

THE TOWN'S FINANCIAL HEADACHE – CAN IT BE SOLVED?

No one likes taxes but everyone wants a good road. We complain about fees charged for enjoying our parks and recreation areas. The grumbling about school support never ends. But all of these things must be supported. So –

If Wisconsin could design its local government funding system from scratch, what would be the best and most equitable way to fund town government services?

At the present time town government is supported by three main sources of revenue. Property taxes, charges for services and intergovernmental revenues make up about 60% of town support. The town must adopt a new budget annually. The town board is responsible for the preparation of the budget, scheduling a public meeting on a proposed budget, a meeting to set the levy and finally taking action to pass the budget. In planning the budget, town officials must have the monies specifically designated as to a purpose and they do not have the authority to levy for a surplus. Exceeding the levy limit can result in reduction in shared revenue as a consequence. Often towns find that they must resort to the use of debt because of the inflexibility of levy limits and the change in the originally determined need. I think we can begin to see what a monumental task our town officials face.

At the present time, as to locally collected funds, property taxes lead the way in the support of our towns. However, a substantial amount of state spending is in fact spent at the local level. State revenue comes largely from income tax and is supplemented by the sales tax. The state dollars come locally with strings attached. The state determines how much each unit of local government may receive and they provide rules and regulations dictating how it may be spent. State revenue attributed to road upkeep comes from the General Transportation Aids program. This is made up mainly from gas tax and vehicle registrations. However, because of more fuel efficient vehicles the gas tax revenue shows signs of shrinking so that a large percentage of local

road costs are paid by non-user funding like property taxes. Although it is the responsibility of the state to provide education, it is implemented locally and schools are supported both by local funds and also by state funds.

The more I puzzled over how this may be equitably simplified, the more complicated it seemed to become. I decided that the place to go for answers would be to one who has to deal directly with the problem. James Stekel has held the position of Hillsboro Town Chairman for about 45 years. Prior to that, he served on the Hillsboro Town Board for several years. He would have the answer for sure, right? Chairman Stekel thought for a while and then responded “They could just give us more money. We never have enough money for things we want to do.” He did not seem to have a real problem with the funding system itself, but also is an astute planner. He acknowledged that they were “in pretty good shape” and that they had good roads because of a road plan that they implemented starting several years ago. He also shared that while grants are helpful, they often have requirements attached that are not always compatible with the Town’s needs.

So, after researching and pondering, maybe the answer is not to scrap our present system. Maybe we need to give the good in it a boost, and get rid of the bad. Maybe it only needs to be “tweaked” a little. It reminds me of something my grandma would say, “Don’t throw the baby out with the bath water.” Some changes to make it more workable might be:

- Make budget planning more flexible.
- Revise intergovernmental aid programs to better support local fiscal needs.
- Create a better “shared revenue program” based on income and population vs. area needing service so that low population areas get the same attention as the wealthier.
- Give local government the power to raise their own funds or write their own regulations without state interference.

- Offer federal and state grants for needed projects without the requirements and rigid strings attached.
- Equitable payments made to towns with government and non-profit owned lands to make up for lost real estate tax income.

We must accept the reality that state and local governments are joined at the hip and must work together. Our system needs be less rigid and more flexible, but maybe it is not totally broken. We look at our town and see our good roads. Our school is one of the best. We enjoy hiking and relaxing in our parks, and the emergency services still continue to respond. The only conclusion we can make is that in spite of the imperfections in the system, our town officials, in their ingenuity, are making it work.

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