



## 2007 ASSEMBLY BILL 507

September 14, 2007 – Introduced by Representatives HUEBSCH, J. FITZGERALD and RHOADES.

1     **AN ACT** *to repeal* 66.0602 (3) (f) and 66.0602 (7); *to renumber and amend*  
2         66.0602 (1) (d) and 66.0602 (3) (e); *to amend* 66.0602 (1) (b), 66.0602 (3) (d) 2.,  
3         66.0602 (3) (h) 1., 66.0602 (4) (a), 66.0602 (4) (d), 66.0602 (5), 66.0602 (6) (intro.)  
4         and 66.0602 (6) (c); and *to create* 38.17, 66.0602 (1) (am), 66.0602 (1) (at),  
5         66.0602 (1) (d) 2., 66.0602 (2), 66.0602 (3) (d) 4., 66.0602 (3) (d) 5., 66.0602 (3)  
6         (e) 1., 66.0602 (3) (e) 2., 66.0602 (3) (e) 3., 66.0602 (3) (e) 6., 66.0602 (3) (e) 7. and  
7         66.0602 (6m) of the statutes; **relating to:** modifying and extending local levy  
8         limits for cities, villages, towns, and counties and creating a levy limit for  
9         technical college districts.

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

Until January 1, 2007, the law prohibited a political subdivision (any city, village, town, or county) from increasing its levy by a percentage that exceeded its “valuation factor,” which was defined as the percentage change in the political subdivision’s equalized value due to new construction, less improvements removed, but not less than 2 percent. In addition, the calculation of a political subdivision’s levy did not include any tax increment that was generated by a tax incremental district.

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The law contained a number of exceptions to the levy limit for political subdivisions that transferred the provision of services, for cities or villages that annexed town territory, for political subdivisions that levied to pay debt service on debt authorized on or after July 1, 2005, for certain joint fire departments, and for a county levy that related to a county children with disabilities education board.

Also under the law, a political subdivision's levy limit was increased if the amount of debt service in the current year exceeded the amount in the prior year for debt that was approved by the governing body before July 1, 2005. The levy limit could also have been exceeded if a political subdivision's resolution to do so was approved in a referendum. If a political subdivision exceeded the levy limit, creating a "penalized excess," the Department of Revenue (DOR) was required to reduce the political subdivision's local aid payments in an equal amount. The levy limit applied only to the 2005 and 2006 levies.

This bill applies the local levy limits to the property tax levies that are imposed in December 2007 and 2008, modifies the calculation of the limit, and creates a number of new exceptions to the limit. The bill changes the definition of "valuation factor" for a municipality (any city, village, or town) by also including in the calculation 50 percent of the value increment of expired tax incremental districts. Also under the bill, the base amount of a political subdivision's levy, on which the levy limit is imposed, is the political subdivision's actual levy for the previous year.

The bill creates several new exceptions to the levy limit for political subdivisions, including the following: county levies for certain bridge and culvert construction and repairs; certain levies for fire departments from any combination of cities, villages, and towns that have entered into a contract to jointly provide fire protection services; the amount that a county levies for a countywide emergency medical system; and the amount that a village levies for police services but only in the year immediately after the year in which the village changes from town to village status, and only if the town did not have a police force.

Also under the bill, a political subdivision will not be liable for a penalty that would otherwise be imposed if DOR determines that a taxation district clerk or county clerk, through mistake or inadvertence, causes a political subdivision's actual levy in the year before the current year to be different from the amount intended by the political subdivision's governing body.

The bill establishes a levy limit for technical college districts in 2007 and 2008. The levy limit is the levy for the previous year multiplied by 1.026. The bill contains exceptions to the levy limit for districts that transfer the provision of services. The levy limit may also be exceeded if a technical college district's resolution to do so is approved in a referendum.

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

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

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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 in 2007 or 2008 to an amount that exceeds its levy for the previous fiscal year  
8 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.

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

19           **(b) 1.** If the amount of debt service for a district board in the preceding fiscal  
20 year is less than the amount of debt service needed in the current fiscal year, as a  
21 result of the district board adopting a resolution before July 1, 2007, authorizing the  
22 issuance of debt, the limit otherwise applicable under sub. (2) for the current fiscal  
23 year is increased by the difference between the 2 amounts, as determined by the  
24 department of revenue.

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1           2. The limit otherwise applicable under this section does not apply to amounts  
2 levied by a district board for the payment of any general obligation debt service,  
3 including debt service on debt issued or reissued to fund or refund outstanding  
4 municipal obligations, interest on outstanding municipal obligations, or the  
5 payment of related issuance costs or redemption premiums, authorized on or after  
6 July 1, 2007, by a referendum and secured by the full faith and credit of the district.

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

13           2. With regard to a referendum relating to a levy in an odd-numbered year, the  
14 district board may call a special referendum for the purpose of submitting the  
15 resolution to the electors of the district for approval or rejection.

16           3. With regard to a referendum relating to a levy in an even-numbered year,  
17 the referendum shall be held at the spring primary or election or September primary  
18 or general election.

