which does not include federal moneys that were paid to local governments through the state government.

[Bill Sections: 1661 and 9337(8)]

Property Tax Credits

1. FIRST DOLLAR CREDIT REESTIMATE

GPR	- $544,000

Governor: 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.

2. FARMLAND PRESERVATION CREDIT REESTIMATE

GPR	- $900,000

Governor: Reestimate the sum-sufficient appropriations for the farmland preservation tax credit by -$430,000 in 2023-24 and -$470,000 in 2024-25. The credit applies to certain lands in farmland preservation zoning districts and under farmland preservation agreements. The bill would budget payments under the credit at $16,360,000 in 2023-24 and $16,320,000 in 2024-25. The cost of the credit for 2022-23 is estimated to be $16,340,000.

3. LOTTERY AND GAMING CREDIT REESTIMATE

SEG	$41,695,600

Governor: Increase funding by $21,734,700 in 2023-24 and $19,960,900 in 2024-25 to the sum sufficient appropriation to reflect estimates of lottery proceeds available for lottery and gaming property tax credit distribution. With these adjustments, estimated total funding for the credit would increase from an adjusted base level of $277,116,000 to $298,850,700 in 2023-24 and $297,076,900 in 2024-25. The estimated cost of the credit for 2022-23 is $319.9 million.

4. LOTTERY AND GAMING CREDIT; LATE APPLICATIONS

SEG	$368,800

Request increases of $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. LEVY LIMITS -- 2% MINIMUM LEVY INCREASE

Governor: Increase the minimum allowable percentage change that counties and municipalities may increase their allowable levies from 0% to 2%. Current law prohibits counties and municipalities from increasing their levies by a percentage that exceeds their annual valuation factor, aside from specific exclusions or adjustments. The "valuation factor" is currently defined as a percentage equal to the greater of either the percentage change in a county or municipality's January 1 equalized value due to new construction, less improvements removed between the previous year and current year ("net new construction"), or 0%. This valuation factor is then multiplied by each county's and municipality's actual prior year levy to obtain their allowable levy for the current year prior to any allowable exclusions or adjustments.

Under this provision, the definition of "valuation factor" would be changed so that the minimum allowable percentage change to county and municipal levies is 2% rather than 0%. As a result, this modification would increase the allowable levies of counties and municipalities over their prior year actual levies by the greater of the percentage change in equalized values due to net new construction or 2%. This provision would first apply to property tax levies imposed in December, 2023, for the 2023(24) property tax year.

For tax year 2021(22), the statewide average change in equalized value from net new construction was 1.1% for towns, 1.4% for villages, 1.4% for cities, and 1.3% for counties. For 2021(22), 136 towns, 98 villages, 37 cities, and six counties had an actual change in their levy above 2% due to the change in equalized value from net new construction.

[Bill Sections: 1200 and 9330(3)]

2. LEVY LIMITS -- REPEAL OF NEGATIVE ADJUSTMENT FOR FEES FROM COVERED SERVICES

Governor: Repeal the negative levy limit adjustment for covered services on the effective date of the bill. Current law requires counties and municipalities to reduce their allowable levies by an amount equal to the estimated fee revenues received in lieu of property taxes for providing a covered service that was funded with the property tax levy in 2013. A "covered service" is defined to mean garbage collection, fire protection, snow plowing, street sweeping, or storm water management, although some specific exceptions exist (garbage collection for any county or municipality that owned and operated a landfill on January 1, 2013, and fire protection services, including the production, storage, transmission, sale and delivery, or furnishing of water for public

fire protection services). Under this provision, counties and municipalities that receive new or additional annual fee revenues for covered services, which were previously funded from their levy, would no longer be required to reduce their allowable levies by the estimated annual fee revenues.

[Bill Section: 1201]

3. LEVY LIMITS -- REPEAL OF NEGATIVE ADJUSTMENT FOR TRANSFERRED SERVICES

Governor: Repeal the negative adjustment to the annual levy limit that is required for a county or municipality that transfers services to another local government. Current law requires a county or municipality to reduce their allowable levy after transferring the responsibility for providing a service to another unit of government. The amount of this reduction is equal to the cost that the county or municipality would have incurred if it had continued to provide the transferred service. Under this provision, any county and municipality that transfers services to another unit of government would no longer be required to reduce their annual allowable levy associated with the cost of the transferred service. Specify that this provision would first apply to levies imposed in December, 2023, for the 2023(24) property tax year.

[Bill Sections: 1203 and 9330(2)]

4. LEVY LIMITS -- APPROVAL OF CARRYOVER LEVY CAPACITY ADJUSTMENT

Governor: Repeal the current law requirement for a supermajority to approve the use of carryover levy authority. Instead, allow counties and municipalities to approve carryover levy authority by a simple majority of the governing body, up to the current law maximum percentages, beginning on the effective date of the bill.

Two exclusive carryover adjustments to levy limits exist under current law. Under the first, if a local government's allowable levy in the preceding year exceeded its actual levy in the same year, the local government may increase its allowable levy in the current year by an amount equal to the unused levy authority in the preceding year. If approved by the local governing board, the increase for this adjustment under current law is limited to not more than 0.5% unless approved by a two-thirds or three-quarters vote, depending on the size of the municipal or county governing body. If approved by these supermajority votes, the levy may be increased to a maximum of 1.5%.

Under the second carryover adjustment, a factor is calculated for each year equal to the difference between the local government's valuation factor (the percentage change in the local government's equalized value due to net new construction in the current year) and the actual percentage increase in its levy attributable to the valuation factor. The local government's maximum carryover adjustment equals the sum of the factors for the five preceding years, except the sum of the factors cannot exceed 5%. A local government cannot claim this adjustment unless its level of outstanding general obligation debt in the current year is less than or equal to its level of general obligation debt in the preceding year, and the adjustment is approved by a two-thirds

majority vote.

