



WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

Memo No. 2

TO: MEMBERS OF THE SPECIAL COMMITTEE ON LOCAL SERVICE CONSOLIDATION
FROM: Jessica Karls-Ruplinger, Staff Attorney
RE: WLC: 0004/1 and WLC: 0019/2
DATE: December 7, 2010

At the November 10, 2010 meeting of the Special Committee on Local Service Consolidation, the Special Committee discussed WLC: 0004/P1, relating to loans and grants to study and implement the consolidation of municipal services, and WLC: 0019/1, relating to an exception to county and municipal levy limits for expenditures related to the study or implementation of service consolidation. Members of the Special Committee requested several changes to the bill drafts, many of which are included in WLC: 0004/1 (the revised version of WLC: 0004/P1) and WLC: 0019/2 (the revised version of WLC: 0019/1). This Memo describes the changes in WLC: 0004/1 and WLC: 0019/2.

LOCAL GOVERNMENTAL UNIT CONSOLIDATION FUND

WLC: 0004/P1

WLC: 0004/P1 creates a municipal service consolidation fund, whereby a municipality, or a combination of two or more municipalities, may receive a loan or grant to study the feasibility of consolidating one or more municipal services or to implement the consolidation of one or more municipal services, or both. The program is administered by the Department of Administration (DOA) and is funded by general purpose revenue and moneys received in repayment of loans made under the program. The bill draft defines “municipality” as the state or any department or agency thereof, or any city, village, town, county, school district, public library system, public inland lake protection and rehabilitation district, sanitary district, farm drainage district, metropolitan sewerage district, sewer utility district, solid waste management system, local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district, transit authority, long-term care district, water utility district, mosquito control district, municipal electric company, county or city transit commission, commission created by contract under s. 66.0301, Stats., taxation district, regional

planning commission, housing authority, redevelopment authority, community development authority, or city-county health department.

Under WLC: 0004/P1, upon receipt of an application by a municipality, or a combination of two or more municipalities, DOA may consider any of the following in determining whether to make a loan or award a grant:

- If a loan or grant will be used to study the feasibility of the consolidation of one or more municipal services, a demonstrated probability that a feasibility study will result in the consolidation of the municipal service or services.
- Whether the recipient will study or implement the consolidation of one or more municipal services without the loan or grant.
- The extent to which the proposed consolidation of one or more municipal services will contribute to the economic growth of this state and the municipalities involved in the municipal service consolidation and to the well-being of the residents of this state and the municipalities involved in the municipal service consolidation.
- Any other criteria established by DOA by rule, including types of municipal service consolidations that will receive priority.

WLC: 0004/P1 requires DOA to develop a policy to obtain reimbursement of loans made under the program and to establish and implement procedures to monitor the use of loans or grants under the program. Further, the bill draft allows DOA to charge an origination fee to a loan recipient and allows DOA to require an eligible recipient to contribute an amount that is not less than 25% of the amount of the loan or grant. Lastly, DOA is required to promulgate rules that include procedures for submitting applications for loans and grants, evaluating applications, and auditing the loans and grants; conditions applicable to loans and grants; and provisions for the development of a biennial plan for making loans or awarding grants under the program.

WLC: 0004/1

WLC: 0004/1, relating to loans to implement the consolidation, or cooperation for the provision, of local governmental unit services or the consolidation of local governmental units, makes the following changes to WLC: 0004/P1:

- Changes the program to a loan-only program and removes references to grants.
- Removes the option to use a loan made under the program to study the feasibility of consolidating one or more services.
- Provides that a loan made under the program may be used to implement the consolidation of local governmental units.
- Provides that a loan made under the program may be used to implement cooperation for the provision of one or more services.

- Replaces the term “municipality” with “local governmental unit,” and provides that “local governmental unit” means a county, city, village, town, or school district.
- Requires, rather than allows, DOA to consider certain criteria in determining whether to make a loan under the program.
- Requires DOA to consider, in determining whether to make a loan under the program, a demonstrated probability that consolidation will reduce the cost of providing services or improve the level of services provided by local governmental units.
- Requires DOA to consider, in determining whether to make a loan under the program, the extent to which the proposed consolidation will contribute to regional cooperation and minimize competition for economic development between local governmental units.
- Removes the criteria relating to economic growth and resident well-being and relating to a demonstrated probability that a feasibility study will result in the consolidation of services.
- Applies the origination fee only to loans that equal or exceed \$10,000.
- Removes the requirement that a loan recipient contribute at least 25%.
- Requires DOA to make a decision on a loan application within 45 days after receiving the application.
- Requires DOA to implement, by rule, procedures for monitoring the use of loans.
- Requires DOA to determine the content of loan applications and the deadline for submitting applications.
- Reduces the appropriation for the expenditure restraint program under s. 79.05, Stats., to fund the local governmental unit consolidation fund.
- Makes other technical and stylistic changes.

MUNICIPAL LEVY LIMIT EXCEPTION

WLC: 0019/1

WLC: 0019/1 provides an exception to county and municipal levy limits for the amount that a city, village, town, or county levies to study the feasibility of consolidating one or more services or to implement the consolidation of one or more services.

WLC: 0019/2

WLC: 0019/2, relating to an exception to county and municipal levy limits for expenditures related to the implementation of service consolidation or cooperation or the implementation of political subdivision consolidation, makes the following changes to WLC: 0019/1:

- Limits the exception to 0.1% of the amount of the levy upon which the limit is based.
- Removes the option to use the exception to study the feasibility of consolidating one or more services.
- Provides that the exception may be used for the amount that a city, village, town, or county levies to implement the consolidation of political subdivisions.
- Provides that the exception may be used for the amount that a city, village, town, or county levies to implement cooperation for the provision of one or more services.

JKR:ksm