

SHARED REVENUE -- DIRECT AID PROGRAMS

Omnibus Motion

Motion:

Move to do the following:

1. *County and Municipal Aid Program Reduction Formula.* Provide \$19,250,000 GPR in 2012-13 for the county and municipal aid program, to provide a net reduction for the program of \$76,750,000. Specify that, of that amount, payments to municipalities would be reduced by \$47,663,400 and payments to counties would be reduced by \$29,086,600 (instead of \$59,500,000 and \$36,500,000, respectively, under the bill). Modify the percentage of 2011 aid component of the maximum reduction factor in the formula used to allocate proposed reductions to individual counties and municipalities, as follows: (a) reduce the percentage from 50% under the bill, to 25% for cities in the highest population tier (population exceeding 110,000), and all towns and villages; (b) reduce the percentage from 50% to 15% for cities not in the highest population tier; and (c) reduce the percentage from 50% to 25% for counties. Make technical modifications to the formula to: (a) specify that references to 2011 aid payments to individual local governments means the total payment received, instead of the portion of the payment made from the county and municipal aid account; and (b) clarify the intent that the maximum reduction provision should apply to all municipal population tiers. Repeal obsolete provisions related to shared revenue formulas that are no longer used to distribute aid payments and to one-time formulas used to allocate previous county and municipal aid reductions.

2. *County and Municipal Aid Adjustment for Municipalities with a Joint Fire Department.* Increase the 2012 aid payment for municipalities that participate in a joint fire department, with a joint fire commission, by 1% of the amount contributed to the budget of the joint fire department by the municipality in 2011, as determined by the Department of Revenue. Specify that the amount of such aid increases may not exceed \$500,000, and require DOR to prorate the adjustments under this provision, if necessary. Provide \$500,000 GPR in 2012-13 in the appropriation for the county and municipal aid account to reflect estimated payment increases under this provision.

3. *Public Utility Aid Payments.* Combine the utility aid payments under the shared revenue account with the utility aid payments under the public utility distribution account by making both payments from the public utility distribution account appropriation and repealing the shared revenue account appropriation, effective with payments made after enactment of the biennial budget bill.

4. *State Aid for Tax Exempt Computers, Cash Registers, and Fax Machines -- Sum Sufficient Reestimate.* Adopt the modification in LFB Issue Paper #596, which would increase estimated payments under the state aid for tax exempt computers and related property program by \$915,700 GPR in 2011-12 and \$1,443,500 GPR in 2012-13, to reflect a reestimate of those payments.

5. *Expenditure of Local Room Tax Revenues in Certain Premier Resort Areas.* Require that the expenditure of local room tax revenues on tourism promotion and development would have to be done by the municipality's tourism entity, if the municipality has not created a tourism commission. Specify that this provision would only apply to a municipality that has the authority to impose up to a 1.0% premier resort area tax.

6. *Town Tax Incremental Financing Districts.* Modify the current law authority of towns to create tax incremental financing (TIF) districts when, under a cooperative agreement with a city or village, all or part of the town will be annexed by the city or village:

a. Specify that upon annexation or attachment of the TIF district by a city or village, the district would continue in effect for the 20- to 27-year periods allowed for most TIF districts, or until terminated by the annexing or attaching city or village;

b. Specify that if a city or village annexes or attaches a TIF district created by a town prior to the last day on which a boundary change may occur under the cooperative plan, the TIF district would have to remain in existence at least through the last calendar year of the period during which the boundary change could have occurred under the cooperative plan, and the annexing or attaching city or village would be bound to all contracts and agreements, development agreements, and obligations entered into relative to the TIF district, but only to the extent that positive tax increments from the district are available to fulfill such contracts, agreements, development agreements, and obligations;

c. Specify that if a TIF district created by a town continues in effect following annexation or attachment of the district, the following would apply: (1) positive tax increments from the TIF district would continue for the allowable period; (2) the TIF district would have the same date of creation as when created by the town, would be governed by the project plan for the TIF district, and shall be subject to any amendment and extension by the annexing or attaching city or village as a TIF district created by the city or village; and (3) the TIF district would have to be administered by the annexing or attaching city or village;

d. Require the Department of Revenue to exclude any parcel in a newly annexed town TIF district when determining the annexing or attaching city's or village's compliance with the existing limit on creation of TIF districts, which limits the equalized value of taxable property of the district plus the value increment of all existing districts to 12% of the total equalized value of taxable property within the city or village; and

e. Specify that when a town tax incremental district has been created, the annexing or attaching city or village would have the right, prior to the annexation or attachment, to enter into

any contracts or agreements, development agreements, and obligations relative to the TIF district, but the town would continue to receive all tax increments prior to the date of annexation or attachment.

