

CR 93-214

CERTIFICATE

STATE OF WISCONSIN)

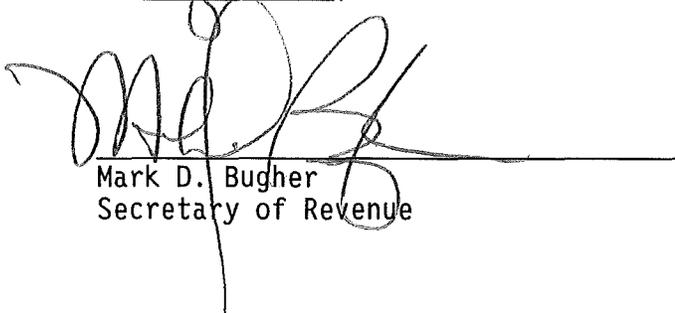
) SS

DEPARTMENT OF REVENUE)

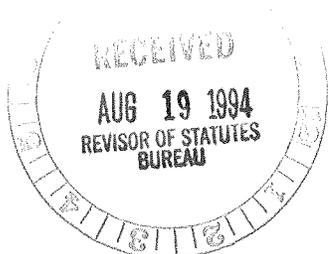
I, Mark D. Bugher, Secretary of the Department of Revenue, and custodian of the official records certify that the annexed rule, relating to the County Tax Levy Rate Limit was duly approved and adopted by this Department on August 18, 1994.

I further certify that this copy has been compared by me with the original on file in this Department and that it is a true copy of the original, and of the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand at 125 South Webster Street in the City of Madison, this 18th day of August, 1994.



Mark D. Bugher
Secretary of Revenue



10-1-94

ORDER OF THE DEPARTMENT OF REVENUE

The Wisconsin Department of Revenue hereby adopts a rule interpreting ss. 66.77, 67.04, and 67.045, Stats., as affected by 1993 Wisconsin Act 16.

Analysis By The Department of Revenue

Statutory authority: Sections 66.77, 67.04(1)(ag), 67.045, and 227.11(2), Stats.

Statutes interpreted: Sections 66.77, 67.04, and 67.045, Stats., Chapter Tax 21 is created to guide administration of the establishment of tax levy rate limits for counties beginning with 1993 property tax rates payable 1994.

The tax levy rate limit for counties was enacted by 1993 Wisconsin Act 16 as a part of the state biennial budget bill. All county governments are required to retain the greater of an operating levy rate which does not exceed .001 or their operating levy rate which existed for the 1992 property tax levy payable 1993. The law also imposes certain conditions on the issuance of bonds or promissory notes (or debt) after the effective date of this Act which is August 12, 1993. However, counties may levy less than the legally allowable operating levy or debt levy rates.

In particular, the rule addresses the following needs.

- Provides definitions for certain important terms including "county purpose levy."
- Provides a form(s) to determine and report the county tax levy rate to the Department of Revenue.
- Establishes due dates for filing forms.
- Requires supportive documents used by counties in making reasonable assumptions about the effects of increasing debt.
- Establishes standards for determining "reasonable expectations."

What Are The Allowable Adjustments to The Operating Levy?

If approved by referendum, either the operating levy rate or the operating levy may be increased. The referendum can be for one year, several years, or permanent.

The operating levy rate can also be increased for assuming a service previously provided by another governmental unit. Similarly the operating levy rate must be decreased for services transferred to other governmental units.

What Are The Allowable Adjustments to The Debt Levy Rate?

The debt levy rate may be increased for debt authorized prior to the effective date of 1993 Wis. Act 16, and under the conditions identified below:

(1) Increases in the debt levy rate are permitted for court orders and judgments, capital cost loans under secs. 144.241 and 144.2415, Stats., or to provide liability insurance and risk management services under sec. 611.11(4).

(2) A county's debt levy rate may be increased by obtaining the local electorate approval in a public referendum prior to any new debt issuance.

