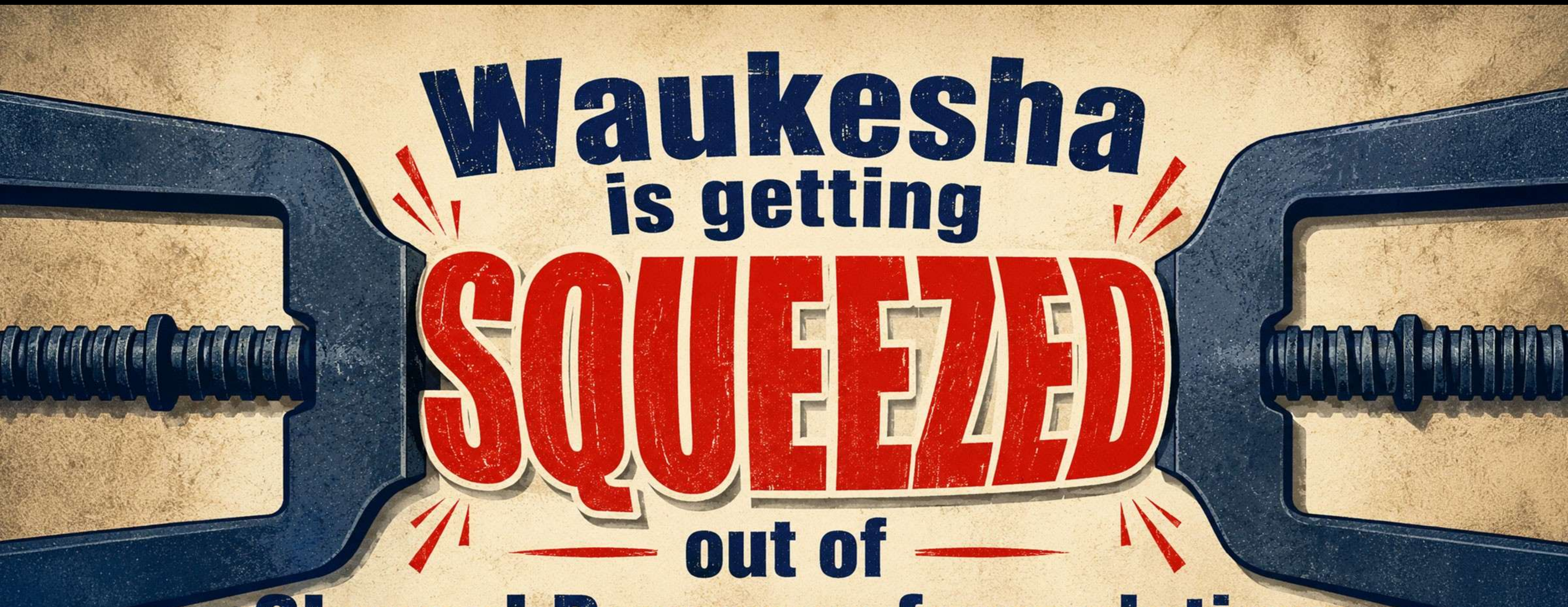

Waukesha
is getting
SQUEEZED
out of
Shared Revenue formulations
SCOTT ALLEN
STATE REPRESENTATIVE • 82nd ASSEMBLY DISTRICT

What is Shared Revenue?

A long-standing practice of distributing a portion of state-collected tax revenues, primarily from income and sales taxes, to local governments.

Serves as unrestricted financial aid, allowing municipalities
municipalities
to maintain local fiscal autonomy.

Five Eras of Shared Revenue

- Return to Origin
  1911-1971
- Shared Taxes
  1972-1975
- Shared Revenue
  1976-1985
- Shared Revenue & Targeted Aid
  1986-2023
- Shared Revenue & Supplemental Aid
  2023-Present

Key Figures

Gov. Robert La Follette

Laying the political groundwork

Charles Van Hise

"The Wisconsin Idea"

Gov. Francis McGovern

Final implementation

Kossuth Keenan

Member, 1897 Tax Commission

Nils Haugen

La Follette's 'First Lieutenant'

T.S. Adams

UW Political Economist

The 'Return to Origin' Era | 1911-1971

The foundation of Wisconsin's state income tax and Shared Revenue model

The Debate

- How to justly and efficiently administer taxation.
- No debate about what taxes were for:

  county and local government.

The Design

'Return to origin' is designed to compensate local government for the elimination of the property tax on intangible personal property.