[Bill Sections: 1205 thru 1207]

5. LEVY LIMIT -- MODIFICATION TO CURRENT EXCLUSION FOR JOINT FIRE DEPARTMENTS AND JOINT EMERGENCY MEDICAL SERVICES DISTRICTS

Governor: Modify the current law definitions related to the exclusion to county and municipal levy limits for amounts levied to pay for charges assessed by a joint fire department or joint emergency medical services district. Rename and modify any references to a "joint fire department service" to instead be referenced as a "joint fire service." Specify that a joint fire service would continue be defined as a joint fire department, but would also include a joint fire service organized by two or more municipalities through the formation of the following specified types of service arrangements: (a) a joint fire service district; (b) a joint ownership; (c) joint purchase of services from a nonprofit corporation; or (d) a joint contracting with a public or private fire service provider. Make the same changes to the definition of a "joint emergency medical services district", which would be renamed a "joint emergency medical service," to include the same types of arrangements for the provision of joint emergency medical services. Specify that charges assessed by a joint fire service or joint emergency medical service would include all fees charged to a municipality by the joint fire service or joint emergency medical service. These provisions would first be effective on the general effective date of the bill.

Current law allows a municipality that is part of a joint fire department or joint emergency medical service district to exceed their levy limits by the amount of charges assessed by the joint fire department or emergency medical service district, if the charges would cause the municipality to exceed its levy limit, if the other members served by the joint department adopt resolutions supporting the municipality exceeding its limit, and if the total charges assessed by the joint department increase on a year-to-year basis by a percentage less than or equal to the percentage change in the consumer price index for the 12 months ending on August 31, plus 2%.

[Bill Sections: 1198, 1199, and 1208 thru 1211]

6. LEVY LIMIT -- EXCLUSION FOR REGIONAL PLANNING COMMISSION CONTRIBUTIONS

Governor: Create an exclusion to county and municipal levy limit for amounts levied in a year to pay for the county or municipality's share of a regional planning commission's budget, as charged by the commission under current law. As a result, these costs would not be subject to the annual levy limit of the affected local governments. This provision would first apply to levies imposed in December, 2023 (payable 2024). Further, specify that for the purpose of a levy imposed in December, 2023, the amount levied in the previous year to pay for a county or municipality's share of a regional planning commission's budget would not be included in the base levy amount to which the levy limit applies. Regional planning commissions have the authority under current law to charge local governments up to 0.003% of the equalized value under the local government's

jurisdiction, unless the governing body of the commission approves a greater amount.

[Bill Sections: 1204, 9130(1), and 9330(1)]

7. LEVY LIMIT -- EXCLUSION FOR CROSS-BORDER TRANSIT ROUTES

Governor: Create an exclusion to the county and municipal annual levy limit for amounts levied in a year for operating and capital costs directly related to the provision of new or enhanced transit services across adjacent county or municipal borders. As a result, these costs would not be subject to the annual levy limit of the affected local governments.

Specify that all of the following would have to apply for the exclusion to be taken: (a) the starting date for the new or enhanced transit services occurs after the effective date of the bill; (b) the political subdivisions between which the new or enhanced transit routes operate have entered into an intergovernmental cooperation agreement to provide for the new or enhanced transit routes, and the agreement describes the services and the amounts that must be levied to pay for those services; and (c) the intergovernmental cooperation agreement is approved in a referendum, by the electors of each political subdivision that is a party to the agreement. Specify that the referendum be held at the next succeeding spring primary or election, partisan primary, or general election, which could be held no earlier than 70 days after the adoption of the agreement by all parties. Require the governing body that has proposed the referendum to file the resolution to be submitted to the electors under current law referenda filing procedures.

[Bill Section: 1212]

8. PERSONAL PROPERTY TAX EXEMPTION

GPR-Transfer	$9,000,000

Governor: Require DOA to transfer $9.0 million from the general fund to the transportation fund on December 30, 2024, associated with the exemption of the personal property tax from taxation. Further, require DOA to transfer from the general fund to the transportation fund an amount equal to the amount transferred to the transportation fund in the previous year, increased by 1.25%, on December 30, 2025, and each December 30 thereafter.

Under current law, taxes paid by railroad companies are deposited into the transportation fund. Due to the exemption of personal property taxes from taxation and the changes made to the taxation of railroads, revenues to the transportation fund would decrease due to the reduction in taxable value of railroad companies. This annual payment would compensate the transportation fund for that lost revenue each year.

Personal Property Exemption

Make the following statutory modifications to related to the provisions to exempt personal property from taxation, beginning with property tax assessments as of January 1, 2024.

Property Made Exempt from Property Taxation. In addition to those items specifically exempt from the personal property tax, specify that the exemption would apply to the following

types of property, defined as personal property under current law: (a) all goods, wares, merchandise, chattels, and effects, of any nature or description, having any real or marketable value, and not defined as real property; (b) saw logs, timber, and lumber, either upon land or afloat; (c) steamboats, ships, and other vessels, whether at home or abroad, and ferry boats, including the franchise for running the same; (d) ice cut and stored for use, sale, or shipment; (e) irrigation implements used by a farmer, including pumps, power units to drive the pumps, transmission units, sprinkler devices, and sectional piping: (f) off-premises advertising signs that do not advertise the business or activity that occurs at the site where the sign is located; (g) manufactured or mobile homes, if the land upon which the this type of property is located is not owned by the home owner or the home is not set upon a foundation or connected to utilities.

Specify that the exemption would also apply to steam and other vessels, and furniture and equipment. Classify recreational mobile homes, as currently defined, as personal property and make such homes exempt from the property taxation if the land upon which the this type of property is located is not owned by the home owner or the home is not set upon a foundation or connected to utilities. Under current law, all recreational mobile homes are specifically exempt from the personal property tax. However, this specific exemption would be modified to include only recreational mobile homes that would be classified as personal property under the bill.

Allow taxing jurisdictions to include the most recent valuation of personal property to be exempt from taxation that is located in the taxing jurisdiction for the purposes of complying with debt limitations applicable to the jurisdiction.

Property Remaining Subject to Property Taxation. Specify that this exemption would not apply to any property defined as real property, improvements on leased lands assessed as real property, or any property owned by electric utility companies that is located entirely in a single municipality and is subject to local property taxation. Reclassify certain property currently assessed as personal property to real property, which would result in the property remaining subject to general property taxation. Specify that beginning with the property tax assessments as of January 1, 2024, the following property would be specifically assessed as real property and remain subject to the property tax: (a) manufactured and mobile homes, if the home is on land owned by the homeowner or set upon a foundation and connected to utilities; (b) advertising signs, except off-premises signs that do not advertise the business or activity that occurs at the site where the sign is located; (c) buildings, improvements, and fixtures on leased lands; (d) buildings, improvements, and fixtures on exempt lands, not otherwise exempt from taxation; (e) buildings, improvements, and fixtures on forest croplands; (f) buildings, improvements, and fixtures on managed forest lands; and (g) improvements on lands in the state owned by the federal government. Provide that real property buildings and improvements would not include any property classified as personal property. Update cross-references to require that this property be assessed as real property.

