

**Intercounty Coordinating Committee (ICC)
Meeting Minutes for January 17, 2005
UW-Extension, Jefferson County Office
Jefferson, Wisconsin**

Introductory Business

Call to Order – Vice Chair Orrin Helmer called the meeting to order at 9:30 a.m.

Attendance

John Tramburg, Harlan Baumgartner, Susan Martin, and Kathleen Haas, Columbia County; Dave Neuendorf, Ray Seaholm, and Russell Kottke, Dodge County; Orrin Helmer and Jeff Hoffman, Green Lake County; Bill Hausen, Steven J. Nass, and Steve Grabow, Jefferson County; Jenny Erickson, Gene Wiegand, and Halsey Sprecher, Sauk County; Jane Sellen, Wisconsin Counties Association; Greg Gasper, Rep. Gene Hahn's office; and Steve Deller, UW-Madison/Extension

Certification of Open Meeting Notice

The Secretary confirmed that the requirements of the Wisconsin open meeting law were met.

Adoption of Agenda

Motion by Dodge County, second by Sauk County to approve the agenda. Motion approved.

Approval of Previous Meeting Minutes

Motion by Columbia County, second by Dodge County to approve the minutes of the December 20, 2004 meeting of the Intercounty Coordinating Committee. Motion approved.

Reports from Visiting Officials

Greg Gaspar Representing Gene Hahn:

- Special Session to authorize board restructuring to save up to \$70 million
- Getting ready for session
- Hahn and TABOR – He has supported it , but hesitant to have it affect local taxes. Needs to be softened to the locals.
- Budget – Needs to cover a \$1.6 billion deficit
- Onerous Item to County – Cutting incentives to child support. Have heard that the Governor will address and fund this. County officials say it would be awful to cut this since this is one of the areas in which the counties do best.
- Other Hot Topic – Counties are looking for some honest mandate relief, and Representative Hahn would not support legislation that mandates county expenditures and county taxes.
- There will likely be legislation on a tax freeze.

Question on SB5 – Senator Darling is putting this out to look at unfunded mandates. Is a five-person commission.

WCA Report – Jayme Sellen

- ◆ Almost all counties have supported ballot initiatives to educate people on taxes and which jurisdiction deliver respective services
- ◆ Still looking at the streamlining of sales taxes
- ◆ Four-year terms for constitutional offices will likely be on the April ballot.

Jefferson County Zoning Issues:

- ◆ Four Issues – Shoreland, Sexually-Oriented Business, Outside Wood Burners, Wind Power
- ◆ Dodge County has a wind power ordinance. 60 wind turbines proposed in Dodge County. The issues are related to aesthetics and location.
- ◆ Green Lake has passed an ordinance on sexually-oriented businesses.

PROGRAM: FRAMING TAX AND FEE CONSIDERATIONS – IN THE CONTEXT OF THE TAXPAYERS BILL OF RIGHTS (TABOR) Presented by Professor Steve Deller, University of Wisconsin-Madison/Extension.

TABOR

- ◆ Limits spending
- ◆ Goals of TABOR
 1. Slow down “out of control” growth in spending
 2. Cut government spending – Wisconsin has too much government
 3. Reduce taxes (perception of Wisconsin as a high tax state)
 4. Reduce property taxes
 5. Reduce taxes to encourage economic development
 6. Restrict spending to increase efficiency

Goal #1 – Spending Growth

- ◆ Government spending as a percent of income has been stable in the last ten years
- ◆ Size of government in spending has stayed the same
- ◆ Spending on K-12 education has declined somewhat in the last ten years
- ◆ State has really put a hold on the number of State government employees
- ◆ Wisconsin ranks 33rd in government employment growth
- ◆ Wisconsin ranks #4 in the nation in the reduction of government employment; government employment has dropped by about 20% since 1979
- ◆ It appears that government in Wisconsin is following the spirit of TABOR

Goal #2 – Spending Areas

- ◆ Wisconsin ranks 11th on a per capita basis in government spending
- ◆ Where spend more is:
 - Higher education (11th)
 - K-12 (9th)
 - Public welfare (18th)
- ◆ If cuts are to occur to lower Wisconsin’s ranking, it would be in higher education and K-12.
- ◆ Wisconsin ranks 29th in percent of government employment to total employment

Goal #3 – Taxes

- ◆ We rank 10th in the nation in taxes
- ◆ We rank 5th in taxes as a percent of income
- ◆ In taxes as a percent of income, we dropped from 12.5% to 11.3% from 2001-2003
- ◆ Taxes plus fees, charges, interest – Wisconsin is ranked 36th in the nation. We’re below the national average.
- ◆ We’re low in total revenues since we have low fees and charges
- ◆ If all sources of revenue are combined, Wisconsin is below the national average.

