

# Vierbicher *Bulletin*

Volume 16, No. 1

Information for Municipal Officials

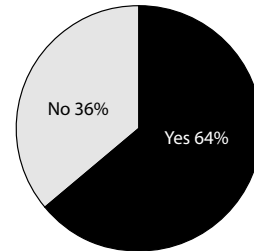
February 2006

## And The Survey Says . . .

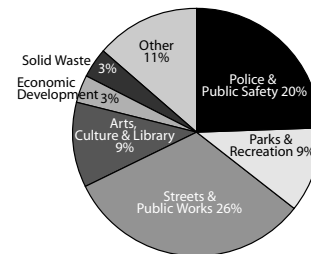
### Revenue Enhancement Survey Provides Useful Information

Having adequate tools and resources to build safe and livable communities is one of the top four issues facing municipalities across the country. This issue is even more critical in Wisconsin, due to the State budget deficit and tax freeze. In response to tightening budgets, many Wisconsin municipalities are being proactive with developing new revenue sources. To learn more about these activities, Vierbicher Associates, Inc. conducted a survey of municipalities to obtain information regarding strategies for enhancing revenue. This Bulletin reports the results of this survey.

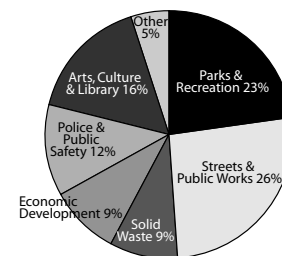
Has your community cut spending/programs due to the tax freeze?



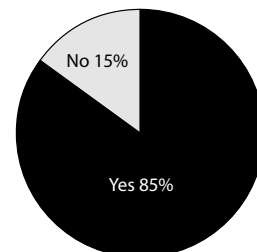
Thirty-nine percent of the communities cut spending by reducing staff. Following is a breakdown of staff reductions.



Seventy-eight percent of the communities cut spending by reducing services. Following is a breakdown of the service reductions.



As budgets have tightened over recent years, has your community increased its use of alternative sources of revenue?



#### “Top Revenue Enhancement Tools”

The following are top Revenue Enhancement Tools determined by the rank of perceived effectiveness.

- Tax Incremental Financing
- Stormwater Utilities
- Intergovernmental Cost Sharing
- Grants
- Special Assessments
- Permit Fees
- Impact Fees
- User Fees
- Room Tax

#### “Results Show Services are being cut and Use of Alternative Revenue Sources is on the Rise”

It should not be a surprise to see these results. Seventy-eight percent of municipalities have cut services as a method to reduce costs. On the revenue side, 85 percent of communities have increased the use of alternative revenue sources.

#### “TIF is Most Effective Tool”

Survey respondents identified TIF as the most effective alternative revenue source. Its effectiveness, as an alternative revenue source, is due to a number of factors including the following:

- Recent changes to the TIF law have broadened its use and provided greater flexibility.
- TIF expenditures do not count against the new levy limits imposed by the State.
- TIF stimulates new development and increases tax base, which enables municipalities to increase their local levy and generate other revenue.

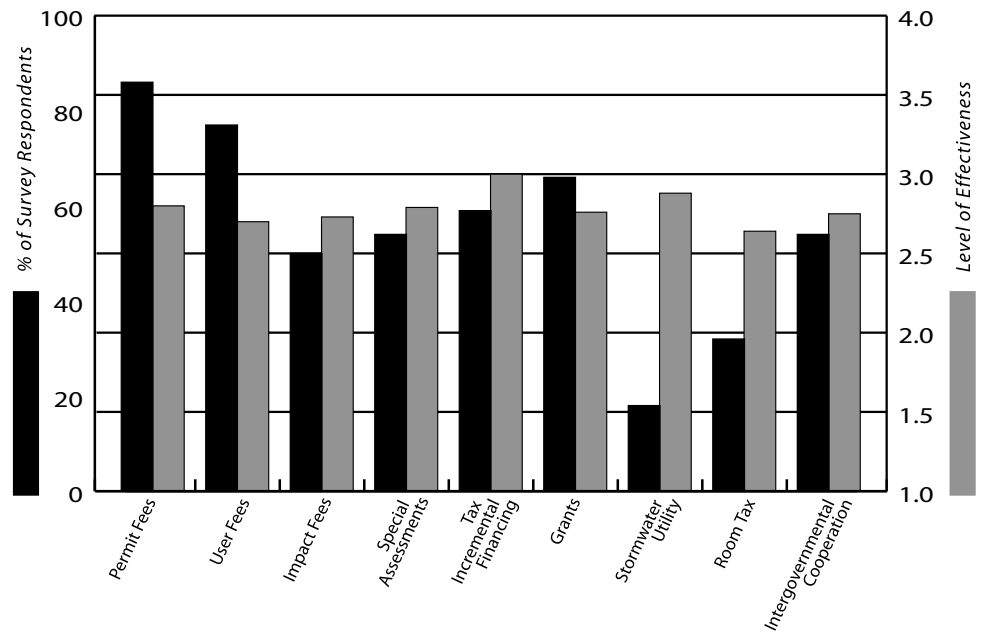
Municipalities should increase the use of TIF as a strategy for improving the strain on finances.



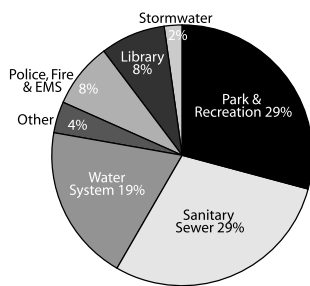
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## “Use versus Perceived Effectiveness of Alternative Revenue Sources”

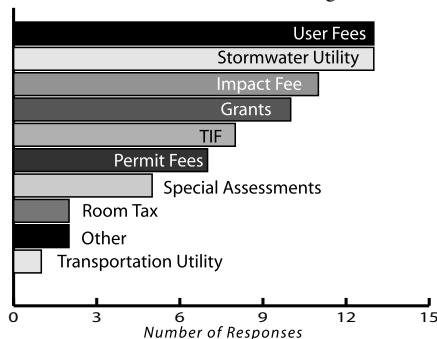
Respondents were asked to identify the new revenue sources their community is using and indicate the effectiveness of the revenue source. (1 Poor to 4 Excellent)



Forty percent of communities reported using Impact Fees for the following:



Fifty-six percent of communities reported they are in the process of establishing revenue sources for the following:



### “Communities Speak Up”

“When asked if municipalities could have an additional source of revenue, which is not currently allowed by law, what would your first choice be?” The responses follow:

- Local sales tax
- Eliminate certain tax exemptions
- Eliminate double taxation
- Reduce duplicate services by making it easier to consolidate
- Expand municipal power to impose fees and collect additional payments in lieu of taxes
- Reduce newspaper publication costs
- Allow more regional revenue sharing

### Experience Makes a Difference

Your community can benefit from the 30 years of experience Vierbicher Associates has assisted local units of government. Fully understanding your needs is our job. This allows the best solutions to be developed, while addressing the issues your community faces.

For more information on how the Vierbicher team can assist you, please contact:

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