



County and Municipal Aid

The County and Municipal Aid Program, formerly called State Shared Revenues, provides aid to municipal and county governments.

Background

State revenue sharing began in 1911 when the state income tax was enacted. Under that law, 70% of the tax proceeds were paid to a taxpayer's municipality of residence and 20% were paid to a taxpayer's county of residence. This sharing of state tax proceeds provided a precedent for the sharing of other state taxes on a return-to-origins basis as they were enacted over time. Over time, dissatisfaction with the return-to-origins basis grew because more state money was being directed to localities with high per capita incomes and property values.

In 1972, the return-to-origins system was replaced with a system that distributed most of the aid funds based on some measure of need. This system, in effect from 1972 to 2001, had three general goals: (1) providing property tax relief, (2) equalizing revenue raising ability, and (3) compensating for services provided to certain utility properties exempt from property taxation.

Under the system currently in effect, the goals of property tax relief and compensation for utility property have been retained. However, the policy of equalizing revenue raising ability has been suspended except to the extent the 2012 county and municipal aid payment still reflect equalization efforts through 2001. No formula revisions occurred between 2011 and 2023. The County and Municipal Aid Program underwent significant changes under 2023 Wisconsin Act 12 and Act 19 (biennial budget) beginning with the 2024 payments.

Act 12 introduced the supplemental county and municipal aid payments, which generally provided higher aid amounts to localities that had previously received less aid under the defunct shared revenue formulas. Since 2001, certain localities around Wisconsin have experienced significant population and economic growth while still receiving lower aid payments under county and municipal aid. Historically, county and municipal aid was considered unrestricted, but Act 12 restricted supplemental county and municipal aid payment usage to law enforcement, fire protection, emergency medical services, emergency response communications, public works, and transportation—no amounts may be used for administrative services. Act 12 also included a growth factor for county and municipal aid payments that is based on the change in sales tax revenue. The county and municipal aid payment calculations for the period between 2012 and 2001 are detailed in the appendices. Below is a discussion on the most recent payment formulas.

2023 Wisconsin Act 12 and Act 19

Act 12 established the Local Government Fund, and 2023 Wisconsin Act 19 funded it with 20 percent of the estimated sales tax revenues under ss. 77.52 and 77.53. Within the local government fund are appropriations for the county and municipal aid payment and the supplemental county and municipal aid payment, along with several other accounts that were previously funded with general program revenue appropriations. Beginning with FY 2026 (2025 payments), the amount available in the Local Government Fund for the county and municipal aid payments (including supplemental payments), change by the percentage change in sales tax collections from the previous fiscal year and the immediately preceding fiscal year, as specified for that fiscal year in the summary of estimated general fund taxes prepared by the legislative fiscal bureau. For 2026 payments, the percentage change in sales tax collections applied to county and municipal aid and the supplemental county and municipal aid payments will be 3.4 percent.

County Aid:

Act 12 created the supplemental county and municipal aid payment beginning with distributions in 2024. Act 12 included 5 factors that determine the final county payment. In 2024, Act 12 distributed \$68,000,697 to counties by adding the amounts under (b), (c), and (d). In 2026, the amount will increase by 3.4 percent to \$71,930,208.01.

- (a) The first factor distributes \$50,000 to each county (\$3,600,000 in 2024) and the amounts from the following formula.

- (1) The difference between a county's actual 2021/22 levy and what their levy would have been with a minimum allowable percentage of 2 percent for 2021/22. Counties that were able to raise their levy more than 2 percent would not receive a payment from this component. In 2024, this formula totaled \$10,316,997.

All 72 counties received \$13,916,997 under the first factor for the calculations in (b) and (d).

- (b) The second factor calculated the difference between each individual county's per capita aid and the maximum per capita aid provided to a county under the same calculation.

- (1) Add each county's existing county and municipal aid payment and the amounts received under (a).
 - (2) Divide the amount calculated under (1) by the county's 2022 population.
 - (3) Determine the maximum amount for any county calculated under (2) and multiply that by 1.5.
 - (4) Divide the amount calculated under (2) by the amount calculated under (3).
 - (5) Subtract the amount calculated under (4) from 1.
 - (6) Multiply the amount calculated under (5) by an amount equal to 10 times the county's 2022 population.
 - (7) Multiply the amount calculated under (6) by a proration factor of 0.689758. The proration factor limited the distributed amount to \$50 million.

In 2024, this formula distributed \$50,000,014.99 to all 72 counties.

