Innovation Grant Program Overview

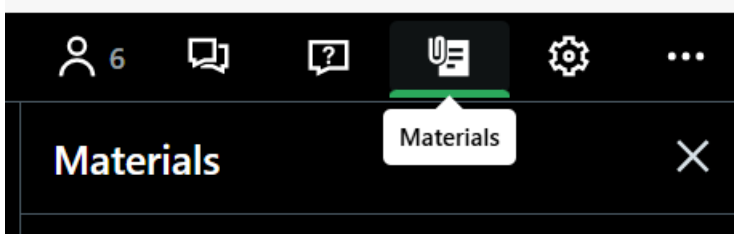
Second round application and compliance guidance for local government officials

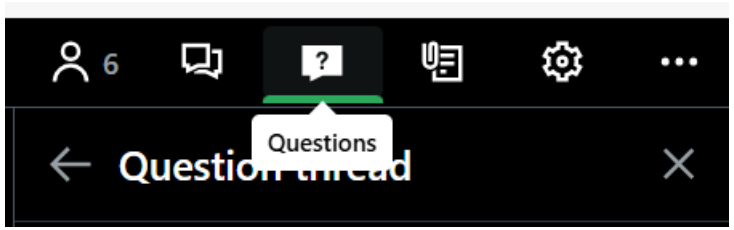
Wisconsin Department of Revenue | State and Local Finance Division

Innovation Grant Lunch & Learn Webinar | September 29, 2026, 12 – 1p.m. (CST)

Webinar Information

- On the top right of the screen:
  - Download today's presentation from the 'Materials' section
  - To ask a question – select 'Questions' then enter and submit your question at the bottom of the section
- We'll respond to your questions during the webinar
- All Q&A and the recorded webinar – posted on our website within a week
- After webinar – take survey





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Innovation Grant – Core Overview

- **Program authority –** created under 2023 WI Act 12 (sec. 79.038(1), Wis. Stats.) and modified under 2025 WI Act 15
- **Purpose –** provides state funding to counties, municipalities, and tribes that implement an innovation plan to completely transfer one or more allowable services/duties to another entity
- **Primary objective –** reward long-term local government collaboration, service consolidation, and operational efficiency across Wisconsin

Funding Availability and Award Limits

- **Total statewide allocation:** $300 million total fund created to support local government innovation transfers
- **Annual recipient cap:** A county, municipality, or tribe may receive up to $10 million each year in grant distributions (sec. 79.038(1)(d)2., Wis. Stats.)
- **Funding status:** Over $72 million in potential 5-year awards allocated during the first application round, with nearly $14.5 million paid out in initial payments (June 2026)
- **Current remaining funds:** Nearly $228 million remains available for future awards

Award Distributions

- **Payment duration –** grants are paid in up to five annual installments during the eligible payment window (July 1, 2025 - June 30, 2030)
  - There are four Innovation Grant installment payments remaining:
    - **FY27:** July 1, 2026 – June 30, 2027
    - **FY28:** July 1, 2027 – June 30, 2028
    - **FY29:** July 1, 2028 – June 30, 2029
    - **FY30:** July 1, 2029 – June 30, 2030
  - **FY 2027 eligibility note –** to receive a 2027 fiscal year payment (July 1, 2026 – June 30, 2027), the effective transfer date cannot be after June 30, 2027

Award Distributions

- **Use of grant proceeds**
  - **Funds are unrestricted –** may be spent on any local governing body-approved project/activity
  - **Levy limit guidance –** DOR strongly advises against using one-time grant awards for ongoing operational/personnel expenses that could cause future levy limit deficits

Application Phases

- **Second round application phases**
  - **Phase 1 –** applications submitted Oct 1 - Dec 31, 2026
    - » First payment target by March 31, 2027
  - **Phase 2 –** applications submitted Jan 1 - March 31, 2027
    - » First payment target by June 30, 2027
- **How to apply –** county/municipal clerks, and tribal representatives or their designees e-file Form SL-405 in MyDORGov
- **Application rule –** if the effective date of the transfer is in a future calendar year, the applicant must wait until that calendar year to submit Form SL-405

