

## Municipal Services Payments

### Key Information

- *Intent* – reduce local real property taxes by making a state contribution toward the cost of certain municipality generated services financed out of local property tax revenues.
- *Annual Funding Level* = \$18,584,200 (reflects 10% reduction made in 2011-13 state budget)
- *2012 Payments*

**Total Statewide Eligibility** = \$35.8 million

**Proration** = 52%

**Madison Entitlement** = \$15.6 million

**Payment to Madison** = \$8.1 million

**Amount absorbed by Madison property tax payers** = \$7.5 million

**Additional taxes on average value home due to proration** = \$85 (4% of total levy)

### Background on Formula

- State reimburses municipalities for cost of police, fire and waste collection services related to state-owned buildings located in the municipality.
- The reimbursement formula is based on the following variables:

Percentage of General Revenue Provided (PGR) = percentage of property taxes as a share of property taxes and shared revenue received by the municipality

State Percentage of Total Value of Improvements (SPT) = value of state buildings as a share of the municipality's overall value of improvements

Net Expenditures (NE) = police, fire and waste collection costs, net of direct revenues derived from those services.

Gross Entitlement =  $NE \times PGR \times SPT$

Adjusted Gross Entitlement = Gross entitlement adjusted for direct services provided by the state.

Proration = Actual payment is adjusted for actual amounts appropriated.

## 2012 Payments to Madison

|  |                |
|--|----------------|
| Percentage of general revenue provided by property taxes = | 93.17%         |
| State Percentage of Total Value of Improvements =          | 21.72%         |
| Net Police Costs =   | \$62.6 million |
| Net Fire Costs =   | \$36.9 million |
| Net Waste Costs =  | \$12.3 million |

Gross Entitlement = \$22.6 million

Adjusted Gross Entitlement = \$15.6 million

(gross entitlement from net police costs reduced by 36% due to state-provided security at state facilities and due to UW-Madison Police; no entitlement from waste collection due to state providing its own services).

Payment after Proration = \$8.1 million (proration of 52%)

## History of Statewide Entitlements and Payments

- Program established in 1973
- Entitlements and Payments since 2001:

| Year | Statewide Entitlement | Percent Change in Entitlements | Statewide Payment | Payments as Percent of Entitlements |
|------|-----------------------|--------------------------------|-------------------|-------------------------------------|
| 2001 | \$24,241,421          |                                | \$21,781,000      | 89.9%                               |
| 2002 | 25,507,169            | 5.2%                           | 21,998,800        | 86.2                                |
| 2003 | 25,021,635            | -1.9                           | 21,998,800        | 87.9                                |
| 2004 | 24,938,461            | -0.3                           | 21,998,800        | 88.2                                |
| 2005 | 24,960,894            | 0.1                            | 21,998,800        | 88.1                                |
| 2006 | 27,501,410            | 10.2                           | 21,998,800        | 80.0                                |
| 2007 | 27,438,400            | -0.2                           | 21,998,800        | 80.2                                |
| 2008 | 27,124,333            | -1.1                           | 21,998,800        | 81.1                                |
| 2009 | 30,794,333            | 13.5                           | 20,649,200        | 67.1                                |
| 2010 | 33,947,903            | 10.2                           | 20,649,200        | 60.8                                |
| 2011 | 35,844,068            | 5.6                            | 18,584,200        | 51.8                                |

## Review and Approval Process

- Department of Administration (DOA) is responsible for negotiating with municipalities on payments for municipal services.
- Guidelines for negotiation must be approved by the Joint Committee on Finance.
- DOA may delegate negotiation responsibilities to state agencies and the University of Wisconsin Hospital and Clinics Authority (UWHCA).
- Municipalities may not withhold services to the state or to the UWHCA during negotiations.
- DOA must submit the results of its negotiations and total proposed payments to the Joint Committee on Finance by November 15<sup>th</sup>.
- The proposal is approved unless the chairpersons of the Joint Committee on Finance notify DOA within 14 working days that it has scheduled a meeting of the Committee to review the proposal.
- No payments may be made for municipal services provided at the parking ramp located at 1 West Wilson Street in Madison; extraordinary police services provided to state facilities are subject to reimbursement under mutual aid statutes.