(3) A county's debt levy rate may be increased for debt issued for the cost of abolishing grade crossings and regional projects provided for under sec. 66.30, Stats. These projects are not subject to referendum by statutes.

(4) The county debt levy rate may be increased to fund or refund outstanding county debt obligations, interest on outstanding obligations or the payment of related issuance cost or redemption premiums.

(5) The county board may adopt a resolution to issue debt by an affirmative vote of at least three-fourths of the members.

The law provides that debt issued for operations is not an eligible adjustment to the debt levy rate.

The county board may also approve the issuance of debt by adopting a resolution which provides a reasonable expectancy that the new debt will not cause the county to increase its debt levy rate.

Audit Penalties

The Department of Revenue will review the reporting forms used in determining the allowable county tax levy rate. Counties which exceed the allowable levy rates will be penalized by a reduction in their shared revenue payments or local transportation aids. The rule provides for a waiver of penalties for an amount of one hundred dollars or less in the event a county makes a calculation error.

SECTION 1. Chapter Tax 21 is created to read:

CHAPTER TAX 21

COUNTY TAX LEVY RATE LIMIT

- 21.01 PURPOSE
- 21.02 SCOPE
- 21.03 DEFINITIONS
- 21.04 COMPLIANCE
- 21.05 LEVY RATE LIMIT ADJUSTMENTS
- 21.06 STANDARDS FOR DEBT ISSUANCE CONDITIONS

Tax 21.01 PURPOSE. The purpose of this chapter is to establish standards and definitions for determining the county tax levy rate limit under ss. 66.77, 67.04, and 67.045, Stats.

Tax 21.02 SCOPE. This chapter is applicable to all counties.

Tax 21.03 DEFINITIONS. In this chapter:

- (1) "Base-year," means 1992 or another year that is approved by referendum under s. 66.77(3), Stats.
- (2) "Capital expenditure," means an outlay of funds for the acquisition or improvement of a fixed asset which extends the life or increases the productivity of the asset.
- (3) "County purpose levy" means the levy consisting of the following items of the county clerk's tax apportionment sheet: state special charges assessed to the county, taxes levied by the county for county purposes which are uniformly levied over the entire county, and includes the levy for libraries in a county within which there are no municipal libraries, regardless of whether it is levied uniformly over the entire county. The county purpose levy shall not include taxes levied for the following special purposes which are not levied over the entire county: bridge aids, libraries, county handicapped children's education board, sanitation, solid waste or recycling costs, and public health. For the tax levy of 1993, payable 1994, and for subsequent years, the county purpose levy shall include all items except for the above mentioned special purpose taxes not levied over the entire county, which are shown in section B of the county tax apportionment sheet.
- (4) "Department" means the department of revenue.
- (5) "Operating expenses" means the type of expenditures described in s. 67.04(1)(ag), Stats., and includes expenditures incurred in the course of ordinary activities of the county.

Tax 21.04 COMPLIANCE. The department of revenue shall provide reporting forms to the counties by September 1 each year. The counties shall file the completed reporting form with the department on or before December 15 each year. For reporting purposes, the "County Tax Rate" shall be carried out nine places beyond the decimal point. Calculation errors which could result in penalties against a county for the sum of "\$100" or less will not be assessed.

Tax 21.05 LEVY RATE LIMIT ADJUSTMENTS. The following instructions apply to adjusting a county's levy rate limit to account for services transferred to or from other governmental units. Whenever a county is authorized to either transfer to or receive from another governmental unit responsibility for providing any service, the county shall adjust its county purpose levy for the portion of the service financed by the county purpose levy. The county purpose levy adjustment shall be supported by documentation provided to the department. The "Comprehensive Annual Financial Reports (CAFR)" or "Certified Audited Financial Statements" shall be provided by the county to the department for use in the verification process.