Innovation Plans

- Counties, municipalities, and tribes may apply for innovation grants to be used to implement "innovation plans"
  - **Innovation plan** – a signed agreement or contract submitted by a county, municipality, or tribe to transfer services or duties to a county, municipality, tribe, nonprofit organization, or private entity
  - **Copy of the contract/agreement –** must be submitted to DOR, signed by the transferor and transferee, stating one or more allowable service/duty is being transferred with the signature date on or after the November 13, 2024

Innovation Plans

- Transferor must have provided the service/duty being transferred for the calendar year prior to the transfer
- Any contract amendment or addendum must be signed by representatives from all transferor and transferee entities included in the original contract
- A renewal of a prior contract that was in effect prior to November 13, 2024 is not allowed for the Innovation Grant
  - Restructuring arrangements that return to a prior provider are treated as renewals and are disqualified

Eligible Services and Duties

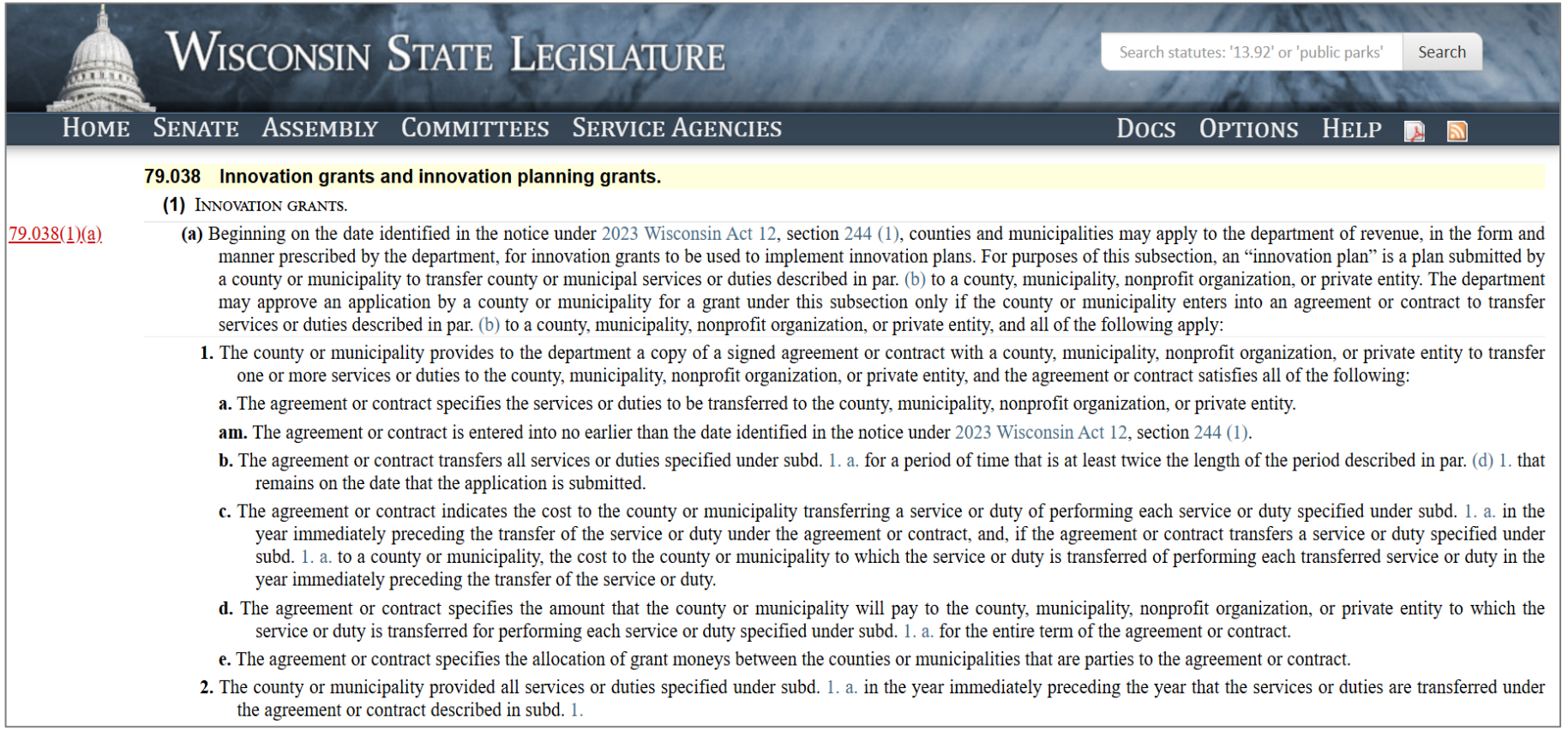
- **Services and duties** (sec. 79.038(1)(b), Wis. Stats.)