(c) A fourth factor ensures a minimum payment by adding the amount calculated under (b) to the county and municipal aid payment received in 2024, then dividing that amount by the county's 2022 population. If the calculated amount is less than 10, then county receives the amount of the following formula.

- (1) Multiply the county's 2022 population by 10.
- (2) Subtract amount under (1) from the total amount from (b) plus the 2024 county and municipal aid payment.

In 2024, 3 counties received \$509,277.

(d) The fifth factor first divides the payment under (b) by the 2024 county and municipal aid payment. If the amount is less than 5, then the county shall receive the amount of the following formula.

- (1) Divide the 2024 county and municipal aid payment by the amount received under (a).
- (2) Divide the amount under (1) by 169.943.
- (3) Multiply the amount under (2) by \$17,490,600.

In 2024, the formula distributed \$17,491,406 to 61 counties.

Municipal Aid:

The municipal payments under Act 12 are based on municipal populations. The Act 12 formula divides municipalities into different population categories: (a) municipalities with population under 5,000, (b) municipalities with populations between 5,000 and 30,000, and (c) municipalities with populations between 30,000 and 110,000, (d) municipalities with populations between 30,000 and 50,000, and (e) municipalities with populations over 110,000. In 2024, the total municipal supplemental aid distribution will be \$206,865,400. For 2026, the municipal supplemental distribution increased by 3.4 percent to \$218,819,391.60.

(a) Municipalities with populations under 5,000, would receive the greater of 10 percent of their current law county and municipal aid payment, or the amount under the following formula:

- (1) Multiply the municipality's 2022 population by 16.813.
- (2) Multiply the municipality's 2022 population squared by 0.00001052.
- (3) Add the amount calculated under (1) to \$30,000 and subtract the amount calculated under (2).

For 2024, this formula will distribute \$87,093,917 to 1,660 municipalities.

(b) Municipalities with populations of at least 5,000 and not more than 30,000 receive the greater of 20 percent of their current law county and municipal aid payment or the following formula:

- (1) Multiply the municipality' 2022 population by 0.00001659.
- (2) Subtract the amount under (1) from 14.5.
- (3) Multiply the municipality's 2022 population by the amount under (2).

- (4) Add the amount determined under (3) to 25,700

For 2024, this formula will distribute \$40,866,628 to 161 municipalities.

(b1) Act 12 distributed an additional \$15.0 million to municipalities with a population of at least 5,000 and not more than 30,000 on a per capita basis with the following formula.

- (1) Divide the municipality's 2022 population by the sum of the population of all municipalities.
- (2) Multiply the amount under (5) by \$15,000,000.

In 2024, \$14,948,457 will be distributed to 161 municipalities. The difference between the allocated amount was attributed to the dissolution of the Town of Madison. The total distribution for municipalities with populations of at least 5,000 and not more than 30,000 will be \$55,815,073.

(c) Municipalities with populations of at least 30,000 and not more than 110,000 receive the greater of 20 percent of their current law county and municipal aid payment or the following formula:

- (1) Multiply the municipality' 2022 population by 0.00001659.
- (2) Subtract the amount under (1) from 14.5.
- (3) Multiply the municipality's 2022 population by the amount under (2).
- (4) Add the amount determined under (3) to 25,700

In 2024, \$34,253,184 will be distributed to 25 municipalities.

(d) Municipalities with populations of at least 30,000 and not more than 50,000 receive an additional per capita basis payment using the following formula.

- (1) Divide the municipality's 2022 population by the sum of the population of all municipalities.
- (2) Multiply the amount under (5) by \$5,000,000.

In 2024, \$5,000,002 will be distributed to 14 municipalities.

(e) Municipalities with a population in 2022 of 110,000 or more received the greater of 10 percent of their current law county and municipal aid payment or the following formula:

- (1) Multiply the municipality' 2022 population by 0.00001659.
- (2) Subtract the amount under (1) from 14.5.
- (3) Multiply the municipality's 2022 population by the amount under (2).
- (4) Add the amount determined under (3) to 25,700

In 2024, \$24,528,981 will be distributed to 2 municipalities.

2019 Wisconsin Act 19

Beginning with distributions in 2021, a city, village, town, or county may seek reimbursement for qualifying health insurance premiums paid in the previous calendar year on the behalf of a

surviving spouse or dependent children of a firefighter, law enforcement officer, or emergency medical service practitioner who dies in the line of duty. The approved reimbursements are added to a political subdivision's county and municipal aid payment, while all other county and municipal aid payments are reduced to fund the reimbursements. The calculations using county and municipal aid payments used the amounts prior to any Act 19 adjustments.

