

Issue 1: Restoration of Fiscal Local Control

Municipalities provide essential public services such as public safety, water and wastewater systems, and paved and plowed streets. Despite the great responsibility municipalities assume, the State has stripped the local ability to generate revenue in order to continue to meet citizen expectations.

- **Levy limits** hinder a municipality's ability to provide services that grow in cost faster than the increased property value from net new construction. Fiscally prudent municipalities like Janesville, where the property tax per capita is fourth lowest among our 14 peers, are especially disadvantaged by levy limits.
- **Expenditure Restraint Program (ERP):** The State currently allows municipalities to exceed their levy limit if voters approve the increase via referendum; however, that increase is not exempt from the ERP calculation. Many municipalities with successful referendums increase their budget greater than their ERP limit and lose State aid. The City of Janesville cannot ask the voters to exceed the levy limit for the enhanced street rehabilitation program without the risk of exceeding the ERP limit and losing \$1,525,000 in aid. This is counterintuitive to the referendum process.
- Many states with levy restrictions allow municipalities to levy a **local option sales tax** to lessen their reliance on state aid and property tax. Like Wisconsin counties, municipalities should have the ability to implement a local option sales tax. We estimate that in 2018, a 0.5 percent sales tax in Janesville would have generated \$8.7 million in revenue for the City, paid in portion by non-residents that use services in Janesville, the economic hub in our region.

The legislature should restore local fiscal control by either removing levy limits or revising the law to allow municipalities to increase their levies by a maximum of inflation plus net new construction; exempting any budgetary increase for a successful referendum from the (ERP) limit calculation; and giving municipalities the ability to implement a 0.5 percent local option sales tax.

Issue 2: Fair and Equitable Distribution of State Shared Revenue

The State's 2017-2019 Biennial Budget includes an increase in the expenditure restraint program payment to Janesville from 2018—2022. This increase acknowledges the inequitable method for the distribution of shared revenue, and allows the City to address critical budget shortfalls. However, the additional \$583,000 for five years does not remedy the problem with State shared revenue. With the additional funding, Janesville still receives only \$610 per capita in property tax and shared revenue combined, compared to the peer average of \$794 per capita. The City of Janesville is a fiscally-responsible steward of taxpayer dollars with the second lowest property tax rate and fourth lowest property tax per capita among our 14 peer communities. State shared revenue is vital to our ability to provide public services to our citizens and should be distributed among municipalities in a fair and equitable manner. If Janesville received state shared revenue that was equal to that of the average peer city, it would equate to an increase of approximately \$6 million each year, more than doubling Janesville's current distribution. We request that the legislature "unfreeze" and annually recalculate shared revenue, allowing for factors such as population and assessed value growth to determine distribution.

Issue 3: Dark Store Property Assessment Appeals

Evolution of the property assessment process is occurring through court case law. Increasingly, fragmented court decisions are resulting in a loss of tax uniformity and is shifting the tax burden away from national and global corporations to small business and residential property owners. A recent strategy of some national retail chains is to appeal assessments, arguing their properties should be valued the same as vacant or abandoned stores. These "dark store" claims are costly for municipalities to fight. Since 2011, Janesville has had nine "dark store" appeals, resulting in over \$816,000 in litigation and refund costs (increasing property taxes for the average home by an extra \$24.58). We were encouraged by the wide support for AB 386 and SB 292 that would have closed the "dark store" loophole and encourage the legislature to revisit this issue in 2019.

Issue 4: Aid Payments for Personal Property

The 2017-2019 State budget (2017 Act 59) exempted machinery, tools, and patterns, other than items already considered exempt manufacturing property under prior law, effective January 1, 2018. The budget Act created a new state aid program designed to reimburse municipalities for lost personal property tax revenue. The first personal property aid payment will be made to municipalities in May 2019 and is supposed to be based on the amount of property taxes levied in 2017 and collected in 2018 on the personal property exempted by the state budget. The State's calculation redistributed a portion of the exempt personal property aid payments meant for TIDs to other taxing jurisdictions. In all, the City of Janesville's TIDs will lose a combined \$283,500 annually from this calculation methodology. Lastly, 2017 Act 59 includes a clause that TID aid payments will cease to be paid to the municipality when the TID closes, which conflicts with how exempt computer value aid is currently treated. The legislature should correct the Department of Revenue's calculation methodology to make municipalities and TIDs "whole" for exempt personal property; and allow TID aid payments to revert to the municipality once the TID closes.

Issue 5: Adequate Funding for Local Roads & Public Transit

The City of Janesville urges our State officials to find a viable and long-term strategy for addressing Wisconsin's transportation needs while also continuing to support local road and non-motorized programs and public transit. Additionally, we ask our legislators to work with the Wisconsin Department of Transportation to manage the Urban Surface Transportation Program in a predictable and common sense way in order to ensure local communities receive full funding as allocated under federal legislation. Local roads and reliable public transit are vital to our City's economy and quality of life. More Americans than ever rely on public transit to get to school, work and essential services. We are encouraged by the use of Volkswagen settlement funds for bus grants and remind the legislature to restore transit operating assistance to historic levels.

Issue 6: Regulation of Cell Phone Towers

Prior to 2013, local jurisdictions had the authority to regulate cell phone towers in residential neighborhoods. Today, municipalities have little control over where cell towers are located and how they look. The portion of 2013 Act 20 relating to cell towers took authority away from local governments and gave it to telecommunications companies. The City supports legislation similar to 2015 AB 905 which would restore municipal authority to regulate the location of cell towers within residential neighborhoods.