

State Shared Revenue Program

The citizens of Northwest Wisconsin request that the Legislature:

- **Maintain funding to the State Shared Revenue Program and fund annual increases to keep pace with inflation until a new and better system can be implemented.**

The State of Wisconsin, through the State Shared Revenue Program, has cut funding for Wisconsin municipalities by nearly 6.4% since 2000. Given the rate of inflation, this equates to an approximately 18% loss in the real buying power of Shared Revenues since 2000.

The Shared Revenue Program began in 1911 with the enactment of the State income tax. That first income tax law provided that 70% of the revenue collected from an individual taxpayer be returned to the municipality where the taxpayer resided.

In response to the tax inequalities that the original formula produced – inequalities between wealthy and poor communities – the program was revised in the 1970s to return money to communities based, in part, on need. Some communities of Northwest Wisconsin rely on State Shared Revenues for as much as 50% of their general fund operating revenues. These poorer communities are heavily reliant upon these funds for the provision of basic local services such as police, fire protection, EMS, streets, parks, airports, libraries, and more.

Two separate task forces have studied the Shared Revenue Program recently—the bipartisan Shared Revenue Task Force in 1999 and the Sheehy Task Force in 2003. Both task forces recognized the importance of the Shared Revenue Program to local communities. They also recognized that until a new and better system could be devised, the current system needs to be funded by the State. The 1999 task force recommended annual increases of either 3.5% or the rate of inflation, whichever is less.

Municipalities across the State, and in Northwest Wisconsin, answered the call recently – enduring reductions in shared revenue payments for 2004 and still substantially limiting the amount of any property tax increases. But, the Legislature must recognize that most municipalities were able to accomplish this only through short-term methods – some reduced capital investment, some left vacant positions unfilled, and some dipped into reserves to balance the budget. These efforts showed that local government officials are willing to “do their part” during an economic downturn. However, while the efforts are noble, they are not sustainable.

The citizens of Northwest Wisconsin urge the Legislature to fund the State Shared Revenue Program to keep pace with inflation and growth in the State’s budget. This should be done by adequately funding the existing Shared Revenue Program or by developing a new program that distributes revenues to those communities demonstrating the greatest fiscal need.

For Further Information Contact:

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