Remove toll bridges, private railroads and bridges, and entire property of utility companies, which are located entirely within one taxation district, from the definition of personal property. (The property of utility companies located entirely within one taxation district is discussed further below, under the section "Treatment of Public Utility Taxes.")

Aid Payment to Hold Taxing Jurisdictions Harmless. Create an aid payment to compensate

local taxing jurisdictions for loss in taxable value associated with the exemption of personal property from taxation. [See "Direct Aid Payments."]

Changes to Certain Assessment Practices. Specify that the following current law requirements apply only to assessments of personal property made before January 1, 2024: (a) the assessment of personal property in the assessment district where it is located; (b) to whom the property is to be assessed, including when owner is not in the charge or possession of the property; (c) the liability to the owner when personal property is assessed to another, including a debtor's interest or right to receive property; (d) personal property under partnership, including limited liability partnerships; (e) the treatment of undistributed personal property belonging to an estate, of a decedent and claims for taxes against that property for estates with no personal representative or trustee, or one or more such representative or trustees; (f) the duties of the assessor regarding the valuation, and the placement of assessments and aggregate values on the assessment rolls; (g) the taxpayer oath regarding determination of the amount and value of personal property tax on the tax rolls, including the assessor and board of review responsibilities; (h) penalties for false statements regarding personal property on assessments, including the District Attorney's duties; (i) the correction of tax rolls regarding personal property tax; (j) the treatment of personal property omitted from tax rolls; (k) the requirement for the name and address of owners of all personal property and amounts of taxes to appear on tax rolls; (l) the collection of taxes in certain cities; (m) the correction of errors in the listing of personal property on the tax roll; (n) the reassessment of property; and (o) with regard to examining the practices of assessors, delete the current law reference relating to DOR having to solve disputes between the Department, municipalities, and property owners regarding the taxability of computers, cash registers and fax machines.

Assessor's Plat. Include land and the buildings, improvements, and fixtures on that land to the current law definition of an assessor plat involving land owned by two or persons in severalty. Update statutory references to assessor's plats to include references to the land and the buildings, improvements, and fixtures on that land.

Recalculation of TIF District Base Values. Specify that upon receiving a written application from the town, village, city or political subdivision clerk, in a form prescribed by DOR, the Department would be required to recalculate the base value of a tax incremental financing (TIF) district or an environmental remediation TIF district affected by the exemption of personal property from taxation to remove the value of such personal property. Require that any request received before October 31 would be effective in the year following the year in which the request is made. Any request received after October 31 would be effective in the second year following the year in which the request is made.

Assessment of Manufacturing Property. Modify the assessment of manufacturing property to: (a) delete references to lands, buildings and structures to refer instead to real property; (b) delete references to personal property or tangible personal property to refer instead to real property only; (c) clarify that "manufacturing, assembling, processing, fabricating, making, or milling" includes the entire productive process, and includes activities such as the storage of raw materials, the movement thereof to the first operation thereon, and the packaging, bottling, crating, or other preparation of products for shipment when located at the site of the production process; (d) delete the requirement that DOR assess tangible personal property used in manufacturing; (e) require that

a change in location of a manufacturing establishment would not necessitate a new request for the Department to classify a property as manufacturing property; and (f) delete the requirement that the DOR calculate the value of tax-exempt computer property, cash registers, and fax machines that are used in manufacturing.

Establish a procedure for DOR to classify an establishment as manufacturing, if the Department determines that the establishment is engaged in manufacturing. Require an establishment that wishes to be classified as manufacturing to submit a written request to DOR by July 1 of the year for which that classification is desired. Allow DOR to audit or investigate requests for classification and to revoke classification of an establishment as manufacturing. Require an establishment that submits a request for classification to notify DOR of any termination of manufacturing activity within 60 days. Require DOR to issue a notice of determination by December 31 for any classification request received by July 1, and allow DOR to issue a notice of determination by December 31 for classification requests received after July 1 at its discretion. Specify that the notice be in writing and sent by first class mail or electronic mail, and require that the notice include information that objections must be filed in writing with the state Board of Assessors no later than 60 days after the date of the notice and that a fee of $200 must be paid when the objection is filed. Specify that an objection will not be considered to have been filed until the fee is paid and that the requirement that the objection be in writing may not be waived by either the Board of Assessors or the Tax Appeals Commission. Provide that an objection would be considered timely if received by the Board no later than 60 days after the date of the notice of determination or sent by U.S. postal service certified mail in a properly addressed envelope, with postage paid, that is postmarked before midnight of the last day of filing. Require the state Board of Assessors to investigate any timely objections and provide notice of its decision to the objector or the objector's agent by 1st class mail or electronic mail. Specify that if the state Board of Assessors result in an establishment should not be classified as manufacturing, the person who has been notified of the Board's decision will be assumed to accept the determination, unless that person files a petition for review with the clerk of the Tax Appeals Commission. Extend references to this classification procedure and objections to include current law determinations of the Tax Appeals Commission.

Miscellaneous Property Tax Provisions. Remove various statutory references to personal property to reflect the exemption of personal property from the assessment of property taxes. Specify that property that is used in part in a non-profit trade or business under Sections 511 to 515 of the federal internal revenue code would not be assessed for taxation, if that property is otherwise exempt from general property taxation. Repeal the current law provision that the property tax for property that is owned or leased by a corporation that provides services to a light, heat, and power company, that is subject to tax under Chapter 76 of statutes, be assessed for taxation in part at the portion of the fair market value of the property that is not used to provide such services.

Delete the current law reference that delinquent dog license taxes can be collected using the same process for collecting personal property taxes. Rather, allow delinquent dog licenses to be collected in a civil action, if that action is brought within six years after the January 1 of the year in which the taxes are required to be paid.

Income and Franchise Tax Changes

The bill would provide for technical changes to correct various cross references to the personal property tax in the income and franchise tax statutes.

