



2001 ASSEMBLY BILL 664

December 3, 2001 - Introduced by Representatives LEIBHAM, KESTELL, DUFF, STASKUNAS, F. LASEE, STARZYK, AINSWORTH, PETROWSKI, GUNDERSON, PLALE, JESKEWITZ, HINES, HUNDERTMARK, MILLER, MEYERHOFER, RYBA, TOWNSEND, OWENS, NASS, GROTHMAN, LASSA, LOEFFELHOLZ and KRAWCZYK, cosponsored by Senators HUELSMAN, S. FITZGERALD, BAUMGART and PLACHE. Referred to Committee on State and Local Finance (Select).

- 1 **AN ACT** *to amend* 79.05 (2) (c); and *to create* 66.0602 of the statutes; **relating**
2 **to:** the eligibility for expenditure restraint shared revenue payments.

Analysis by the Legislative Reference Bureau

Under current law, a municipality that imposes a property tax levy rate of more than five mills receives a payment under the expenditure restraint program, if any increase in the municipality's budget for the year; less principal and interest on long-term debt, shared revenue payments, and recycling fee payments; as compared to its budget for the previous year; less principal and interest on long-term debt, shared revenue payments, and recycling fee payments; is no more than the allowable increase under the program. The allowable increase is based, generally, on the property value in the municipality and the inflation rate.

Under this bill, a municipality may create a segregated reserve fund to be used to purchase a capital asset that is expected to last several years, to construct or repair public infrastructure, or to pay or finance recovery or rebuilding costs that are necessitated by a natural disaster. Amounts paid from such a fund are not considered in the calculation of payments under the expenditure restraint program. Also, under the bill, if the increase in a municipality's adopted budget for the year is less than the allowable increase under the expenditure restraint program, the municipality may increase its budget in the following year by an amount equal to the allowable increase, plus 25% of the difference between its adopted budget in the previous year and the allowable increase in the previous year, and still be eligible for a payment under the expenditure restraint program.

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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:

1 **SECTION 1.** 66.0602 of the statutes is created to read:

2 **66.0602 Accumulation of reserves for specified purposes.** (1) Any city,
3 village, or town may accumulate cash or other liquid assets in nonlapsing reserve
4 funds for any of the purposes specified in sub. (2) if the reserve funds are kept in
5 segregated accounts in the municipal treasury. Each reserve fund must have a
6 designated, specific purpose for which the cash or other assets are being
7 accumulated, and may be spent only for the specified purpose.

8 (2) Cash or other liquid assets in reserve funds may be accumulated for any of
9 the following purposes:

10 (a) The purchase of a capital asset that is expected to last at least several years.

11 (b) The construction or repair of public infrastructure.

12 (c) The payment or financing of recovery or rebuilding costs that are
13 necessitated by a natural disaster.

14 **SECTION 2.** 79.05 (2) (c) of the statutes, as affected by 2001 Wisconsin Act 16,
15 is amended to read:

16 79.05 (2) (c) Its municipal budget; exclusive of principal and interest on
17 long-term debt and exclusive of revenue sharing payments under s. 66.0305,
18 amounts paid from a segregated account under s. 66.0602, and recycling fee
19 payments under s. 289.645; for the year of the statement under s. 79.015 increased
20 over its municipal budget as adjusted under sub. (6); exclusive of principal and
21 interest on long-term debt and exclusive of revenue sharing payments under s.