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

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

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1 (a). The question shall be submitted as follows: “Under state law, the percentage  
2 increase in the levy of the .... (name of district) for the next fiscal year, .... (year), is  
3 limited to ....percent, resulting in a levy of \$..... Shall the .... (name of district) be  
4 allowed to exceed this limit such that the percentage increase for the next fiscal year,  
5 .... (year), will be ....percent, resulting in a levy of \$....?”

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

12 **(5) PENALTY.** The department of revenue shall notify the board of any amount  
13 levied by a district board that exceeds the district’s limit under this section. The  
14 board shall reduce the district’s state aid under s. 38.28 in the same fiscal year in  
15 which the excess levy occurred by an amount equal to the amount of the excess levy.  
16 The amount of the reduction shall lapse to the general fund.

17 **SECTION 2.** 66.0602 (1) (am) of the statutes is created to read:

18 66.0602 (1) (am) “Joint fire department” means a joint fire department  
19 organized under s. 61.65 (2) (a) 3. or 62.13 (2m), or a joint fire department organized  
20 by any combination of 2 or more cities, villages, or towns under s. 66.0301 (2).

21 **SECTION 3.** 66.0602 (1) (at) of the statutes is created to read:

22 66.0602 (1) (at) “Municipality” means a city, village or town.

23 **SECTION 4.** 66.0602 (1) (b) of the statutes is amended to read:

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1           66.0602 (1) (b) “Penalized excess” means the levy over the limit under sub. (2)  
2 for the political subdivision, not including any amount that is excepted from the limit  
3 under subs. (3), (4), and (5).

4           **SECTION 5.** 66.0602 (1) (d) of the statutes is renumbered 66.0602 (1) (d) (intro.)  
5 and amended to read:

6           66.0602 (1) (d) (intro.) “Valuation factor” means ~~a percentage equal to the~~  
7 greater of either 2 percent or the percentage one of the following:

8           1. For a municipality, the sum of the change in the political subdivision’s  
9 January 1 equalized value due to new construction less improvements removed  
10 between the previous year and the current year, but not less than 2. Except as  
11 provided in subs. (3), (4), and (5), no political subdivision may increase its levy in any  
12 year by a percentage that exceeds the political subdivision’s valuation factor. In  
13 determining its levy in any year, a city, village, or town shall subtract any tax  
14 increment that is calculated under s. 60.85 (1) (L) or 66.1105 (2) (i) and, if the  
15 department of revenue does not certify a value increment for a tax incremental  
16 district for the current year due to the district’s termination, 50 percent of the value  
17 increment of such a district in the municipality, calculated for the previous year; and  
18 that sum is divided by the municipality’s equalized value for the previous year to  
19 which the levy relates.

20           **SECTION 6.** 66.0602 (1) (d) 2. of the statutes is created to read:

21           66.0602 (1) (d) 2. For a county, a percentage equal to the percentage change in  
22 the county’s January 1 equalized value due to new construction less improvements  
23 removed between the previous year and the current year.

24           **SECTION 7.** 66.0602 (2) of the statutes is created to read:

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1           66.0602 (2) LEVY LIMIT. Except as provided in subs. (3), (4), and (5), no political  
2           subdivision may increase its levy in 2007 or 2008 by a percentage that exceeds the  
3           political subdivision's valuation factor. The base amount in any year, to which the  
4           limit under this section applies, shall be the political subdivision's levy for the  
5           immediately preceding year. In determining its levy in any year, a political  
6           subdivision shall subtract any tax increment that is calculated under s. 59.57 (3) (a),  
7           60.85 (1) (L), or 66.1105 (2) (i).

8           **SECTION 8.** 66.0602 (3) (d) 2. of the statutes is amended to read:

9           66.0602 (3) (d) 2. The limit otherwise applicable under this section does not  
10          apply to amounts levied by a political subdivision for the payment of any general  
11          obligation debt service, including debt service on debt issued or reissued to fund or  
12          refund outstanding obligations of the political subdivision, interest on outstanding  
13          obligations of the political subdivision, or the payment of related issuance costs or  
14          redemption premiums, authorized on or after July 1, 2005, and before July 1, 2007,  
15          and secured by the full faith and credit of the political subdivision.

16          **SECTION 9.** 66.0602 (3) (d) 4. of the statutes is created to read:

17          66.0602 (3) (d) 4. If the amount of a lease payment related to a lease revenue  
18          bond for a political subdivision in the preceding year is less than the amount of the  
19          lease payment needed in the current year, as a result of the issuance of a lease  
20          revenue bond before July 1, 2005, the levy increase limit otherwise applicable under  
21          this section to the political subdivision in the current year is increased by the  
22          difference between these 2 amounts.

23          **SECTION 10.** 66.0602 (3) (d) 5. of the statutes is created to read:

24          66.0602 (3) (d) 5. The limit otherwise applicable under this section does not  
25          apply to amounts levied by a political subdivision for the payment of any general

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1 obligation debt service, including debt service on debt issued or reissued to fund or  
2 refund outstanding obligations of the political subdivision, interest on outstanding  
3 obligations of the political subdivision, or the payment of related issuance costs or  
4 redemption premiums, authorized by referendum on or after July 1, 2007, and  
5 secured by the full faith and credit of the political subdivision.

