



State of Wisconsin

Task Force on State and Local Government

Scott McCallum, Governor

Tim Sheehy, Chair

October 4, 2002

To the Members of the Governor's Task Force on State and Local Government:

Thank you all and all the staffs of the various groups involved in the work the Task Force has undertaken for everyone's hard work and dedication. Since the creation of the Task Force several months ago, the members have worked diligently to explore important issues affecting all levels of government. Despite the extremely diverse make-up of the Task Force, these discussions have taken place with the utmost respect and civility amongst the members, and has served as a striking example of the kind of cooperation that can take place at all levels of government all over Wisconsin.

At the Task Force's last meeting, discussion of preliminary areas of agreement moved forward. This document captures the outcome of that meeting. This is not the final report the Task Force, but a benchmark of the work-to-date of what major issues the Task Force members feel are most pressing. There was not necessarily 100% agreement on every issue contained in this document, and in those cases, dissenting opinions are noted. This will serve as not only as marker for the direction the Task Force is heading, but also as a plan for the Task Force's continued work in the future.

There has been an interest shown by some Task Force members to have another meeting in the next month or so, and we will be in touch with all of you regarding that. In the meantime, we would appreciate your feedback on this preliminary document.

Thank you all again for your hard work.

A handwritten signature in black ink, reading "Tim Sheehy".

Tim Sheehy, Chairman
Wisconsin Task Force on State and Local Government



State of Wisconsin

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September DRAFT Recommendations

Wisconsin Task Force on State and Local Government

The Mission of the Wisconsin Task Force on State and Local Government is to provide a government framework and concrete actions that will enable us to grow our communities in an orderly manner, grow and maintain our economy and provide for communication, cooperation and adoption of needed changes as time passes.

Guiding principles

- Increase, simplify and focus economic development tools for urban and rural regional economies;
- Foster multi-jurisdictional cooperation in service delivery to achieve efficiency and quality service;
- Use state funding to achieve state goals;
- Inventory government properties;
- Increase the number of civic-minded entrepreneurs drawn to local government service.

NOTICE: These recommendations are a work in progress and need further discussion and action by the Task Force.

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DRAFT Recommendations

ISSUE #1

Shared revenue is an asset to invest

Issue: Shared revenue and other incentives such as tax base growth sharing are tools to foster innovation, equity, quality service and economic growth.

Benefit: Taxpayers get more or better service for their dollar. Public employees can improve their system and workplace. Shared revenue is seen as an asset to invest between the state and community as partners, within a community and among communities. Laws and policies governing other aids, grants and loans also support innovation, equity and quality goals, including economic growth.

- 1.1 Shared revenue should live up to its original intent: to share taxes with local governments where the taxes were collected in the first place. This sharing should not be a sum certain but a percentage of the total state tax collections.
- 1.2 Shared revenue, through the formula, should enable poorer communities to provide services without having to place an unbearable tax burden on property taxpayers.
- 1.3 Shared revenue should support a basic level of services but not foster jurisdictional disagreements between communities that should cooperate on services, boundaries and economic growth, taking into account rural and urban factors.
- 1.4 Shared revenue should use the strengths of state government as an efficient tax collector that depends on the taxes that are the most equitable.
- 1.5 Shared revenue should support economic growth through cooperative efforts among local jurisdictions in relation to a state strategy.
- 1.6 The general objectives of the shared revenue program should be framed with the clear understanding it is just that – shared revenue that originates in the communities and is redistributed by the state.
- 1.7 Statewide goals should provide the framework and priorities for shared revenue.
- 1.8 Revise current shared revenue formulas to better equalize the fiscal capacity of Wisconsin municipalities.
- 1.9 Shared revenue from the state to local government should be based on a formula that measures the fiscal capacity of municipalities, expressed in dollars of equalized value per capita, a measure of a community's ability to afford municipal services and acknowledges low population levels. (Also see issue 4.2 regarding growth sharing.)
- 1.10 Provide state grants, including shared revenue, as incentives for resolving boundary disputes.
- 1.11 A state goal should be to have an efficient tax collection system that is best demonstrated in the collection of income and sales taxes. These taxes should be expanded to more items and services. The state should collect the taxes for 1800 local jurisdictions. It should distribute the revenue based on the fiscal capacity of a community based on a strategy that may include growth sharing within a defined region such as a standard metropolitan area or a county and could be funded by an appropriation equal to 0.25 percent sales tax from the region to spread the benefit of economic growth.
- 1.12 Level the playing field so communities can pay for quality of life.
- 1.13 The state should take over financial responsibility of the court system. A long-term solution for counties in the area of shared revenue is to trade a portion of their shared revenue in order for the state to take over the court system. This would improve accountability and line up taxing and spending with the entity that makes the decisions.
- 1.14 Counties are very different from municipalities, as they are an administrative arm of the state. As a result, the shared revenue goals for counties may not be the same as for municipalities. Counties need to be separated out under shared revenue.

