

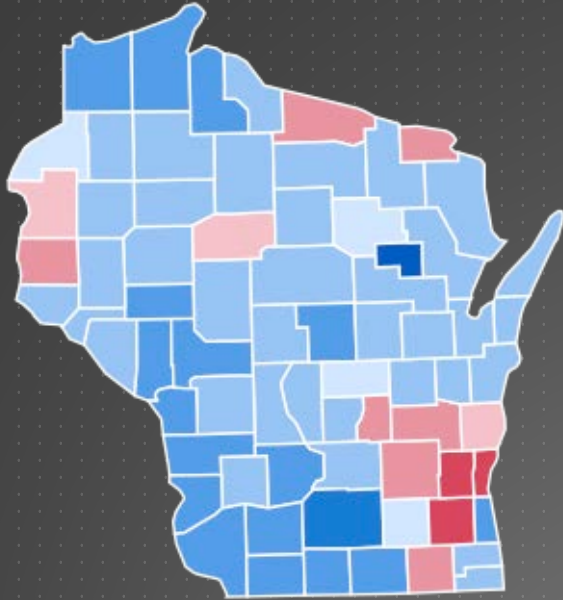
THE POLITICAL LANDSCAPE

...AND THE CHALLENGES IT PRESENTS FOR LOCAL GOVERNMENTS

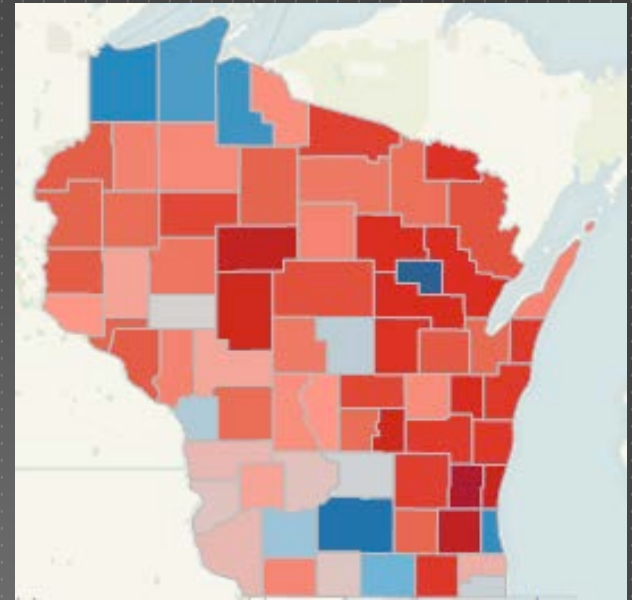
DESCRIBING WISCONSIN'S POLITICAL LANDSCAPE IN
ONE WORD:

VOLATILE!