a. Public safety, including law enforcement, but not including jails
b. Fire protection
c. Emergency services
d. Courts
e. Jails
f. Training
g. Communications
h. Information technology
i. Administration, including staffing, payroll, and human resources
j. Public works
k. Economic development and tourism
l. Public health
m. Housing, planning, and zoning
n. Parks and recreation

- **Sec. 79.038(1)(1)1** – DOR must give priority to innovation plans that attempt to realize savings for public safety, fire protection, and emergency services while maintaining appropriate service level

Eligibility Requirements

Innovation plan signed agreement or contract must satisfy all the following:



WISCONSIN STATE LEGISLATURE

Search statutes: '13.92' or 'public parks' Search

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79.038 Innovation grants and innovation planning grants.

(1) INNOVATION GRANTS.

79.038(1)(a)

(a) Beginning on the date identified in the notice under 2023 Wisconsin Act 12, section 244 (1), counties and municipalities may apply to the department of revenue, in the form and manner prescribed by the department, for innovation grants to be used to implement innovation plans. For purposes of this subsection, an "innovation plan" is a plan submitted by a county or municipality to transfer county or municipal services or duties described in par. (b) to a county, municipality, nonprofit organization, or private entity. The department may approve an application by a county or municipality for a grant under this subsection only if the county or municipality enters into an agreement or contract to transfer services or duties described in par. (b) to a county, municipality, nonprofit organization, or private entity, and all of the following apply:

1. The county or municipality provides to the department a copy of a signed agreement or contract with a county, municipality, nonprofit organization, or private entity to transfer one or more services or duties to the county, municipality, nonprofit organization, or private entity, and the agreement or contract satisfies all of the following:

a. The agreement or contract specifies the services or duties to be transferred to the county, municipality, nonprofit organization, or private entity.

am. The agreement or contract is entered into no earlier than the date identified in the notice under 2023 Wisconsin Act 12, section 244 (1).

b. The agreement or contract transfers all services or duties specified under subd. 1. a. for a period of time that is at least twice the length of the period described in par. (d) 1. that remains on the date that the application is submitted.

c. The agreement or contract indicates the cost to the county or municipality transferring a service or duty of performing each service or duty specified under subd. 1. a. in the year immediately preceding the transfer of the service or duty under the agreement or contract, and, if the agreement or contract transfers a service or duty specified under subd. 1. a. to a county or municipality, the cost to the county or municipality to which the service or duty is transferred of performing each transferred service or duty in the year immediately preceding the transfer of the service or duty.

d. The agreement or contract specifies the amount that the county or municipality will pay to the county, municipality, nonprofit organization, or private entity to which the service or duty is transferred for performing each service or duty specified under subd. 1. a. for the entire term of the agreement or contract.

e. The agreement or contract specifies the allocation of grant moneys between the counties or municipalities that are parties to the agreement or contract.

2. The county or municipality provided all services or duties specified under subd. 1. a. in the year immediately preceding the year that the services or duties are transferred under the agreement or contract described in subd. 1.

