



**SENATE SUBSTITUTE AMENDMENT 1,  
TO 2005 SENATE BILL 28**

January 27, 2005 – Offered by Senators KANAVAS and S. FITZGERALD.

1     **AN ACT to amend** 121.91 (2m) (e) (intro.), 121.91 (2m) (r) 1. (intro.), 121.91 (2m)  
2             (r) 2. (intro.) and 121.91 (4) (f); and **to create** 38.17, 66.0602, 121.91 (2m) (f) and  
3             121.91 (2m) (g) of the statutes; **relating to:** school district revenue limits and  
4             levy limits for cities, villages, towns, counties, and technical college districts.

---

***Analysis by the Legislative Reference Bureau***

This substitute amendment creates local levy limits that apply to cities, villages, towns, counties (political subdivisions), and technical college districts. Generally, the substitute amendment prohibits a political subdivision from increasing its levy by a percentage that exceeds the percentage change in the political subdivision's equalized value due to new construction, less improvements removed. In addition, the calculation of a city's, village's, or town's levy does not include any tax increment that is generated by a tax incremental district. With regard to technical college districts, the levy limit is the levy for the previous year multiplied by 1.026. The substitute amendment contains exceptions to the levy limit for political subdivisions that transfer the provision of services, for cities or villages that annex town territory, and for a county levy that relates to a county Children with Disabilities Education Board. The levy limit may also be exceeded if a political subdivision's or technical college district's resolution to do so is approved in a referendum. A town with a population of less than 2,000 may exceed the levy limit if a resolution to do so is approved by an annual or special town meeting. The levy

limits do not apply beginning three years after the effective date of the substitute amendment.

Under the substitute amendment, a technical college district's or political subdivision's levy limit is increased if the amount of debt service in the current year exceeds the amount in the prior year for debt that was approved by the governing body before July 1, 2005. This substitute amendment exempts from the limit all funds needed to pay debt service on debt authorized by resolution or referendum before July 1, 2005, and on debt authorized by referendum on or after July 1, 2005.

Also under this substitute amendment, the limit otherwise applicable does not apply to the amount that a 1st class city (presently only Milwaukee) levies for school purposes. Currently, a 1st class city school district is not authorized to levy a tax; the city in which the school district is located levies a tax for school purposes at the direction of the school board.

This substitute amendment sets the per pupil adjustment under school district revenue limits at \$210 in the 2005–06 school year and at \$200 in each subsequent school year. Under current law, the per pupil adjustment is approximately \$241 in the 2004–05 school year and is adjusted for inflation in subsequent school years.

---

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

1           **SECTION 1.** 38.17 of the statutes is created to read:

2           **38.17 Levy limit. (1) DEFINITION.** In this section, “debt service” includes debt  
3 service on debt issued or reissued to fund or refund outstanding municipal  
4 obligations, interest on outstanding municipal obligations, and related issuance  
5 costs and redemption premiums.

6           **(2) LIMIT.** Except as provided in subs. (3) and (4), no district board may increase  
7 its levy for any fiscal year to an amount that exceeds its levy for the previous fiscal  
8 year multiplied by 1.026.

9           **(3) ADJUSTMENTS.** (a) 1. If a district board transfers to another governmental  
10 unit responsibility for providing any service that it provided in the preceding fiscal  
11 year, the limit otherwise applicable under sub. (2) in the current fiscal year is  
12 decreased by the cost that it would have incurred to provide that service, as  
13 determined by the department of revenue.

1           2. If a district board increases the services that it provides by adding  
2 responsibility for providing a service transferred to it from another governmental  
3 unit that provided the service in the previous fiscal year, the limit otherwise  
4 applicable under sub. (2) in the current fiscal year is increased by the cost of that  
5 service, as determined by the department of revenue.

6           (b) 1. If the amount of debt service for a district board in the preceding fiscal  
7 year is less than the amount of debt service needed in the current fiscal year, as a  
8 result of the district board adopting a resolution before July 1, 2005, authorizing the  
9 issuance of debt, the limit otherwise applicable under sub. (2) for the current fiscal  
10 year is increased by the difference between the 2 amounts, as determined by the  
11 department of revenue.

