

Gov. Evers: Announces plan to send 20 percent of state's sales tax back to local communities

Posted on Tuesday, Feb 7, 2023

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MADISON — Gov. Tony Evers today delivered on the promise he made in his 2023 State of the State address announcing his 2023-25 proposed biennial budget will send 20 percent of the state's sales tax revenue back to local communities for shared revenue. The proposal means more than half a billion dollars more per year in new resources for local communities to invest in key priorities like local health and human services, transportation, EMS, fire, and law enforcement services, and other challenges facing our communities such as PFAS and district attorney recruitment and retention—the largest increase in aid to municipalities and counties in decades.

“For a decade now, our local municipalities have been forced to do more with less. They’ve had to make impossible decisions about what essential services to fund in our communities, having to choose between paying for first responders, addressing PFAS, fixing the roads, and other critical priorities,” said Gov. Evers. “The state must fulfill our obligation to ensure our local partners can meet basic and unique community needs alike, and this historic investment will ensure that we do. I look forward to working with the Legislature to find common ground in the weeks and months ahead to fund our communities now and with growth into the future.”

Shared Revenue

- Reform Shared Revenue and provide the largest increase in aid to municipalities and counties in decades.
- The governor's budget creates a new shared revenue appropriation that will provide increased aid to municipalities and counties of \$576.2 million GPR in

fiscal year 2024-25. Future allocations will grow with sales tax collections. The appropriation's allocation for each calendar year will be 20 percent of the state's sales tax collections of the fiscal year ending in that calendar year. As part of the 20 percent, communities will continue to receive existing County and Municipal Aid, Expenditure Restraint, and the county and municipal components of personal property aid; the remaining funds will be divided between public safety aid and general aid to municipalities and counties.

- Public safety aid will be 43.4 percent of the total funds available (\$250 million) under the new appropriation. Public safety aid payments can be used to support law enforcement, fire, and EMS as well as courts and district attorneys' offices and the distribution formula ensures that no government will receive less than \$10,000 under the public safety aid distribution.
- The remaining 56.6 percent of the aid will be distributed as general aid with 70 percent allocated to municipalities and 30 percent to counties.
- Details regarding the distribution to each local government in the state will be available at the time of the governor's budget address.
- For future distributions under the new shared revenue, no local government may receive less than 95 percent of their prior year's allocation. Existing shared revenue programs will continue under their current law provisions.

Local Option Sales Tax

- The governor's budget will allow Milwaukee County to impose an additional 1.0 percent sales tax, with 50 percent of the resulting new revenue distributed to the city of Milwaukee. This will diversify local revenue sources and improve the ability of both Milwaukee County and the city of Milwaukee to address unique needs in the state's largest metropolitan area. This proposal must be approved by local referendum to take effect.
- The budget also allows counties, other than Milwaukee County, to impose an additional 0.5 percent sales tax and allows municipalities with populations over 30,000, other than the city of Milwaukee, to impose a 0.5 percent sales tax to diversify local revenue sources and better empower local governments to fund police and fire protection, EMS, transit, roads, and other important services, if approved by local referendum.