

Don Merkes

From: League of Wisconsin Municipalities [witynski@lwm-info.ccsend.com] on behalf of League of Wisconsin Municipalities [witynski@lwm-info.org]
Sent: Tuesday, February 03, 2015 11:56 PM
To: Don Merkes
Subject: Capitol Buzz -- The State Budget

Having trouble viewing or printing this email? [Click here](#)

League of Wisconsin Municipalities

Capitol Buzz

February 3, 2015

Witynski@lwm-info.org

www.lwm-info.org



[Subscribe to our E-Newsletters](#)

Governor's Budget Proposal Preserves Status Quo for Shared Revenue, Expenditure Restraint, and other Municipal Programs

Governor Walker's budget proposal, which was introduced earlier this evening as [AB 21](#) and [SB 21](#), maintains current funding levels for shared revenue, expenditure restraint, and the payment for municipal services programs. Given the state's tight fiscal condition, municipalities came out well with no cuts being recommended to major programs.

Other key municipal items in the Governor's budget include:

Levy Limits. The Governor recommends no changes to property tax levy limits. (One of our top goals this session is to obtain some flexibility for municipalities under levy limits. We are working with several GOP Assembly members to allow municipalities to carry forward any unused levy capacity from one year to the next.)

Property Tax Assessment. In the biggest surprise, the Governor recommends changing the property tax assessment process from a municipality-based system to a county-based system. These changes would begin in 2016 and be completed by the 2017 property assessment year. Under this system, counties and municipalities over 30,000 in population that opt out of county assessment, would be required to annually assess each property at 100 percent of fair market value. Counties may form multi-county assessment regions at their discretion. Boards of review, except for larger municipalities that have opted out of the countywide system, would be

consolidated at the county or regional level. The counties would charge cities, villages and towns for the cost of county wide assessment. The maximum annual amount a municipality could be charged is 95% of what a municipality previously paid for assessment services in a base year. DOR would maintain oversight of the property assessment system, including licensing and standards for assessors. The Governor also recommends various reforms to assessor standards, including requiring uniform training and continuing education for assessors.

Transportation

- The Governor recommends funding the 4 percent increase for general transportation aids approved in the 2013-15 budget.
- The Governor recommends fully funding the 4 percent increase for transit aids approved in the 2013-15 budget. The increases in each year include: (a) \$1,851,700 SEG for Tier A-1, (b) \$486,600 SEG for Tier A-2, (c) \$706,300 SEG for Tier B, and (d) \$149,700 SEG for Tier C.
- The Governor recommends repealing the requirement that the department must construct bicycle and pedestrian facilities on new highway construction.
- The Governor recommends prohibiting the department from funding community sensitive design on state highway projects. However, this prohibition would not prevent local governments from funding community sensitive design costs if they choose to do so.

Economic Development

- The Governor recommends providing the new Forward Wisconsin Development Authority, which he proposes creating by combining WEDC and WHEDA, with \$55 million in fiscal year 2016-17 to fund reforms to economic development lending programs by directing the authority to create a regional revolving loan fund program. The program would span multicounty regions across the state with loan allocations made to each region on the basis of the region's population. The authority will partner with regional economic development organizations for the administration of the program. The structure, strategy and

administrative guidelines of the loan funds must be approved by the authority, and the regional organizations must report to the authority.

- The Governor recommends limiting annual awards under the **historic rehabilitation tax credit** to \$10 million. The Governor also recommends that credits be awarded on a competitive basis with several criteria, including job creation potential, to determine which applicants receive the credit. The Governor further recommends requiring that credits be repaid in proportion to any shortfall in job creation relative to the amounts claimed in the credit application if actual job creation is deficient within the first five years after receiving the credit. These changes begin with the 2016 tax year. The Governor also recommends repealing the related credit for non-historic buildings built prior to 1936.
- The Governor provides \$6 million of new funding from the Universal Service Fund cash balance to the Broadband Expansion Grant Program. Also increases flexibility for the Public Service Commission in using current funds over the biennium and redirects unused funds from other Universal Service Fund appropriations to the broadband expansion grant program.

Natural Resources

- The Governor recommends placing a moratorium on using the Stewardship Fund to make land acquisition purchases until the level of debt service is no greater than \$1 for every \$8 in overall land acquisition costs incurred since the program's inception. For the immediate future, the program will continue to fund property development, including repair and maintenance of roads and boat access sites.
- The Governor recommends modifying the urban forestry grant program to provide only catastrophic storm grants and expanding eligibility to include urban projects related to removing, saving and replacing trees damaged by insect infestation.

Insurance

The Governor recommends closing the local government property insurance fund to new policies

and not renewing existing policies. The fund was created to ensure local governments had access to affordable property insurance. That situation no longer exists since a wide array of affordable property insurance products are available in the insurance market today. The Office of Insurance Commissioner will continue to operate the fund until all existing policyholders have terminated coverage.

What's not in the Governor's budget proposal?

Though at one time the following items were rumored to be included in the Governor's budget, none of them were:

- Room tax law changes sought by the lodging industry.
- Repeal of the police and fire protection fee, which is included on all phone bills and provides \$54 million annually to the state to help fund the shared revenue program.
- Repeal of the personal property tax on businesses.

More Details to come. We will report on more details concerning items affecting municipalities as they become available.

More information. View the budget in brief and individual agency budgets, [here](#).

[View the budget bill, AB 21, here.](#)

[Forward email](#)



This email was sent to dmerkes@ci.menasha.wi.us by witynski@lwm-info.org | [Update Profile/Email Address](#) | Rapid removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).



League of Wisconsin Municipalities | 122 W. Washington Ave., Suite 300 | Madison | WI | 53703