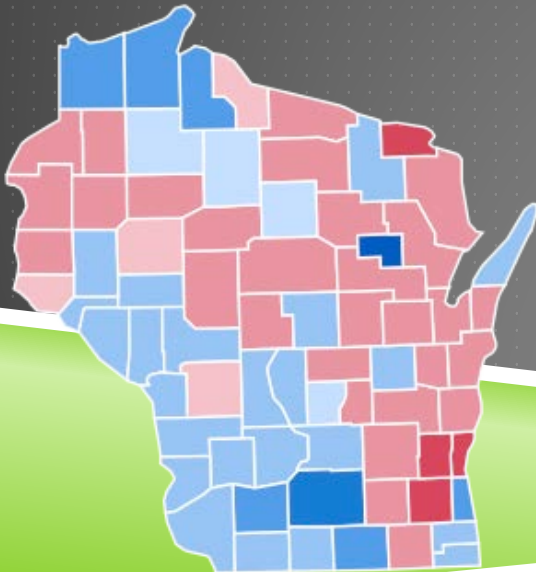
2008 Presidential Results



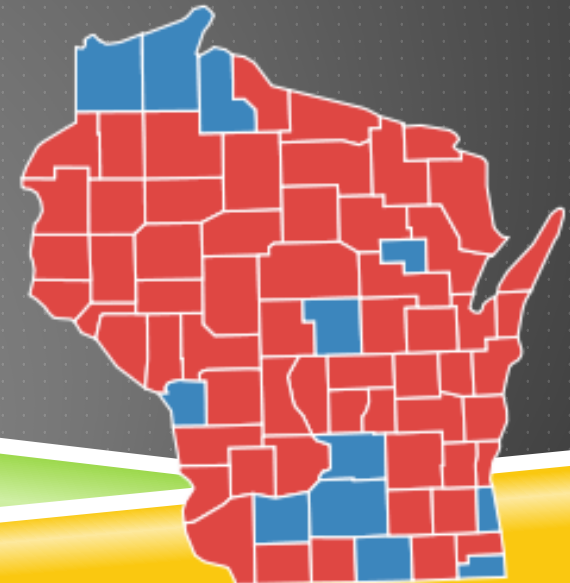
2010 Gubernatorial Results



2012 Presidential Results



2012 Gubernatorial Recall Results