12           2. The limit otherwise applicable under this section does not apply to amounts  
13 levied by a district board for the payment of any general obligation debt service,  
14 including debt service on debt issued or reissued to fund or refund outstanding  
15 municipal obligations, interest on outstanding municipal obligations, or the  
16 payment of related issuance costs or redemption premiums, authorized on or after  
17 July 1, 2005, by a referendum and secured by the full faith and credit of the district.

18           **(4) REFERENDUM.** (a) 1. A district board may exceed the levy limit under sub.  
19 (2) if it adopts a resolution to that effect and the resolution is approved in a  
20 referendum. The resolution shall specify the proposed amount of increase in the levy  
21 beyond the amount that is allowed under sub. (2), and shall also specify whether the  
22 proposed amount of increase is for the next fiscal year only or if it will apply on an  
23 ongoing basis.

1           2. Except as provided in subd. 3., the district board may call a special  
2 referendum for the purpose of submitting the resolution to the electors of the district  
3 for approval or rejection.

4           3. A referendum to exceed the limit under sub. (2) for the levy for the 2006–07  
5 fiscal year shall be held at the spring primary or election or September primary or  
6 general election in 2006.

7           (b) The district board shall publish type A, B, C, D, and E notices of the  
8 referendum under s. 10.01 (2). Section 5.01 (1) applies in the event of failure to  
9 comply with the notice requirements of this paragraph.

10          (c) The referendum shall be held in accordance with chs. 5 to 12. The district  
11 board shall provide the election officials with all necessary election supplies. The  
12 form of the ballot shall correspond substantially with the standard form for  
13 referendum ballots prescribed by the elections board under ss. 5.64 (2) and 7.08 (1)

14          (a). The question shall be submitted as follows: “Under state law, the percentage  
15 increase in the levy of the .... (name of district) for the next fiscal year, .... (year), is  
16 limited to ....%, resulting in a levy of \$..... Shall the .... (name of district) be allowed  
17 to exceed this limit such that the percentage increase for the next fiscal year, ....  
18 (year), will be ....%, resulting in a levy of \$....?”

19          (d) Within 14 days after the referendum, the district board shall certify the  
20 results of the referendum to the department of revenue. The limit otherwise  
21 applicable to the district under sub. (2) is increased for the next fiscal year by the  
22 amount approved by a majority of those voting on the question. If the resolution  
23 specifies that the increase is for one year only, the amount of the increase shall be  
24 subtracted from the base used to calculate the limit for the 2nd succeeding fiscal year.

1           **(5) SUNSET.** This section does not apply beginning 3 years after the effective  
2 date of this subsection .... [revisor inserts date].

3           **SECTION 2.** 66.0602 of the statutes is created to read:

4           **66.0602 Local levy limits. (1) DEFINITIONS.** In this section:

5           (a) “Debt service” includes debt service on debt issued or reissued to fund or  
6 refund outstanding municipal or county obligations, interest on outstanding  
7 municipal or county obligations, and related issuance costs and redemption  
8 premiums.

9           (b) “Political subdivision” means a city, village, town, or county.

10          (c) “Valuation factor” means a percentage equal to the percentage change in the  
11 political subdivision’s January 1 equalized value due to new construction less  
12 improvements removed between the previous year and the current year, but not less  
13 than zero.

14          **(2) LEVY LIMIT.** Except as provided in subs. (3), (4), and (5), no political  
15 subdivision may increase its levy in any year by a percentage that exceeds the  
16 political subdivision’s valuation factor. In determining its levy in any year, a city,  
17 village, or town shall subtract any tax increment that is calculated under s. 60.85 (1)  
18 (L) or 66.1105 (2) (i).

19          **(3) EXCEPTIONS.** (a) If a political subdivision transfers to another governmental  
20 unit responsibility for providing any service that the political subdivision provided  
21 in the preceding year, the levy increase limit otherwise applicable under this section  
22 to the political subdivision in the current year is decreased to reflect the cost that the  
23 political subdivision would have incurred to provide that service, as determined by  
24 the department of revenue.

