Dave Ehlinger

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To: Dave Ehlinger
Subject: 2023 Wisconsin Act 12 Information

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July 12, 2023

To: All SLF Customers

The Wisconsin Department of Revenue (DOR) is providing an overview of the recently enacted 2023 Wisconsin Act 12. We will provide additional guidance as we review the impact of the law changes and update/develop programs.

Wisconsin Act 12 Information

Includes summary of changes on:

- Personal property exemption
- Shared revenue programs
- Levy limits
- Maintenance of effort
- County and municipal innovation grants
- Other changes to local government laws

Questions?

WI Act 12 Information – provides topical contact information

Thank you,
Valeah Foy, Administrator
State and Local Finance Division

Connect with us!

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2023 Wisconsin Act 12 Information

The Wisconsin Department of Revenue (DOR) is providing the following overview of 2023 Wisconsin Act 12, which contains significant statewide changes. We will continue to provide guidance throughout this process, whether it be through emails, webinars, presentations, common questions, or another means.

1. Exempts personal property from taxation and creates additional personal property aid payment
2. Changes shared revenue programs
3. Establishes new levy limit calculations for municipalities with Tax Incremental Districts (TIDs)
4. Amends maintenance of effort laws requiring consistent local funding of law enforcement, fire and emergency medical services and creates new reporting requirement
5. Creates innovation grants for counties and municipalities
6. Other local government changes including Tax Incremental Finance and a new DOR report with local government financial information

1. Personal Property Exemption

Effective date – January 1, 2024

Affected chapters – 26, 33, 60, 66, 70, 71, 73, 76, 77, 78, 79, 706, 815, 978

Summary of changes

a. Exempts personal property from taxation beginning with assessments as of January 1, 2024
- Locally assessed personal property under Ch. 70
- State assessed manufacturing personal property under Ch. 70
- State assessed rail personal property under Ch. 76

b. Maintains personal property assessment and taxation laws for:
- Completion of the 2023 personal property tax collections during 2024
- Correction of 2023 personal property errors on the 2024 assessment roll
- Assessment of omitted personal property from the 2022 and 2023 on the 2024 assessment roll, or omitted from 2023 on the 2025 assessment roll

c. Adjusting TID personal property base values – establishes a process for municipalities to request DOR adjust the base values of Tax Incremental Districts (TIDs) to account for the exemption of personal property

d. Manufacturing income credit – provides a process for manufacturing establishments that do not own real property in this state to continue claiming the manufacturing income tax credit

e. Moves the airline hub exemption – from Ch. 70 to Ch. 76

f. Aid payments – creates aid payments to taxing jurisdictions for the loss of personal property tax revenue beginning in 2025

Questions on these topics, contact:
- Property assessment – bapdor@wisconsin.gov
- Manufacturing income tax credit – DORFranchise@wisconsin.gov
- Manufacturing property assessment – the district office where the property is located
- Airlines, railroads, telecommunications and utilities – utility@wisconsin.gov
- Aid payments, local government finance – lgs@wisconsin.gov
- Tax incremental finance – tif@wisconsin.gov

2. Shared Revenue Programs

Effective dates

- June 22, 2023 (day after publication) – section 217m
- July 1, 2024 – sections 9, 10, 16, 77, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 213, 215, 216, 217
- June 30, 2026 – sections 211, 212

Affected chapters – 25, 49, 70, 79

Summary of changes

a. Local government fund

- **Creates fund accounts**
  - County and municipal aid
  - Expenditure restraint
  - Exempt computer aid
  - Personal property aid
  - New! Repeal of personal property taxes
  - Video service provider fee
  - Municipal services
  - New! Supplemental County and Municipal Aid
  - New! Innovation Grants
  - Community youth and family aids

b. County and municipal aid

- **2024 –** counties and municipalities receive an aid payment equal to the 2012 payment, plus supplemental CMA payment
- **2025 and after –** the aid payment is the amount credited to the county and municipal aid account of the local government fund multiplied by the proportion of the total of county and municipal aid payments that the county or municipality received in 2024. Payments are increased for fallen protective service officer (law, fire and EMS) insurance payments reported to DOR under 66.0137(5)(d).