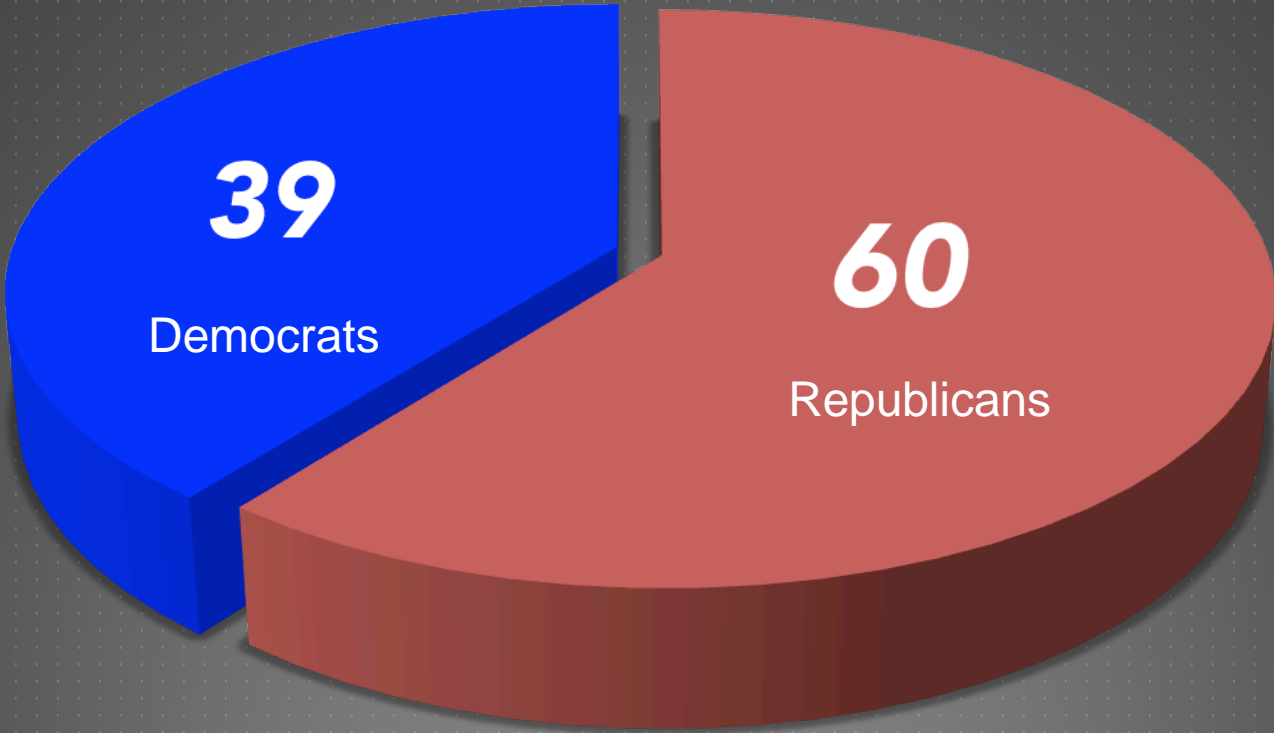


OVERVIEW

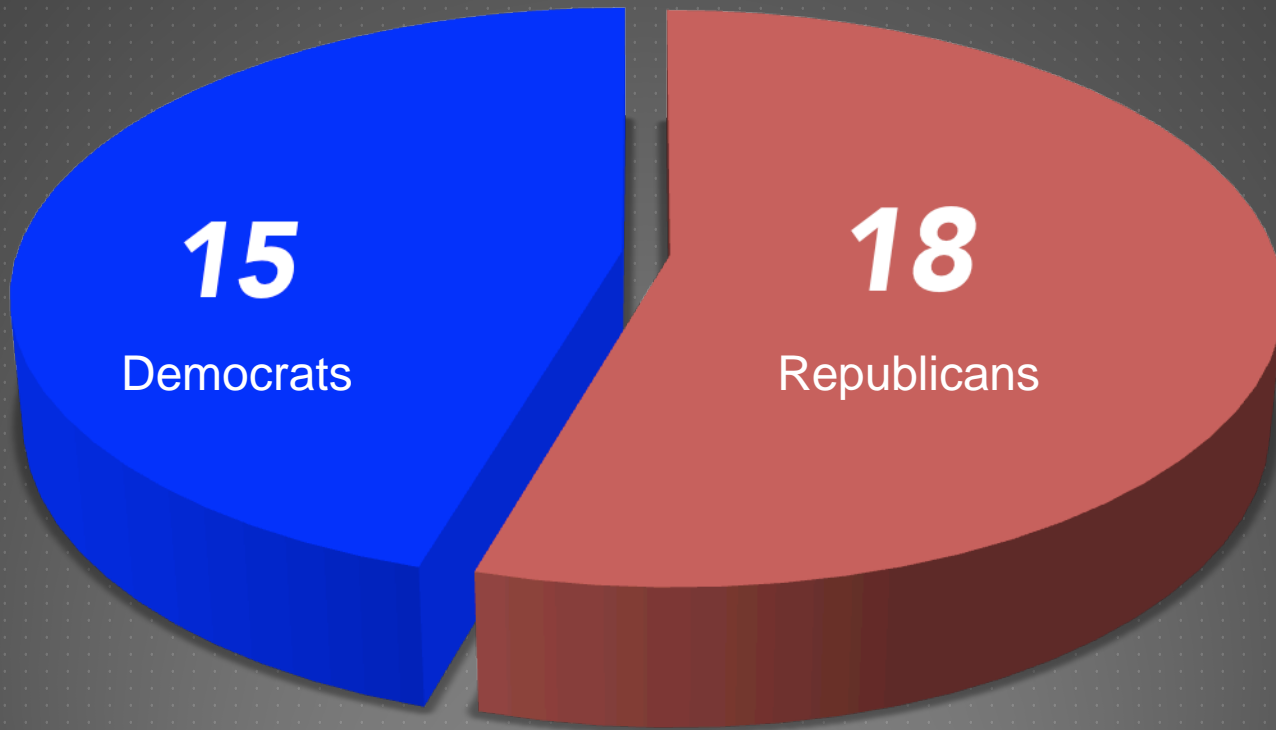
- ▶ Wisconsin State Legislature
 - ▶ State Budget Preview
 - ▶ State Tax Structure
 - ▶ Attitudes Towards Government
- 