7. *Emergency Services Maintenance of Effort.* Eliminate, on the effective date of the bill, a current law provision that requires counties and municipalities, in each year, to maintain at least the level of spending for emergency services that the county or municipality had in 2009.

Note:

This motion would modify the proposed formula used to allocate reductions to individual local governments under the county and municipal aid program. Under the modification, the maximum aid payment reduction would be reduced from 50% to 25% for counties and all municipalities, except that the percentage would be reduced from 50% to 15% for cities with a population under 110,000. The motion would provide an additional \$19,250,000 GPR in 2012-13 to make these adjustments without affecting the estimated payments under the bill for local governments with aid reductions below these percentages.

The motion would increase 2012 county and municipal aid payments for municipalities that participate in a joint fire department by 1% of the amount contributed by each municipality. Total increases under this adjustment would be capped at \$500,000.

The motion would also consolidate payments made under the utility aid program into one appropriation, and would delete the shared revenue appropriation, from which a portion of the utility aid payments are made under current law.

The motion would also adopt the modification under LFB Issue Paper #596, which is a reestimate of state aid for tax exempt computer property.

Prior to June, 1994, municipalities were not restricted as to the tax rate or use of room tax collections. Except in a few specific circumstances, at least 70% of any new or increased room taxes after June, 1994, must be used for tourism promotion and development, either directly by the municipality imposing the tax or by being forwarded to a to the municipality's or tourism zone's tourism commission if one exists.

Under current law, municipalities that impose a room tax can create a tourism commission. A tourism commission is responsible for monitoring the collection of room tax revenues and for contracting with one tourism entity, or other organization if a tourism entity does not exist, for staff, support services, and assistance in developing and implementing programs to promote and develop tourism. A tourism entity means a nonprofit organization that came into existence before January 1, 1992, and provides staff, development, or promotional services for the tourism industry in a municipality.

Under current law, any municipality that enacted an ordinance to impose a 0.5% premier resort area tax prior to January 1, 2000, can amend its ordinance to increase the tax rate to 1.0%. Only the Village of Lake Delton and the City of Wisconsin Dells meet this specified date. Both municipalities increased their premier resort area tax rates to 1% effective January 1, 2010.

This motion would preclude the Village of Lake Delton and the City of Wisconsin Dells from directly spending the required amount of room tax revenues on tourism development and promotion. Instead, under the motion, those funds would have to be spent by the municipality's tourism entity.

Currently, under certain circumstances, a town government may exercise all the powers of cities and villages relative to state TIF law. If the town board exercises this authority, the board is subject to the same duties and liabilities as the common council of a city or village board under state TIF law. However, a town may only create a TIF district using this authority if all of the following apply: (a) the town enters into a cooperative agreement with the city or village, under which part or all of the town will be annexed by the city or village in the future; (b) the city or village into which the town territory will be annexed adopts a resolution approving the creation of the TIF district; and (c) the TIF district is located solely within territory that is to be annexed by a city or village. A town is required to submit a copy of the cooperative agreement to which it is a party to DOR along with its application to create a TIF district. Through 2009, one cooperative TIF district has been created, by the Town of Madison in Dane County.

Under current law, municipalities are allowed to establish any number of TIF districts. However, a city or village can only create a new 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.

This motion would clarify the allowable time period that such town TIF districts could remain in existence after being annexed by the city or village. In addition, it would clarify how certain contracts, agreements, and obligations would transition to the municipality annexing the town TIF district. Finally, the motion would specify that the parcels within a town TIF district would be excluded from the determination of whether the municipality annexing the TIF district exceeds the 12% limit of taxable property within TIF districts.

Under current law, counties and municipalities are required to maintain at least the same level of spending for emergency services as the county or municipality had in 2009. One-time expenditures are not included in this calculation, and certain adjustments are made to allow for operating efficiencies. Any local government not meeting this requirement is subject to a penalty adjustment under the county and municipal aid program. This motion would eliminate the emergency services maintenance of effort provision on the effective date of the bill.

[Change to Bill: \$22,109,200 GPR]