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ISSUE #2

Take a cooperative systems approach

Issue: Hard lines and fixed positions cost everyone. A new system is needed to support state and local government effectiveness and efficiency.

Benefit: A systematic approach with professional evaluation capability supports decisions to improve quality of life and services as well as efficiency. Such a system also can foster trust.

- 2.1 Create governing lines that support integrated and systems approaches to decisions and services.
- 2.2 State policies, practices and expenditures should support efficient systems.
- 2.3 State government should review grants and their impact on spending, but also their positive impact such as their use for efficiency incentives.
- 2.4 State government should decentralize policies to the regional level and tap the capacity of participants through leveraging resources.
- 2.5 Put the judicial branch and justice system under the same cost control spotlight as everyone else. The Legislature should require that the six state agencies and judicial branch in state government with justice duties integrate their information technology and other systems to improve efficiency. For example, there are independent automated systems for juvenile delinquent and child welfare cases.
- 2.6 All government functions should be seen as opportunities to make them more efficient and effective, not traditions to protect.
- 2.7 Look at all government jurisdictional lines and service delivery and discuss what makes sense today, remembering the value of community pride.
- 2.8 Overhead, common services and facilities could be shared across different levels and types of governments, including, state, local, county, schools and special districts. State policies should encourage all governments to cooperate by pooling common services and facilities that are now duplicative. These services or facilities might include: Risk management, Purchasing, Human resources, Training and testing facilities, Computer systems, technical personnel, Web site creation and maintenance, Billing, Assessing, Tax collection, Public safety, Records management, Licensing and permitting, Parks and recreation, Inspections, Mass transit, Land use planning and Smart Growth implementation, Sewer and water systems, Buildings and facilities use, Capital equipment, Road maintenance and snow removal, Health care and public health and Special services (i.e. SWAT teams, Hazmat, confined space rescue, Emergency Government).

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ISSUE #3

Identify best practices and target barriers to efficient, quality service

Issue: Statutory, regulatory and other barriers may inhibit best practices, innovation and cooperation at all levels.

Benefit: Barriers and boundaries, erected with good intentions and a fact of history, may dampen the innovative spirit and cooperation. Removing those barriers can save money, force decisions and tap the talent of public employees and communities. Flexibility in how goals can be achieved within a jurisdiction, between jurisdictions and between the public and private sector must be fostered, sometimes within regional arrangements.

- 3.1 Multi-jurisdictional cooperation should be fostered through statutes and fiscal policies to achieve efficient and quality service, giving flexibility to local government to do the job.
- 3.2 Eliminate state barriers and disincentives to cooperation within regions: a. Promote economies of scale; b. Eliminate overlap of the same service; c. Eliminate the statutory timeline governing each step of the cooperative agreement process.
- 3.3 Counties, which are administrative arms of the state, should be catalysts for inter-governmental cooperation and support problem solving.
- 3.4 Allow the creation of metropolitan government to replace overlapping jurisdictions in those areas that choose it (like in Indianapolis and Lexington).
- 3.5 Simplify and streamline statutes governing changes in boundaries and municipal relationships.
- 3.6 Amend 66.0301 to remove uncertainty prompted by judicial decisions regarding boundary agreements involving towns. Allow for previous agreements which established boundaries or dealt with annexations to remain in place.
- 3.7 Boundary changes authorized by preparation of cooperative plans should be simplified by amending 66.0307 to provide local officials more authority but still guaranteeing public input.
- 3.8 State Government's Boundary Review function should be terminated, giving local governments authority to agree on boundary changes and consolidations with conditions for notice, public input, referendum and due process.
- 3.9 Eliminate Dept. of Administration (DOA) review of annexations.
- 3.10 Require time limits DOA has to decide on incorporating, consolidating and merging and allow towns seeking to incorporate to amend their petitions rather than having to file new petitions.
- 3.11 Eliminate state review of boundary agreements. A two-thirds vote of all members of each board and ratification of the proposed consolidation in a referendum held in each municipality is sufficient.
- 3.12 Towns with qualifying population, tax base and levels of service should have easier criteria and processes for incorporating in the context of mutually-beneficial inter-community service agreements, shared growth strategies and tax base sharing.
- 3.13 Increase local autonomy over providing, supporting and financing services.
- 3.14 Give greater taxing and spending authority to local governments for: a. Services they provide within their borders; b. Services that cover multiple jurisdictions; c. Service streamlining.
- 3.15 Don't treat all communities alike, especially rural and urban.
- 3.16 Consolidate and streamline local services where appropriate.
- 3.17 The entity that mandates the service should pay for it.
- 3.18 Statutes and fiscal policies should clarify and align taxing and spending authority, while finding ways that short and long term risk can be shared with accountability.
- 3.19 Mandates, some of which are not funded, require local government to evaluate comparative needs in light of fiscal necessity. The state should be partners with local governments in encouraging innovation, consolidation and coordination of efforts.