6 **SECTION 11.** 66.0602 (3) (e) of the statutes is renumbered 66.0602 (3) (e) (intro.)  
7 and amended to read:

8 66.0602 (3) (e) (intro.) The limit otherwise applicable under this section does  
9 not apply to the amount that a county levies in that year for a county children with  
10 disabilities education board. any of the following:

11 **SECTION 12.** 66.0602 (3) (e) 1. of the statutes is created to read:

12 66.0602 (3) (e) 1. The amount that a county levies in that year for a county  
13 children with disabilities education board.

14 **SECTION 13.** 66.0602 (3) (e) 2. of the statutes is created to read:

15 66.0602 (3) (e) 2. The amount that a 1st class city levies in that year for school  
16 purposes.

17 **SECTION 14.** 66.0602 (3) (e) 3. of the statutes is created to read:

18 66.0602 (3) (e) 3. The amount that a county levies in that year under s. 82.08  
19 (2) for bridge and culvert construction and repair.

20 **SECTION 15.** 66.0602 (3) (e) 6. of the statutes is created to read:

21 66.0602 (3) (e) 6. The amount that a county levies in that year for a countywide  
22 emergency medical system.

23 **SECTION 16.** 66.0602 (3) (e) 7. of the statutes is created to read:

24 66.0602 (3) (e) 7. The amount that a village levies in that year for police  
25 protection services, but this subdivision applies only to a village's levy for the year

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1 immediately after the year in which the village changes from town status and  
2 incorporates as a village, and only if the town did not have a police force.

3 **SECTION 17.** 66.0602 (3) (f) of the statutes is repealed.

4 **SECTION 18.** 66.0602 (3) (h) 1. of the statutes is amended to read:

5 66.0602 (3) (h) 1. Subject to subd. 2., the limit otherwise applicable under this  
6 section does not apply to the amount that a city, village, or town levies in that year  
7 to pay for charges assessed by a joint fire department ~~organized under s. 61.65 (2)~~  
8 ~~(a) 3. or 62.13 (2m)~~, but only to the extent that the amount levied to pay for such  
9 charges would cause the city, village, or town to exceed the limit that is otherwise  
10 applicable under this section.

11 **SECTION 19.** 66.0602 (4) (a) of the statutes is amended to read:

12 66.0602 (4) (a) A political subdivision may exceed the levy increase limit under  
13 sub. (2) if its governing body adopts a resolution to that effect and if the resolution  
14 is approved in a referendum. The resolution shall specify the proposed amount of  
15 increase in the levy beyond the amount that is allowed under sub. (2), and shall  
16 specify whether the proposed amount of increase is for the next fiscal year only or if  
17 it will apply on an ongoing basis. With regard to a referendum relating to the 2005  
18 levy, or any levy in an odd-numbered year thereafter, the political subdivision may  
19 call a special referendum for the purpose of submitting the resolution to the electors  
20 of the political subdivision for approval or rejection. With regard to a referendum  
21 relating to the 2006 levy, or any levy in an even-numbered year thereafter, the  
22 referendum shall be held at the next succeeding spring primary or election or  
23 September primary or general election.

24 **SECTION 20.** 66.0602 (4) (d) of the statutes is amended to read:

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1           66.0602 (4) (d) Within 14 days after the referendum, the clerk of the political  
2 subdivision shall certify the results of the referendum to the department of revenue.  
3 The levy increase limit otherwise applicable to the political subdivision under this  
4 section is increased in the next fiscal year by the percentage approved by a majority  
5 of those voting on the question. If the resolution specifies that the increase is for one  
6 year only, the amount of the increase shall be subtracted from the base used to  
7 calculate the limit for the 2nd succeeding fiscal year.

8           **SECTION 21.** 66.0602 (5) of the statutes is amended to read:

9           66.0602 (5) EXCEPTION, CERTAIN TOWNS. A town with a population of less than  
10 2,000 may exceed the levy increase limit otherwise applicable under this section to  
11 the town if the town board adopts a resolution supporting an increase and places the  
12 question on the agenda of an annual town meeting or a special town meeting and if  
13 the annual or special town meeting adopts a resolution endorsing the town board's  
14 resolution. The limit otherwise applicable to the town under this section is increased  
15 in the next fiscal year by the percentage approved by a majority of those voting on  
16 the question. Within 14 days after the adoption of the resolution, the town clerk shall  
17 certify the results of the vote to the department of revenue.

18           **SECTION 22.** 66.0602 (6) (intro.) of the statutes is amended to read:

19           66.0602 (6) PENALTIES. (intro.) If Except as provided in sub. (6m), if the  
20 department of revenue determines that a political subdivision has a penalized excess  
21 in any year, the department of revenue shall do all of the following:

22           **SECTION 23.** 66.0602 (6) (c) of the statutes is amended to read:

23           66.0602 (6) (c) Ensure that the amount of the penalized excess is not included  
24 in determining the limit described under sub. (2) for the political subdivision for the  
25 following year.

