

LEAGUE OF WISCONSIN MUNICIPALITIES



Budget Analysis

Background

- The State is facing a \$2.2 billion deficit.
 - If it isn't cut, it's a win
- Governor told his Cabinet, "Go bold."
 - Transportation, Bucks Jock TIF, cut to UW System, etc...
- Gov. Walker is a likely presidential contender.
 - Recent Polls and "Our American Revival" 527 group
- League has launched "Partnership for Prosperity".
 - Partnership for Prosperity Tour is having an impact
 - Local Municipal Resolutions
 - Lobbying team has been aggressively engaged

Budget Analysis

- Fully expected to report the Good, the Bad, and the Ugly, BUT given the State's fiscal condition, municipalities in general came out ahead.
- No cuts recommended to major programs.
- Overall more Good than Bad to report.
- And the League has “beaten back” for now the *expected* “Ugly”.
- But it's early.

Expected Ugly

- *Both the Room Tax and the repeal of the police and fire protection fee were *ON THE TABLE* to be in the budget.*
- The League's lobby team proactively opposed these provisions in multiple discussions with Governor's Staff, Legislative Leaders and Joint Finance Committee members.
- Neither provision is currently included in the budget.
- Joint Finance could add either or both – must remain vigilant.

Budget Analysis

- Levy Limits
 - The Governor recommends no changes to property tax levy limits.
 - League will continue to advocate to allow for some flexibility.
 - We are working with several GOP Assembly members to allow municipalities to carry forward any unused levy capacity from one year to the next.

Budget Analysis

- Property Tax Assessment
 - Proposal to change the property tax assessment process from municipality-based system to a county-based system with an opt-out for the ~18 cities over 39,000 population.
 - Changes begin in 2016 and are completed by 2017.
 - The League recommended this in the 1950's

Budget Analysis

- Transportation
 - Governor fully funds the 4 percent increase for general transportation aids approved in the 2013-15 budget.
 - Repeals the requirement that DOT must construct bicycle and pedestrian facilities on new highway construction.
 - Prohibits DOT from funding Community Sensitive Design on state highway projects. This prohibition would not prevent local governments from funding CSD costs if they choose to do so.
 - However, we are very concerned about the funding mechanism for transportation needs within the State Budget. The 1.3 billion in borrowing is not a viable long-term solution for the shortfall in the Transportation Fund.

Budget Analysis

- Clean Water Fund
 - Eligibility for certain additional projects
 - A Use-it-or-Lose-it provision
 - Complex changes, watch for more clarifications

Budget Analysis

- Recycling Grant Program
 - The proposed budget reduces the funding level from \$19 million to \$15 million in the first year of the biennium. In the second year of the biennium the Governor is recommending that the funding level be restored back to \$19 million.
 - The Governor also recommends retaining the \$1 million bonus grant for cooperating responsible units in both years of the budget.
 - In 2008 the funding for this grant program was at \$32 million.

Budget Analysis

- Economic Development
 - Forward Wisconsin Development Authority (WEDC and WHEDA).
 - \$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.
 - \$6 million of new funding from the Universal Service Fund cash balance to the Broadband Expansion Grant Program.
 - Historic rehabilitation tax credit will be limited to \$10 million annually. The credits will be awarded on a competitive basis.

Budget Analysis

- Natural Resources
 - Moratorium on 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.
 - The program will continue to fund property development, including repair and maintenance of roads and boat access sites.
 - Modification to the urban forestry grant program to provide only catastrophic storm grants and expansion of eligibility

Budget Analysis

- Local government property insurance
 - Proposal to close the local government property insurance fund to new policies and not renew existing policies.
 - The fund was created to ensure local governments had access to affordable property insurance.
 - The Office of Insurance Commissioner will continue to operate the fund until all existing policyholders have terminated coverage
 - Property insurance rates for local government will increase.

Overall Analysis

- The 2015-2017 State Budget contains several items that will positively impact cities and villages.
- This is not a perfect budget, but contains more gains than losses in a tough budget environment.
- We look forward to partnering with the Governor and members of the Wisconsin Legislature as we continue through the budget process to offer idea and solutions.

Next Steps

- Stay informed, Sign Up to receive the Legislative Bulletin and Capitol Buzz
 - <http://bit.ly/LWMSubscribe>
- If you haven't already, Sign Up for Lobby Day on Feb. 18!
 - Contact Gail Sumi for more information
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