

Wisconsin Towns Association Synopsis of Town Topics in Governor Evers' Budget Proposal

On February 28th Governor Evers provided his proposed 2019-21 budget. This is a brief synopsis of components of the budget related to town government, some directly and some indirectly. It is not intended to be an exhaustive analysis. You can read the proposed budget, including the Budget in Brief, at <https://doa.wi.gov/Pages/StateFinances/2019-21-Executive-Budget.aspx>.

Governor Evers recommends an operating budget of \$40.7 billion in fiscal year 2019-20 and \$42.7 billion in fiscal year 2020-21. On an annual basis, the Governor's all funds budget for fiscal year 2019-20 represents an increase of \$2,078.4 million (5.4 percent) over the fiscal year 2018-19 adjusted base, and the budget for fiscal year 2020-21 represents an increase of \$2,006.9 million (4.9 percent) compared with fiscal year 2019-20.

Transportation

The budget proposes to invest \$6.6 billion, the largest amount ever, while authorizing the lowest amount of new bonding for highway purposes in the last two decades. The transfer of general purpose revenue to the Transportation Fund is ended for the first time in nine years.

CHART 28: HIGHWAY BONDING BIENNIAL TOTALS 2001-2021

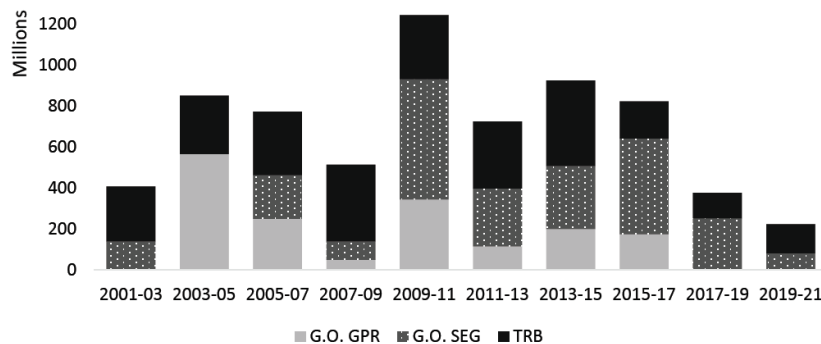
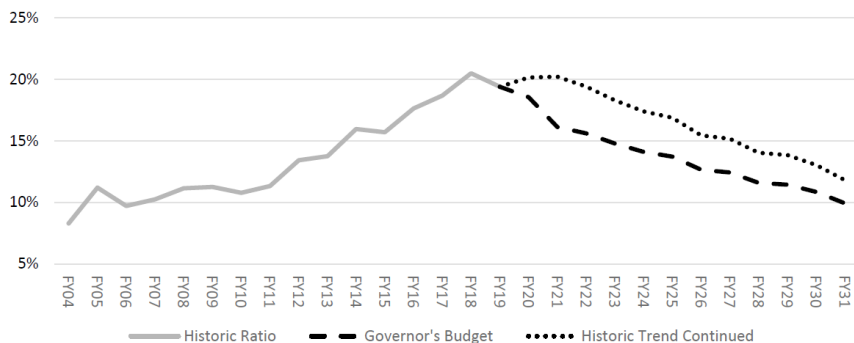


CHART 29: DEBT SERVICE PAYMENTS TO TRANSPORTATION FUND REVENUE RATIO



A revenue increase is accomplished by:

- increasing the motor fuel tax by \$.08 raising \$485 million;
- indexing the motor fuel tax to the consumer price index starting April 1, 2020 raising \$42 million;
- increasing Heavy Truck Registration fees by 27 percent, raising \$36 million;
- increasing the title fee on original or transfer vehicle titles, raising \$36 million; and,
- collecting the Hybrid Vehicle fee, raising \$9.7 million over the biennium.

The budget invests the resources by:

- allocating \$320.0 million to the state highway rehabilitation program;
- completing the entirety of the Zoo Interchange;
- enumerates the expansion of I-43 from two to three lanes in each direction in Milwaukee and Ozaukee counties;
- providing a 10% (\$22 million) increase for the state's 81 transit systems, bringing the total state investment in transit to almost \$250 million and total investment, including federal, to over \$367 million;
- creating a levy limit exclusion for new or expanded transit services if those services cross municipal or county boundaries;
- increasing elderly and disabled transportation aids by \$6 million;
- adding \$6 million for senior and individuals with disabilities specialized transportation aids;
- providing \$2 million for airports to implement Next Generation Air Traffic Control Systems;
- providing for \$30 million in bonding for freight railroad preservation;
- providing \$52 million in total support for the Harbor Assistance Program;
- adding \$45 million in support of improved passenger rail service between Milwaukee and Chicago;
- increasing the Local Road Improvement Program by 2% (\$1.9 million) for counties, cities, villages, and towns combined; including increasing the discretionary portion for towns by \$348,800;
- providing a 10% (\$66 million) increase in General Transportation Aids, including bringing the rate per mile (RPM) payment to \$2,628. This is a \$239 per mile increase and is approximately a \$29.5 million increase for towns.

