



Expenditure Restraint Incentive Program

2023 Wisconsin Act 19 amended the program title from the expenditure restraint program to the expenditure restraint incentive program (ERP). ERP provides unrestricted aid to qualifying municipalities that limit growth in spending. The payment is in addition to aid paid under the county and municipal aid program. Counties do not qualify for payments under this program.

Originally called the tax rate disparity program, the ERP was enacted in 1990 in response to criticism that the state shared revenue program for municipalities encouraged municipalities to increase spending (at the time, aid payments were partially dependent on spending). The ERP was meant to break this connection by targeting aid to high-tax rate communities that restrain spending growth. A municipality originally qualified for the payment if its municipal-purpose tax rate was greater than the state average municipal tax rate, its equalized value per capita was less than 120% of the state average, and its operating budget had grown by no more than inflation plus 3%.

In 1994, the equalized value per capita limitation was removed, the qualifying tax rate was set at five mills, and the operating budget restraint was replaced with a general fund restraint. Municipalities now qualify for a payment if their municipal-purpose tax rate is in excess of five mills and if they limit their general fund budget increase to no more than inflation plus a growth factor.

Since 2003, funding for the program has been set at \$58,145,700.

Eligibility

A municipality qualifies for an ERP payment if it meets the following two conditions:

1. *Municipal-purpose property tax rate:* The property tax rate must be at least five mills. The tax rate is calculated by dividing the total levy for municipal purposes excluding tax incremental finance (TIF) levies by the total equalized value excluding TIF incremental value.
2. *Municipal budget:* the municipal budget for the year before the payment has not increased over the prior year's budget by more than an inflation factor plus a valuation factor.

For payment purposes, municipal budget is defined as general fund expenditures excluding principal and interest on long-term debt, recycling fees paid for solid waste disposal, revenues shared with other local governments under local revenue sharing agreements, and unreimbursed expenditures related to an emergency declared by the Governor. An adjustment to the municipal budget is also made for the cost of any service transferred to or from another governmental entity.

The inflation factor for 2026 payment equals the average annual percentage change in the U.S. consumer price index for all urban consumers as determined by the U. S. Department of Labor for the 12-month period from September 1 to August 31 prior to the year for which the municipal budget is determined. For payments in 2013 and thereafter, the inflation factor may

not be less than 0%.

The valuation factor equals 60% of the percentage change in the municipality's equalized value due to net new construction (new improvements minus improvements removed), but no more than 2% and no less than 0%.

Payments

Payments are made on the 4th Monday in July. A qualifying municipality's payment is calculated as follows:

1. Subtract 5 mills from the municipal-purpose property tax rate.
2. Multiply the amount from (a) by the municipality's equalized value including TIF incremental value.
3. Divide the amount in (b) by the state total for all the amounts calculated in (b).
4. Multiply the amount in (c) by the funds appropriated for the ERP payment.

Below is an example payment for the City of Wausau's 2026 estimated ERP payment.

| | | |
|---|-----|------------------|
| Step 1: Subtract 5 mills from the municipal purpose tax rate | | |
| Municipal purpose tax levy for 2024/25: This is the total municipal levy excluding any tax incremental finance (TIF) district incremental levies | (A) | \$ 32,277,020 |
| Equalized value (excluding TIF incremental value) | (B) | \$ 3,785,126,200 |
| Municipal-purpose property tax rate (A/B) | (C) | 0.008527330 |
| Municipal-purpose property tax rate minus 5 mills | (D) | 0.003527330 |
| Step 2: Multiply the levy in excess of 5 mills by the "TIF in" equalized value | | |
| Equalized value (including TIF incremental value) | (E) | \$ 4,387,427,300 |
| Total municipal levy in excess of 5 mills (including portion of TIF incremental tax levy attributable to the municipal-purpose tax levy) (D * E) | (F) | 15,475,904 |
| Step 3: Divide the above amount by the state total | | |
| Statewide total of municipal levies in excess of 5 mills for all municipalities qualifying for an expenditure restraint payment | (G) | 667,318,968 |
| Wausau's share of the state total (F/G) | (H) | 0.023191165 |
| Step 4: Multiply the above amount by the total funds appropriated | | |
| Amount appropriated for expenditure restraint payments in 2024 | (I) | \$ 58,145,700.00 |
| Amount payable to the City of Wausau (H * I) | (J) | \$ 1,348,466.49 |

2026 Payment

A municipality qualified for a payment in 2026 if its municipal-purpose property tax rate for 2024 (payable 2025) exceeded 5 mills and its municipal budget for 2025 increased over its municipal budget for 2024 by less than 3.20% (the inflation factor for the 12-month period ending August 31, 2024) plus its valuation factor (based on net new construction during 2023 for purposes of establishing 2024 equalized values). A final adjustment to these payments will be made in November 2026. The ERP generally does not have any recast adjustments. 217 municipalities will

receive a payment for 2026. 2017 Wisconsin Act 59 allocated an additional \$583,000 to the Village of Maine and the City of Janesville for distributions beginning in 2018 and ending in 2022. The table below shows ERP payments by town, village, and city since 1994.