c. Supplemental CMA

- **Used only for** – law enforcement, fire protection, emergency medical services, emergency response communications, public works, courts, transportation
- **2024 – determined for:**
  - Counties
  - Municipalities with a population less than 5,000
  - Municipalities with a population between 5,000 and 30,000
  - Municipalities with a population between 30,000 and 110,000
  - Additional payment for municipalities with a population between 30,000 and 50,000
  - Municipalities with a population over 110,000
- **2025 and after –** proportion of the total payments from the supplemental county and municipal aid account under 25.491(9) that the county or municipality received in 2024 multiplied by the amount for the year in the supplemental county and municipal aid account under 25.491(9)

d. Expenditure restraint

- **New exclusions from determining eligibility –** includes expenditures related to:
  - State or federal grants for law enforcement, fire protection, emergency medical services
  - Sales tax revenues under 77.701
  - Innovation grant payments under 79.038
- **Aid payment –** received in 2025 will equal the aid payment received in 2024
- **Expenditure Restraint Report –** does need to be filed in 2024 to capture new budget amount, which includes supplemental CMA payment

e. **Other provisions**
   - **Repeals payments –** to local governments for medical care transportation services
   - **County and municipal payments –** are reduced by 15% when failing to maintain a level of law enforcement under, fire protection and emergency medical service under 62.90(5)(a), specified levels of law enforcement and fire protection under 62.90(5)(bm), maintenance of effort under 66.0608(2m)

Questions – contact lgs@wisconsin.gov

3. Levy Limits

Effective dates
- June 22, 2023 (day after publication) – sections 52m, 52s, 53d, 53h, 53p, 53t, 65m, 66m
- July 1, 2024 – sections 18m, 52, 52g, 53b, 53c

Affected chapters – 59, 66

Summary of changes

a. **Transfer of service**
   - **Levy limit adjustment –** applies only if the county and transferee governmental unit file a notice of service transfer with DOR

b. **Tax Increment District (TID) growth as a factor in annual levy increases**
   - **TID new construction for levy limits –** beginning with TIDs created in 2025, municipalities may use up to 90% of new construction within a TID for determining the levy increase
   - **TID termination for levy limits –** beginning with TIDs created in 2025, allows a one-time levy adjustment equal to 10% of the newly-created value within the TID; the adjustment may be increased to 25% if the TID closes prior to 75% of its anticipated life
   - **For TIDS created after December 31, 2024 –** the joint review board must establish the year the TID is expected to terminate

Questions – contact lgs@wisconsin.gov

4. Maintenance of Effort

Effective date – July 1, 2024

Affected chapter – 66

Summary of changes

a. **New reporting requirement –** political subdivisions to certify to DOR that the political subdivision is maintaining a level of law enforcement and fire and emergency medical services that is at least equivalent to the previous year. Aid is reduced by 15%, in the following year, if a political subdivision does not satisfy the requirement.

b. **More details to follow**

Questions – contact lgs@wisconsin.gov

5. Innovation Grants for Counties and Municipalities

Effective date – July 1, 2024

Affected chapter – 79

Summary of changes

Counties and municipalities may apply to DOR for innovation grants to implement innovation plans. Innovation grants are awarded to counties and municipalities that submit an innovation plan to transfer certain services to a county,

municipality, nonprofit organization, or private entity. A plan must project savings of at least 10% of the cost to provide the service for approval.