Goal #4 – Property Taxes

- ◆ Wisconsin ranked 11th in the nation in taxes
- ◆ Wisconsin ranked 8th in the nation in taxes as a percent of income
- ◆ Property taxes as a percent of income have declined slightly, but has been stable
- ◆ As state aids stagnate, local governments are forced to meet local demands by raising property taxes.

Fees and Charges as an Alternative

Characteristics of a good revenue system:

- Stable and predictable (Florida dependent on sale tax) – Income tax is fairly stable, and property tax is extremely stable
- Ease of administration and ease of collecting revenue
- Ability to generate significant revenue – fees and charges do not usually have the capacity to raise significant revenue. Small units of government have little capacity to raise revenue through fees and charges.
- Efficient with minimal harm to the economy. Impact fees on development may have unintended consequences.
- Fairness
 - Vertical Equity (equals are treated equally)
 - Horizontal Equity (unequals are treated differently) i.e. progressive tax addresses this. If have more or make more, pay more.

We've made a conscious decision in Wisconsin to pay for our services from taxes.

Goal #5 – Economic Development

- ◆ Reduce taxes to encourage economic development
- ◆ In isolation high levels of taxation and fees can indeed hinder economic development
- ◆ Public services and quality of life are equally important to economic growth
- ◆ The key is the balance between taxation and spending. If there is a perception of waste, then there is an economic impact.

There is no example of a low-tax, high-income state. As income goes up, people demand higher services and are willing to pay for them.

If we want economic growth, we have to invest in education. Wisconsin largest source of spending is in education. To see any reduction in taxes and spending would require reduction in education funding.

Impact of TABOR

- ◆ There is huge variation in the impact of TABOR. There does not appear to be a pattern and it is not clear how it relates to growth.
- ◆ Growing communities experience lumpiness in spending patterns. TABOR will hinder the ability of growing communities to provide services. TABOR might limit economic development.
- ◆ Unclear how communities will be able to respond to mandated services.

SUMMARY

1. **Slow Down the “Out of Control” Growth of Government Spending**

There is very limited evidence that government spending in Wisconsin is “out of control” and in the past few years there is significant evidence of fiscal restraint.

2. **Cut Government Spending: Wisconsin Has Too Much Government**

“Too much government” is a qualitative statement and there is evidence that Wisconsin residents appreciate and demand high quality services.

3. **Reduce the State's High Tax Burdens (WI is perceived as a "high tax" state)**

Although Wisconsin is a high tax state, when we consider all sources of revenue, Wisconsin is close to the national average.

4. **Reduce High Property Tax Burdens on Families and Individuals**

While property taxes in Wisconsin do tend to be high, there has been no noticeable change in burdens over the past ten years. There are other more targeted programs that may be more effective than TABOR.

5. **Reduce Taxes and Spending to Encourage Economic Development**

There is no evidence that Wisconsin's fiscal policies have harmed the state's economy. Indeed, TABOR may harm economic development efforts at the local level.

6. **Restrict Spending as a Means of Forcing Governments to Increase Efficiency**

Many Wisconsin local governments are aggressively looking for ways to improve service delivery. TABOR maybe too "blunt" to promote this goal.

There was a question on business climate and business location. The key is the attitude of the community and if it seems entrepreneurial. Community quality of life and quality of schools is important to attracting business.

Next meeting: February 22 (a Tuesday – not a Monday). It will be a general agenda. Cards to Dan See are welcomed.

Adjournment

Motion by Dodge, seconded by Jefferson to adjourn the meeting. Meeting adjourned at 12:00 p.m..

Respectfully submitted,

Steve Grabow
Community Development Educator/Professor
UW-Extension, Jefferson County Office

SG/lw