WISCONSIN STATE LEGISLATURE

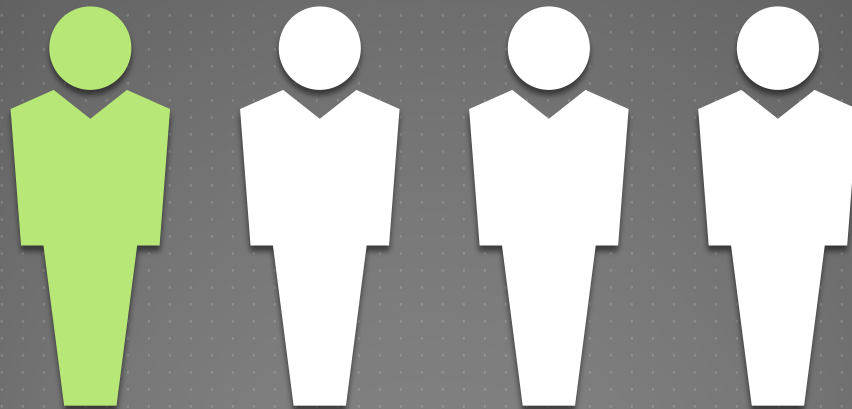
WISCONSIN STATE ASSEMBLY



WISCONSIN STATE SENATE

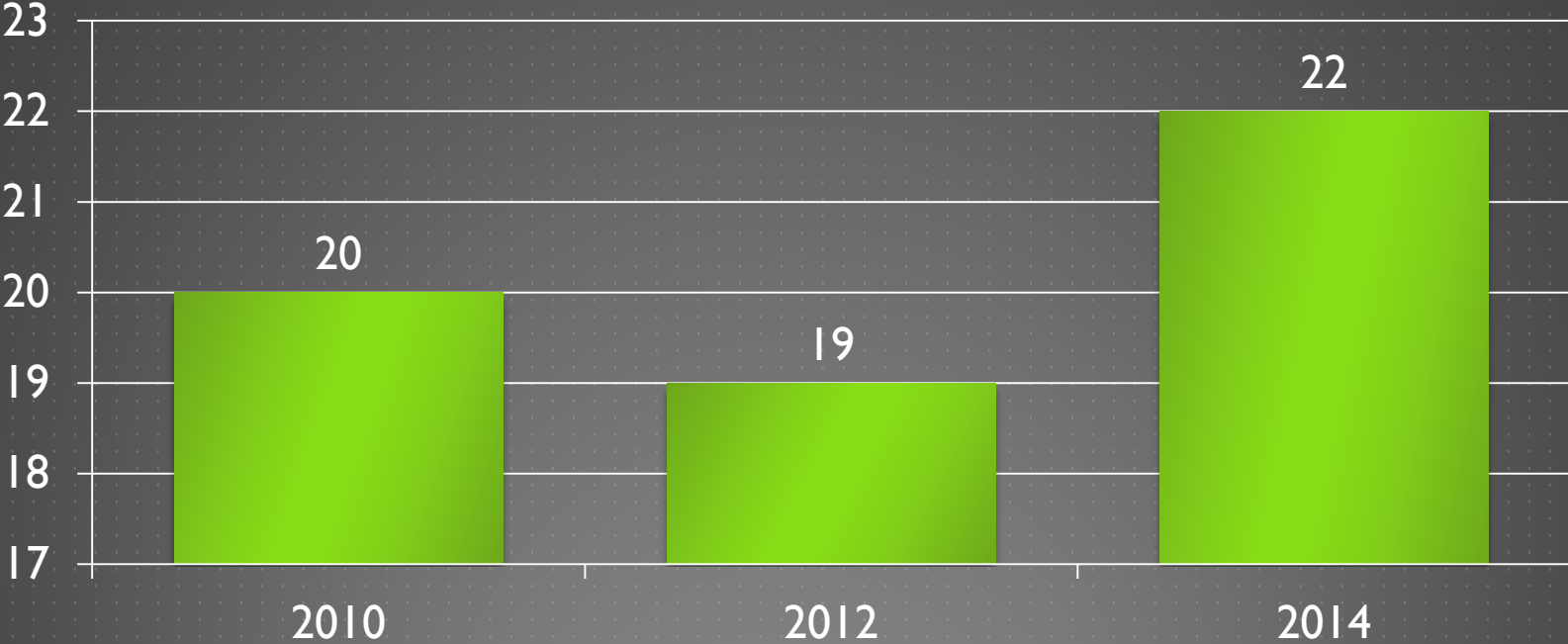


ONE IN FOUR LAWMAKERS ARE
NOT SEEKING RE-ELECTION TO
THEIR CURRENT OFFICE



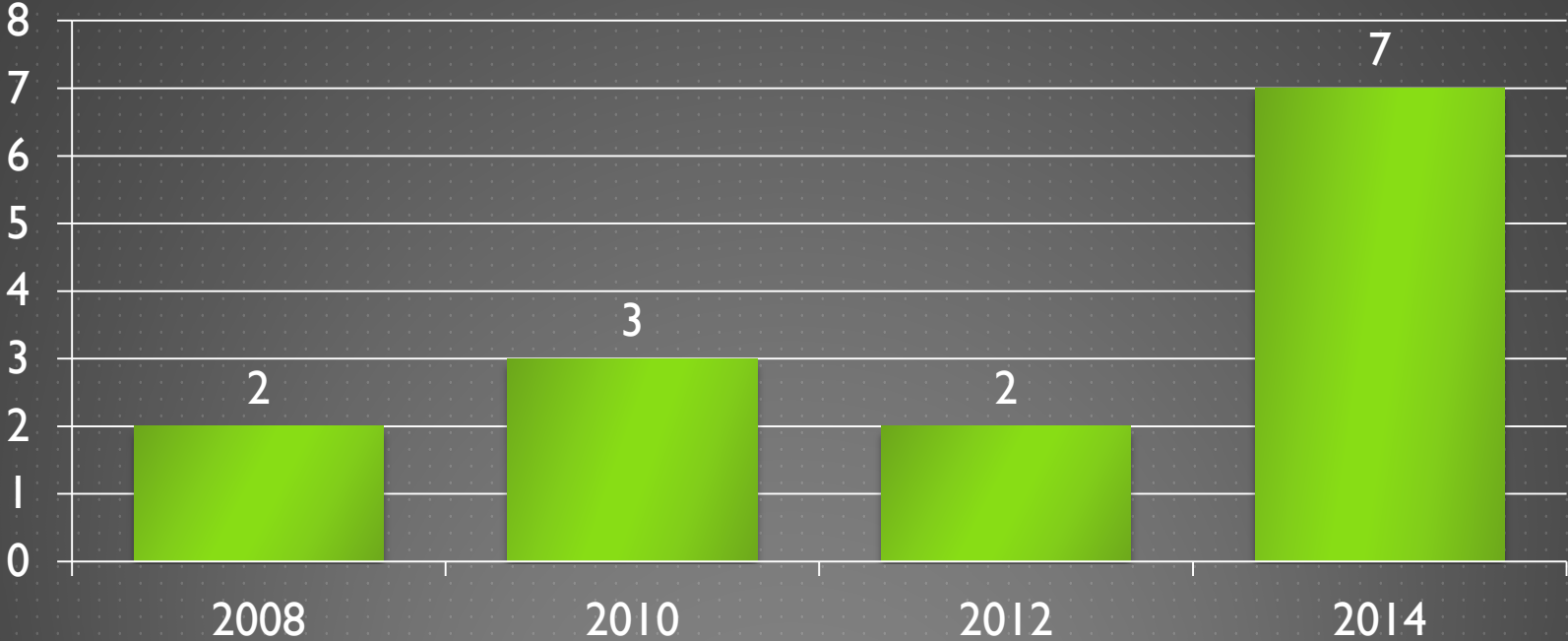
STATE ASSEMBLY TURNOVER

State Representatives Not Seeking Re-election



STATE SENATE TURNOVER

State Senators Not Seeking Re-election



TAKEAWAYS

▶ **GOP Legislative Majorities Remain**

- ▶ Important for local governments to “frame” their priority issues in ways that relate to GOP priorities (e.g., economic development, tax cuts, government “reform”)