Payment Schedule

Using 2026 payments as an example: (a) On September 15, 2025, municipalities and counties were sent notices of their estimated payment for calendar year 2026. This estimate is referred to as the original estimate. (b) On the fourth Monday in July 2026, 15% of original estimate will be paid. (c) On the third Monday in November 2026, the payment will be re-estimated to reflect any corrections to the data used to calculate the original estimate. The difference between this re-estimated amount and the amount paid in July 2026 will be paid. (d) On the third Monday in November 2027, the payment is re-cast, or finalized, to reflect any further corrections to the data used to calculate the payment. Any changes are reflected in the payments made at this time. No further changes are made after the re-cast.

Payment Totals

The county and municipal aid payments below represent gross amounts. Certain deductions occur to the gross payments as dictated by current law. The total payments are for the following years:

Item:	2023	2024	2025	2026 (est.)
<u>Municipal:</u>				
Supplemental Aid	0	206,865,400	211,623,300	218,819,400
Base Aid	630,429,302	630,435,740	644,944,800	666,873,000
Sub-Total	630,429,302	837,301,139	856,568,100	885,692,400
<u>County:</u>				
Supplemental Aid	0	68,000,697	69,564,700	71,930,200
Base Aid	122,646,413	122,639,976	125,451,600	129,716,500
Sub-Total	122,646,413	190,640,673	195,016,300	201,646,700
Total Payments	753,075,715	1,027,941,813	1,051,584,400	1,087,339,100

APPENDIX A: County and Municipal Aid Calculations Between 2012 and 2001

County and Municipal Aid Payments in 2012

Payments in 2012 were calculated as follows:

1. *Base payment - counties:* This payment was set at the total payment in 2011 (excluding the utility payment) minus \$29,086,600 (about 19.17%). The reduction for an individual county was equal to the lesser of (a) an amount equal to about \$8.77 times the county's population, (b) 25% of the prior year's base payment, or (c) 0.15 mills on the county's equalized value.
2. *Base payment - municipalities:* This payment was set at the total payment in 2011 (excluding the utility payment) minus \$47,663,400 (about 7.03%). The reduction for an individual municipality was calculated as discussed below:

For municipalities with a population of less than 2,500:

Initial reduction = $\$12.05 \times \text{Population} \times (\text{Population}/2,500)$.

Maximum reduction = lesser of 15% (for cities) or 25% (for towns and villages) of the prior year base payment or 0.10 mills on the municipality's equalized value.

For municipalities with a population of 2,500 to 9,999:

Initial reduction = $\$12.05 \times \text{Population} \times ((\text{Population} - 2,500)/7,500)$ plus 0.10 mills on the municipality's equalized value.

Maximum reduction = lesser of 15% (for cities) or 25% (for towns and villages) of the prior year base payment or 0.15 mills on the municipality's equalized value.

For municipalities with a population of 10,000 to 49,999:

Initial reduction = $\$12.05 \times \text{Population} \times ((\text{Population} - 10,000) / 40,000)$ plus 0.15 mills on the municipality's equalized value.

Maximum reduction = lesser of 15% (for cities) or 25% (for towns and villages) of the prior year base payment or 0.25 mills on the municipality's equalized value.

For municipalities with a population of 50,000 to 109,999:

Initial reduction = $\$12.05 \times \text{Population} \times ((\text{Population} - 50,000) / 60,000)$ plus 0.25 mills on the municipality's equalized value.

Maximum reduction = lesser of 15% (no villages or towns are in this population class) of the prior year base payment or 0.30 mills on the municipality's equalized value.

For municipalities with a population of 110,000 or more:

Initial reduction = $\$12.05 \times \text{Population}$ plus 0.30 mills on the municipality's equalized value.

Maximum reduction = lesser of 25% of the prior year base payment or 0.35 mills on the municipality's equalized value.

County and Municipal Aid Payments in 2011

The payments in 2011 were equal to the amount paid in 2010.