In regards to the manufacturing and agriculture tax credit (MAC), the bill would alter the definition of "manufacturing property factor" and "qualified production property" as follows. Under current law, the credit is designed to provide tax relief in proportion to the amount of the claimant's manufacturing and agricultural property that is located in Wisconsin. Generally, the MAC is computed as 7.5% of a claimant's eligible qualified production activities income (QPAI). QPAI is the sum of production gross receipts less certain costs, where production gross receipts are defined as including certain personal property grown by the claimant on Wisconsin agricultural land and tangible personal property manufactured in whole or in part by the claimant on property assessed as manufacturing. Eligible QPAI for the manufacturing credit is the claimant's QPAI multiplied by the manufacturing property factor.

Because personal property would no longer be assessed under the personal property tax, the bill would make the following changes to computing the MAC. First, the manufacturing property factor would be based on the claimant's land and depreciable property, rather than real and personal property assessed as manufacturing. Second, the definition of "qualified production property" would exclude property that is not manufactured within the state on property approved to be classified and assessed as manufacturing real property. (The bill would also clarify that this includes property not eligible to be listed on DOR's manufacturing roll until January 1 of the following year.) This modification is intended to prevent property manufactured outside the state from qualifying for the credit.

Third, to provide a Wisconsin manufacturer that does not own any real property within the state a means of claiming the MAC, the bill would define qualified production property as also including tangible personal property manufactured in whole or in part by the claimant at an establishment that is located in this state and classified as manufacturing. A person wishing to classify the person's establishment as manufacturing would be required to file an application in the form and manner prescribed by DOR no later than July 1 of the taxable year for which the person wishes to claim the MAC. DOR would be required to make a determination and provide written notice by December 31 of the year in which the application is filed. Such determination on the classification could be appealed in the same manner as classifying an establishment under the property tax.

The Administration did not provide a fiscal effect for the foregoing alterations to the definitions of the manufacturing property factor and qualified production property.

Finally, the bill would provide for technical changes under income and franchise tax provisions to remove cross references to the personal property tax, including: (a) the homestead tax credit; (b) the veterans and surviving spouses property tax credit; (c) the property tax/rent credit; and (d) an administrative provision for liens on trust estates for taxes levied against a beneficiary.

Sales Tax Provisions

Under current law, several general sales and use tax exemptions apply for items and property used in real property construction activities. "Real property construction activities" means activities that occur at a site where tangible personal property that is applied or adapted to the use or purpose to which real property is devoted is affixed to that real property, if the intent of the person who affixes that property is to make a permanent accession to the real property. "Real property construction activities" do not include: (a) affixing leased property to real property, if the lessor has the right to remove the leased property upon breach or termination of the lease agreement; or (b) affixing tangible personal property to real property, if the tangible personal property remains tangible personal property after it is affixed.

The bill would modify the definition of "real property construction activities" to mean activities that occur at a site where tangible personal property that is applied or adapted to the use or purpose to which real property is devoted is permanently affixed to that real property. It would specify that DOR could promulgate rules to determine whether activities that occur at a site where tangible personal property is affixed to real property are real property construction activities for the purposes of the general sales and use tax. If the classification of property or an activity is not identified by rule, DOR would have to make its determination of whether tangible personal property becomes a part of real property by considering the following criteria: (a) actual physical annexation to the real property; (b) application or adaptation to the use or purpose to which the real property is devoted; and (c) an intention on the part of the person making the annexation to make a permanent accession to the real property.

Modify current law sales and use tax exemptions for certain prepared food manufactured by the retailer and certain property used in biotechnology and manufacturing research to reflect the exemption of personal property from the assessment of property taxes.

Treatment of Public Utility Taxes

Specify that nothing related to the local taxation of property (Chapter 70), as modified, would be construed as exempting personal property from taxation for entities as public utilities that pay utility tax to the state under the taxation of public utilities (Chapter 76), except for the following property specifically exempt from local taxation under current law: (a) treatment plant and pollution abatement equipment; (b) computers, cash registers, and fax machines; (c) property assessed a gross receipts tax or license fee under Chapter 76; (d) motor vehicles, bicycles and snowmobiles; and (e) an airline hub facility.

Air Carrier Companies. Delete the current law reference to the definition of an air carrier and the exemption from local property taxation for hub facilities and instead create the same definition and exemption under Chapter 76 of the statutes for the purposes of state taxation. Specify that such facilities would not be subject to local assessment and taxation. Amend various cross references to reflect these changes to the definition and exemption.

Light, Heat, and Power Companies. Maintain that the property of light, heat, and power companies, not including qualified wholesale electric companies, would continue to be subject to local assessment and taxation, as it existed in the 2021 statutes (prior to the repeal of the personal

property tax), if that property is located entirely in a single town, village, or city. Property of these companies would continue to be exempt from license fees (taxation) under Chapter 76.

Railroad Companies. In determining the property of a railroad company owned or rented by the company and used in operation of the business in the state, replace the reference to road property to refer instead to real property. Repeal migratory road property and the apportionment of such unit miles to Wisconsin from the calculation used by DOR in determining the property of railroad companies. Delete the requirement that rolling stock, equipment, and personal property of railroad companies be included on assessment rolls prepared by DOR.

Under current law, taxes paid by a railroad company that are derived from or can be apportioned to repair facilities, docks, ore yards, piers, wharves, grain elevators, and their approaches, or car ferries, are distributed from the transportation fund to the towns, villages, and cities in which they are located. This is the terminal tax distribution, which is currently funded at $1,906,000 annually. Specify that beginning with amounts distributed in 2023, any town, village, or city may not receive less than the amount received in 2022. This provision would hold local governments that receive a terminal tax distribution harmless for the loss in value associated with making this property exempt from state taxation. Further require that beginning with amounts distributed to any town, village, or city in 2024, the amount distributed may not be less than the amount distributed in 2022, adjusted by an inflation factor. Define "inflation factor" to mean a percentage equal to the average annual percentage change in the U.S. consumer price index for all urban consumers, U.S. city average, for the 12 months ending on December 31 of the year before the year of assessment, but not less than zero. No estimate of the impact of this provision on transportation fund revenues is included in the bill.

