



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-1918/P2
KP:amn&wlj

DOA:.....Martin, BB0519 - Local government fund transfer--hold harmless

FOR 2025-2027 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

SHARED REVENUE

Local government fund transfer to offset certain sales tax exemptions

The bill increases the amount of the transfer from the general fund to the local government fund in fiscal year 2026-27 to compensate for the loss of sales and use tax revenues from the bill's sales tax exemptions for over-the-counter prescription drugs and electricity and natural gas sold from May to October. Under current law, the annual increase in the amount of the county and municipal aid payments and the supplemental county and municipal aid payments is determined by the percentage change in the revenues received from the sales and use tax.

For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 16.5186 (3) of the statutes is created to read:

16.5186 (3) (a) Notwithstanding sub. (2), in fiscal year 2026-27, on the 2nd Monday in July, the secretary shall transfer from the general fund to the local government fund 15 percent of the sum of the following amounts:

1. The amount transferred from the general fund to the local government fund in fiscal year 2025-26.

2. An amount equal to the percentage change determined under s. 25.491 (14) (b) 1. multiplied by the sum of the amount credited to the accounts under s. 25.491 (2), (8), and (9) in fiscal year 2025-26.

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(b) Notwithstanding sub. (2), on the 2nd Monday in November in fiscal year 2026-27, the secretary shall transfer from the general fund to the local government fund 85 percent of the sum of the amounts described in par. (a) 1. and 2.

****NOTE: This is reconciled s. 16.5186 (3). Section 16.5186 (3) (a) 2. adds a cross-reference to s. 25.491 (8) so that the amount transferred to the local government fund for the municipal services account is increased according to the adjustment by s. 25.491 (14) of this draft.

SECTION 2. 25.491 (14) of the statutes is created to read:

25.491 (14) (a) No later than July 1, 2026, the department of revenue shall determine the amount that revenues from the taxes imposed under ss. 77.52 and 77.53 decreased in fiscal year 2025-26 due to the exemption under s. 77.54 (14) (g) and the exemption under s. 77.54 (30) (a) 2. for electricity and natural gas sold during the months of May, June, July, August, September, and October for residential use.

(b) 1. Notwithstanding subs. (1) (c) 2., (2), (8), and (9) (a) and (b), the department of revenue shall add the amount determined under par. (a) to the amount of revenues received from the taxes imposed under ss. 77.52 and 77.53 for fiscal year 2025-26, as specified for that fiscal year as outlined in the summary of estimated general fund taxes under the biennial budget act prepared by the legislative fiscal bureau, and that amount shall be used to determine the percentage change in the amount of revenues received from the taxes imposed under ss. 77.52 and 77.53 for fiscal year 2025-26 from fiscal year 2024-25 for purposes of subs. (1) (c) 2., (2), (8), and (9) (a) and (b).

2. a. Notwithstanding sub. (2), in fiscal year 2026-27, an amount equal to the amount credited to the county and municipal aid account under sub. (2) in fiscal

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year 2025-26, increased by the percentage change determined under subd. 1., shall be credited to the county and municipal aid account under sub. (2).

b. Notwithstanding sub. (8), in fiscal year 2026-27, an amount equal to the amount credited to the municipal services account under sub. (8) in fiscal year 2025-26, increased by the percentage change determined under subd. 1., shall be credited to the municipal services account under sub. (8).

c. Notwithstanding sub. (9) (a), in fiscal year 2026-27, an amount equal to the amount credited to the supplemental county and municipal aid account under sub. (9) (a) in fiscal year 2025-26, increased by the percentage change determined under subd. 1., shall be credited to the supplemental county and municipal aid account under sub. (9) (a).

d. Notwithstanding sub. (9) (b), in fiscal year 2026-27, an amount equal to the amount credited to the supplemental county and municipal aid account under sub. (9) (b) in fiscal year 2025-26, increased by the percentage change determined under subd. 1., shall be credited to the supplemental county and municipal aid account under sub. (9) (b).

****NOTE: This is reconciled s. 25.491 (14). This provision adds cross-references to s. 25.491 (8) so that the adjustment to the amounts credited to certain accounts of the local government fund for fiscal year 2026-27 also applies to the municipal services account.

(END)