

RESOLUTION NO. 2020-39

Requesting Governor Tony Evers and the State of Wisconsin Legislature to include a provision in the State 2021-2023 Budget to increase state utility tax aid to counties and municipalities

Executive Summary

State utility aid is intended to compensate local governments for costs they incur in providing services to local utilities which cannot be recouped through property tax since utilities are exempt from property taxation. Jefferson County is a member of the Wisconsin Counties Utility Tax Association which is comprised of 36 counties with electric utility plants. Local governments hosting utility plants are entitled to a portion of utility taxes collected by the State of Wisconsin. The current formula for determining aid payments is 50 years old and no longer provides an equitable return of utility tax collections to counties and municipalities. The State of Wisconsin has returned approximately 20 percent of the revenue collected to local governments hosting utilities. In 2019-2020, the state collected \$351.4 million in utility taxes, but only returned \$75.6 million to local governments as utility aid. This resolution is requesting that Governor Evers and the Wisconsin legislature include an inflation-based adjustment to the state's utility tax aid formula in the next budget bill to create an improved, more equitable return of utility tax collections to counties and municipalities as utility aid.

WHEREAS, a review of the current formula reveals that a thirteen-year inflationary index (2005-2018) would have generated \$22.5 million more in utility aid payments, and

WHEREAS, the indexing formula components from 2018 onward, would cost less than \$2 million per year, ensuring that payments reflect the increased value of utility property, and

WHEREAS, the modest but important action requested by this resolution would benefit local governments by providing much needed local revenue outside of revenue caps, and

WHEREAS, the additional revenue would defray the costs of state mandates such as emergency services, and road maintenance, and

WHEREAS, Jefferson County has received on average \$898,000 in shared utility taxes as shown below which has been declining against an average inflation rate of 1.96% over the last 13 years, and