1           (b) If a political subdivision increases the services that it provides by adding  
2 responsibility for providing a service transferred to it from another governmental  
3 unit that provided the service in the preceding year, the levy increase limit otherwise  
4 applicable under this section to the political subdivision in the current year is  
5 increased to reflect the cost of that service, as determined by the department of  
6 revenue.

7           (c) If a city or village annexes territory from a town, the city's or village's levy  
8 increase limit otherwise applicable under this section is increased in the current year  
9 by an amount equal to the town levy on the annexed territory in the preceding year  
10 and the levy increase limit otherwise applicable under this section in the current  
11 year for the town from which the territory is annexed is decreased by that same  
12 amount, as determined by the department of revenue.

13           (d) 1. If the amount of debt service for a political subdivision in the preceding  
14 year is less than the amount of debt service needed in the current year, as a result  
15 of the political subdivision adopting a resolution before July 1, 2005, authorizing the  
16 issuance of debt, the levy increase limit otherwise applicable under this section to the  
17 political subdivision in the current year is increased by the difference between these  
18 2 amounts, as determined by the department of revenue.

19           2. The limit otherwise applicable under this section does not apply to amounts  
20 levied by a political subdivision for the payment of any general obligation debt  
21 service, including debt service on debt issued or reissued to fund or refund  
22 outstanding obligations of the political subdivision, interest on outstanding  
23 obligations of the political subdivision, or the payment of related issuance costs or  
24 redemption premiums, authorized on or after July 1, 2005, by a referendum and  
25 secured by the full faith and credit of the political subdivision.

1 (e) The limit otherwise applicable under this section does not apply to the  
2 amount that a county levies in that year for a county children with disabilities  
3 education board.

4 (f) The limit otherwise applicable under this section does not apply to the  
5 amount that a 1st class city levies for school purposes.

6 **(4) REFERENDUM EXCEPTION.** (a) A political subdivision may exceed the levy  
7 increase limit under sub. (2) if its governing body adopts a resolution to that effect  
8 and if the resolution is approved in a referendum. The resolution shall specify the  
9 proposed amount of increase in the levy beyond the amount that is allowed under  
10 sub. (2), and shall specify whether the proposed amount of increase is for the next  
11 fiscal year only or if it will apply on an ongoing basis. With regard to a referendum  
12 relating to the 2005 or 2007 levy, the political subdivision may call a special  
13 referendum for the purpose of submitting the resolution to the electors of the political  
14 subdivision for approval or rejection. With regard to a referendum relating to the  
15 2006 levy, the referendum shall be held at the next succeeding spring primary or  
16 election or September primary or general election.

17 (b) The clerk of the political subdivision shall publish type A, B, C, D, and E  
18 notices of the referendum under s. 10.01 (2). Section 5.01 (1) applies in the event of  
19 failure to comply with the notice requirements of this paragraph.

20 (c) The referendum shall be held in accordance with chs. 5 to 12. The political  
21 subdivision shall provide the election officials with all necessary election supplies.  
22 The form of the ballot shall correspond substantially with the standard form for  
23 referendum ballots prescribed by the elections board under ss. 5.64 (2) and 7.08 (1)  
24 (a). The question shall be submitted as follows: "Under state law, the increase in the  
25 levy of the .... (name of political subdivision) for the tax to be imposed for the next

1 fiscal year, .... (year), is limited to ....%, which results in a levy of \$.... Shall the ...  
2 (name of political subdivision) be allowed to exceed this limit and increase the levy  
3 for the next fiscal year, .... (year), by a total of ....%, which results in a levy of \$....?”.

4 (d) Within 14 days after the referendum, the clerk of the political subdivision  
5 shall certify the results of the referendum to the department of revenue. The levy  
6 increase limit otherwise applicable to the political subdivision under sub. (2) is  
7 increased in the next fiscal year by the percentage approved by a majority of those  
8 voting on the question. If the resolution specifies that the increase is for one year  
9 only, the amount of the increase shall be subtracted from the base used to calculate  
10 the limit for the 2nd succeeding fiscal year.