Revenue Allocation | 70-20-10

70% of collected income tax revenue was redistributed directly back to the local town, city, or village where it originated; 20% to the county,
10% to the state.

Credentialism

Policymakers became dependent on experts in the creation and bureaucratic administration of the new income tax system.

Five Eras of Shared Revenue

Eras of Reform

- **Return to Origin** 1911-1971
- **Shared Taxes** 1972-1975
- **Shared Revenue** 1976-1985
- **Shared Revenue & Targeted Aid** 1986-2023
- **Shared Revenue & Supplemental Aid** 2023-Present

Pat Lucey (D)

Wisconsin Governor

1971-1977

Marty Schrieber (D)

Lt. Governor & Senate President

1971-1979

Tony Earl (D)

Wisconsin Governor

1983-1987

Shared Taxes & Shared Revenue | 1971-1985

1971 Switch

- Wholesale replacement of 'return to origin'
- Moved to complex formulas
- Introduced 'Equalized Value' as a benchmark
- Adopts Tarr Task Force expertise
- "...deposited in a local government shared tax fund..."
- 'Needs-based allocation'

1. 1977: Legislature creates Joint Finance Committee
2. Initially linked to total tax collections
3. Dedication of percentage of taxes to local government eliminated
4. 1985: Automatic Funding is eliminated (Earl-Risser-Loftus)
5. Shared Revenue becomes an allocation
6. Attempt to fine-tune distributions
7. Tax based equalization becomes dominant

Shared Revenue & Targeted Aid | 1986-2003

Era of Incrementalism

Legislative Control

- New formulas were never used
- Aid amounts were determined through
  the annual legislative budget process.
- Top-down, big government solutions become modus operandi.
- Almost blatant disrespect for local decisionmaking.

Moderate Funding Growth

- $869M in 1991
- $930.5M in 1995-01
- $949M in 2003

Targeted Aid Programs

- Tax Rate Disparity [later changed to Expenditure Restraint]
- Small Municipalities funding
- County Mandate Relief

Shared Revenue Cuts

Response to the Great Recession

Gov. Jim Doyle

2003-2011

Managed by:

- Transfers from segregated funds
- Delaying payments, federal aid, borrowing
- Levy Limits (State Budget)
- Reductions in Shared Revenue
  - $981M in 2003
  - $830M by 2011
- *Cuts of $119.9M over term*

Gov. Scott Walker

2011-2019

Manged By:

- 2011 Budget Repair Bill (Act 10)
- Restructuring debt
- Reductions in Shared Revenue
  - $830M in 2011
  - $753M by 2019
- *Cut of $76.8M over term*

Five Eras of Shared Revenue

A New Mechanism Laid on Top of a Broken System

- **Return to Origin** 1911-1971
- **Shared Taxes** 1972-1975
- **Shared Revenue** 1976-1985
- **Shared Revenue & Targeted Aid** 1986-2023
- **Shared Revenue & Supplemental Aid** 2023-Present