Eligibility Requirements

- **Signed agreement or contract must satisfy all the following:**
  - Agreement or contract specifies the services or duties to be transferred to the county, municipality, nonprofit organization, or private entity. The agreement or contract is entered into (signed) no earlier than November 13, 2024.
  - Agreement or contract transfers all services or duties for a period of at least three years

Eligibility Requirements

- **Signed agreement or contract must satisfy all the following:**
  - **Transferor –** agreement or contract indicates the cost to the county, municipality, or tribe transferring a service or duty of performing each service or duty in the calendar year immediately preceding the transfer
    - » Transferor must always be a county, municipality, or tribe.
  - **Transferee –** if the agreement or contract transfers a service or duty to another county, municipality, or tribe, then the county, municipality, or tribe which receives the service or duty must include their costs for the calendar year immediately preceding the transfer
    - » This does not apply if the transferee is a non-profit organization or a private entity
    - » Transferee may be a county, municipality, tribe, non-profit organization or a private entity
  - **Volunteer calculations (Fire/EMS) –** fair market compensation and median hourly wages are included in cost calculations for volunteer firefighter/EMT services

Eligibility Requirements

- **Signed agreement or contract must satisfy all the following:**
  - Agreement or contract specifies the amount the county, municipality, or tribe will pay to the county, municipality, tribe, nonprofit organization, or private entity to which the service or duty is transferred for performing each service or duty for the entire term of the agreement or contract
  - Agreement or contract specifies the allocation of grant moneys between the counties or municipalities that are parties to the agreement or contract
  - **For public safety, fire protection, and EMS –** a stipulation that the service or duty being transferred will maintain the appropriate level of such service

Award Calculations

- Annual distribution is equal to 25% of the total costs specified for the county, municipality, or tribe transferring services or duties for performing the transferred service or duty in the year immediately preceding the transfer
- Only the transferor's total costs in the calendar year prior to transferring the service will be considered when calculating 25% for the annual distribution amounts

Award Calculations

Scenario 1 – Town A to City B (3-year contract)

Multiply: Town A x 25%	$75,000 x 0.25 = **$18,750**
Multiply: Annual Payment x 3	$18,750 x 3 = **$56,250**

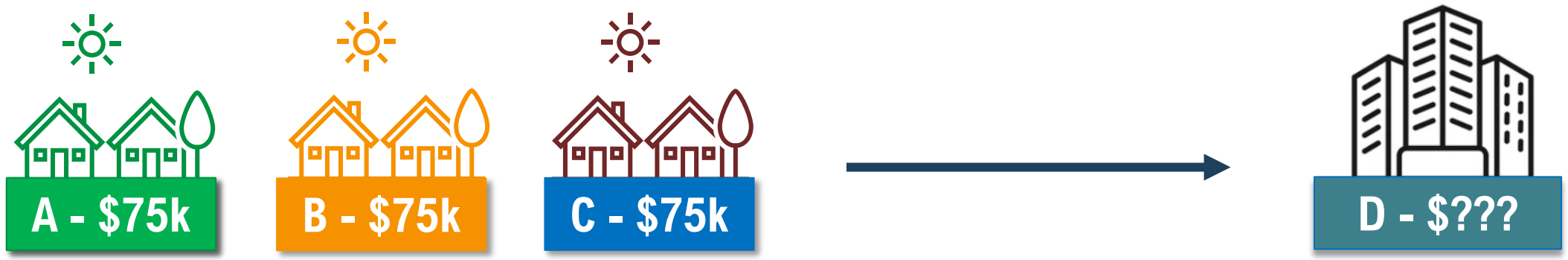
Award Calculations

Scenario 2 – Towns A, B, and C to City D (4-year contract)

Add: Town A + Town B + Town C	$75,000 + $75,000 + $75,000 = $225,000
Multiply: Total Towns x 25%	$225,000 x 0.25 = $56,250
Multiply: Annual Payment x 4	$56,250 x 4 = $225,000

Award Calculations

Scenario 3 – Towns A, B, and C to Private Entity D (4-year contract)



Add: Town A + Town B + Town C	$75,000 + $75,000 + $75,000 = $225,000
Multiply: Total Towns x 25%	$225,000 x 0.25 = $56,250
Multiply: Annual Payment x 4	$56,250 x 4 = $225,000

115% Cost Limit

- **Cost limit for transferred services – sec. (1)(d)3m, Wis. Stats.**
  - In a year that a county, municipality, or tribe is awarded a grant for an innovation plan
  - The total cost of performing the service or duty in the innovation plan's agreement or contract for all counties, municipalities, or tribes that are party to the agreement or contract
- **Cannot exceed 115% of the costs for the calendar year immediately preceding the transfer of service or duty**
  - If the cost of providing the transferred service or duty exceeds 115% of the cost of performing the duty in the calendar year prior to the transfer, DOR notifies the Wisconsin Department of Administration to **not** make a grant payment in the next year to those counties, municipalities, or tribes