11 (5) EXCEPTION, CERTAIN TOWNS. A town with a population of less than 2,000 may  
12 exceed the levy increase limit otherwise applicable under this section to the town if  
13 the annual town meeting or a special town meeting adopts a resolution to that effect.  
14 The limit otherwise applicable to the town under sub. (2) is increased in the next  
15 fiscal year by the percentage approved by a majority of those voting on the question.  
16 Within 14 days after the adoption of the resolution, the town clerk shall certify the  
17 results of the vote to the department of revenue.

18 (6) SUNSET. This section does not apply beginning 3 years after the effective  
19 date of this subsection .... [revisor inserts date].

20 **SECTION 3.** 121.91 (2m) (e) (intro.) of the statutes is amended to read:

21 121.91 (2m) (e) (intro.) Except as provided in subs. (3) and (4), no school district  
22 may increase its revenues for the 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04,  
23 or 2004-05 school year ~~or for any school year thereafter~~ to an amount that exceeds  
24 the amount calculated as follows:

25 **SECTION 4.** 121.91 (2m) (f) of the statutes is created to read:



1           121.91 **(2m)** (f) Except as provided in subs. (3) and (4), no school district may  
2 increase its revenues for the 2005-06 school year to an amount that exceeds the  
3 amount calculated as follows:

4           1. Divide the sum of the amount of state aid received in the previous school year  
5 and property taxes levied for the previous school year, excluding property taxes  
6 levied for the purpose of s. 120.13 (19) and excluding funds described under sub. (4)  
7 (c), by the average of the number of pupils enrolled in the 3 previous school years.

8           2. Add \$210 to the result under subd. 1.

9           3. Multiply the result under subd. 2. by the average of the number of pupils  
10 enrolled in the current and the 2 preceding school years.

11           **SECTION 5.** 121.91 (2m) (g) of the statutes is created to read:

12           121.91 **(2m)** (g) Except as provided in subs. (3) and (4), no school district may  
13 increase its revenues for the 2006-07 school year or for any school year thereafter  
14 to an amount that exceeds the amount calculated as follows:

15           1. Divide the sum of the amount of state aid received in the previous school year  
16 and property taxes levied for the previous school year, excluding property taxes  
17 levied for the purpose of s. 120.13 (19) and excluding funds described under sub. (4)  
18 (c), by the average of the number of pupils enrolled in the 3 previous school years.

19           2. Add \$200 to the result under subd. 1.

20           3. Multiply the result under subd. 2. by the average of the number of pupils  
21 enrolled in the current and the 2 preceding school years.

22           **SECTION 6.** 121.91 (2m) (r) 1. (intro.) of the statutes is amended to read:

23           121.91 **(2m)** (r) 1. (intro.) Notwithstanding pars. (c), ~~(d)~~ and ~~(e)~~ to (g), if a school  
24 district is created under s. 117.105, its revenue limit under this section for the school

1 year beginning with the effective date of the reorganization shall be determined as  
2 follows except as provided under subs. (3) and (4):

3 **SECTION 7.** 121.91 (2m) (r) 2. (intro.) of the statutes is amended to read:

4 121.91 **(2m)** (r) 2. (intro.) If a school district is created under s. 117.105, the  
5 following adjustments to the calculations under pars. (c), ~~(d)~~ and ~~(e)~~ to (g) apply for  
6 the 2 school years beginning on the July 1 following the effective date of the  
7 reorganization:

8 **SECTION 8.** 121.91 (4) (f) of the statutes is amended to read:

9 121.91 **(4)** (f) 1. For the 1999-2000 school year or any school year thereafter,  
10 if the average of the number of pupils enrolled in the current and the 2 preceding  
11 school years is less than the average of the number of pupils enrolled in the 3 previous  
12 school years, the limit otherwise applicable under sub. (2m) ~~(e)~~ (f) or (g) is increased  
13 by the additional amount that would have been calculated had the decline in average  
14 enrollment been ~~25%~~ 25 percent of what it was.

15 2. Any additional revenue received by a school district as a result of subd. 1.  
16 shall not be included in the base for determining the school district's limit under sub.  
17 (2m) ~~(e)~~ (f) or (g) for the following school year.

18 (END)