Gov. Tony Evers

Rep. Robin Vos

Sen. Devin LeMahieu

Mayor Cavalier Johnson Johnson

County Executive David Crowley

Lobbying Interests

Shared Revenue + Supplemental Aid | 2023

Adding a Layer of Funding for Certain Local Governments in Act 12

Funding

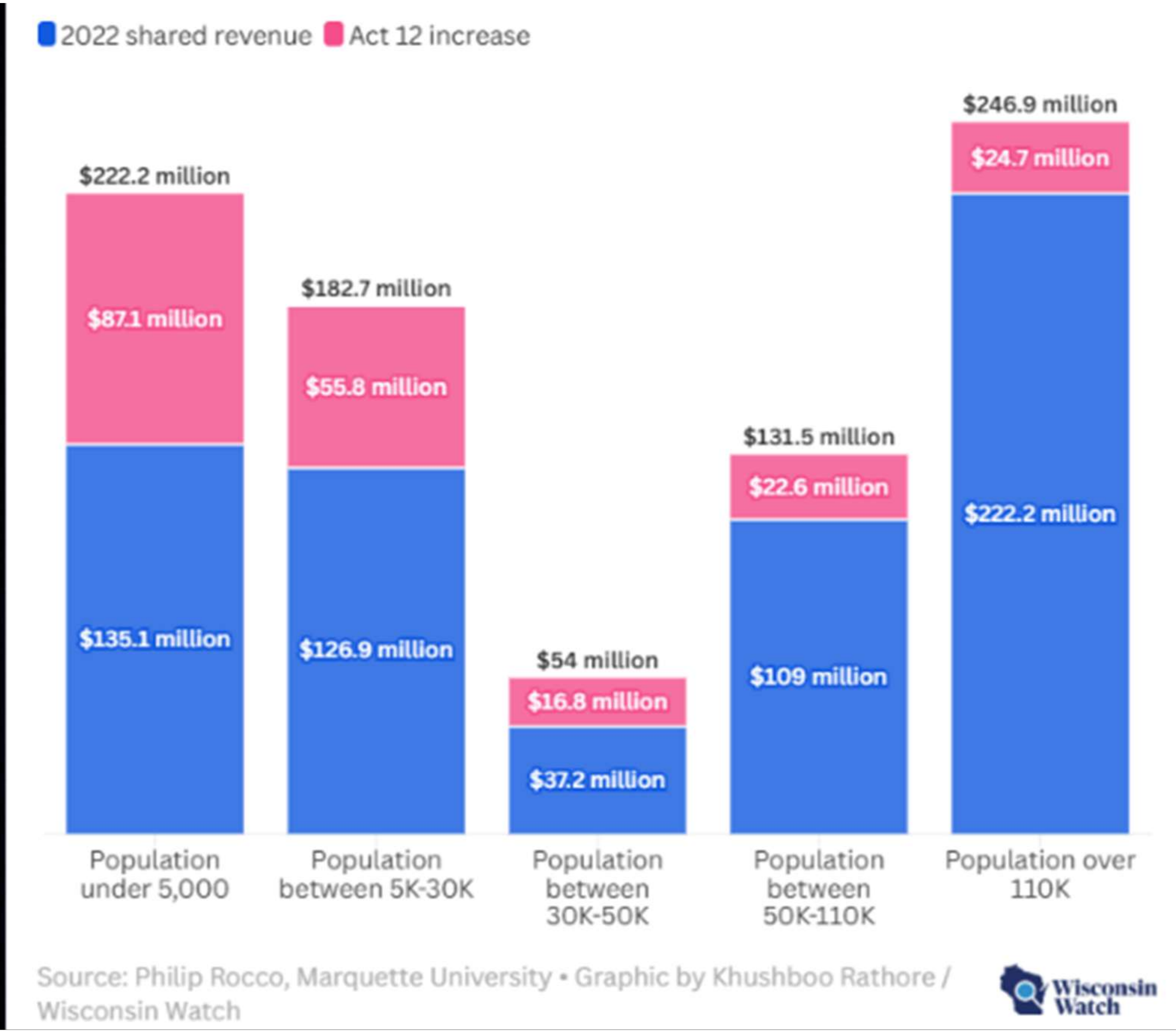
- No change to the underlying formula
- Supplemental Aid 'rebalancing' formula targets rural communities
- Milwaukee: additional sales tax authority for pension obligations