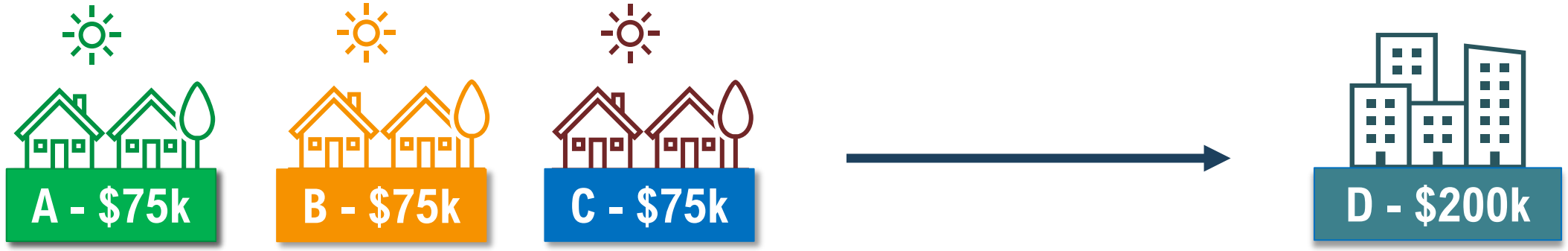
115% Cost Limit

Scenario 1 – Town A to City B (3-year contract)

Add: Town A + City B	$75,000 + $200,000 = $275,000
Multiply: Total Town & City x 115%	$275,000 x 1.15 = **$316,250**

115% Cost Limit

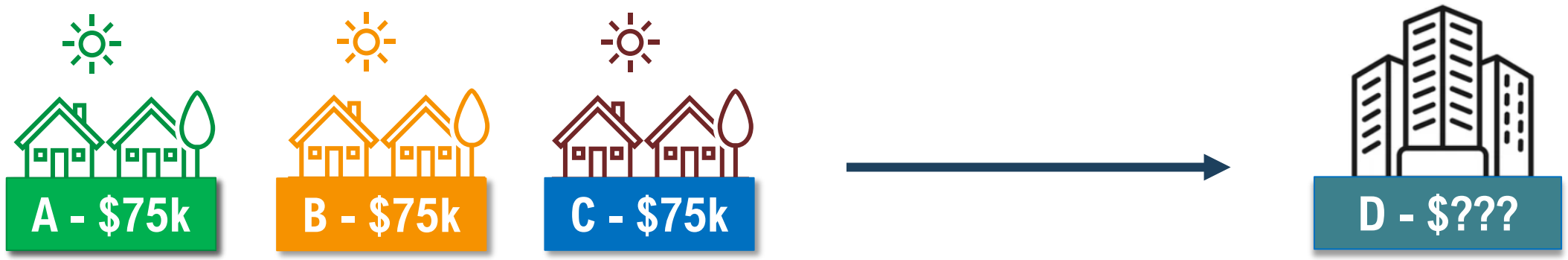
Scenario 2 – Towns A, B, C to City D (4-year contract)



Add: Town A + Town B + Town C + City D	$75,000 + $75,000 + $75,000 + $200,000 = $425,000
Multiply: Total Towns & City x 115%	$425,000 x 1.15 = **$488,750**

115% Cost Limit

Scenario 3 – Towns A, B, C to Private Entity D (4-year contract)



Add: Town A + Town B + Town C	$75,000 + $75,000 + $75,000 = $225,000
Multiply: Total Towns & City x 115%	$225,000 x 1.15 = **$258,750**

Conclusion

- **Use of grant proceeds**
  - **Funds are unrestricted –** may be spent on any local governing body-approved project/activity
  - **Levy limit guidance –** DOR strongly advises against using one-time grant awards for ongoing operational/personnel expenses that could cause future levy limit deficits

Resources

- **Available online**
  - Common questions
  - Program factsheet
  - Project examples and volunteer wage schedules
  - MyDORGov (Form SL-405)

Thanks!

Any questions?

Contact us at:

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