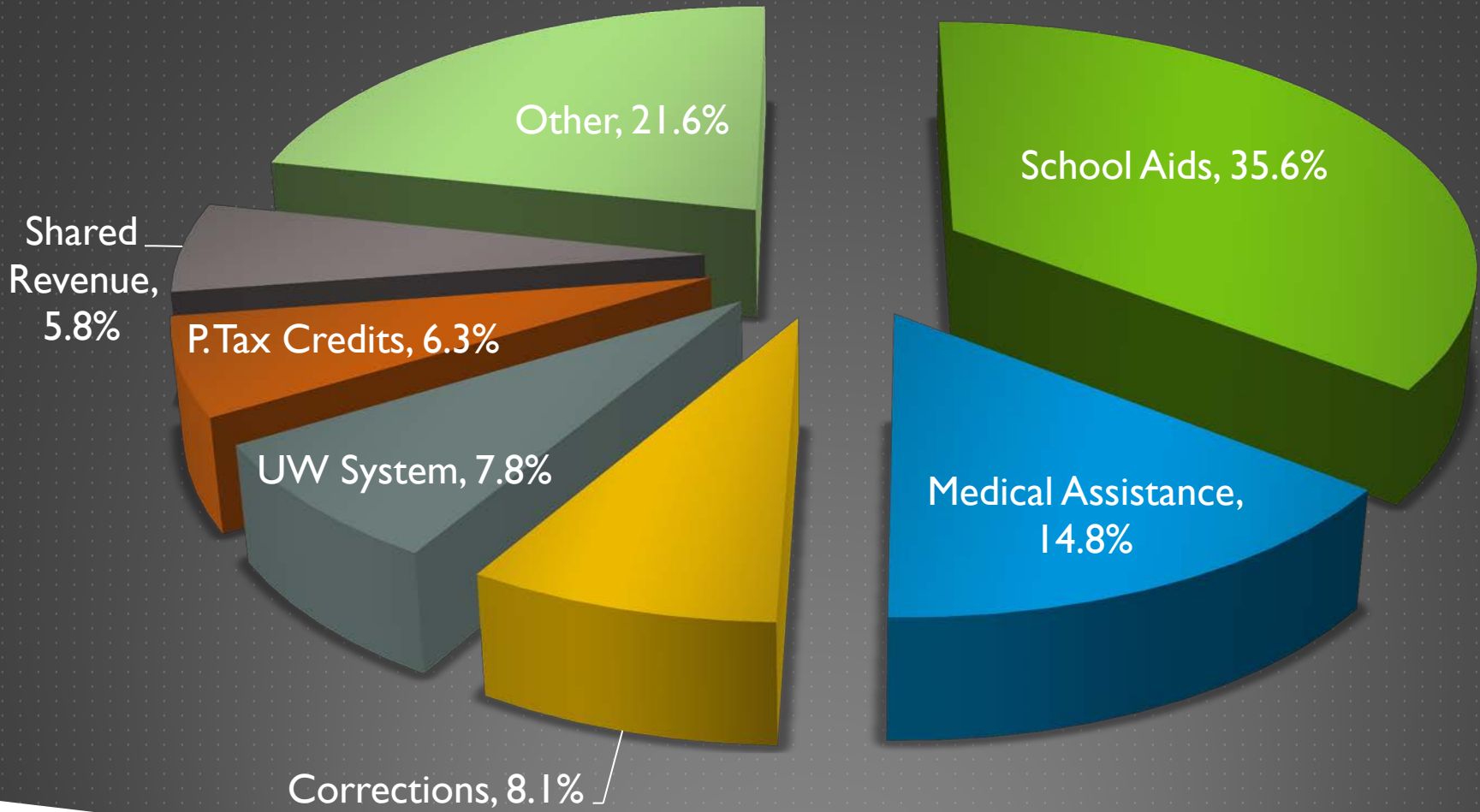
▶ **Unprecedented Legislative Turnover**

- ▶ The 2015-2016 Wisconsin Legislature will be one of the least experienced in state history. Local governments must educate new and existing members early and often!

STATE BUDGET PREVIEW

The bottom of the slide features a decorative graphic consisting of two overlapping, rounded shapes. The upper shape is a vibrant green, and the lower shape is a bright yellow. Both shapes have a white outline and a slight gradient, giving them a three-dimensional appearance. The background of the slide is a dark gray with a fine, repeating pattern of small white dots.