Municipal Services Payment Summary 1973-2011

| Year | Number of Governments Paid | Valuation of State Facilities | Annual Percentage Increase in Value of State Facilities | Entitlement Amount |               |             |               |        | Annual Percentage Change in Total Entitlement | Recommended Payment (Based on Appropriation) | Ratio of Entitlements to Appropriation |
|------|----------------------------|-------------------------------|---|--------------------|---------------|-------------|---------------|--------|---|--|--|
|      |                            |                               |   | Police             | Fire          | Solid Waste | Total         |        |   |  |  |
| 2011 | 316                        | \$ 10,311,965,921             | 0.8%  | \$ 18,747,594      | \$ 16,919,136 | \$ 177,338  | \$ 35,844,068 | 5.59%  | \$ 18,584,200                                 | 51.85%                                       |  |
| 2010 | 310                        | \$ 10,225,375,773             | 5.7%  | \$ 17,042,106      | \$ 16,738,935 | \$ 166,862  | \$ 33,947,903 | 10.24% | \$ 20,649,200                                 | 60.83%                                       |  |
| 2009 | 305                        | \$ 9,678,180,863              | 8.9%  | \$ 15,359,746      | \$ 15,291,838 | \$ 142,729  | \$ 30,794,333 | 13.53% | \$ 20,649,200                                 | 67.06%                                       |  |
| 2008 | 300                        | \$ 8,890,510,166              | 3.9%  | \$ 13,510,976      | \$ 13,535,068 | \$ 78,289   | \$ 27,124,333 | -1.14% | \$ 21,998,800                                 | 81.10%                                       |  |
| 2007 | 292                        | \$ 8,558,391,873              | 6.3%  | \$ 13,694,436      | \$ 13,163,924 | \$ 580,041  | \$ 27,438,401 | -0.23% | \$ 21,998,800                                 | 80.18%                                       |  |
| 2006 | 302                        | \$ 8,049,068,184              | 10.8%   | \$ 13,378,624      | \$ 13,545,973 | \$ 576,813  | \$ 27,501,410 | 10.18% | \$ 21,998,800                                 | 79.99%                                       |  |
| 2005 | 290                        | \$ 7,263,797,934              | 1.7%  | \$ 12,563,493      | \$ 11,768,835 | \$ 628,566  | \$ 24,960,894 | 0.09%  | \$ 21,998,800                                 | 88.13%                                       |  |
| 2004 | 295                        | \$ 7,140,363,865              | 1.8%  | \$ 12,591,661      | \$ 11,666,169 | \$ 680,631  | \$ 24,938,461 | -0.33% | \$ 21,998,800                                 | 88.21%                                       |  |
| 2003 | 293                        | \$ 7,015,156,403              | 6.7%  | \$ 12,576,756      | \$ 11,715,970 | \$ 728,909  | \$ 25,021,635 | -1.90% | \$ 21,998,800                                 | 87.92%                                       |  |
| 2002 | 282                        | \$ 6,574,799,289              | 0.0%  | \$ 12,882,148      | \$ 11,910,677 | \$ 714,344  | \$ 25,507,169 | 5.22%  | \$ 21,781,002                                 | 85.39%                                       |  |
| 2001 | 269                        | \$ 6,574,799,289              | 10.3%   | \$ 11,856,635      | \$ 11,738,513 | \$ 646,273  | \$ 24,241,421 | 6.25%  | \$ 21,781,000                                 | 89.85%                                       |  |
| 2000 | 293                        | \$ 5,961,963,903              | 4.4%  | \$ 10,800,482      | \$ 11,406,154 | \$ 609,331  | \$ 22,815,967 | 4.16%  | \$ 21,565,300                                 | 94.52%                                       |  |
| 1999 | 269                        | \$ 5,709,845,414              | 1.1%  | \$ 10,404,009      | \$ 10,869,529 | \$ 630,801  | \$ 21,904,339 | 2.67%  | \$ 18,065,300                                 | 82.47%                                       |  |
| 1998 | 260                        | \$ 5,645,447,011              | 4.8%  | \$ 10,209,144      | \$ 10,479,557 | \$ 645,796  | \$ 21,334,497 | 4.00%  | \$ 18,065,300                                 | 84.68%                                       |  |
| 1997 | 251                        | \$ 5,384,861,694              | 3.6%  | \$ 9,848,701       | \$ 10,031,828 | \$ 632,629  | \$ 20,513,158 | 3.22%  | \$ 16,828,800                                 | 82.04%                                       |  |
| 1996 | 251                        | \$ 5,197,217,927              | 0.9%  | \$ 9,471,628       | \$ 9,747,624  | \$ 654,728  | \$ 19,873,980 | -0.34% | \$ 16,828,800                                 | 84.69%                                       |  |
| 1995 | 252                        | \$ 5,149,762,573              | 8.5%  | \$ 9,434,655       | \$ 9,835,434  | \$ 671,326  | \$ 19,941,415 | 3.04%  | \$ 16,828,800                                 | 84.39%                                       |  |
| 1994 | 253                        | \$ 4,744,860,838              | 4.9%  | \$ 9,074,465       | \$ 9,607,254  | \$ 671,509  | \$ 19,353,228 | 3.79%  | \$ 16,828,800                                 | 86.96%                                       |  |
