# Fiscal Facts: Fees Take on Increased Importance for Local Governments

With rising costs in areas like fringe benefits and infrastructure, stagnant state aids, and restrictions on property tax levies and other local taxes, municipalities and counties in Wisconsin have increasingly turned to fees for services — also known as charges to residents — to support their operations.

Between 2000 and 2017, fee-for-service revenues generated by Wisconsin local governments increased at twice the rate of inflation. Additionally, these revenues surpassed the most prominent form of state aids — shared revenue — as a percentage of combined municipal and county government revenue.

The increases in fee collections have happened despite a state law that forces a property tax reduction if a government starts using fees or fee increases to pay for certain services that were funded in part or in full through the property tax as of 2013. The Legislature has thus far rejected Gov. Evers’ proposal to repeal this provision.

Fees for services are charges paid by individuals and businesses for a direct government service such as garbage collection and disposal, sewer, residential snow and ice removal, and parking. These charges may also include fees for the use of court services or recreational facilities, such as parks, swimming pools, or golf courses. This category does not include some revenues popularly known as “fees.” For example, vehicle registration fees are categorized as taxes by the Department of Revenue and are not included in these totals.

Growth in fee revenues might be viewed positively given that fees are relatively reliable revenues that are tied to the services being delivered. On the other, some fees may be seen as more regressive and burdensome for those least able to pay. The shift toward greater use of fees may draw more attention from policymakers looking to examine whether and how this trend should continue.

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