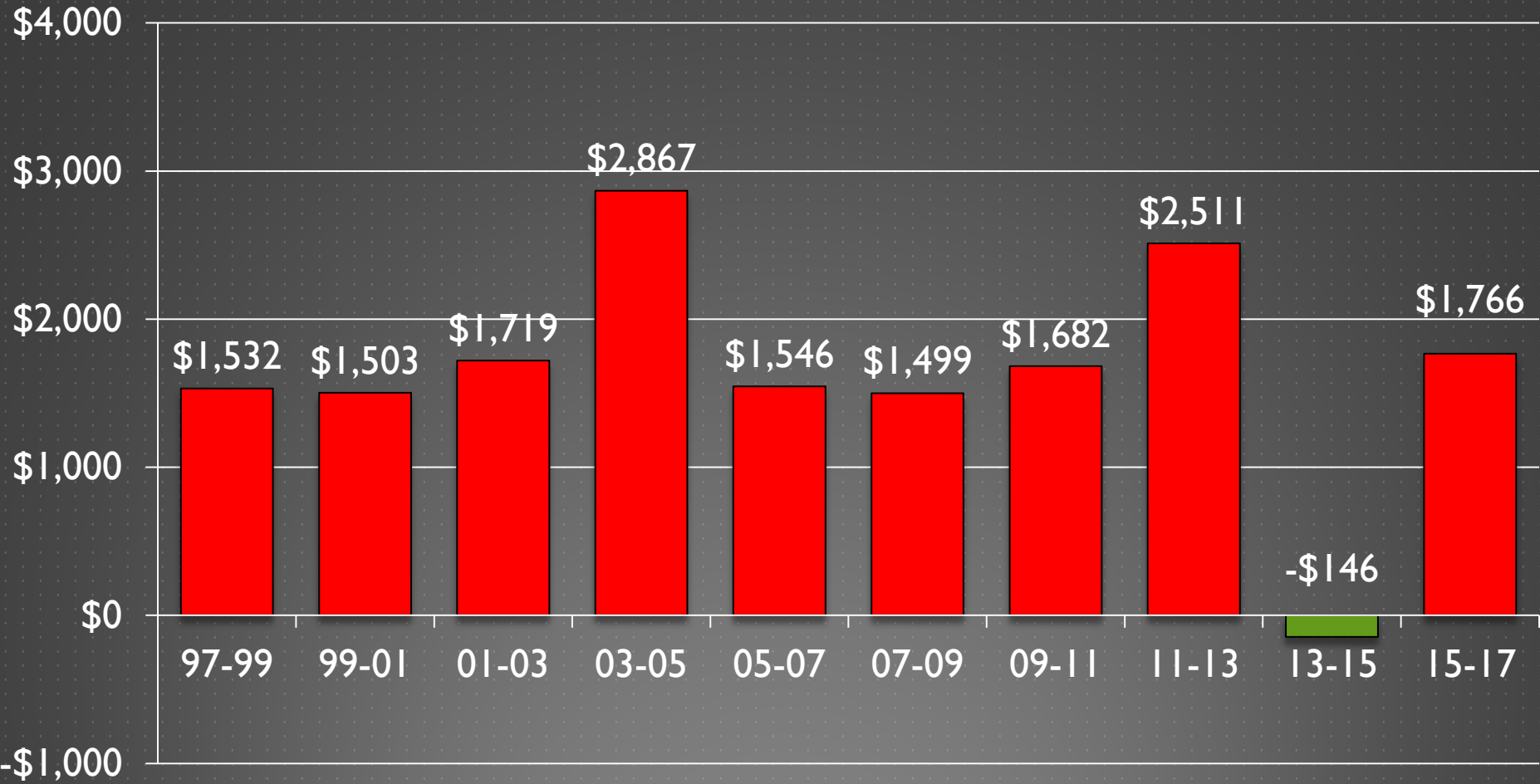
State GPR Expenditures (FY 13)



← Timeline →

- July 2014: Governor Released Budget Instructions to Agencies.
- September 15: Agency Budget Requests Submitted.
- November 20: DOA Required to Publish Agency Requests; Preliminary Revenue Estimates Released.
- February 2015: Governor's Budget Introduced.
- March-May 2015: Legislative Budget Review (JFC).
- June 2015: Budget Finalized.

Structural Deficit (\$ Millions)



OUTLOOK

- ▶ State general fund facing a \$1.76 billion structural deficit heading into 2015-17 state budget.
- ▶ State transportation fund facing a \$680 million deficit heading into 2015-17 state budget.
- ▶ State Medicaid budget has \$700-\$800 million “cost to continue”

MAJOR BUDGET ITEMS/PRIORITIES

- ▶ Tax Reform
 - ▶ Transportation Funding
 - ▶ Workforce Development
 - ▶ Economic Development
 - ▶ Government “Reform”
- 

TAKEAWAYS

▶ **Significant Dollars Needed for Transportation and Medicaid**

- ▶ Nearly all “new” revenue growth likely to be devoted to Medicaid
- ▶ Governor and legislature have indicated a desire to “fix” Wisconsin transportation funding

▶ **Majority Party Priorities Unlikely to Change from Past Session**

- ▶ GOP will continue to focus on reducing income and property taxes (i.e., tax reform)
- ▶ Has promised to limit spending growth

WISCONSIN'S TAX STRUCTURE



STATE-LOCAL TAX MIX

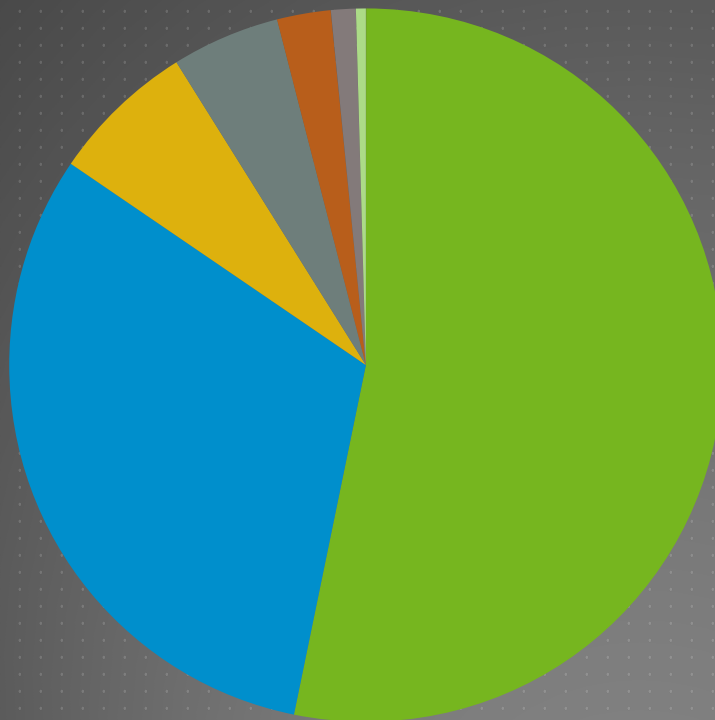
State and Local Tax Collections (FY13)