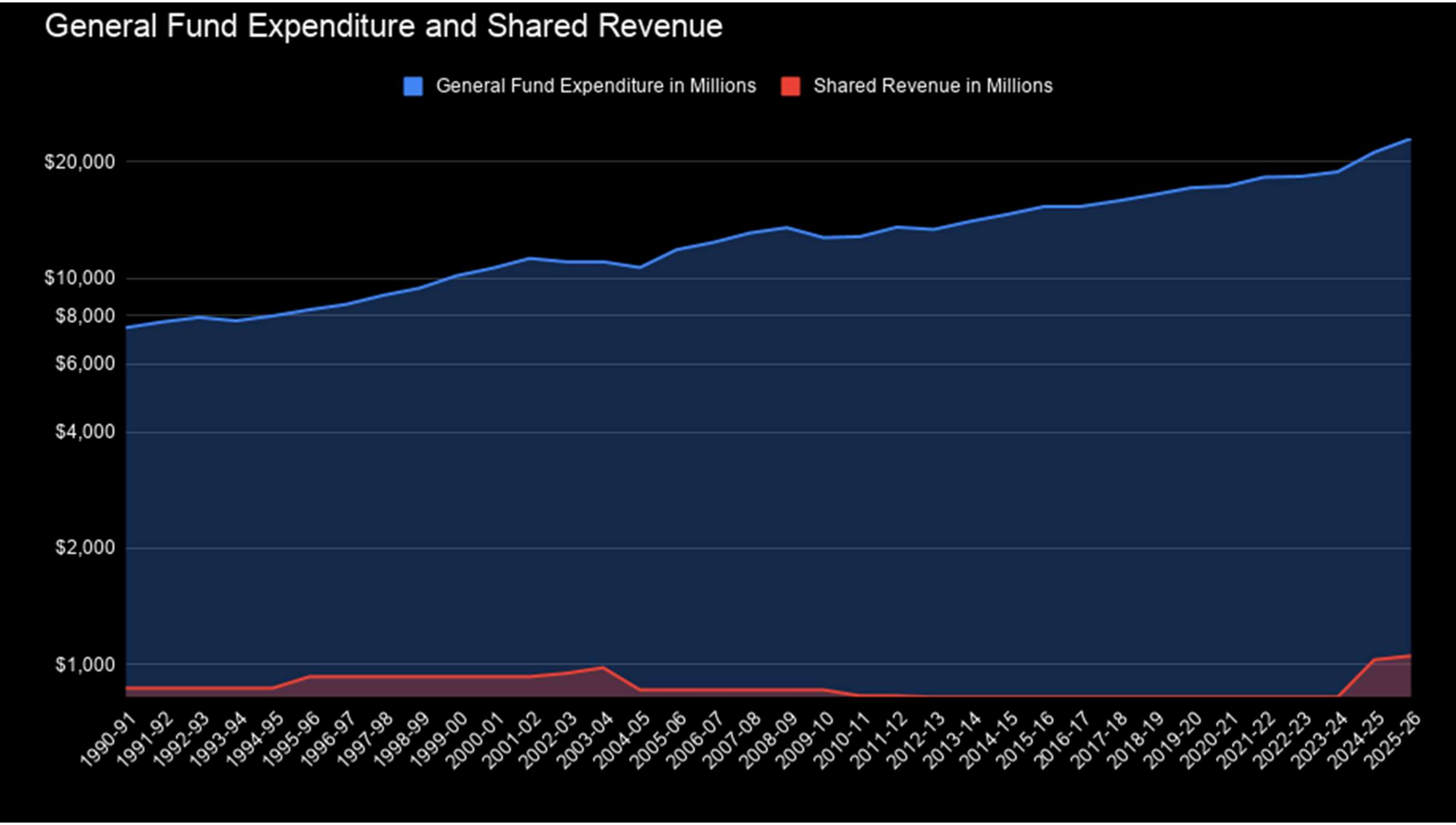
Winners

- Rural communities
- Milwaukee
- Law enforcement, EMS, Fire

Losers

- Communities between 30,000 and 110,000


2022 shared revenue
Act 12 increase
$222.2 million
$87.1 million
$135.1 million
$182.7 million
$55.8 million
$126.9 million
$54 million
$16.8 million
$37.2 million
$131.5 million
$22.6 million
$109 million
$246.9 million
$24.7 million
$222.2 million
Population under 5,000
Population between 5K-30K
Population between 30K-50K
Population between 50K-110K
Population over 110K
Source: Philip Rocco, Marquette University • Graphic by Khushboo Rathore / Wisconsin Watch
Wisconsin Watch


General Fund Expenditure and Shared Revenue
General Fund Expenditure in Millions
Shared Revenue in Millions
$20,000
$10,000
$8,000
$6,000
$4,000
$2,000
$1,000
1990-91
1991-92
1992-93
1993-94
1994-95
1995-96
1996-97
1997-98
1998-99
1999-00
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
2022-23
2023-24
2024-25
2025-26

Waukesha County Total Shared Revenue 2000-25

City of Waukesha Total Shared Revenue 2000-25

City of Janesville Total Shared Revenue 2000-25

City of Green Bay Total Shared Revenue 2000-25

Green Bay vs. Waukesha

2024 Data Comparison

Metric	Green Bay	Waukesha
Median Home Value ($)	$207,200	$315,500
Total Assessed Value ($ Billions)	8.65	9.07
Population	107,994	71,390
Assessed Value Per Capita ($)	$80,092	$126,982
Population per $1M Assessed Value	12.49	7.88
Median Home Value as % of per-capita assessed	258.7%	248.46%
2024 Shared Revenue	$20,737,467	$5,093,543
2024 Shared Rev per Capita ($)	$192	$71

2024 US Census Bureau data provided by LFB; 2024 Shared Revenue data provided by DOR

The Future

Reliance on Referendums

A growing dependence on voter-approved overrides to fund essential day-to-day operations.

Regional Inequality

Widening disparities between municipalities with rapid new construction versus those with stagnant tax bases.

Public Safety Pressure

Rising costs of mandated service requirements without a viable mechanism for additional funding.

Competition of Interests

Pressure to grow bureaucracy competes with with
interests of local public service delivery.

Shared Revenue Research

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