Transit

Allocate 60 percent of the remaining \$25 million in Volkswagen emissions settlement funds to be dedicated to the replacement of public transit vehicles and 40 percent towards electric vehicle charging stations through the grant program administered by the Department of Administration.

Provide a historic \$22 million increase for the state's 81 transit systems, bringing the total state investment in transit to almost \$250 million and total investment, including federal, to over \$367 million.

Create a levy limit exclusion for new or expanded transit services if those services cross municipal or county boundaries.

Provide Milwaukee County and the City of Madison more transit dollars by eliminating shared revenue reductions related to transit grant awards from 75 percent to 20 percent, aligning these systems with those from other Wisconsin municipalities.

Provide \$45 million in additional support for improved passenger rail service between Milwaukee and Chicago.

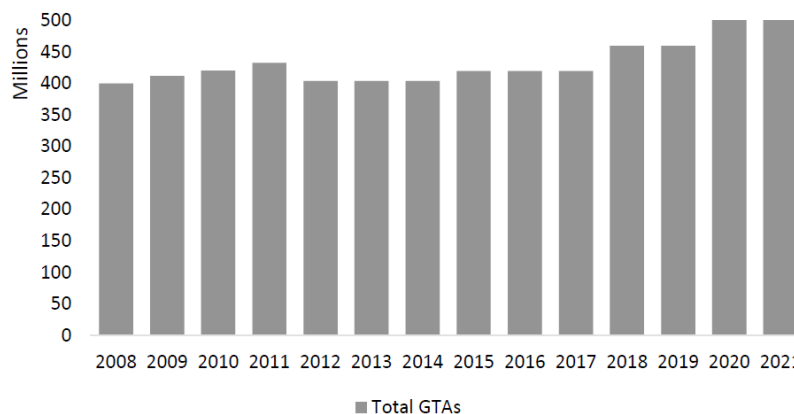
Create a levy limit exclusion for new or expanded transit services if those services cross municipal or county boundaries. This exclusion may not be used for any existing services and any amounts claimed must be subject to an intergovernmental cooperation agreement and be approved via referendum by each political subdivision party to the agreement.

Town Roads

Increase the Local Road Improvement Program by \$1.9 million (2%) for counties, cities, villages, and towns combined; including increasing the discretionary portion for towns by \$348,800.

Provide a 10% (\$66 million) increase in General Transportation Aids for counties, cities, villages and towns combined, including bringing the rate per mile (RPM) payment to \$2,628. This is a \$239 per mile increase and is approximately a \$29.5 million increase for towns.

CHART 30: TOTAL GENERAL TRANSPORTATION AIDS BY CALENDAR YEAR



Labor

Restore prevailing wage law for state and local projects of public works. This ensures that workers are not underpaid relative to other workers performing similar work in the area.

Eliminate the "right to work" law, which prohibited labor unions and employers from entering into private agreements regarding the use of unionized workers on a project. This change also permits employers to require union membership or affiliation and related dues.

Permit project labor agreements for public works projects.

Repeal preemption of local government ordinances regarding family and medical leave, wage claims, employee benefits, hours of work and overtime, and solicitation of prospective employees' salary histories.

Town Taxes / Shared Revenue

Increase funding for the County and Municipal Aid Program (shared revenue) by 2 percent starting in 2020. This action will provide each county and municipality a 2 percent increase over the amounts received in 2019. This action will also reduce pressure to raise property taxes by finally growing what has been a stagnant county and municipal revenue source.

Modify the valuation factor under county and municipal levy limits to allow county and municipal governments to increase levies by the greater of the percentage change in equalized value due to new construction less improvements removed or 2 percent beginning with levies set in 2019. This alternative minimum valuation factor will give towns important flexibility in determining their budgets.

Allow for a levy limit exemption for shared emergency dispatch centers and modify the expenditure restraint program to allow municipalities to expend those amounts necessary to operate these consolidated services.

Create a levy limit exclusion for new or expanded transit services if those services cross municipal or county boundaries. This exclusion may not be used for any existing services and any amounts claimed must be subject to an intergovernmental cooperation agreement and be approved via referendum by each political subdivision party to the agreement.

Limit the percentage of TIF project costs that can go toward cash grants to developers to 20%.

Broadband

Expand broadband access by increasing funding for the Broadband Expansion Grant Program at the Public Service Commission to \$78.6 million over the biennium, compared to \$16 million during the 2017-19 biennium.

