



## 2003 ASSEMBLY JOINT RESOLUTION 42

August 26, 2003 - Introduced by Representatives SERATTI, ALBERS, BIES, FREESE, FRISKE, GRONEMUS, GUNDERSON, HINES, KREIBICH, F. LASEE, MCCORMICK and J. WOOD, cosponsored by Senators A. LASEE and BRESKE. Referred to Committee on Ways and Means.

- 1     ***To renumber and amend*** section 1 of article VIII; and ***to create*** section 1 (1), (3),  
2             (4) and (5) of article VIII of the constitution; **relating to:** limiting the annual  
3             percentage increase in property tax assessments and prohibiting property tax  
4             rate increases without voter approval (first consideration).

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

This proposed constitutional amendment, proposed to the 2003 legislature on first consideration, provides that, beginning with real property taxes assessed by a city, village, town, or county on the January 1 after ratification, the maximum annual percentage increase in the property tax assessment on a parcel of real property for any year may not exceed the lesser of: 1) 3%; 2) inflation in the prior year, minus 0.5%, but not less than zero percent; or 3) an amount that raises the assessed valuation above the fair market value. The amendment permits the legislature, by law, to provide exceptions when property is resold, for the treatment of improvements, and for changes outside the taxpayer's control.

The amendment also prohibits property tax rate increases by cities, villages, towns, counties, and other jurisdictions, other than the state, that are authorized by law to levy taxes on general property that is located within their boundaries. The amendment provides a method by which the limit may be exceeded with elector approval.

A proposed constitutional amendment requires adoption by 2 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 1 of article VIII of the constitution is renumbered section  
3 1 (2) of article VIII and amended to read:

4           [Article VIII] Section 1 (2) The Subject to other provisions of this section, the  
5 rule of taxation shall be uniform but the legislature may empower cities, villages, or  
6 towns to collect and return taxes on real estate located therein by optional methods.  
7 Taxes shall be levied upon such property with such classifications as to forests and  
8 minerals including or separate or severed from the land, as the legislature shall  
9 prescribe. Taxation of agricultural land and undeveloped land, both as defined by  
10 law, need not be uniform with the taxation of each other nor with the taxation of other  
11 real property. Taxation of merchants' stock-in-trade, manufacturers' materials and  
12 finished products, and livestock need not be uniform with the taxation of real  
13 property and other personal property, but the taxation of all such merchants'  
14 stock-in-trade, manufacturers' materials and finished products and livestock shall  
15 be uniform, except that the legislature may provide that the value thereof shall be  
16 determined on an average basis.

17           (6) Taxes may also be imposed on incomes, privileges and occupations, which  
18 taxes may be graduated and progressive, and reasonable exemptions may be  
19 provided.

20           **SECTION 2.** Section 1 (1), (3), (4) and (5) of article VIII of the constitution are  
21 created to read:

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

1 (a) "Ballot issue" means a question presented pursuant to this subsection to the  
2 electors for approval at an election.

3 (b) "Governmental unit" means any city, village, town, or county.

4 (c) "Inflation" means the percentage equal to the average annual percentage  
5 change in the U.S. consumer price index for all urban consumers, U.S. city average,  
6 as determined by the U.S. department of labor, for the 12 months ending on  
7 December 31 of the year before the assessment year, minus 0.5%.

8 (d) "Taxing jurisdiction" means an entity, other than the state, that is  
9 authorized by law to levy taxes on general property that is located within its  
10 boundaries.

11 (3) (a) Except as otherwise provided in this subsection, beginning with real  
12 property tax assessments by a governmental unit as of the January 1 after  
13 ratification of this paragraph, the maximum annual percentage increase in the  
14 property tax assessment on a parcel of real property for any year, excluding special  
15 assessments, may not exceed the lesser of:

16 1. Three percent;

17 2. Inflation, but not less than zero percent; or

18 3. The percentage which, when it is added to 100% and their sum multiplied  
19 by the amount of the parcel's assessment, their product equals the fair market value  
20 of the parcel, but not less than zero percent.

21 (b) The legislature, by law, shall provide a mechanism to adjust the limitation  
22 under this subsection to reflect the occurrence of any of the following:

23 1. Annexation.

24 2. Creation of a new governmental unit.

25 3. Consolidation, or change in the boundaries, of a governmental unit.

1           4. Exempt property becoming taxable.

2           5. Changes to previous assessments correcting clerical, arithmetic,  
3 transpositional, and other similar errors.

4           (c) The adjustment mechanism provided for in par. (b) shall be used in  
5 determining a limitation under this subsection beginning with the year immediately  
6 following the annexation, creation of a new governmental unit, consolidation or  
7 change in the boundaries of a governmental unit, change in taxable status, or  
8 correction.