Subchapter 1 of Chapter 76 Companies. Delete the requirement that all real and personal property of an air carrier, railroad, conservation and regulation, or a pipeline company be deemed personal property for the purposes of taxation. Rather, both types of property would be valued and assessed together as a single unit. Require public utilities to differentiate between real and personal property when submitting reports to DOR.

Telephone Companies. To reflect the changes that the exemption of personal property from taxation would make to manufacturing assessment practices under the bill, delete the requirement that DOR assess property of telephone companies using the methods used to assess manufacturing property, including exempt manufacturing machinery and specific processing equipment property.

Domestic Insurance Companies. To reflect the exemption of personal property from local taxation, repeal the allowable deduction of a portion of personal property taxes from the amount of license fees to be paid by a domestic insurer.

[Bill Sections: 123, 1160 thru 1163, 1189, 1235, 1236, 1242, 1249, 1250, 1277 thru 1280, 1284, 1286 thru 1313, 1317 thru 1328, 1330 thru 1351, 1412 thru 1416, 1421, 1431, 1444, 1476 thru 1480, 1519, 1541, 1543, 1546 thru 1551, 1553 thru 1556, 1561 thru 1563, 1566 thru 1568, 1570, 1579, 1580, 1593, 1594, 1599, 1645, 1648, 1662, 2370, and 3204]

9. DARK PROPERTY AND LEASED PROPERTY TAX ASSESSMENTS ("DARK STORES")

Governor: Require that real property be valued by an assessor at its highest and best use. Define "highest and best use" to mean: (a) the specific current use of the property; or (b) a higher use for which the property may be used as of the current assessment date, if the property is marketable for that use, is legally permissible, physically possible, not highly speculative, and financially feasible and provides the highest net return. Specify that "legally permissible" would not include a conditional use that has not been granted as of the assessment date. Further specify that when the current use of a property is the highest and best use of that property, the value in the current use would equal full market value.

Under current law, an assessor is required to consider recent arm's-length sales of the assessed property. The bill would define "arm's-length sale" to mean a sale between a willing buyer and willing seller, neither being under compulsion to buy or sell, and each being familiar with the attributes of the property.

Require that in determining the value of real property, an assessor must consider any lease provisions and actual rent pertaining to a property and affecting its value. Specify that the assessor include the lease provisions and rent associated with a sale and leaseback of the property, if all such lease provisions and rent are the result of an arm's-length transaction involving persons who are not related, as provided under section 267 (b) of the Internal Revenue Code (relating to certain transactions between related taxpayers) for the year of the transaction. With regard to this provision, an "arm's-length transaction" would mean an agreement between willing parties, neither being under compulsion to act, and each being familiar with the attributes of the property.

Specify that in determining the value of property using generally accepted appraisal methods, an assessor would be required to consider all of the following as comparable to the property being assessed:

a. sales or rentals of properties exhibiting the same or a similar highest and best use, with placement in the same real estate market segment. Define "real estate market segment" to mean a pool of potential buyers and sellers that typically buy and sell properties similar to the property being assessed, including potential buyers who are investors or owner-occupants. Specify that depending on the property being assessed, the pool of potential buyers and sellers may be found locally, regionally, nationally, or internationally.

b. sales or rentals of properties, that may be found locally, regionally, or nationally, which are similar to the property being assessed with regard to age, condition, use, type of construction, location, design, physical features, and economic characteristics, including similarities in occupancy and the potential to generate rental income.

For the purpose of determining the value of a property using generally accepted appraisal methods, specify that a property would not be comparable to the property being assessed if at, or before, the time of the sale: (a) the seller places any deed restriction on the property that changes the highest and best use of the property or prohibits competition, so that it no longer qualifies as a comparable property; and (b) the property being assessed lacks such a restriction. Further specify

that a property would not be comparable if the property is dark property and the property being assessed is not dark property. Define "dark property" to mean property that is vacant or unoccupied beyond the normal period for property in the same real estate market segment. Specify that what would be considered vacant or unoccupied beyond the normal period could vary depending on the property location.

Modify the current law definition of "real property," "real estate," and "land" to include fixtures and leases, as well as assets that cannot be taxed separately as real property, but are inextricably intertwined with the real property, enable the real property to achieve its highest and best use, and are transferrable to future owners. With regard to this definition, a "lease" would mean a right in real estate that is related primarily to the property and not to the labor, skill, or business acumen of the property owner or tenant. Specify that, similar to the current law definition, the proposed changes to the definition of real property, real estate, and land would apply to the statutes pertaining to property taxes, income taxes, motor vehicle fuel and general aviation taxes, and state shared revenue.

Specify that these provisions first apply to property tax assessments as of January 1, 2023, the 2023(24) property tax year.

The provisions related to the assessment of leased property would attempt to remove the legal basis of a 2008 decision by the Wisconsin Supreme Court (*Walgreen Company v. City of Madison*) that held an assessment of leased retail property using the income assessment approach must be based on market rent, which is what a person would pay based on similar rentals, rather than the actual rent. This provision could result in higher assessments for these property types, compared to current law, which could prevent any further, and possibly undo any existing, shift of property tax levies away from these properties to other property within the taxing jurisdiction.

The provisions related to the use of comparable properties in assessment could have a similar effect as a more recent 2023 Wisconsin Supreme Court decision (*Lowe's Home Centers, LLC v. City of Delavan*), which held that "dark property" (property that is vacant or distressed) is not comparable to property that is not "dark property" for the purposes of property assessments.

[Bill Sections: 1276, 1314 thru 1316, and 9337(13)]

10. WORKFORCE HOUSING LAWS RELATED TO TIF DISTRICTS, LOCAL HOUSING INTIATIVES AND STATE GRANTS, AND IMPACT FEES

Governor: Make the following changes to current law pertaining to low-cost and affordable housing related to TIF districts, local housing initiatives and related state grants, and impact fees.

TIF Law Modifications. Modify current tax incremental financing law to allow that after a district created by a city, village, or towns of a certain size ($500 million of total assessed value and a population of at least 3,500) pays off all of its project costs, the life of the district may be extended for up to three years, instead of one year under current law, if a city or village: (a) receives approval from the district's joint review board, in the form of an adopted resolution by the joint review board, if the extension is more than one year; (b) the resolution extends the life of the

district for a specified number of months and specifies how the municipality intends to improve its housing stock or increase the number of affordable and workforce housing units; (c) uses the tax increments received that are not supporting housing stock improvement during the district's extended life, to increase the number of affordable and workforce housing units with at least 50% of the funds supporting units for families with incomes of up to 60% of the county's median household income; and (d) forwards a copy of the resolution adopted by the city or village and the district's joint review board to DOR, which notifies the Department to continue to authorize the allocation of tax increments to the district.