County and Municipal Aid Payments in 2010

Payments for 2010 were calculated as follows:

1. *Base payment - counties:* This payment was set at the total payment in 2009 (excluding the utility payment) minus \$5,483,704 (about 3.488%). Payment reductions were allocated so that no county's payment reduction exceeded 15% of its 2009 payment. The reductions were allocated as follows: (a) On the basis of each county's proportionate share of the statewide total equalized value (TIF in) for 2009, resulting in a reduction of \$3,733,916. (b) The remaining \$1,727,788 was allocated to those counties not at the 15% limit based on county populations for 2009 (a reduction of about \$0.3044 per capita).
2. *Base payment - municipalities:* This payment was set at the total payment in 2009 (excluding the utility payment) minus \$24,420,905 (about 3.478%). Payment reductions were allocated so that no municipality's payment reduction exceeded 15% of its 2009 payment. The reductions were allocated as follows: (a) On the basis of each municipality's proportionate share of the statewide total equalized value (TIF in) for 2009, resulting in a reduction of \$13,871,581. (b) The remaining \$10,613,324 was allocated to those municipalities not at the 15% limit based on municipal populations for 2009 (a reduction of about \$1.8701 per capita).

County and Municipal Aid Payments in 2005 to 2009

Payments from 2005 to 2009 were equal to the amount paid in 2004 after all adjustments.

County and Municipal Aid Payments in 2004

Payments in 2004 were calculated as follows:

1. *Base payment - counties:* This payment was based on the total payment in 2003 excluding the utility payment. From this amount, \$20 million was subtracted on a per capita basis (about \$3.64 using DOA population estimates for 2003).
2. *Base payment - municipalities:* This payment was based on the total payment in 2003 plus the small municipalities shared revenue program payment (see Appendix A) and excluding what the 2003 utility payment would have been had the 3-part utility payment formula been used. From this amount, two subtractions were made: (a) \$20 million applied on a per capita basis (about \$3.64 using DOA population estimates for 2003), and (b) \$50 million applied on a per capita basis (about \$12.78 using DOA population estimates for 2003), but limited to no more than 15.68513% of the payment remaining after the initial \$20 million reduction.
3. *2003 Act 164 adjustment - municipalities:* This adjustment assisted those municipalities where new power plants were built in 2002 and 2003, the years when the municipal utility payment formula was suspended. Under the adjustment, the initial base payment (as discussed above) included no reduction for the 2003 utility payment if (a) the utility payment in 2001 was less than 25% of the total shared revenue payment, and (b) the utility payment in 2004 was more than 75% of the county and municipal aid payment before this adjustment. Two municipalities benefited: the Town of Quincy in Adams County (\$20,660) and the Village of Combined Locks in Outagamie County (\$262,183). The adjustment was funded by reducing payments to all other municipalities by about 0.0403%.

County and Municipal Aid Payments in 2002 and 2003

For municipalities, the shared revenue formulas were suspended in both 2002 and 2003. The payment for each municipality in 2002 was 101% of the total payments for 2001. The payment in 2003 was 101% of the payment made in 2002.

For counties, the shared revenue formulas remained in effect. For aidable revenues aid payments, the standardized value per capita was \$56,047 for 2002 payments and \$58,367 for 2003 payments. The county mandate relief payments totaled \$20,971,400 in 2002 and \$21,181,100 in 2003 (about \$3.88 per capita for both years). In addition, beginning in 2002, any county organized in 1846 or 1847 whose 1990 population was between 16,000 and 17,000 (Lafayette) was exempted from the maximum allowable increase portion of the minimum-maximum adjustment.

Shared Revenue Payments in 2001

In 2001, the shared revenue program consisted of five separate payments:

1. *Per Capita*: Each municipality received about \$26.71 per resident, based on pre-Census 2000 population estimates from the Wisconsin Department of Administration (DOA), as of January 1, 2001. Counties did not qualify for this payment, but instead received a per capita payment under the county mandate relief payment (Item #5, below).
2. *Utility*: This payment had four sub-components: (a) A payment at a rate of 9 mills on the net book value (original cost less depreciation) of qualifying property (production plants, substations, and general structures) of electric and gas utilities. For property in a town, the town was paid 3 mills and the county was paid 6 mills. For property in a village or city, the municipality was paid 6 mills and the county was paid 3 mills. For payment purposes, the total net book value could not exceed \$125 million per utility company or for a jointly owned power plant. (b) A payment of \$50,000 each to a municipality or county where spent nuclear fuel was stored or, if the fuel was stored within 1 mile of another municipality, the municipality with the storage facility was paid \$40,000 and the nearby municipality was paid \$10,000. (c) A minimum payment of \$75,000 for a municipality or county with a generating plant with a rated capacity of 200 megawatts or more. (d) Total payments under the 9 mills on net book value payment could not exceed \$300 per capita for municipalities and \$100 per capita for counties. The spent nuclear fuel and minimum payments were not affected by the per capita limit. (A more complete discussion of the utility payment can be found in a separate paper.)
3. *Aidable Revenues*: This payment was intended to equalize the property tax rate needed to finance a given level of per capita spending. For municipalities, the payment was calculated as follows:

$$\text{Municipal Aidable Revenues Payment} = \text{3-Year Average of Local Purpose Revenues} \times \text{Tax Base Weight}$$