Tax 21.06 STANDARDS FOR DEBT ISSUANCE CONDITIONS. The standards to be used by the governing body of a county in adopting a resolution pursuant to s. 67.045(1)(b), Stats., are identified below:

- (1) The equalized value growth permitted in determining the allowable debt levy rate is the most recent five year historical average percentage dollar growth in equalized values of taxable property in the county exclusive of any tax incremental district value increment.
- (2) The growth in the allowable annual debt levy is the amount determined by multiplying the dollar growth in equalized value as determined under sub. (1), by the base year debt levy rate.
- (3) The allowable debt levy rate may be increased in excess of the base year debt levy rate by the amount of the tax levy necessary to refund balloon payments on debt authorized prior to the effective date of this chapter August 12, 1993. For debt authorized after the effective date, the payment on refunding balloon payments shall not cause the debt levy rate to exceed the base year debt levy rate.
- (4) Payments on variable interest rate debt authorized prior to the effective date may increase the debt levy rate for the year of payment. For debt authorized after the effective date, the payments on debt with a variable interest rate shall not cause the debt levy rate to exceed the base year debt levy rate.
- (5) When past and anticipated revenues are used to abate the debt levy under a resolution which authorizes debt, the revenues determined to be available for use shall be identified in the supporting documentation provided to the department. The determination of future revenues shall be based on findings in management studies conducted for this purpose.
- (6) The state aid estimates used under the resolution authorizing debt shall be the amounts estimated by the state agency providing the aid. When the state agency does not provide an estimate, any anticipated increases shall be based on factual information such as state appropriation increases or other information made available by the state agency.
- (7) When it is agreed between a county and its independent certified public accountants that in accordance with generally accepted accounting principles, a capital expenditure can be associated with a project which requires the issuance of long term debt, then such an expenditure may be included in the determination of the debt levy rate.

- (8) In all instances where bonds or promissory notes are issued under s. 67.045(1)(b), Stats., the county shall send to the department a copy of the supporting documentation including findings in management studies which addresses the standards listed in subs (1) to (7) which were used in constructing reasonable expectations or assumptions that would not cause the county to exceed the allowable legal debt levy rate. Additionally, a copy of the governing body's adopted resolution, together with the voting results and the completed county tax levy rate limit reporting form shall be filed with the department within 10 business days of the final adoption.

Note: The required reporting form which the counties shall use to determine their applicable operating levy and debt levy rate limit will be prescribed yearly and can be obtained from the department.

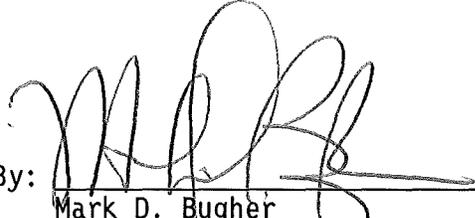
This rule shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in sec. 227.22(2)(intro) Stats.

Final Regulatory Flexibility Analysis

The rule will not have an adverse impact on small businesses.

DEPARTMENT OF REVENUE

Dated Sept 18, 1994

By: 
Mark D. Bugher
Secretary of Revenue

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
TAX 21
Amendment No. if Applicable

FISCAL ESTIMATE
DOA-2048 (R10/92)

Subject

County Tax Levy Rate Limit

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

Decrease Costs

Local: No Local Government Costs

- 1. Increase Costs
 Permissive Mandatory
- 2. Decrease Costs
 Permissive Mandatory

- 3. Increase Revenues
 Permissive Mandatory
- 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others _____
 - School Districts VTAE Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.566 (2) (a) and (3) (a)

Assumptions Used in Arriving at Fiscal Estimate

Under 1993 Wisconsin Act 16, section 1664, which created s. 66.77, a tax levy rate limit is imposed on counties. Separate tax rate limits are imposed on the operating levy rate and the debt levy rate. These rules are meant to help implement these rate limits.