Under current law, a city or village with a TIF district that pays off its project costs can extend the life of the district for one year if the city or village does the following: (a) adopts a resolution extending the life of the district for a specified number of months that specifies how the city intends to improve its housing stock; (b) use at least 75% of the increments received to benefit affordable housing in the city, village, or town, and the remaining portion of the increments to improve the municipality's housing stock; (c) forward a copy of the resolution adopted under these provisions to DOR, which notifies the Department to continue to authorize the allocation of tax increments to the district.

Delete the definition of "affordable housing" under current TIF law and replace with the term "workforce housing." Define “workforce housing” to mean housing to which all of the following apply: (a) the housing costs a household no more than 30% of the household's gross median income, and (b) the residential units are for initial occupancy by individuals whose household median income is no more than 120% of the county's gross median income. Under the bill, income and housing cost figures would be adjusted for family size and the county in which the household is located, based on the county's five-year average median income and housing costs as calculated by the U.S. Census Bureau in its American Community Survey. Under current law, affordable housing is defined as housing that costs a household no more than 30% of the household's gross monthly income.

Modify the definition of “mixed-use development" under current TIF law to allow newly platted residential uses to exceed the current law limit of 35% of the real property area of a TIF district, to up to 60% of the real property area within the TIF district, if the residential use that exceeds the existing 35% limit is used solely for workforce housing. Under current law, “mixed-use development" means a development that contains a combination of industrial, commercial, or residential uses, except that lands proposed for newly-platted residential use, as shown in the project plan, may not exceed 35%, by area, of the real property within the district.

Workforce Housing Initiatives and Grant Priority. To implement a workforce housing initiative, a political subdivision may enact an ordinance, adopt a resolution, or put into effect a policy to accomplish any of the following: (a) reduce by at least 10% the processing time for all permits related to workforce housing; (b) reduce by at least 10% the cost of impact fees that a political subdivision may impose on developments that include workforce housing units; (c) reduce by at least 10% the parking requirements for developments that include workforce housing units; (d) increase by at least 10% the allowable zoning density for developments that include workforce housing units; (e) establish a mixed-use TIF district with at least 20% of the housing units to be used for workforce housing; (f) demonstrate compliance with a housing affordability

report as specified under current law; (g) rehabilitate at least five dwelling units of existing, uninhabitable housing stock into habitable workforce housing; (h) modify existing zoning ordinances to allow for the development of workforce housing in areas zoned for commercial or mixed-use development, or in areas near employment centers or major transit corridors; (i) extend the life of a TIF district to increase the number of affordable and workforce housing units; (j) reduce by at least 10% the cost of roads for developments that include workforce housing units; or (k) implement any other initiative to address the workforce housing needs of the political subdivision.

Specify that after a political subdivision completes one of the specified workforce housing initiatives, the initiative be considered in effect once the political subdivision submits to DOA a written explanation of how the action complies with the workforce housing initiative and posts the explanation on the political subdivision's website. Provide that, once a political subdivision's action takes effect, its workforce housing initiative remains in effect for five years.

Specify that a political subdivision may put into effect one or more housing initiatives at a time After June 30, 2024, if a political subdivision has in effect at the same time at least three workforce housing initiatives, require that a housing agency must give priority to housing grant applications from, or that relate to a project in, the political subdivision. Require the Department of Administration (DOA) to create rules establishing how and based on what information the Department will give priority to housing grant applications and prescribing the form of application for receiving priority. Provide that workforce housing initiatives, related definitions, and grant priority, as described under the bill, would first take effect on January 1, 2024.

Create the following definitions related to workforce housing initiatives: (a) "housing agency" would mean DOA; (b) "housing grant" would mean DOA-administered federal housing grant programs and DOA-administered state-funded housing grant programs, as authorized under current law; (c) "political subdivision" would mean any city, village, town, or county; and (d) "workforce housing" would be the same definition of "workforce housing" as specified under the modified TIF law definition described above.

Impact Fee Exemptions and Deductions. Extend the low-cost housing impact fee exemption and fee deduction specified in current law to also apply to workforce housing, as defined above. Currently, a municipality may provide an exemption from, or a reduction in the amount of, impact fees on land development that provides low-cost housing, except that no amount of an impact fee for which an exemption or reduction is provided may be shifted to any other development in the land development in which the low-cost housing is located or to any other land development in the municipality. Under the bill, workforce housing would be included with low-cost housing for the purposes of these impact fee exemptions and deductions.

[Bill Sections: 1214, 1228, 1232 thru 1234, 1237, 1238, 1243 thru 1247, and 9430(2)]

11. TIF DISTRICT MODIFICATIONS

Governor: Modify existing tax incremental financing (TIF) law as follows:

Joint Review Board Affirmative Vote Requirement. Require three affirmative votes to constitute a majority when a joint review board votes to approve or deny TIF district creations, project plan amendments, and tax incremental base redeterminations. Specify that the requirement for three affirmative votes not pertain to multijurisdictional TIF district votes. Under current law, a TIF district's joint review board consists of a public member and one member representing each taxing jurisdiction that can levy taxes on property within the TIF district. If more than one of the same type of taxing jurisdiction has the power to levy taxes on property within the TIF district, the one with the greatest value in the district chooses the representative. No TIF district can be created and no plan can be amended unless approved by a majority vote of the board within 45 days after a resolution is adopted.

Economic Projections within TIF District Project Plans. Require a TIF district's project plan to contain alternative projections of the district's finances and economic feasibility under different economic scenarios, including the scenario in which work on a public work or improvement specified in the project plan begins three years later than expected and the scenario in which the rate of property value growth in the district is at least 10% lower than expected. Under current law, a project plan is required to include a number of elements such as information regarding the number, location and type of all proposed public improvements within the district, an economic feasibility study, a detailed list of project and non-project costs, and a description of how the projects will be financed.