For counties, the payment was calculated as follows:

$$\text{County Aidable Revenues Payment} = \text{3-Year Average of Local Purpose Revenues} \times 85\% \times \text{Tax Base Weight}$$

Local purpose revenues (LPR) included the entity's own-purpose property tax levy, certain user fees, and the aidable revenues payment. For 2001 payments, LPR data for 1997, 1998, and 1999 were used.

The tax base weight measured the extent to which an entity's per capita value fell below some standardized value. It equaled the greater of zero or the amount calculated as follows:

$$\text{Tax Base Weight} = 1 - \frac{\text{Local equalized value per person}}{\text{Standardized value per person}}$$

Municipal calculations were based on the total equalized value of taxable property plus the value of tax-exempt computer property and minus the value of manufacturing real property. County calculations were based on the total equalized value of taxable property plus the value of tax-exempt computer property and minus any value increments (if positive) in tax incremental districts. Municipal and county calculations were made separately. For 2001 payments, equalized values and populations (using DOA pre-Census 2000 estimates) for 2000 were used. The standardized value per person was set at the level which distributed all available funds. For 2001 payments, the standardized values per person were \$53,256 for municipalities and \$52,634 for counties.

4. *Minimum-maximum adjustment.* The total payment (excluding utility payments) could not be less than 95% of the prior year's payment (excluding utility payments). Minimum payments were funded by limiting growth in payments (excluding utility payments) to a maximum allowable percentage increase set at a level where total payment reductions exactly equaled total minimum payments. The adjustment for municipalities and counties were calculated separately. Counties with no incorporated municipalities (Florence and Menominee) were exempted from the maximum allowable increase.
5. *County mandate relief.* Each county received a payment of about \$3.88 per resident, based on DOA pre-Census 2000 population estimates for January 1, 2000. The total payment was \$20,763,800.

APPENDIX B: SMALL MUNICIPALITIES SHARED REVENUE

The small municipalities' shared revenue (SMSR) payment provided unrestricted aid to localities with low population and low equalized value. The payment was in effect from 1994 to 2003.

A municipality received a SMSR payment in a given year if all the following conditions were met: (a) Its prior year population was 5,000 or less, (b) Its prior year municipal-purpose property tax rate was 1 mill or more (In 2003, a municipality with an equalized value of less than \$10 million qualified if its 2001/02 municipal-purpose tax rate was more than 0.85 mills.), and (c) its equalized value (excluding manufacturing realty but including exempt computers) in the prior year was less than \$40 million. However, this limit did not apply if a municipality had a land area of more than 54 square miles. For payment calculation purposes, if such a municipality had an equalized value of more than \$40 million, the value was set at \$40 million.

The SMSR payment was determined in four steps:

1. *Base Entitlement.* The base entitlement was the greater of \$10 per capita or the following amount:

$$\text{Base Entitlement} = \$55 - \frac{(\text{Equalized value})}{(\$40,000,000)} \times \$ 55 \times \text{Population}$$

2. *Minimum entitlement.* The minimum entitlement was the greater of \$0 or the following amount:

$$\text{Minimum Entitlement} = \$18,000 - \frac{(\text{Equalized value})}{(\$1,000,000)} \times \$ 720$$

3. *Maximum entitlement.* The maximum entitlement was the greater of \$10,000 or the following amount:

$$\text{Maximum Entitlement} = \$45,000 - \frac{(\text{Equalized value})}{(\$1,000,000)} \times \$1,750$$

4. *Actual entitlements:* The above three entitlements were compared. The base entitlement was used except as follows: (a) if the base was less than the minimum entitlement, the minimum entitlement was used, or (b) if the base was greater than the maximum entitlement, the maximum entitlement was used.

Total payments in 2003 were \$11,221,100. When determining actual payments, entitlements were prorated to fully allocate the available funds. For payments in 2003, entitlements were prorated at 145.64%.