10TH Annual LWMMI Policyholder Conference

Chula Vista Resort and Water Park
Wisconsin Dells, Wisconsin
May 8 and 9, 2019

A Divided Wisconsin Government - The Perfect Storm or Blessing in Disguise for Municipalities

Thursday, May 9, 2019
11:15 AM – 11:45 AM

Presented By:

Jerry Deschane, CEO, LWM and Curt Witynski, Deputy CEO, LWM
Items in the State Budget Affecting Local Governments

League Of Wisconsin Municipalities

May 2019
About the League

• Founded in 1898
• Nonpartisan
• 190 Cities & 398 Villages
• 16 member Board, 8 staff
• Main Functions: Advocate, Inform, Educate
Most League Members are Small Communities
Cities and Villages are where people live and work!

- 70 percent of the state’s population
- 87 percent of the all manufacturing property
- 90 percent of all commercial property
- Nearly all of Wisconsin’s airports & commercial ports
- Wisconsin’s metropolitan regions account for 75% of the state’s Gross Domestic Product
League’s Lobby Team

Curt  Gail  Jerry

Most Importantly: Lobby team of municipal officials and staff -- 400 plus
League Priorities for this Session

Strengthen Local Democracy

• Restore municipal powers taken away by previous legislatures and governors
• Preserve local control
• Exempt municipalities from Fair Dealership Law
Priorities for this Session

Diversify Local Revenue Sources; Improve Current State Aid Programs

• Increase funding for shared revenue program.

• Improve Expenditure Restraint Program

• Fully Fund Payment for Municipal Services Program
Priorities for this Session

Adjust Levy Limits for no-growth and slow growth Communities

• Allow levies to grow by rate of inflation.

• Allow cities and villages under 3,000 in population an option short of referendum to exceed levy limits.

• Allow municipalities that experienced less than 2 percent growth in equalized value from net new construction for two successive years to increase their levy by 3 percent or CPI, whichever is greater.
Priorities for this Session

Close Dark Store Loopholes; Restore Fairness to Property Tax System
Priorities for this Session

Adequately and Sustainably Fund State-Local Transportation System

• Just Fix It.
• Invest in Municipal Streets.
• Invest in mass transit systems.
• Regional Transportation Authorities.
• Protect Local Transportation Revenue Options against state Interference.
Split Control of the Capitol Returns

- Expect fewer laws to be passed.
- Delay in State Budget being enacted.
- Generally good for municipalities.
A Few Observations

-GOP retains huge majority in Assembly: 63-36 and comfortable majority in Senate: 19-14

--Despite maneuverings over Lame Duck Session, the Governor controls agencies and has the largest bully pulpit.
New/Old Legislative Leaders

Senate leadership remains unchanged:

--Maj. Leader: Sen. Scott Fitzgerald

--Minority Leader: Sen. Jennifer Shilling
New/Old Legislative Leaders

Assembly leadership no change:
--Speaker: Rep. Robin Vos

--Minority Leader: Rep. Gordon Hintz

League of WI Municipalities
Governor Evers’ State Budget – Good for Local Gov

Transportation

Levy Limits

Shared Revenue

Dark Store/Walgreens
Governor Evers’ State Budget – Good for Local Gov

• Repeals prohibition against using eminent domain to acquire land for bike and recreation paths.

• **Replacement of Lead Service Lines.** Provides additional bonding authority of $40,000,000 under the safe drinking water loan program for the replacement of lead service lines.
Governor Evers’ Budget – Items we Don’t Like

• Restoration of prevailing wage law.

• 20% cap on TIF developer cash grants.
What is next for the State Budget?

JFC finished public hearings in April.

JFC deliberating on state budget throughout May and probably much of June.

Speaker Vos has said publicly on several occasions the Legislature will submit a budget to the Governor by the end of June.

Question is will the Governor veto the entire proposal or will there be enough “good” items in it for him to sign it after using his line-item veto authority.
Will we see a State Budget Enacted?

When will we see a compromise budget that can pass the Legislature and be signed by the Governor?

Probably not until October or November. The road to getting to that point is not clear. Wisconsin law provides that current budget appropriations continue in absence of a new state budget.
A Few Bills in the Pipeline

• Exempting local governments from Fair Dealership Act
• Allowing community to use levy capacity savings from shared services on transportation
• Allowing 3% levy increase if net new construction was under 2% for two years in a row.
• Apply eminent domain caps to RDAs and CDAs
How local officials can help

Sign up for the League’s Lobby Team

• In person lobbying three times a legislative session

• Next Lobby Day in Madison – May 22

• Voter Voice
How local officials can help

Develop and nurture relationships with your legislators:

• Sign up for your Legislator’s Newsletters
• Make sure they receive your Municipal Newsletter if you have one
• Invite them to your next Council/Board meeting to talk about the budget
• Give them a tour of municipal facilities
By working together and speaking with a unified voice we can make a difference.
Questions and Comments
To: Joint Committee on Finance  
From: Curt Witynski, J.D., Deputy Director, League of Wis. Municipalities  
Date: April 1, 2019  
Re: Municipal Recommendations Regarding State Budget Bill

As you begin reviewing Governor Evers’ biennial state budget bill, AB 56/SB 59, the League of Wisconsin Municipalities submits the following recommendations on items of critical concern to cities and villages.