Create a statutory statewide broadband speed goal of 25 megabits per second download and 3 megabits per second upload for all homes and businesses by 2025. The budget further redefines when communities are "unserved" and "underserved" in terms of broadband access to be consistent with the new state speed goal, which is important as those definitions dictate which communities can qualify to apply for the Public Service Commission Broadband Expansion

The budget recognizes there may be some communities where it does not make business sense for telecommunication companies to provide broadband service even with federal and state grants and incentives. In these cases, the budget reduces some of the additional requirements that make it difficult for municipalities to directly invest in broadband infrastructure for their communities.

The budget includes \$5.3 million of Temporary Assistance for Needy Families (TANF) funds per year to help families in the Wisconsin Works program access affordable Internet, similar to the current Lifeline program at the Public Service Commission that helps low-income individuals afford telephone service.

Dark Stores

Implement reforms to assessment practices to clarify the assessment of leased property to specify that real property be assessed for property tax purposes at its highest and best use and that real property includes leases, rights and privileges pertaining to the property. Under these reforms, properties that are vacant or unoccupied beyond the normal period for property in the same real estate market segment, colloquially referred to as "dark stores" or "dark property," are not considered comparable to assessed occupied properties. The Governor also recommends that the Department of Revenue provide training and assistance to local assessors for the implementation and application of these provisions. These changes will help to preserve local tax bases and keep property tax rates lower for ordinary property taxpayers.

Elections

Require the Elections Commission to work with the Department of Transportation to facilitate automatic voter registration and implement the initial registration of all eligible voters.

Modify statutory language related to university identification cards used for voting, identification card receipts, and in-person absentee voting, to address the federal court enjoinder. The

University of Wisconsin System and technical colleges are required to issue student identification cards that qualify for voter identification.

Surface-Drinking Water / Conservation

Provide the Department of Natural Resources with \$425,000 in each year and 5.0 full time equivalent positions for the regulation of Concentrated Animal Feeding Operations (CAFO).

Invest an additional \$800,000 in each fiscal year for the well compensation program. Increase the maximum income limit for eligibility from \$64,000 per family to \$100,000 per family and establish a hardship program for families making less than the state median household income. Align contamination eligibility standards under the grant program with federal clean water regulations and create a prioritization list so that the most contaminated wells are remediated first.

Eliminate the June 30, 2021 sunset date for the Private On-Site Wastewater Treatment System Replacement or Rehabilitation Program. The program will continue to assist residence owners and small commercial establishments meeting certain income and eligibility criteria to repair or replace eligible failing private on-site wastewater treatment systems.

Authorize \$10 million in bonding authority for the Soil and Water Resource Management (SWRM) program at the Department of Agriculture, Trade and Consumer Protection.

Authorize \$3,550,000 in general purpose revenue supported general obligation bonding for the Safe Drinking Water Loan Program.

Extend the maximum loan period under the Safe Drinking Water Loan Program from 20 years to 30 years. The Governor also recommends the issuance of revenue bonds to fund the state match requirements and additional loans in the Safe Drinking Water Loan Program. This change will result in future increased loan capacity for more drinking water projects and a reduction in general obligation debt service.

Create a Bureau of Natural Resources Science with a director that reports directly to the Secretary of the Department of Natural Resources. Provide an additional 5.0 full time equivalent employees to science positions to research water and source of contamination. Of the positions, at least 2.0 full time equivalent positions must work on polyfluoroalkyl substance (PFAS) issues.

Provide \$1.4 million in each fiscal year to fund 100 percent of one county conservation position and 70 percent of a second county conservation position in all counties.

Provide \$150,000 general purpose revenue in fiscal year 2019-20 to develop a model to identify and prioritize sites with likely PFAS contamination.

Provide \$50,000 general purpose revenue in fiscal year 2019-20 to conduct a survey of local and state emergency responders on the use of PFAS containing firefighting foam.

Authorize \$6.5 million in bonding authority for the Targeted Runoff Management (TRM) program at the Department of Natural Resources. The TRM program provides municipalities with financial assistance for infrastructure projects to reduce nonpoint source pollution.

Provide \$400,000 SEG in each fiscal year to fund noninfrastructure projects in the TRM program.

Authorize \$4 million in bonding authority in the urban nonpoint source and stormwater grant program and the municipal flood control program.

Authorize \$4 million in bonding authority to provide grants to implement pollution control measures in Total Maximum Daily Load areas.

Provide \$730,000 SEG in each fiscal year for Department of Natural Resources contractual services related to nonpoint source pollution control.

Tourism

The budget proposes a new Office of Outdoor Recreation at the Department of Tourism, to enhance our state's outdoor economy through the promotion of outdoor activities and building partnerships with outdoor-related businesses. The budget provides \$274,300 general purpose revenue in fiscal year 2019-20, \$349,000 general purpose revenue in fiscal year 2020-21 and 3.0 full time equivalent general purpose revenue positions for this effort.

Miscellaneous

Provide \$1 million annually on a one-time basis to the Wisconsin Disaster Assistance program for costs related to the replacement of the cable that brings electricity to Washington Island.