[Bill Sections: 1239 and 1241]

12. TIF DISTRICT EQUALIZED VALUE LIMIT EXCEPTION

Governor: Allow a city or village to create a tax incremental financing (TIF) district, and the Department of Revenue (DOR) to certify the base value of the district, despite the equalized value of the district, plus the value increment of all existing TIF districts within the city or village, exceeding 12% of the total value of all taxable property within that municipality. Specify that this would only occur if the city or village certifies the following to DOR: (a) that, not later than one year after the certification, districts having sufficient value increments will terminate so that the municipality will no longer exceed the 12% limit; and (b) that the municipality will not take any action that would extend the life of any district whose termination is necessary to satisfy the prior requirement.

Under current law, a city or village can only create a new TIF district if there is a finding that the equalized value of the proposed district plus the value increment of all existing districts does not exceed 12% of the total equalized value of property within the city or village. This limit also applies to any proposed amendment to a district that adds territory to the district. The calculation of the limit is based on the most recent equalized value of taxable property of the proposed district, as certified by DOR, before the date on which a resolution is adopted creating the proposed district.

[Bill Sections: 1240 and 1248]

13. COLLECTION OF MANUFACTURING PROPERTY ASSESSMENT FEES

Governor: Direct the Department of Revenue (DOR) to collect manufacturing property assessment fees by reducing municipal shared revenue payments in the following year by the amount of each municipality's fee rather than first attempting to directly collect the fee from each municipality. Any amount that the Department is unable to collect from a municipality by reducing its shared revenue payment, would be directly imposed on the municipality.

DOR is responsible for assessing manufacturing property for the purposes of the property tax, and imposes a fee on municipalities where manufacturing property is located in order to cover the cost of that assessment. Under current law, this fee is first imposed directly on municipalities, and only if a municipality does not pay by March 31 of the following year can the Department reduce its July shared revenue payment by the amount of the fee.

[Bill Section: 1352]

14. WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY HEADQUARTERS PROPERTY TAX EXEMPTION

Governor: Create a property tax exemption for the land and the buildings located on land owned by the Wisconsin Housing and Economic Development Authority (WHEDA) and used exclusively as the corporate headquarters of WHEDA, including the parking facilities associated with those headquarters. Specify that the provision would first apply to property tax assessments as of January 1, 2023, the 2023(24) property tax year.

The WHEDA corporate headquarters are located at 908 East Main Street in Madison. In 2022(23), the property was assessed at a value of $18.8 million and had a net tax bill of $372,642. This exemption would result in tax levies being shifted to other properties within the taxing jurisdictions in which the WHEDA property is located. [See "Wisconsin Housing and Economic Development Authority."]

[Bill Sections: 1283 and 9337(1)]

15. CRANBERRY RESEARCH STATION PROPERTY TAX EXEMPTION

Governor: Provide a property tax exemption for all property, not exceeding 50 acres of land, 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, 2024, for the 2024(25) 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.

[Bill Sections: 1285 and 9337(12)]

Forestry Mill Rate

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

GPR	$47,517,400

Governor: 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

Governor: 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. This reduction would correspond to a decrease in taxable values of approximately $9.4 billion in 2024-25 due to personal property no longer being taxable. Additional information on the proposed exemption of the personal property from taxation can be found under a separate item (see "Shared Revenue and Tax Relief -- Property Taxation"). Under this recommendation, the total transfer to the conservation fund, as reestimated, would equal $135,500,000 in 2024-25.

Local Revenue Options

1. MILWAUKEE COUNTY SALES TAX AUTHORITY

Governor: Provide that, in addition to the existing 0.5% county sales and use tax option under current law, Milwaukee County may, by ordinance, impose a sales and use tax at the rate of

1% of the sales price or purchase price. Specify that the enacted 1% sales and use tax may not take effect unless approved by a majority of the county electors at a referendum. Require that the referendum question submitted to county electors describe both the taxes to be imposed and the required distribution to the City of Milwaukee of 50% of the revenue from the taxes.

Require that, if approved at a referendum, the ordinance must be effective on January 1, April 1, July 1, or October 1, and that a certified copy of that ordinance must be delivered to the Department of Revenue (DOR) Secretary at least 120 days prior to its effective date. Specify that the 1% sales and use taxes may be imposed only in their entirety. The taxes would be imposed on the same base of products and services as the state and county sales and use taxes. Create provisions related to the imposition, collection, distribution, enforcement, and administration of the newly-created Milwaukee County sales and use taxes similar to those that currently exist for the county sales and use tax. However, the current law provision for the existing county sales and use taxes that specifies that those taxes may only be imposed for the purpose of directly reducing the property tax levy would not apply to the taxes allowed under these provisions.

Require the county to distribute 50% of the revenue from the taxes imposed under this provision to the City of Milwaukee, and that the revenue may be used for any purpose designated by the common council. Specify that the remaining revenue may be used for any purpose designated by the county board or as specified in the ordinance or in the referendum approving the ordinance.

The distribution, retailers discount, reporting, administrative cost, and repeal provisions under current law for the existing county taxes, also apply to the Milwaukee County sales and use taxes under this provision. Under current law, DOR is required distribute 98.25% of the county taxes reported for each enacting county, minus the county portion of the retailers' discounts, to the county. The “county portion of the retailers' discount" is determined by multiplying the total retailers' discount by a fraction, the numerator of which is the gross county sales and use taxes payable and the denominator of which is the sum of the gross state and county sales and use taxes payable. DOR is required to indicate to the county the taxes reported by each taxpayer, no later than 75 days following the last day of the calendar quarter in which such amounts were reported.

DOR would retain 1.75% of the Milwaukee County sales and use taxes, as provided under current law, to cover the administrative costs of collecting the existing county taxes. At the end of each fiscal year, any unencumbered balance in DOR's appropriation account for administration of the taxes is lapsed to the general fund. The repeal of any such ordinance must be effective on December 31, and a certified copy of a repeal ordinance must be delivered to the DOR Secretary at least 120 days before the effective date of the repeal. DOR may not issue any assessment or act on any refund claim or any adjustment claim after the end of the calendar year that is four years after the year in which the county has enacted a repeal ordinance.

Milwaukee County received $96.3 million in 2022 from the existing 0.5% county sales and use taxes.