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- 3.20 Create a locally-driven, standing “waiver committee.” The membership is not yet agreed upon but could include the Governor, partisan leaders in both houses of the Legislature, local officials and members of the public. Investigate existing consensus models that achieve state goals through regulatory flexibility (e.g. brownfields). The committee would give permission to governments that want rules waived to innovate, cooperate and more efficiently achieve the goal. It would encourage local governments to “think outside of the box” by authorizing waivers to achieve a specific result within a defined period of time. It would share best practices. The implementation would assume liberal application of the waiver.
- 3.21 Create a best practices cooperative or function, authorized under statute (perhaps composed of existing municipal associations) that evaluates examples of service delivery based on: customer service, costs, efficiency, effectiveness and other factors such as rural-urban differences. Such a function can foster trust.
- 3.22 Voters should be allowed to choose whether certain county offices such as sheriff and clerk should remain elected or be appointed.
- 3.23 Review the range of social service / community service / human service mandates that tie to out of synch block grants and decide what should be mandated and funded and what should be optional for counties.
- 3.24 Revise mandates that measure inputs (eg. money spent) rather than results. Target those that discourage or do not promote innovation, efficiency and/or cooperation (eg. library mandates, stormwater runoff). Give flexibility and protection to municipalities that meet goals by other or more efficient means.
- 3.25 Increase the threshold from \$15,000 to \$30,000 when competitive bidding is used.
- 3.26 Remove unnecessary, duplicative, irrelevant and conflicting rules that block development.
- 3.27 Authorize municipalities to use the design build contracts on public construction projects.
- 3.28 Allow municipalities to publish summaries of newly enacted ordinances with information on how citizens can view entire ordinances on the web site of all municipal offices.
- 3.29 Speed the regulatory approval process with state and local agencies.
- 3.30 Allow for problem-solving flexibility in the development approval process.

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ISSUE #4

Create policies to support local and regional economic growth

Issue: The state's economic health begins within communities and between communities in regions.

Benefit: Communities must grow economically to continue to support public services and quality of life at existing levels. Without good jobs, our children leave, exacerbating the problem of funding services for an aging population. Economic growth can keep families together in Wisconsin and support senior citizens. However, quality of life will not happen without hard choices, hard work and compromise. Economic growth decisions are important for metropolitan and rural Wisconsin, both of which are vital to the state's health.

- 4.1 Increase, simplify and focus economic development tools for metropolitan and rural regional economies.
- 4.2 The state should create regional tax base growth sharing laws to promote local government cooperation and regional growth agreements. These agreements should be easy to adopt and available to all units of government in the region. They should be designed to generate and share economic growth, share overhead or other services and encourage boundary certainty. State government should strongly promote these agreements, especially if they help achieve economic or efficiency goals during troubled times or in troubled regions/counties.
- 4.3 Eliminate disincentives to cooperative growth: Eliminate statutory and state fiscal incentives that encourage communities to compete with each other for growth.
- 4.4 Create incentives and for cooperative growth: Build a growth-sharing system, like in Minnesota, that helps communities make economic decisions that benefit each other, be they in metropolitan regional shells (Standard Metropolitan Statistical Areas) or rural regions that depend upon regional centers.
- 4.5 Share the tax-based revenue from growth among communities in defined regions.
- 4.6 Develop a regional finance policy that supports the infrastructure necessary for growth that is driven by the market, complements local smart-growth and state economic strategy.
- 4.7 Make tax credit incentives in development and enterprise zones more usable by allowing the credits to be sold to another firm that could make better use of them. The reform also should review use of the existing law to insure uses were in accordance with the law. The reform should include authority to penalize fore violations. Attention is needed for rural enterprises (see 4.12).
- 4.8 Reform the Tax Incremental Financing Law to: a. Support multi-jurisdictional projects; b. Support mixed use development like projects involving commercial, residential and public facilities; c. Support a mix of business types and services that constitute clusters under Build Wisconsin.
- 4.9 Mix a portfolio of funding sources to support regional, cluster or business sector growth.
- 4.10 Broaden the mix of state-revenue sources that support metropolitan and rural regional economies: a. Use funds from sale of excess properties to invest in economic development, where appropriate; b. Encourage focused investment of new state revenue sources and existing development tools on metro and rural economic priorities.
- 4.11 Align state fiscal policy (i.e. housing, training, environmental, transport aids, grants and investments) with regional growth strategies.
- 4.12 The state should create new business incentives or apply existing tools in a specialized way to promote economic development in rural regions and economic sectors such as forestry, dairy and hospitality.
- 4.13 Establish a test for economic investments with this first question: Are communities cooperating within a defined "area of common interest?" Consolidate economic development agent duties for efficiency.
- 4.14 Align planning, regional economies and fiscal incentives to promote efficient land use, services and infrastructure that contribute to the state growth strategy, using data that benefit all parties in making and implementing decisions.
- 4.15 Encourage economic master planning for counties and regions on a level similar to technology zones.
- 4.16 Give communities data, generated by the State, that is of practical value to them in making and implementing strategic decisions, refocusing data strategy from the limited needs of state agencies to communities.
- 4.17 Educate communities on the cash-flow advantages of certain types of development and how to make decisions, alone or together, to take advantage of those benefits. Also, create a reference resource and manual to aid community leaders in selecting the most appropriate growth mechanisms for their circumstances.