Property taxes	\$10,469.9	39.7%
Income taxes	7,496.9	28.3
Sales taxes	4,707.7	17.8
Motor vehicle taxes (incl. gas tax & vehicle registration fees)	1,396.1	5.3
Corporate income taxes	925.4	3.5
Other (incl. unemp comp tax, cig & other excise taxes, utility, ins premium,)	1,425.1	5.4
Total	\$26,393.8	100%

Source: Wisconsin Department of Revenue

STATE TAX MIX

FY 13 GPR Tax Collections (Total \$14 Billion)



- Income (\$7.4 billion)
- Sales (\$4.4 billion)
- Corporate (\$0.9 billion)
- Excise Taxes (\$0.7 billion)
- Public Utility (\$0.3 billion)
- Insurance Companies (\$0.2 billion)
- Miscellaneous Taxes (\$0.1 billion)

Source: Wisconsin Department of Revenue

TAX RANKINGS

STATE AND LOCAL REVENUE FOR 2010-11

	Wis % of pers inc	U.S. % of pers inc	Wis rank	Amt above nat'l avg
Total tax collections	11.8	10.9	10	+ 9%
Property taxes	4.5	3.6	10	+ 26
Indiv income taxes	3.0	2.3	12	+ 28
General sales taxes	2.0	2.4	35	- 16
Corp inc taxes	0.4	0.4	18	--
Fees/charges	3.4	3.5	30	- 3
Taxes and fees	15.2%	14.4%	14	+ 6%

Source: Wisconsin Department of Revenue, United States Census Bureau

TAKEAWAYS

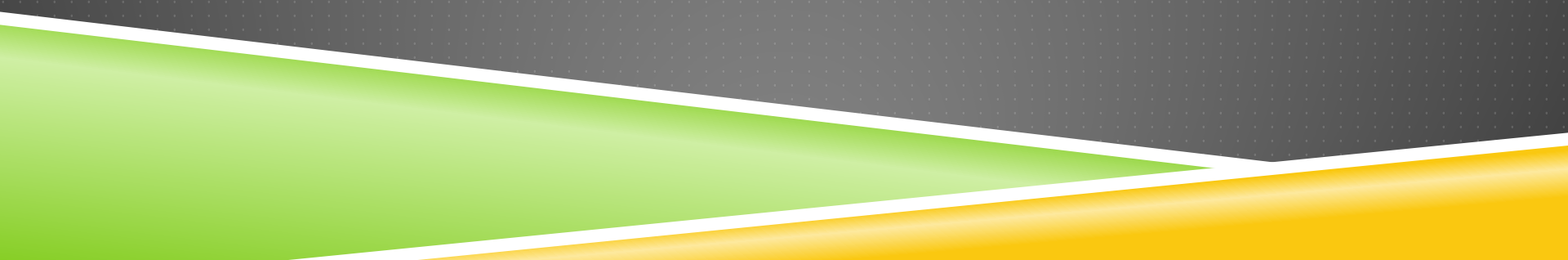
▶ **“Unbalanced” Tax System**

- ▶ Wisconsin has very high income and property tax, but is below average on sales tax and fees

▶ **Locals Rely on “Dying” Tax**

- ▶ Local governments have few revenue options at their disposal. Locals primarily rely on property taxes, which are most disliked and do not reflect wealth (see demographic shifts...)

