

2011 DRAFTING REQUEST

Bill

Received: 02/07/2012

Received By: emueller

Wanted: As time permits

Companion to LRB:

For: Jeff Fitzgerald (608) 266-2540

By/Representing: Eric Bott

May Contact:

Drafter: emueller

Subject: Local Gov't - misc

Addl. Drafters:

Extra Copies: MES

Submit via email: YES

Requester's email: Rep.Fitzgerald@legis.wisconsin.gov

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Levy limit exception to allow city of Fox Lake mitigation of tax incremental district valuation error.

Instructions:

See attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	emueller 02/16/2012	kfollett 02/16/2012		_____			
/1			jfrantze 02/16/2012	_____	sbasford 02/16/2012	sbasford 02/16/2012	

FE Sent For: None

<END>

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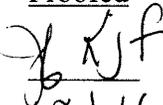
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1?	emueller	1/16					
1/1	Emm 2/16/12	2/16	2/16	2/16			

FE Sent For:

<END>

Mueller, Eric

From: Bott, Eric
Sent: Thursday, February 16, 2012 9:11 AM
To: Mueller, Eric
Cc: Rausch, Scott
Subject: FW: Drafting Request

A slightly modified version should work fine. If you have any other questions today, please contact Scott Rausch in our office as I will be occupied for much of the day.

Thank you.

Eric

From: Mueller, Eric
Sent: Thursday, February 09, 2012 3:33 PM
To: Bott, Eric
Subject: RE: Drafting Request

Eric,

Just to clarify, the city would like to lower its 2012 levy and have a levy limit exception for the 2013 levy? Is a slightly modified version of 2011 AB 535 adequate? It doesn't appear they need the provisions included in s.66.0602 (3) (k) 2. and 3. Thanks.

Eric Mueller
Attorney, Legislative Reference Bureau
Phone: (608)261-7032
eric.mueller@legis.wisconsin.gov

From: Bott, Eric
Sent: Tuesday, February 07, 2012 2:47 PM
To: Mueller, Eric
Cc: Gustafson, Andrew; Hogan, John; Richard, Rob
Subject: Drafting Request

Eric,

Please see the attached letter from the City of Fox Lake. I believe that legislation similar to 2011 Act 63 (SB 224) is required to address Fox Lake's dilemma.

Could you please draft a bill to provide a one time exemption to solve this problem? Please contact me with any questions or concerns.

Thank you,

Eric Bott
Policy Director
Office of Rep. Jeff Fitzgerald
Speaker of the Wisconsin State Assembly
(608) 261-5683

<< File: fox lake letter.pdf >>

CITY OF FOX LAKE

248 E. State Street, P.O. Box 105
Fox Lake, Wisconsin 53933-0105
920-928-2280 920-928-6288
920-928-6319 FAX
www.cityoffoxlake.org



Tom Bednarek
Mayor

William J. Petracek
City Administrator

Susan B. Hollnagel
Clerk

Ann T. Tripke
Treasurer

February 2, 2012

Senator Scott Fitzgerald
Room 211 South
State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Representative Jeff Fitzgerald
Room 211 West
State Capitol
P.O. Box 8952
Madison, WI 53708

Dear Senator Fitzgerald and Representative Fitzgerald:

I am writing to seek your assistance in a matter affecting City of Fox Lake taxpayers. Last year, the City's contracted Assessor made an error when he filed valuation reports for the City's Tax Incremental District ("TID") No. 1. As a result of this error, the value of the District as of January 1, 2011 was certified by the Dept. of Revenue as \$6,658,800, as compared to its prior year certified value of \$23,461,600 (had the error not been made, the 2011 value should have been approximately the same as in the prior year, thus approximately \$16.8 million in value went unreported).

This unreported value resulted in a tax collection for the City's 2012 budget that was more than \$428,000 less than it would have been had the error not been made. To make up a portion of this shortfall, the City borrowed funds, and levied a tax to repay that debt using the debt service exemption to levy limits: this exception allowed the City to counteract the impact of this error and make the City's budget whole for 2012 with no negative impact on property owner's tax bills (taxes ended up being what they would have been had the error not been made).

Since the TID was undervalued last year, the Dept. of Revenue will "double up" its value this year as required by Wisconsin Statute Section 70.57. On a projected basis, this action will add more than an additional \$510,000 (21%) to the City's total tax levy. This will increase the average Fox Lake taxpayer's December 2012 property tax bill by an amount ranging from \$178 to \$500 depending on the amount of the City's 2012 levy. To avoid this increase, the City can lower its general purpose tax levy to offset the increase. **However, doing so will cause the City's levy limit under Wisconsin Statute Section 66.0602 to be permanently reduced to this lower level. To allow the City to act in the best interests of our taxpayers, we will require special legislation providing a one-time exemption to the levy limit.** This exception would allow the City to lower its levy for its 2013 budget to offset the tax increase, and then restore its levy limit in the

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level it would have otherwise been at prior to the intentional reduction. The legislation we seek would be substantially similar to that which was enacted for the Village of Shorewood (2011 Wisconsin Act 63) which experienced similar set of circumstances last year.