9           (4) (a) If a parcel specified in sub. (3) is improved, as defined by the legislature  
10 by law, the parcel shall be assessed for the year in which the improvement is made  
11 as if sub. (3) were not in effect as to the value added by the improvement, as defined  
12 by the legislature by law, and in each subsequent year the parcel shall be assessed  
13 as limited by sub. (3).

14           (b) If real property is conveyed, the parcel shall be assessed for the year in  
15 which the property is conveyed as if sub. (3) were not in effect and in each subsequent  
16 year the parcel shall be assessed as limited by sub. (3).

17           (5) (a) Except as otherwise provided in this subsection, a taxing jurisdiction  
18 may not impose a tax on property at a rate in excess of the rate in effect on the day  
19 on which this amendment to the constitution is ratified.

20           (b) The limit under par. (a) may be exceeded in a taxing jurisdiction only with  
21 elector approval under this subsection in advance. An approval may not apply to less  
22 than all of the real property in the taxing jurisdiction.

23           (c) A ballot issue may be submitted only at an election at which either members  
24 of the legislature or members of the judiciary are regularly elected or at a primary

1 election held to nominate candidates to be voted for at such an election, or on the  
2 Tuesday next succeeding the first Monday of November in odd-numbered years.

3 **SECTION 3. Numbering of new provisions.** (1) The new subsection (1) of  
4 section 1 of article VIII of the constitution created in this joint resolution shall be  
5 designated by the next higher open whole subsection number in that section in that  
6 article if, before the ratification by the people of the amendment proposed in this joint  
7 resolution, any other ratified amendment has created a subsection (1) of section 1 of  
8 article VIII of the constitution of this state. If one or more joint resolutions create  
9 a subsection (1) of section 1 of article VIII simultaneously with the ratification by the  
10 people of the amendment proposed in this joint resolution, the subsections created  
11 shall be numbered and placed in a sequence so that the subsections created by the  
12 joint resolution having the lowest enrolled joint resolution number have the numbers  
13 designated in that joint resolution and the subsections created by the other joint  
14 resolutions have numbers that are in the same ascending order as are the numbers  
15 of the enrolled joint resolutions creating the subsections.

16 (2) The new subsection (3) of section 1 of article VIII of the constitution created  
17 in this joint resolution shall be designated by the next higher open whole subsection  
18 number in that section in that article if, before the ratification by the people of the  
19 amendment proposed in this joint resolution, any other ratified amendment has  
20 created a subsection (3) of section 1 of article VIII of the constitution of this state.  
21 If one or more joint resolutions create a subsection (3) of section 1 of article VIII  
22 simultaneously with the ratification by the people of the amendment proposed in this  
23 joint resolution, the subsections created shall be numbered and placed in a sequence  
24 so that the subsections created by the joint resolution having the lowest enrolled joint  
25 resolution number have the numbers designated in that joint resolution and the

1 subsections created by the other joint resolutions have numbers that are in the same  
2 ascending order as are the numbers of the enrolled joint resolutions creating the  
3 subsections.

4 (3) The new subsection (4) of section 1 of article VIII of the constitution created  
5 in this joint resolution shall be designated by the next higher open whole subsection  
6 number in that section in that article if, before the ratification by the people of the  
7 amendment proposed in this joint resolution, any other ratified amendment has  
8 created a subsection (4) of section 1 of article VIII of the constitution of this state.  
9 If one or more joint resolutions create a subsection (4) of section 1 of article VIII  
10 simultaneously with the ratification by the people of the amendment proposed in this  
11 joint resolution, the subsections created shall be numbered and placed in a sequence  
12 so that the subsections created by the joint resolution having the lowest enrolled joint  
13 resolution number have the numbers designated in that joint resolution and the  
14 subsections created by the other joint resolutions have numbers that are in the same  
15 ascending order as are the numbers of the enrolled joint resolutions creating the  
16 subsections.

17 (4) The new subsection (5) of section 1 of article VIII of the constitution created  
18 in this joint resolution shall be designated by the next higher open whole subsection  
19 number in that section in that article if, before the ratification by the people of the  
20 amendment proposed in this joint resolution, any other ratified amendment has  
21 created a subsection (5) of section 1 of article VIII of the constitution of this state.  
22 If one or more joint resolutions create a subsection (5) of section 1 of article VIII  
23 simultaneously with the ratification by the people of the amendment proposed in this  
24 joint resolution, the subsections created shall be numbered and placed in a sequence  
25 so that the subsections created by the joint resolution having the lowest enrolled joint

1 resolution number have the numbers designated in that joint resolution and the  
2 subsections created by the other joint resolutions have numbers that are in the same  
3 ascending order as are the numbers of the enrolled joint resolutions creating the  
4 subsections.

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

8 (END)