PUBLIC ATTITUDES TOWARDS GOVERNMENT



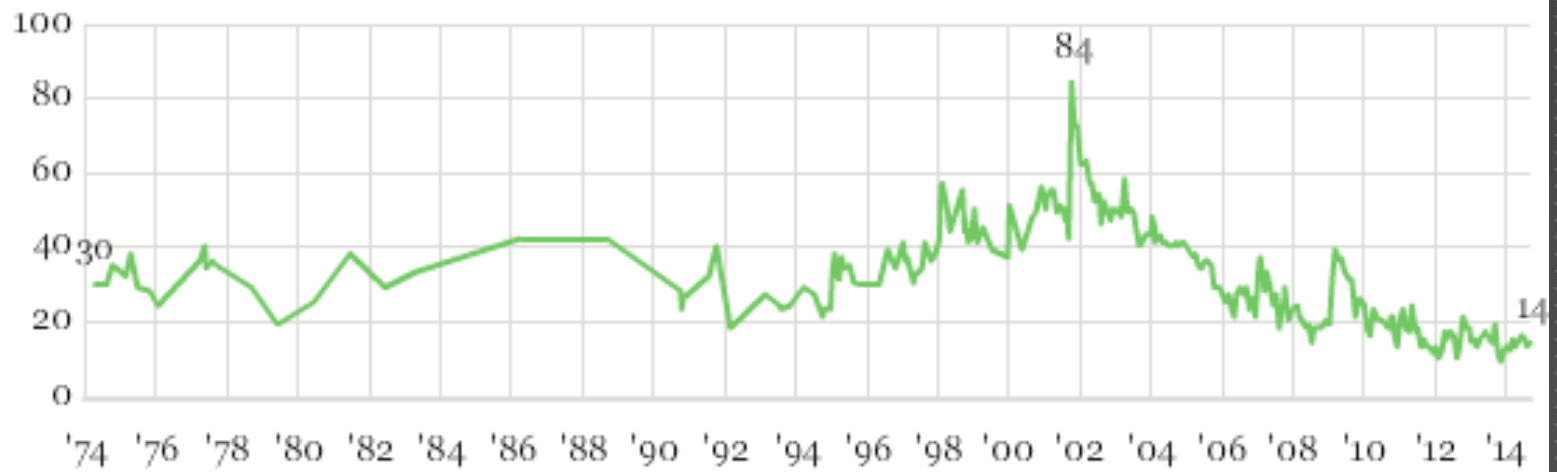


GOVERNMENT

IF YOU THINK THE PROBLEMS WE CREATE ARE BAD,
JUST WAIT UNTIL YOU SEE OUR SOLUTIONS.

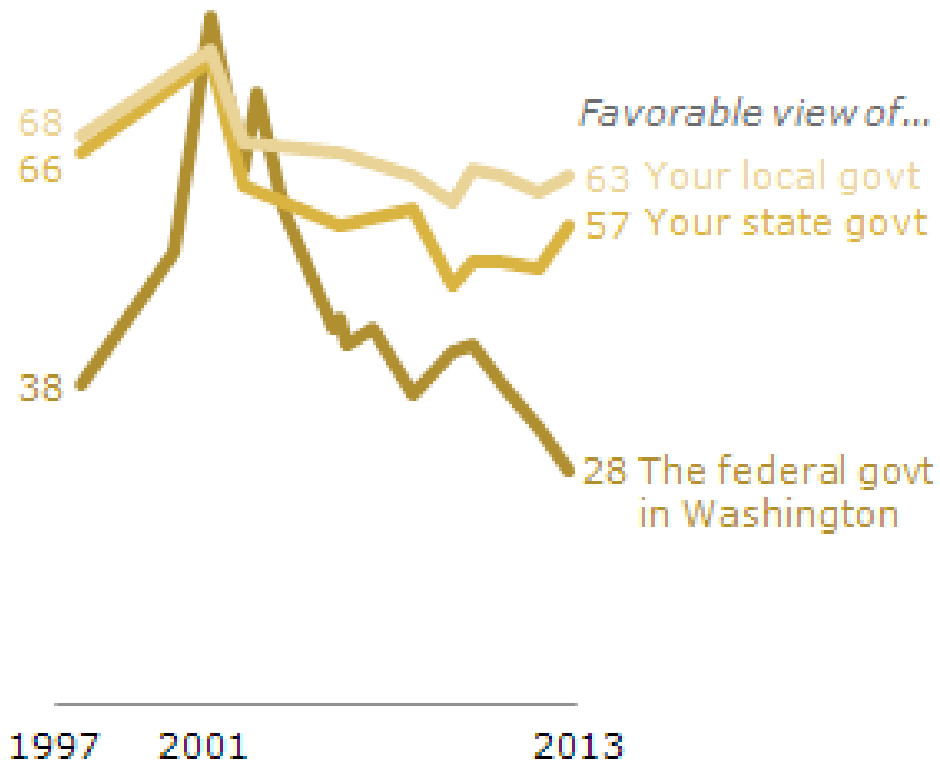
Congressional Job Approval Ratings Trend (1974-Present)

■ % Approve



GALLUP

Widening Gap in Views of Federal, State and Local Governments



PEW RESEARCH CENTER March 13-17, 2013.

TAKEAWAYS

▶ **Government Generally Not Popular**

- ▶ Congressional Approval Ratings Near Record Low. Opinion of local government significantly more positive than federal government

▶ **Use Local Government Popularity to Your Advantage**

- ▶ Remind state and federal delegates of your influence at the local level

IN CLOSING . . .

GENERAL REVIEW

▶ **Significant Turnover in the Legislature**

- ▶ How are you local governments going to assure their voice is heard in the state capitol?

▶ **State Funding is at a premium**

- ▶ How are local governments going to assure the state funds local programs at adequate levels?
- ▶ Are there ways to do things differently at the local level? Impossible to do more with less . . .

▶ **Tax Reform is Major Focus of 2015**

- ▶ What voice is local government going to have in tax reform discussions?
- ▶ Do we have ideas for local tax “reform?”

▶ **Generally Negative Perception of Govt.**

- ▶ People are generally skeptical of government
- ▶ Important to differentiate local government from state and federal government

QUESTIONS?