**Items in the state budget bill we support and urge you to retain**

1. **A Modest Increase in Shared Revenue Funding**: The Governor proposes a 2 percent ($15 million) increase in program funding to take effect in 2020. This would be the first increase in shared revenue in many years. Over the last 18 years, the program on the municipal side has been cut by $94 million. The Governor proposes that each municipality receive a 2 percent increase over the amount it received in 2019.

2. **A Slight Relaxation of Levy Limits**: The Governor proposes allowing municipalities to increase their annual levies over their prior year by the greater of the percentage change in equalized values due to net new construction or 2%. Since 2012, municipalities have been allowed to increase their levy only by net new construction. Wisconsin has the strictest levy restriction in the country. The statewide net new construction rate averaged 1.6% in 2018. Between 2012 and 2018 only 62 of 600 cities and villages experienced new construction averaging at least 2% per year. 186 experienced growth of less than .5% per year. A 2% floor for levy limit increases is similar to how the levy limit law was first implemented when floors ranging from 2% to 3.86% existed between 2006 and 2011.

The Governor also proposes the following changes to levy limits that we strongly support.

- Eliminate the requirement that a municipality reduce its allowable levy by the amount of fee revenue it received in lieu of property taxes for providing a specified service (i.e., snow plowing, storm water management, fire protection, garbage collection, and street sweeping) that was funded with the property taxes in 2013.

- Expand the current levy limit adjustment for joint fire departments to include joint emergency dispatch centers. The Governor also recommends modifying the inflationary adjustment to be the change in the consumer price index for the 12 months ending on September 30 plus 1 percent. The Governor further recommends excluding from the expenditure restraint program budget test those amounts claimed as levy limit adjustments under this provision.
3. Addressing the Transportation Funding Shortfall: The Governor recommends an 8 cent gas tax increase, restoration of annual gas tax indexing, various fee increases, and a reduction in borrowing as first steps toward addressing the long term shortfall in the state’s transportation fund. The League supports the Governor’s proposal as well as the funding increases he proposes for the following local transportation aid programs:

- **General Transportation Aids.** The Governor recommends increasing general transportation aids by 10%, from $348,639,300 to $383,503,200 for 2020 and thereafter.
- **Transit Operation Aids.** The Governor recommends increasing general transit aids by 10 percent above 2019 program levels.
- **Transit Capital Assistance.** The Governor recommends creating a transit capital assistance program to aid in the replacement of buses and funding the program at $10 million annually.
- **LRIP.** The Governor recommends increasing funding for entitlement and discretionary grants in the Local Roads Improvement Program (LRIP) by 2 percent in FY20 and 2 percent again in FY21.
- **Railroad Crossing and Repair Assistance.** The Governor recommends increasing funding for railroad crossing and repair to address a backlog of projects.

4. Closing the Dark Store and Walgreens property tax loopholes. We need to stop shifting even more of the property tax burden on to homeowners and small businesses and restore fairness to the property tax system.

5. Restoring municipal ability to use eminent domain powers to acquire land for bike and recreation paths.

**Items we oppose and urge you to remove or change**

1. **Restoration of the prevailing wage law for municipal public construction contracts.**

2. **Limits on TIF developer cash grants.** The Governor recommends capping the total of cash grants that are made by a city or village to owners or developers of land located within a TIF district to 20% of the total project costs of the TID. Municipalities are in the best position to negotiate incentives with developers. This limitation interferes with a community’s efforts to enter into pay-as-you-go arrangements and will lead to the creation of larger TIF districts. While many redevelopment projects involve some rehabilitation or upgrading of public infrastructure, the preponderance of costs tend to be on-site private development cost related to remediation, soils, off-street parking, or other costs that drive up cost of construction.
Municipal Government and Utility Day in the State Capitol

Wednesday, May 22, 2019

The League is joining forces with municipal utility groups and the Transportation Development Association on this joint lobby day.

All municipal officials and staff are invited to participate.

Participation offers the opportunity to interact face-to-face with legislators in the state Capitol and at lunch:

- The day begins at 9:00 and includes a legislative briefing before walking to the Capitol for legislative meetings.
- The day ends with lunch at Monona Terrace.
- Governor Evers has been invited to speak at lunch.

Join us for some or all of the day. This event is free for Officials & Staff of League member municipalities.

Register online at:

https://www.meuw.org/lobbyday2019

(Use the Public Registration Button)