

Positioning the Library for a Post-Pandemic Sustainable Future

A webinar presented by Wisconsin Library Association Library Development & Legislation Committee | June 5, 2020
<https://www.youtube.com/watch?v=a9CyEWWwP20&feature=youtu.be>

Information to accompany slide 20 compiled by Pete Loeffel, Director of the Wauwatosa Public Library

Understand before being understood

Revenue impacts on Wisconsin municipalities

- Property Taxes
- Delinquent Property Tax Payments
- Reduced growth (diminished new construction)
- Charges for Services
- Fines, Forfeitures, Licenses, and Permits
- Room and Resort Taxes
- Utility Fees and other Proprietary Funds
- State Aids

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Schedule a meeting with your municipal administrator or finance officer and discuss the fiscal challenges they anticipate your city, village or town may experience during the current and coming budget years. Ask your library board president to accompany you. This conversation can then be shared with the entire library board so as to provide a big picture backdrop for crafting library 2021 and 2022 budgets. Becoming informed about your municipality's current situation in this manner will be helpful when advocating for the library's needs while also speaking to the needs of your community.

Here is a list of municipal revenue sources which may have been impacted by the 2020 pandemic:

- **Property Taxes**
 - Property tax collections are the largest source of income for Wisconsin's cities and villages, generating \$2.4 billion in 2018.
 - While all cities and villages depend heavily on property taxes, the degree of reliance does vary widely.
 - Property tax levies set later this year for taxes billed in December and collected in 2021 will be based on valuations as of January 1, 2020, which means that the impacts of diminished values will not be reflected until 2022 budgets are adopted.
 - Policymakers can choose to offset any decline in property values by raising property tax rates. Because state-imposed property tax levy limits are linked to the levy amount, there is no legal impediment preventing local policymakers from raising rates to ensure they are receiving at least the same amount of property tax levy from year to year despite a decline in values.
- **Delinquent property tax payments**
 - Many governments had received only a portion of the taxes owed for 2020, and they may have difficulty collecting some unpaid amounts.
 - Interest and penalties waived for payments after April 30 until later this year, impacting anticipated revenue.
- **Reduced growth**
 - A recession will likely slow new development in many communities. That, in turn, will restrain the ability of local officials to raise their levies to accommodate new crisis-related spending needs, assuming the state continues to link levy limits largely to new construction.

- **Charges for Services**

- Charges for services were the third largest source of general revenues for cities and villages in 2018.
- Fortunately, the largest sources of service charges appear to be less vulnerable to immediate and severe disruption from the COVID-19 crisis.
 - The three largest areas of fee-based services: garbage collection, ambulance transport, and sewage
- The biggest near-term challenge could be municipalities' ability to collect those fees as fewer individuals who are charged are able to pay them.
- For areas that rely heavily on tourism, recreation and cultural fees can comprise between nearly 10% to more than 30% of total general municipal revenues.

- **Fines, Forfeitures, Licenses, and Permits**

- Revenues collected from fines and forfeitures accounted for 1% of general city and village revenue collections in 2018, while those collected from licensing and permitting activities generated about 2.7%
- With regard to fines and forfeitures, the vast majority are derived from fines paid for municipal code and ordinance violations.
- The largest sources of municipal licensing/permitting fees are associated with building permits and inspections as well as business and occupation licenses related to activities like selling alcohol.
- While not a major source of revenue for most cities and villages, these sources stand to be impacted significantly by the current crisis.
 - With far fewer people driving and parking, the issuance of traffic and parking violations may diminish sharply; that may be the case not only while stay-at-home and social distancing restrictions remain in place, but also over the longer term (though to a lesser degree) as fewer people commute to work amid high rates of unemployment.
 - New construction and business activity will be dampened, thus reducing the number of inspections and permits.

- **Room and Resort Taxes**

- Tax collections from tourism-related activities are one of the areas that obviously stand to suffer most from the restrictions associated with the COVID-19 crisis.
- A handful of communities that are authorized to levy local sales taxes by virtue of their classification by the state as "premier resort areas" collected \$10.4 million from those taxes.
- While room and resort taxes comprise only a small proportion of total city and village revenue collections, for some communities the impact of vastly diminished collections will be substantial.

- **Utility fees** (Proprietary Funds: operations that are run more like businesses [e.g. water, sewer, and electric utilities.])

- Though in many cases the revenues in these funds will be at least relatively stable, some could take moderate to substantial hits.
- Public utilities have been directed by an emergency order of the Public Service Commission to offer deferred payment agreements to customers, not charge interest and penalties which particularly could impact cash flow for municipal-owned water utilities if large users avail themselves of that option.
- Other revenues most likely to be affected in just these funds include public charges for parking lots, ramps, and meters.

- **State Aids**

- State aid and other intergovernmental revenues were the second largest source of income for cities and villages in 2018 at \$1.2 billion, or 22%.
 - More than half of state aid (\$674 million) was from the state's shared revenue program, which is a form of aid provided to local governments that they can use at their discretion.
 - About \$224 million came from state highway and road aids, while federal aids comprised about \$95 million of the intergovernmental total.
 - While cities and villages may be concerned that their state aids will diminish in the future as the state confronts its own fiscal hardship, state aid levels have been set through the current state budget, which extends until June 30, 2021.
 - 2020 Budget repair bill LFB
 - It is not yet apparent whether state lawmakers would change current law to alter state aid amounts that were scheduled to be paid before the crisis broke.

- **Sales Taxes**

- **Interest Earnings on available cash and investments**

See also **Wisconsin Policy Forum: The Covid-19 Fiscal Fall-Out for Cities and Villages** | April 2020

<https://wispolicyforum.org/research/the-covid-19-fiscal-fall-out-for-cities-and-villages/>

- The Covid-19 Fiscal Fall-Out for Cities and Villages <https://wispolicyforum.org/research/the-covid-19-fiscal-fall-out-for-cities-and-villages/>
- The Covid-19 Fiscal Fall-Out for Counties <https://wispolicyforum.org/research/the-covid-19-fiscal-fall-out-for-counties/>