a. **Eligible services –** public safety, fire protection, emergency services, courts, jails, training, communications, information technology, administration, public works, economic development, tourism, public health, housing, planning, zoning, parks and recreation

b. **A county or municipality must enter into an agreement or contract to transfer services that contains:**
   - Services or duties to be transferred
   - Transfer those services or duties for a minimum period that is at least twice the length of the period described in par. (d) 1. that remains on the date that the application is submitted
   - Cost of performing those services or duties in the year immediately preceding the transfer
   - Cost of performing those services or duties for the entire term of the agreement or contract

c. **Grant payments –** may be made beginning in the fiscal year after DOR promulgates rules to administer the program and the two following fiscal years

d. **DOR must annually submit a report –** to the Joint Committee on Finance concerning all grants awarded and must audit 10% of the grants awarded

e. **Innovation planning grant –** municipalities with a population of 5,000 or less may apply for a separate innovation planning grant, not exceeding $100,000, to use only for staffing and consultant expenses for planning the transfer of local government services

f. **DOR may distribute –** a total of $300,000,000

g. **No county or municipality –** may receive more than $10,000,000 per year

h. **Cost savings**
   - Counties and municipalities are required to certify to DOR that half of the projected savings will be realized no later than 24 months after receiving the first grant distribution
   - Counties and municipalities are required to certify to DOR that the full projected savings will be realized no later than 36 months after receiving the first grant distribution
   - Payments are withheld when the county or municipality fails to realize the projected cost savings

i. **More details to follow**

Questions – contact lgs@wisconsin.gov

6. Other Changes to Local Government Laws

Effective dates

- January 1 of the year following the year that an ordinance is adopted under sec. 77.70 (2) (a) or 77.701 (1); secs. 2, 6, 15f, 15m, 19, 20, 21, 42, 43, 44, 219n, 219p
- July 1, 2024 – sections 32, 33, 215
- First applies to a vacancy on the board of fire and police commissioners that occurs on the effective date of this subsection, except that if the board has a member with professional law enforcement experience and a member with professional firefighting experience: sections 37 and 37m
- First applies to the vacancies created by the expiration of the terms of those members or a vacancy created by the death, resignation, or removal of those members: section 37 and 37m
- June 22, 2023 (day after publication) – sections 3, 4, 5, 22, 34, 35, 36, 38, 39, 40, 41, 45, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189

Summary of changes

a. **Tax Incremental Finance**
   - **TID Annual Report**
     - **Statute amended –** 66.1105(6m)(c)(8.)

- **Summary –** changes a reporting requirement on the Tax Incremental District (TID) Annual Report. The report must contain the value of new construction and the value of improvements removed as compared to prior law providing for a net amount.
- **Effective date –** June 22, 2023 (day after publication)
- **Questions –** contact tif@wisconsin.gov

- **TID section exception**
  - **Statute amended –** sec. 66.1105(2)(f)2.e., Wis. Stats.
  - **Summary –** adds a TID project cost exception for a rail fixed guideway transportation system route traversing Clybourn Street and Michigan Street, referred to as the "Lakefront Line."
  - **Effective date –** first applies to a TID in existence on June 22, 2023 (day after publication)
  - **Questions –** contact tif@wisconsin.gov

b. New DOR Report – Local Government Financial Information

- **Statute created –** sec. 73.03 (77), Wis. Stats.
- **Summary –** DOR must annually create and maintain a web page with comparative local government spending information received from the Municipal Finance Report (MFR) under sec. 73.10, Wis. Stats.
- **Effective date –** July 1, 2024
- **Questions –** contact lgs@wisconsin.gov

c. Projects funded by Warren Knowles-Gaylord Nelson Stewardship 2000 Program

- **Statute amended –** 23.0917(5t)(intro.), 23.0917(5t)(b)
- **Summary –** current law provides that each municipality and each county may adopt a resolution supporting or opposing the proposed acquisition of land funded under the stewardship program. If DNR receives a copy of a resolution within 30 days after notifying the municipality or county, DNR must take the resolution into consideration before approving or denying the land acquisition. Act 12 expands these resolutions to apply to any stewardship program project or activity, but limits the application to a project or activity on land north of USH 8. Act 12 prohibits DNR from obligating stewardship money and from submitting a project or activity to Joint Finance Committee for passive review, if required, unless every municipality and county in which a portion of the land on which the project will occur is located adopts a resolution supporting the project by a majority vote.
- **Effective date –** June 22, 2023 (day after publication)