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ISSUE #5

Provide options for local cooperation and financial support

Issue: Local government should use an array of revenue sources, cooperative agreements and support options for regional services and facilities.

Benefit: The community pays for services that are largely connected to the region and benefit the greater community. Where communities choose to cooperate, deciding on new revenue sources can move them beyond the jurisdictional focus to addressing a common need through joint decision.

- 5.1 By local decision, communities should share the cost of museums, recreational facilities, airports, zoos, etc. that are presently paid for by central cities but enjoyed and used by citizens regionally. Communities that share the cost of these facilities should also have a voice in their construction and management, a governance issue that still needs discussion. There needs to be a way for communities to easily make decisions on supporting regional assets and promoting regional economic growth.
- 5.2 Define what services are appropriate to be funded by the community, such as property-related services that are funded by property taxes and which are best funded by state sales and incomes taxes and user fees. Then align the service with the method of support.
- 5.3 Expand the imposition of fees against property owners and or developers to recover costs of making certain services available to affected properties.
- 5.4 Reduce general property tax exemptions (i.e. align service provided with specific revenue source).
- 5.5 Maintain current shared revenue program as opposed to local tax options.
- 5.6 Independent taxing authorities such as tech schools, sewer districts and convention centers may or may not be subject to statutory taxing limits but should include local elected officials. Elected officials accountable for taxing decisions should sit on authorities that fall outside of those limits.

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ISSUE #6

Inventory government properties and decide on ownership

Issue: State government has many hundreds of millions of dollars tied up in real estate. These assets tie up capital, incur expenses and require the hiring of employees.

Benefit: Selling outright or doing sale-leasebacks on select government real estate would generate a significant pool of money, eliminate considerable holding costs and return properties to the tax rolls. Assets may not be fully used in the short or long term future. These trends may be acute in some regions or in some state agencies or other government units. Assets may deteriorate through poor care. The potential of some of these assets may be limited, allowing their liquidation. This initiative would increase liquidity, cash flow and efficiency.

- 6.1 Inventory: Create a template to audit and inventory properties so the question can be answered: How much public land and buildings should be in public ownership?
- 6.2 Engage a team of independent experts to evaluate public lands, especially in heavily impacted counties.
- 6.3 Identify excess properties, being mindful of statutorily directed initiatives such as Stewardship.
- 6.4 Engage a separate team of independent building experts to evaluate building candidates for sale or sale/leaseback.
- 6.5 Create and execute a disposition program to put selected property back in the private sector and on the tax rolls.
- 6.6 Invest the disposition proceeds to encourage new or expanded development on these properties.

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ISSUE #7

Resuscitate civic-entrepreneurship

Issue: Citizen engagement in community and government affairs holds society together. Civic engagement at the local level can be strengthened when citizens and local officials believe they can make a difference.

Benefit: Government has assumed functions formerly performed by citizens and families. Fiscal constraints now affect government. This condition challenges government and citizens to reconnect for the common good, becoming more innovative and entrepreneurial than has been the case in recent years. Civic entrepreneurship is required to reduce cost, create economic opportunity, build community and restore trust and confidence in the system.

- 7.1 Increase the number of civic-minded entrepreneurs drawn to local government services.
- 7.2 Establish and maintain support systems for civic engagement.
- 7.3 Provide more tools to local governments and citizens to work together in entrepreneurship networks, to build their communities and manage their quality of life.
- 7.4 Provide training and educational programs that develop local leadership, citizenship and initiative with the interest of working within and between communities.
- 7.5 Document the results of and honor successes in civic accomplishment and progress.