EXPENDITURE RESTRAINT PAYMENT, 1994 – 2026

| Year | Towns | | Villages | | Cities | | State Total | |
|------|------------|-----------|------------|-------------|------------|--------------|-------------|------------|
| | Recipients | Payment | Recipients | Payment | Recipients | Payment | Recipients | Payment |
| 1994 | 65 | \$310,721 | 82 | \$1,976,087 | 93 | \$39,713,191 | 240 | 42,000,000 |
| 1995 | 37 | 213,452 | 95 | 3,529,755 | 117 | 44,256,792 | 249 | 48,000,000 |
| 1996 | 40 | 307,119 | 95 | 3,362,561 | 119 | 44,330,319 | 254 | 48,000,000 |
| 1997 | 58 | 531,480 | 138 | 3,939,556 | 116 | 43,528,963 | 312 | 48,000,000 |
| 1998 | 49 | 537,612 | 112 | 3,788,113 | 128 | 43,674,274 | 289 | 48,000,000 |
| 1999 | 47 | 570,785 | 110 | 3,916,732 | 135 | 43,512,482 | 292 | 48,000,000 |
| 2000 | 42 | 609,629 | 104 | 4,682,275 | 135 | 51,708,094 | 281 | 57,000,000 |
| 2001 | 30 | 844,429 | 105 | 5,019,086 | 135 | 51,136,483 | 270 | 57,000,000 |
| 2002 | 39 | 768,297 | 128 | 5,147,973 | 136 | 51,653,728 | 303 | 57,570,000 |
| 2003 | 30 | 724,827 | 122 | 4,985,806 | 144 | 52,435,065 | 296 | 58,145,700 |
| 2004 | 27 | 420,325 | 134 | 5,482,828 | 145 | 52,242,546 | 306 | 58,145,700 |
| 2005 | 33 | 461,094 | 152 | 5,198,193 | 152 | 52,486,411 | 337 | 58,145,700 |
| 2006 | 36 | 239,473 | 133 | 5,338,424 | 146 | 52,567,801 | 315 | 58,145,700 |
| 2007 | 24 | 144,689 | 147 | 4,869,596 | 153 | 53,104,414 | 324 | 58,145,700 |
| 2008 | 27 | 178,396 | 136 | 4,817,503 | 154 | 53,149,799 | 324 | 58,145,700 |
| 2009 | 13 | 146,056 | 120 | 4,352,872 | 141 | 53,646,770 | 274 | 58,145,700 |
| 2010 | 14 | 138,517 | 149 | 4,876,499 | 157 | 53,130,682 | 320 | 58,145,700 |
| 2011 | 15 | 176,545 | 153 | 5,017,072 | 153 | 52,952,081 | 321 | 58,145,700 |
| 2012 | 18 | 176,312 | 159 | 5,034,772 | 160 | 52,934,613 | 337 | 58,145,700 |
| 2013 | 23 | 162,949 | 185 | 5,735,111 | 164 | 52,934,937 | 372 | 58,145,700 |
| 2014 | 29 | 239,214 | 171 | 5,811,944 | 159 | 52,094,539 | 359 | 58,145,700 |
| 2015 | 28 | 192,230 | 168 | 5,762,632 | 153 | 52,190,835 | 349 | 58,145,700 |
| 2016 | 24 | 170,290 | 178 | 5,814,276 | 156 | 52,161,132 | 358 | 58,145,700 |
| 2017 | 23 | 186,894 | 151 | 5,586,889 | 136 | 52,371,915 | 310 | 58,145,700 |
| 2018 | 29 | 168,850 | 156 | 4,820,460 | 143 | 53,156,390 | 328 | 58,145,700 |
| 2019 | 18 | 91,401 | 167 | 4,817,163 | 145 | 53,237,135 | 330 | 58,145,700 |
| 2020 | 22 | 202,428 | 157 | 5,109,701 | 140 | 52,833,570 | 319 | 58,145,700 |
| 2021 | 16 | 75,679 | 157 | 4,850,170 | 150 | 53,219,851 | 323 | 58,145,700 |
| 2022 | 27 | 171,282 | 150 | 4,975,605 | 143 | 52,998,812 | 320 | 58,145,700 |
| 2023 | 16 | 65,474 | 147 | 4,995,746 | 140 | 53,084,479 | 303 | 58,145,700 |
| 2024 | 12 | 72,047 | 158 | 4,995,243 | 150 | 53,078,410 | 320 | 58,145,700 |
| 2025 | 12 | 72,047 | 158 | 4,995,243 | 150 | 53,078,410 | 320 | 58,145,700 |
| 2026 | 3 | 33,668 | 96 | 3,896,686 | 118 | 54,215,346 | 217 | 58,145,700 |