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MEMORANDUM

TO: Honorable Members of the Joint Committee on Finance

FROM: Kyle Christianson, Director of Government Affairs

DATE: May 8, 2019

SUBJECT: 2019-2021 State Biennial Budget – Items before the Joint Committee on Finance on May 9, 2019

In regard to items scheduled for consideration by the Joint Committee on Finance on May 9, 2019, please consider the following recommendations of the Wisconsin Counties Association:

RECOMMENDATION SUMMARY	
LFB PAPER #	RECOMMENDATION
650	Support Alternative 1.a.
651	Support stand-alone budget motion to establish inflationary indexing of utility aid.
410	Support Alternatives 2a and 2b.

Attached please find rationale for the items listed above. Additional information can be obtained by contacting the WCA office at 608-663-7188.

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#650

SHARED REVENUE AND TAX RELIEF

RECOMMENDATION: Support Alternative 1.a.

Rationale:

- Shared revenue to counties has not increased since the early 2000s. In fact, counties currently receive less shared revenue today than they did two decades ago.
 - Counties have little ability to generate new revenues locally. Increasing county shared revenue payments will allow counties to invest in critical needs, including infrastructure improvements.
 - Shared revenue has long represented a partnership between the state and counties. Adopting the proposed 2% increase in county shared revenue will strengthen the state-county partnership.
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LFB PAPER

#651

PUBLIC UTILITY AID

RECOMMENDATION: Support stand-alone budget motion to establish inflationary indexing of utility aid.

Rationale:

- Utility aid has been stagnant in recent years, both as a percentage of tax collections and in the actual dollars distributed to counties and municipalities.
- Utility aid is intended to cushion and spread the burden of the loss of revenue due to utility property being exempt from local taxation. Stagnant or declining aid results in a tax shift to other property taxpayers.
- Utility aid is critical to ensuring local governments have sufficient resources to provide local services to tax-exempt utility properties.
- Utility tax collections—which are intended to be returned to counties and municipalities as utility aid—are largely being used as general purpose revenue. In fact, only about 30% of utility taxes collected by the state are returned to local governments through utility aid.

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#410

YOUTH CRISIS STABILIZATION FACILITY AND
PEER-RUN RESPITE CENTER FOR VETERANS

RECOMMENDATION: Support Alternatives 2a and 2b.

Rationale:

- The PR funding comes from surplus revenue from the state mental health institutes program revenue account. The revenue in that account is derived from charges to counties for placements in the mental health institutes.
- Last session, members of the Joint Committee on Finance (JCF) worked on a compromise with the Wisconsin Counties Association (WCA) to ensure county levy dollars paid for institutional placements are not diverted for other uses.
- County tax levy should not be accumulating in state appropriations.
- Counties upheld their end of the bargain and did not oppose the DOA/DHS 16.515 request to use the excess funds in the state mental health institutes program revenue account to pay for forensic beds and an electronic records system. It is now time for the state to act in return and stop utilizing county levy to fund other projects.
- It is inappropriate to continue to divert funding collected from counties for institutional services to fund community-based programs.
- As referenced in the paper, the balance in the PR appropriation would decline from an estimated \$19.5 million to \$8.6 million at the close of the biennium, suggesting that total PR expenditures are projected to exceed annual revenues. **“Going forward, the Department would likely need to increase fees for services in order to maintain a positive PR appropriation balance.”** Increasing county charges to pay for unrelated programs is completely unacceptable.