



## Fiscal Estimate Narratives

DOR 10/17/2013

LRB Number	13-2571/1	Introduction Number	AB-0308	Estimate Type	Original
<b>Description</b> Reduction of local levy limit by amount of certain fee revenue received					

### Assumptions Used in Arriving at Fiscal Estimate

#### CURRENT LAW

Section 1271p of 2013 Wisconsin Act 20 (the biennial budget act) created a new adjustment for the county and municipal levy limit. Under this adjustment, on or after July 2, 2013, if a county or municipality adopts a new fee or increases the rate of an existing fee for a "covered service" that in 2013 was partially or fully funded from the property tax levy, the levy limit is reduced by the amount expected to be raised by the new fee or fee rate increase. Increased revenues from existing fees due to increased use will not affect the levy limit. The term "covered service" is defined as the following 5 services: garbage collection, fire protection, snow plowing, street sweeping, and storm water management.

Revenue data are obtainable from the municipal financial report filed annually by each county and municipality with the Department of Revenue (DOR). Since revenue is not separately reported for snow plowing and street sweeping, no estimate on the fees for these services that could be affected by the bill is available. Revenues are available for fire protection, storm water management, and garbage collection. For purposes of this estimate, revenue data for 2009 and 2011 were compared and the following assumptions were made: (1) if revenue in 2009 was reported as \$0 but the revenue in 2011 was not \$0, the amount in 2011 was assumed to be due to a new fee, and (2) if the amount in 2011 had increased by more than 10% since 2009, the amount of the increase in excess of 10% was assumed to be due to an increase in rates. Based on these assumptions, the levy limit for 2011 for counties and municipalities would have been reduced by \$33.3 million (\$5.9 million for fire protection, \$12.7 million for storm water management, and \$14.7 million for garbage collection), or about 0.75% of the total levy limit for counties and municipalities in 2011 of \$4.42 billion.

In reaction to the new provision, it is expected that the far fewer new fees or fee rate increases for the "covered services" will be enacted. In addition, it is expected that local officials may also enact new fees or increase fee rates for non-covered services, or decrease spending (with a potential focus on the "covered services").

#### PROPOSED LAW

Under the bill, the budget act provision described in the section above would be repealed. As a result, future years' levy limits would be higher than under current law since there would be no reductions regarding new fees or increased fee rates for the "covered services".

The budget provision has increased DOR's costs of administering the levy limit, but this increase is sufficiently small to be absorbed in current budgetary resources. If this provision is repealed, then DOR's costs related to administering the levy limit would decrease by a small amount.

### Long-Range Fiscal Implications