| 1993 | 240                        | \$ 4,522,422,103              | 4.0%  | \$ 8,720,606       | \$ 9,269,019  | \$ 656,422  | \$ 18,646,047 | 13.60% | \$ 16,075,000                                 | 86.21%                                       |  |
| 1992 | 230                        | \$ 4,348,364,856              | 3.4%  | \$ 7,747,269       | \$ 8,167,103  | \$ 499,774  | \$ 16,414,146 | 2.07%  | \$ 15,075,000                                 | 91.84%                                       |  |
| 1991 | 238                        | \$ 4,206,155,311              | 1.4%  | \$ 7,571,259       | \$ 8,026,386  | \$ 484,061  | \$ 16,081,706 | 4.78%  | \$ 14,400,000                                 | 89.54%                                       |  |
| 1990 | 229                        | \$ 4,147,744,346              | -6.1%   | \$ 7,143,065       | \$ 7,773,363  | \$ 431,582  | \$ 15,348,010 | 4.17%  | \$ 14,400,000                                 | 93.82%                                       |  |
| 1989 | 213                        | \$ 4,414,979,329              | 2.0%  | \$ 6,527,046       | \$ 7,629,604  | \$ 577,063  | \$ 14,733,713 | 10.75% | \$ 12,150,000                                 | 87.99%                                       |  |
| 1988 | 210                        | \$ 4,330,257,185              | 2.4%  | \$ 6,191,324       | \$ 7,157,001  | \$ 465,574  | \$ 13,808,899 | 6.70%  | \$ 13,500,000                                 | 91.63%                                       |  |
| 1987 | 199                        | \$ 4,228,527,691              | 7.2%  | \$ 5,466,532       | \$ 6,611,738  | \$ 390,580  | \$ 12,468,850 | 11.28% | \$ 10,900,000                                 | 87.42%                                       |  |
| 1986 | 186                        | \$ 3,945,502,614              | -0.2%   | \$ 5,002,979       | \$ 5,901,879  | \$ 300,220  | \$ 11,205,078 | 6.26%  | \$ 10,249,960                                 | 91.48%                                       |  |
| 1985 | 192                        | \$ 3,954,481,384              | 1.5%  | \$ 4,680,140       | \$ 5,561,831  | \$ 303,485  | \$ 10,545,456 | 17.53% | \$ 10,000,000                                 | 94.83%                                       |  |
| 1984 | 175                        | \$ 3,896,029,507              | 4.4%  | \$ 4,068,377       | \$ 4,752,145  | \$ 187,782  | \$ 8,972,699  | 0.44%  | \$ 8,100,000                                  | 90.27%                                       |  |
| 1983 | 174                        | \$ 3,730,542,039              | 7.8%  | \$ 4,048,470       | \$ 4,636,577  | \$ 248,785  | \$ 8,933,832  | 11.30% | \$ 8,100,000                                  | 90.67%                                       |  |
| 1982 | 153                        | \$ 3,461,097,467              | 13.1%   | \$ 3,617,089       | \$ 4,188,901  | \$ 220,965  | \$ 8,026,955  | 16.32% | \$ 7,988,213                                  | 99.52%                                       |  |
| 1981 | 159                        | \$ 3,060,322,423              | 10.3%   | \$ 3,133,277       | \$ 3,572,575  | \$ 194,613  | \$ 6,900,465  | 3.24%  | \$ 6,900,465                                  | 100.00%                                      |  |
| 1980 | 149                        | \$ 2,775,217,662              | 6.4%  | \$ 2,965,306       | \$ 3,542,581  | \$ 176,080  | \$ 6,683,967  | -7.81% | \$ 6,683,967                                  | 100.00%                                      |  |
| 1979 | 145                        | \$ 2,609,315,977              | 15.1%   | \$ 3,033,812       | \$ 4,025,069  | \$ 190,942  | \$ 7,249,823  | 11.22% | \$ 7,249,823                                  | 100.00%                                      |  |
| 1978 | 128                        | \$ 2,266,262,810              | 4.3%  | \$ 2,889,486       | \$ 3,468,934  | \$ 160,053  | \$ 6,518,473  | 4.31%  | \$ 6,518,473                                  | 100.00%                                      |  |
| 1977 | 102                        | \$ 2,173,353,692              | 92.0%   | \$ 2,780,157       | \$ 3,353,856  | \$ 115,206  | \$ 6,249,219  | 19.95% | \$ 4,197,000                                  | 67.16%                                       |  |
| 1976 | 105                        | \$ 1,131,840,604              | N/A   | \$ 2,317,276       | \$ 2,807,000  | \$ 85,443   | \$ 5,209,719  | 5.51%  | \$ 4,125,000                                  | 79.18%                                       |  |
| 1975 | 106                        | Not Available                 | N/A   | \$ 2,171,852       | \$ 2,692,614  | \$ 72,545   | \$ 4,937,829  | 17.18% | \$ 3,749,993                                  | 75.94%                                       |  |
| 1974 | 97                         | Not Available                 | N/A   | \$ 1,813,713       | \$ 2,338,500  | \$ 61,494   | \$ 4,213,707  | 11.51% | \$ 3,749,950                                  | 88.99%                                       |  |
| 1973 | 100                        | Not Available                 | N/A   | \$ 1,830,221       | \$ 1,860,171  | \$ 88,508   | \$ 3,778,900  | N/A    | \$ 3,250,000                                  | 86.00%                                       |  |