Please let me know if your office can be of assistance in this matter, and what other information you may require.

Sincerely,

A handwritten signature in cursive script that reads "Tom Bednarek".

Mayor Tom Bednarek

cc: Mr. Bill Petracek, City Administrator
Mr. Don Rahn, Baker-Tilley
Mr. Todd Taves, Ehlers



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-69517
EVM:med:jm
4048/1
v.igf

① Note

2011 ASSEMBLY BILL 535

RMNR

1 ~ 2/16/12

Today

February 7, 2012 - Introduced by Representatives RADCLIFFE and VRUWINK, cosponsored by Senators VINEHOUT and LASSA. Referred to Committee on Ways and Means.

Regen

1 AN ACT to create 66.0602 (3) (L) of the statutes; relating to: exception to local
2 levy limits for the ~~village of Warrens~~ city of "Fox Lake"

different from what

Analysis by the Legislative Reference Bureau

Generally under current law, and subject to a number of exceptions, a city, village, town, or county (political subdivision) may not increase its levy by a percentage that exceeds its "valuation factor," which is defined as the greater of either zero percent or the percentage change in the political subdivision's equalized value due to new construction, less improvements removed. The base amount of a political subdivision's levy, on which the levy limit is imposed, is the actual levy for the immediately preceding year.

In 2011, the Department of Revenue (DOR) undervalued a tax incremental district in the village of Warrens. Under current law, if DOR makes an error in determining the equalized value in any county or taxation district, DOR corrects the error by adjusting the taxation district's equalized value in the year after the year in which DOR made the error. Because of the 2011 valuation error, should the village impose its intended 2012 levy, the resulting tax rate would be higher than the village intended. If the village reduces its levy and resulting tax rate, however, the levy will be less than initially intended and the levy limit for 2013 would be based on the reduced levy for 2012. Under this bill, the levy limits applicable to the village of Warrens for 2013 are increased by the amount by which the village reduces its levy from the amount it would have levied in 2012, if not for the valuation error, to

city

is corrected

was made

city of Fox Lake

for the of assessor for the city of Fox Lake made an error in reporting the valuation of

ASSEMBLY BILL 535

compensate for that error. The actual levy limit increase amount is determined by the Department of Revenue.

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

1 SECTION 1. 66.0602 (3) (L) of the statutes is created to read:

2 66.0602 (3) (L) If the village of Warrens ^{city of Fox Lake} reduces its levy from the amount it
3 would have levied for 2012 if not for an error in the valuation of Tax Incremental
4 District Number 1 in the village ^{city} to compensate for that error, the limit otherwise
5 applicable under this section to the village ^{city} in 2013 is increased by the amount of the
6 reduction, as determined by the department of revenue. The amounts added to the
7 village's ^{city's} limit for 2013 under this subdivision ^{paragraph} may not exceed the amount by which
8 the village ^{city} underutilized its limit for 2012, as determined by the department of
9 revenue.

10

(END)

D Note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4048/?dn
EVM: kjf

Date

ATTN: Rep. Jeff Fitzgerald

Please review the attached draft carefully to ensure that it is consistent with your intent. You may wish to have the Department of Revenue review the draft to ensure it effects the necessary changes and that the analysis correctly reflects the facts giving rise to this draft.

As # Please let me know if you would like any changes made to the attached draft or if you have any questions. If the attached draft meets with your approval, let me know and I will convert it to an introducible 1" draft.

Eric V. Mueller
Legislative Attorney
Phone: (608) 261-7032
E-mail: eric.mueller@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4048/1dn
EVM:kjf:jf

February 16, 2012

ATTN: Rep. Jeff Fitzgerald

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Eric V. Mueller
Legislative Attorney
Phone: (608) 261-7032
E-mail: eric.mueller@legis.wisconsin.gov

Basford, Sarah

From: Shaw, Hilary
Sent: Thursday, February 16, 2012 6:07 PM
To: LRB.Legal
Subject: Draft Review: LRB 11-4048/1 Topic: Levy limit exception to allow city of Fox Lake mitigation of tax incremental district valuation error.

ASAP Please! Thank you.

Please Jacket LRB 11-4048/1 for the ASSEMBLY.