**A look at how cities are reimbursed for state facilities**

*By Wisconsin Policy Forum*

As local officials throughout Wisconsin ramp up work on annual budgets for their communities, they face the largest gap on record between costs they incur providing services to state facilities and the reimbursement they receive from the state for these services.

While costs for services such as fire protection, police, and waste removal rose sharply in the last decade, state leaders have decreased funding for the Municipal Services Payments (MSP) program. This program is intended to provide local property tax relief by reimbursing these costs, which otherwise would be borne by local taxpayers.

In 2019, municipalities received about $18.6 million through the program, or 34.7% of what they were eligible to receive. This share — the smallest on record — resulted in a total funding gap of more than $35 million for local governments last year.

The city of Madison, with its concentration of state facilities, receives by far the most funding from the MSP program: nearly $8.4 million in 2019. Other top 10 recipients include communities with college campuses: Milwaukee, Oshkosh, La Crosse, Eau Claire, Green Bay, Stevens Point, Superior, River Falls, and Whitewater.

Overall, 361 municipalities received a payment of some kind from the program in 2019. On a per-capita basis, three of the top four payment recipients are small municipalities: the city of Mauston and village of Camp Douglas in Juneau County, and town of La Pointe in Ashland County.

Given these trends and the likelihood that state fiscal challenges may grow in light of the COVID-19 crisis, prospects for increased funding for the MSP program in the next state budget appear dubious. Residents in these communities may need to understand and accept some level of higher property taxes in exchange for the benefit of housing state properties. Still, state officials may want to consider the recent trend as they seek to balance larger competing priorities and make tough budgeting decisions in the year ahead.

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