



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-0751/P1
EVM:klm

DOA:.....Quinn, BB0092 - Levy limit adjustment for pre-2005 debt service

FOR 2017-2019 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Generally, under current law, local levy limits are applied to the property tax levies that are imposed by cities, villages, towns, or counties (political subdivisions) in December of each year. Current law prohibits a political subdivision from increasing 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.

Current law contains a number of exceptions to the levy limit. Under one of these exceptions, a political subdivision may increase its current year levy limit, up to a maximum increase of 1.5 percent of the actual levy of the prior year, if the allowable levy from the prior year was greater than the actual levy in that year (carryover utilization).

Also under current law, a political subdivision must reduce its levy limit if the amount of its levy in the current year, for its payment of debt service for debt issued before July 1, 2005, is less than its levy for that purpose in the previous year (negative adjustment for debt service). The amount of the levy reduction is the amount by which its levy for such debt service was reduced. Under current law, the negative adjustment for debt service requirement does not apply to a political subdivision in any year in which the political subdivision does not increase its levy increase limit by carryover utilization.

This bill eliminates the carryover utilization exception to the negative adjustment for debt service requirement.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

SECTION 1. 66.0602 (2m) (a) of the statutes is amended to read:

66.0602 **(2m)** (a) If a political subdivision's levy for the payment of any general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than it was in the previous year, the political subdivision shall reduce its levy limit in the current year by an amount equal to the amount that its levy was reduced as described in this subsection. ~~This subsection does not apply to a political subdivision in any year in which the political subdivision does not increase its levy increase limit as allowed under sub. (3) (f) 1.~~

SECTION 9331. Initial applicability; Local government.

(1) LEVY LIMIT NEGATIVE ADJUSTMENT FOR DEBT SERVICE. The treatment of section 66.0602 (2m) (a) of the statutes first applies to a levy that is imposed in December 2017.

(END)