



## 2005 ASSEMBLY JOINT RESOLUTION 71

December 15, 2005 - Introduced by Representative MUSSER, by request of Wisconsin Property Taxpayers, Inc.. Referred to Committee on Ways and Means.

1     **To create** section 11 of article VIII of the constitution; **relating to:** spending limits  
2             for the state, school districts, technical college districts, and local governmental  
3             units; electoral approval for exceeding spending limits; exceeding spending  
4             limits in the event of an emergency; and requiring the state to fully fund state  
5             mandates (first consideration).

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### *Analysis by the Legislative Reference Bureau*

This proposed constitutional amendment, proposed to the 2005 legislature on first consideration, requires that, in any fiscal year, each city, village, town, county, school district, and technical college district (local governmental unit) spend no more in fees and property taxes than it spent in the previous year, increased by the percentage increase in the consumer price index, plus the percentage increase in property values resulting from new construction within the jurisdiction or taxing authority of the local governmental unit. The amendment also requires that the state spend no less on school aid and shared revenue in any fiscal year than it spent in the previous fiscal year, increased by the percentage increase in the consumer price index, plus the percentage increase in property values resulting from new construction in the state.

The amendment requires the legislature, by law, to provide a mechanism for adjusting the spending limits based on the transfer of any governmental function, including the transfer of such functions resulting from the annexation, creation, consolidation, or boundary change of a local governmental unit. In addition, a local

governmental unit may exceed the spending limit with the approval of electors in a referendum, as provided by the legislature, by law, or, in the event of an emergency, with the approval of two-thirds of the members of the local governmental unit's governing body. Finally, the state must pay a local governmental unit the costs incurred by the local governmental unit to comply with any state law or administrative rule or order that requires the local governmental unit to expend money for a new program or for an increased level of service for an existing program.

A proposed constitutional amendment requires adoption by two successive legislatures, and ratification by the people, before it can become effective.

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1           ***Resolved by the assembly, the senate concurring, That:***

2           **SECTION 1.** Section 11 of article VIII of the constitution is created to read:

3           [Article VIII] Section 11 (1) In this section:

4           (a) “Emergency” means any expenditure of a local governmental unit that the  
5 governing body of the local governmental unit did not anticipate and in an amount  
6 that is greater than 10 percent of the amount of the local governmental unit's fiscal  
7 year budget.

8           (b) “Fees and property taxes” means fees and property taxes as defined by the  
9 legislature, by law.

10           (c) “Local governmental unit” means any city, village, town, county, school  
11 district, or technical college district.

12           (2) (a) Except as otherwise provided in this section, the amount of fees and  
13 property taxes that a local governmental unit imposes and spends in any fiscal year  
14 may not exceed the amount of the fees and property taxes that it imposed and spent  
15 in the previous fiscal year, multiplied by the percentage increase over the previous  
16 fiscal year in the consumer price index for Milwaukee–Racine or its successor, plus  
17 the percentage increase over the previous fiscal year in property values resulting  
18 from new construction within the local governmental unit's jurisdiction or taxing

1 authority. This paragraph first applies on the first day of the first fiscal year that  
2 occurs after ratification of this paragraph.

3 (b) Except as otherwise provided in this section, the amount that the state  
4 spends on school aid and shared revenue in any fiscal year may not be less than the  
5 amount the state spent on school aid and shared revenue in the previous fiscal year,  
6 multiplied by the percentage increase over the previous fiscal year in the consumer  
7 price index for Milwaukee-Racine or its successor, plus the percentage increase over  
8 the previous fiscal year in property values resulting from new construction in the  
9 state. This paragraph first applies on the first day of the first fiscal year that occurs  
10 after ratification of this paragraph.

11 (3) (a) The legislature, by law, shall provide a mechanism to adjust the amount  
12 of any limitation under this section to reflect any subsequent transfer of all or any  
13 part of the cost of providing a governmental function to the state or a local  
14 governmental unit. The adjustment mechanism provided for in this paragraph shall  
15 be used in determining a limitation under this section beginning with the fiscal year  
16 immediately following the transfer.

17 (b) The legislature, by law, shall provide a mechanism to adjust the amount of  
18 any limitation under this section to reflect the cost of providing a governmental  
19 function as a result of any subsequent annexation, creation, consolidation, or  
20 boundary change of a local governmental unit. The adjustment mechanism provided  
21 for in this paragraph shall be used in determining a limitation under this section  
22 beginning with the fiscal year immediately following the annexation, creation,  
23 consolidation, or boundary change of a local governmental unit.

24 (4) A local governmental unit may exceed any limitation under this section only  
25 with elector approval in a referendum, as provided by the legislature, by law, except

1 that the local governmental unit may exceed its limitation in the event of an  
2 emergency with the approval of two-thirds of the members of the unit's governing  
3 body.

4 (5) The state shall appropriate and allocate to a local governmental unit the  
5 costs incurred by the governmental unit to comply with any state law or  
6 administrative rule or order enacted or adopted after the ratification of this  
7 paragraph that requires the local governmental unit to expend money for a new  
8 program or for an increased level of service for an existing program, as determined  
9 by the legislature, by law.

10 **SECTION 2. Numbering of new provision.** The new section 11 of article VIII  
11 of the constitution created in this joint resolution shall be designated by the next  
12 higher open whole section number in that article if, before the ratification by the  
13 people of the amendment proposed in this joint resolution, any other ratified  
14 amendment has created a section 11 of article VIII of the constitution of this state.  
15 If one or more joint resolutions create a section 11 of article VIII simultaneously with  
16 the ratification by the people of the amendment proposed in this joint resolution, the  
17 sections created shall be numbered and placed in a sequence so that the sections  
18 created by the joint resolution having the lowest enrolled joint resolution number  
19 have the numbers designated in that joint resolution and the sections created by the  
20 other joint resolutions have numbers that is in the same ascending order as are the  
21 numbers of the enrolled joint resolutions creating the sections.

22 ***Be it further resolved, That*** this proposed amendment be referred to the  
23 legislature to be chosen at the next general election and that it be published for 3  
24 months previous to the time of holding such election.

25 (END)