Under 1993 Wisconsin Act 16, section 1671u, which created s. 67.045, a county board may authorize the issue of bonds or promissory notes without seeking referendum approval if it adopts a resolution that "sets forth its reasonable expectations that issuance of the debt will not cause the county to increase the debt levy rate." The Department of Revenue is required to promulgate rules that set standards to be used in defining "reasonable expectations". The rules address the following elements: future changes in equalized value; annual debt service of the proposed bonds or notes; balloon payments on the proposed bonds or notes; effect of variable interest rate bonds or notes; past and future revenues used to abate debt levies; and future changes in state aid.

The Department of Revenue estimates that administration of the tax rate limit will require additional staff resources of \$20,200 and 0.5 FTE program support annually and one-time permanent equipment and programming costs of \$7,600.

County administrative costs will increase to determine the allowable tax levy under the rate limit and to determine whether the county can meet the "reasonable expectations" standard when contemplating the issuance of bonds or notes. Information which would allow an accurate estimate of these costs is not available.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)
Wisconsin Department of Revenue
Daniel Huegel 266-5705

Authorized Signature/Telephone No.
Ron Rosner
266-0938

Date
6/24/94

FISCAL ESTIMATE WORKSHEET

ORIGINAL UPDATED

1993 Session

Detailed Estimate of Annual Fiscal Effect
DOA-2047(R10/92)

CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No. Amendment No.
TAX 21

Subject

County Tax Levy Rate Limit

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
\$7,600 for computer programming and permanent equipment

| II. Annualized Costs: | Annualized Fiscal Impact on State Funds from: | |
|--|---|-----------------|
| | Increased Costs | Decreased Costs |
| A. State Costs by Category | | |
| State Operations - Salaries and Fringes | \$ 11,400 | \$ - |
| (FTE Position Changes) | (0.50 FTE) | (- FTE) |
| State Operations-Other Costs | 8,800 | - |
| Local Assistance | | - |
| Aids to Individuals or Organizations | | - |
| TOTAL State Costs by Category | \$ 20,200 | \$ - |
| B. State Costs by Source of Funds | Increased Costs | Decreased Costs |
| GPR | \$ 20,200 | \$ - |
| FED | | - |
| PRO/PRS | | - |
| SEG/SEG-S | | - |
| III. State Revenues- Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.) | Increased Rev. | Decreased Rev. |
| GPR Taxes | \$ | \$ - |
| GPR Earned | | - |
| FED | | - |
| PRO/PRS | | - |
| SEG/SEG-S | | - |
| TOTAL State Revenues | \$ | \$ - |

NET ANNUALIZED FISCAL IMPACT

| | STATE | LOCAL |
|------------------------|-------------|--------------|
| NET CHANGE IN COSTS | \$ + 20,200 | \$ + unknown |
| NET CHANGE IN REVENUES | \$ | \$ |

| | | |
|---|---|-----------------|
| Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Daniel Huegel 266-5705 | Authorized Signature/Telephone No. Ron Rosner 266-0938 <i>Ron Rosner</i> | Date 6/24/94 |
|---|---|-----------------|



State of Wisconsin ● DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET ● P.O. BOX 8933 ● MADISON, WISCONSIN 53708-8933 ● 608-268-6486 ● FAX 608-268-5718

Tommy G. Thompson
Governor

Mark D. Bugher
Secretary of Revenue

August 18, 1994

Mr. Gary L. Poulson
Assistant Revisor
Revisor of Statutes Bureau, 2nd Floor
119 Martin Luther King, Jr. Blvd.
Madison, WI 53703



Re: Clearinghouse Rule 93-214

Dear Mr. Poulson:

Enclosed are a certified copy and an extra copy of an Order of the Department of Revenue promulgating rules relating to the County Tax Levy Rate Limit.

These materials are filed with you pursuant to sec. 227.20(1), Stats.

Sincerely,

Mark D. Bugher
Secretary of Revenue

MDB:FH:sjl
CALFA677

Enclosures

pc: Douglas J. LaFollette, Secretary of State