

*2023 Wisconsin Towns Association Scholarship Essay*

Local government funding has always been a complex issue that requires careful consideration. In Wisconsin, the local government funding system has been a subject of debate due to its potential impacts on service delivery and taxpayer burden. The state's funding system is based on a mix of property taxes, state aid, and other sources, which can create disparities among communities. Therefore, if Wisconsin could design its local government funding system from scratch, it would need to consider an equitable approach that balances the needs of towns and their residents.

An equitable approach to local government funding in Wisconsin should prioritize the needs of towns based on population, socio-economic factors, and service delivery requirements. This can be achieved through a formula-based system that takes into account the cost of services, local tax base, and the ability of towns to raise revenue. A formula-based system would ensure that funding is distributed fairly among towns, regardless of their size or economic status. Additionally, the funding system should allow for flexibility in revenue-raising strategies, such as a local sales tax or income tax, which can supplement property taxes. This would create a diversified revenue stream that is not solely reliant on property taxes, which can disproportionately burden low-income residents. However, this approach would require an overhaul of the state's tax code, which may not be feasible in the short term.

Another way to promote equitable funding in Wisconsin's local government system is through cost-sharing and collaboration among towns. By pooling resources and sharing the costs of services, towns can reduce their reliance on property taxes and provide better services to their residents. This can be achieved through intergovernmental agreements that allow towns to share the costs of essential services such as public safety, road maintenance, and water & sewer infrastructure. Moreover, cost-sharing and collaboration can promote efficiency and reduce redundancy in service delivery, leading to cost savings for taxpayers. However, this approach requires a willingness to collaborate and a shared sense of responsibility among towns, which may not always be present.

One challenge facing Wisconsin's local government funding system is the state's revenue caps,

which limits the amount of property tax revenue that towns can collect. Revenue caps were implemented in the 1990s to limit property tax increases and provide relief to taxpayers. However, these caps have also created challenges for towns, especially those with growing populations and service demands. Therefore, a new funding system should consider revising revenue caps to provide more flexibility to towns in raising revenue. This can be achieved through a tiered system that allows towns to increase revenue based on their service demands and population growth. Revenue limits should also be adjusted for inflation to account for rising costs.

In conclusion, an equitable local government funding system in Wisconsin would require a formula-based approach that prioritizes the needs of towns based on population, socio-economic factors, and service delivery requirements. The system should also allow for flexibility in revenue-raising strategies, cost-sharing, and collaboration among towns. Revenue caps and limits should also be revised to provide more flexibility to towns in raising revenue. Achieving an equitable funding system would require a willingness to collaborate, a shared sense of responsibility, and an understanding of the challenges facing Wisconsin's local governments.

#### *Works Cited*

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