d. Local regulation of non-metallic quarries

- **Statute created –** 66.0441, 101.02(7Y)
- **Summary –** limits the ability of a political subdivision to place limits or conditions on the operation of quarries from which nonmetallic materials that are used primarily in the construction or repair of public transportation facilities, public infrastructure, or private construction or transportation projects are extracted
- **Effective date –** June 22, 2023 (day after publication)

e. Advisory referenda

- **Statute amended or created** – 59.52(25), 66.0144
- **Summary –** counties and municipalities may conduct advisory referenda for specific purposes – local shared revenue agreements, cooperative boundary agreements, certain cable and telecommunication operations
- **Effective date –** June 22, 2023 (day after publication)

f. Local health officer

- **Statute amended –** 252.03(2j)
- **Summary –** prohibits a local health officer from issuing a mandate to close a business to control an outbreak for longer than 30 days unless the governing body of the governmental unit in which the order is intended to apply approves an extension. No approved extension may be longer than 30 days.
- **Effective date –** June 22, 2023 (day after publication)

g. No preference in hiring

- **Statute created –** 66.0145

- **Summary –** prohibits local governments from discriminating against or providing a preference in hiring or contracting based on race, color, ancestry, national origin, or sexual orientation (unless as required to receive federal aid)
- **Effective date –** June 22, 2023 (day after publication)

h. Emergency medical responder certification requirements

- **Statute amended –** 256.15(1)(ij), 256.15(4)(a)4., 256.15(4m)(d), 256.15(8)(b)3., 256.15(8)(bm), 256.15(8)(fm), 256.15(10m), 256.35(3s)(bm)5.
- **Summary –** revisions to EMS licensing, local governments are not able to prohibit police, fire or EMS employees from being employed by or volunteering for another jurisdiction at the same time
- **Effective dates**
  - Sections 226, 227, 228, 229, 230, 231, 232 – first day of the seventh month beginning after publication
  - Section 233 – July 1, 2024

i. Milwaukee sales tax, retirement system, police, fire

- **Affected chapters –** 13, 40, 59, 62, 77, 79, 111
- **Summary**
  - **Sales tax –** allows City to establish a 2% local sales tax with a 2/3 Common Council vote. Allows County to establish a 0.4% sales tax with a 2/3 County Board vote. Sales tax expires when existing pension system liability is fully funded or after 30 years. City must use sales tax revenue above fund pension obligations to increase or maintain police and fire staffing.
  - **Retirement system –** if the city or county imposes the taxes, new employees are enrolled in the Wisconsin Retirement System. Closes the retirement system of the City of Milwaukee and the Milwaukee County to new employees.
  - **Police and fire –** several changes for the fire and police commission (FPC) of a first-class city
- **Effective dates**
  - January 1 of the year following the year that an ordinance is adopted under s. 77.70 (2) (a) or 77.701 (1): sections 2, 6, 15f, 15m, 19, 20, 21, 42, 43, 44, 219n, 219p
  - July 1, 2024 – sections 32, 33, 215
  - First applies to a vacancy on the board of fire and police commissioners that occurs on the effective date of this subsection, except that if the board has a member with professional law enforcement experience and a member with professional firefighting experience: sections 37 and 37m
  - First applies to the vacancies created by the expiration of the terms of those members or a vacancy created by the death, resignation, or removal of those members: section 37 and 37m
  - June 22, 2023 (day after publication) – sections 3, 4, 5, 22, 34, 35, 36, 38, 39, 40, 41, 45, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189