[Bill Sections: 1607 and 1610]

2. LOCAL SALES TAX AUTHORITY

Governor: Specify that a county, other than Milwaukee County, or a municipality, other than the city of Milwaukee, with a population exceeding 30,000 may enact an ordinance, if approved by a majority of electors in the county or municipality at a referendum, to impose a 0.5% local sales and use tax. Provide that the revenue from the taxes may be used for any purpose designated by the county board or governing body of the municipality or as specified in the ordinance or in the referendum approving the ordinance. Specify that a municipality with a population exceeding 30,000 would be determined by data from the 2020 federal decennial census or under the Department of Administration's population estimates for 2020.

Similar to the existing county sales and use taxes, require that the taxes imposed under these provisions may be imposed only in their entirety (meaning at only a 0.5% rate). Specify, that any tax imposed by a county under these provisions would be in addition to its existing authority to impose a 0.5% county sales and use tax. Including the state 5.0% sales and use tax rate, under these provisions, sales and use taxes imposed in the state could equal a 6.5% total rate, if the electors of a county and an eligible municipality in a county, that has the existing county sales and use tax both choose to impose the taxes allowed under these provisions.

Create provisions related to the imposition, collection, distribution, enforcement, and administration of the newly-created county and municipal sales and use taxes similar to those that currently exist for the county sales and use tax. However, the current law provision for the existing county sales and use taxes that requires that those taxes may only be imposed for the purpose of directly reducing the property tax levy would not apply to the taxes allowed under these provisions.

Require that, if the county or municipal sales and use taxes allowed under this provision are approved at a referendum, the ordinance must be effective on January 1, April 1, July 1, or October 1, and that a certified copy of that ordinance must be delivered to the Department of Revenue (DOR) Secretary at least 120 days prior to its effective date. Specify that the repeal of any such ordinance must be effective on December 31, and require a certified copy of a repeal ordinance to be delivered to the DOR Secretary at least 120 days before the effective date of the repeal. Specify that DOR may not issue any assessment or act on any refund claim or any adjustment claim after the end of the calendar year that is four years after the year in which the county or municipality has enacted a repeal ordinance.

Using current law authority, 68 of Wisconsin's 72 counties have adopted a 0.5% sales tax and use tax imposed on the same goods and services that are subject to the state sales tax. The current 0.5% county tax applies to items purchased within the county and to some items purchased in a county without a tax, if they are customarily kept in a county with a tax (this is the "use" tax). The existing county tax is "piggybacked" onto the state sales tax in that the county rate is added to the state rate and is administered, enforced, and collected by the state.

Provide that county and municipal sales and use taxes under this provision would be collected, administered, reported, and distributed to counties as provided under current law for the existing county sales and use taxes. DOR's appropriation used to administer county taxes under current law would be also used to administer the county and municipal sales and use taxes under this provision.

DOR retains 1.75% of the county sales and use taxes to cover the administrative costs of collecting the existing county taxes. At the end of each fiscal year, any unencumbered balance in DOR's appropriation account for administration of the taxes is lapsed to the general fund.

Specify that the distribution, retailers discount, and reporting provisions under current law for the existing county taxes, also apply to the county and municipal sales and use taxes under this provision. Under current law, DOR is required distribute 98.25% of the county taxes reported for each enacting county, minus the county portion of the retailers' discounts, to the county. The "county portion of the retailers' discount" is determined by multiplying the total retailers' discount by a fraction, the numerator of which is the gross county sales and use taxes payable and the denominator of which is the sum of the gross state and county sales and use taxes payable. DOR is required to indicate to the county the taxes reported by each taxpayer, no later than 75 days following the last day of the calendar quarter in which such amounts were reported. Also under current law, the distribution of tax collections to the counties is adjusted to reflect subsequent refunds, audit adjustments, and all other adjustments of the county taxes previously distributed. Any county receiving a report on sales and use taxes is subject to the duties of confidentiality to which DOR is subject to relative to such taxes under current law.

Modify the existing county taxes program revenue appropriation to also receive the monies generated from the county and municipal sales and use taxes under this provision and from annual monies unspent by DOR for the administration of these taxes.

Given that the additional local sales and use tax authority allowed under these provisions would be subject to referendum, no estimate of an increase in amount of lapses to the general fund from DOR's county sales tax administration appropriation resulting from Department's administration of any taxes imposed under these provisions is included in the bill.

[Bill Sections: 524, 538, 1569, 1605 thru 1609, 1616 thru 1635, 1637, 1638, and 1641 thru 1644]

3. PREMIER RESORT AUTHORITY - CITY OF PRESCOTT

Governor: Provide an exemption for the City of Prescott in Pierce County from the statutory requirement that 40% of their equalized value be used by tourism-related retailers in order to declare themselves a premier resort area. Require that in order to impose a 0.5% premier resort area tax, the City's governing body would have to adopt a resolution proclaiming its intent to impose the tax. Require that the resolution be approved by a majority of the electors in the City voting on the resolution at a referendum, to be held at the first spring primary or election or partisan primary or general election at least 70 days after the date of adoption of the resolution. Specify that this provision would take effect on the first day of the first calendar quarter beginning at least 120 days after publication of the bill.

Under current law, the proceeds from a premier resort area tax may only be used to pay for infrastructure expenses within the jurisdiction of that premier resort area. Currently, eight municipalities impose the premier resort area tax.

[Bill Sections: 1251 thru 1253, and 9430(1)]

4. PREMIER RESORT AUTHORITY - VILLAGE OF PEPIN

Governor: Provide an exemption for the Village of Pepin in Pepin County from the statutory requirement that 40% of their equalized value be used by tourism-related retailers in order to declare themselves a premier resort area. Require that in order to impose a 0.5% premier resort area tax, the Village's governing body would have to adopt a resolution proclaiming its intent to impose the tax. Require that the resolution be approved by a majority of the electors in the Village voting on the resolution at a referendum, to be held at the first spring primary or election or partisan primary or general election at least 70 days after the date of adoption of the resolution. Specify that this provision would take effect on the first day of the first calendar quarter beginning at least 120 days after publication of the bill.

Under current law, the proceeds from a premier resort area tax may only be used to pay for infrastructure expenses within the jurisdiction of that premier resort area. Currently, eight municipalities impose the premier resort area tax.

[Bill Sections: 1251, 1252, 1254, and 9430(1)]

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."