

1999 DRAFTING REQUEST

Assembly Joint Resolution

Received: 02/09/2000

Received By: **dykmapj**

Wanted: **Soon**

Identical to LRB:

For: **Mark Pettis (608) 267-2365**

By/Representing: **Don Nelson**

This file may be shown to any legislator: **NO**

Drafter: **dykmapj**

May Contact:

Alt. Drafters:

Subject: **Constitutional Amendments
Tax - property**

Extra Copies: **JK
MES**

Pre Topic:

No specific pre topic given

Topic:

Five percent Limit on property tax increases

Instructions:

See Attached See 99-4319/1

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	dykmapj 02/22/2000	gilfokm 02/22/2000	martykr 02/23/2000	_____	lrb_docadmin 02/23/2000		
/2	dykmapj 02/23/2000	gilfokm 02/23/2000	martykr 02/23/2000	_____	lrb_docadmin 02/23/2000		
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**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4319/P1dn
JK:cjs:km

February 2, 2000

Representative Pettis:

Please review this draft carefully to ensure that it is consistent with your intent. The bill limits the annual increase in the amount of property taxes paid by a property owner to the lesser of either 5% more than the amount of the taxes paid in the previous year or the amount of the taxes paid in the previous year, adjusted for inflation. The bill does not preclude a municipality from raising the mill rate or raising the assessed value of property. The bill simply limits the amount of the tax that the property owner pays.

If you want to limit the annual increase in property taxes, limiting the property tax levy that may be imposed by a municipality may be more effective. For an example, see section 66.77 of the statutes that limits the operating levy of a county and requires that a county pass a referendum to increase the levy limit. The legislature imposed such limits on a municipality's property tax levy from 1975 until 1983. See Chapter 39, Laws of 1975; sections 435, 441, 442 and 457. Do you want to impose a property tax levy limit on municipalities? If you want to impose a property tax levy limit on municipalities, do you also want to limit a municipality's ability to adjust the mill rates and assessments?

Please contact me if you have any questions.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

1999 BILL

1 **AN ACT to create** 70.107 and 74.09 (3) (gm) of the statutes; **relating to:** limiting
2 the annual increase in the payment of property taxes.

Analysis by the Legislative Reference Bureau

Under this bill, an increase in the amount of the property tax that a property owner pays for the owner's real property is limited to an amount that is no greater than 5% more than to the amount of the property tax the owner paid in the previous year on the same property. This limitation does not apply to any delinquent taxes or special assessments owed by the property owner. The limitation also does not apply if the property is substantially improved or if the property is conveyed to another person.

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:

3 **SECTION 1.** 70.107 of the statutes is created to read:

4 **70.107 Limit on tax payments.** (1) Except as provided in sub. (2), the annual
5 amount of the property tax that a property owner pays for the owner's real property,
6 excluding delinquent property taxes, special assessments, special charges and

BILL

1 special taxes, may not exceed an amount that is equal to 5% more than the amount
2 of the property tax the owner paid in the previous year on the same property. *re*

3 (2) (a) If real property is substantially improved, as determined by the taxation
4 district assessor, the property owner shall pay property taxes for the year of the
5 improvement based on the property's full assessed value and in each subsequent
6 year the property owner shall pay the property tax based on the property's full
7 assessed value, subject to sub. (1).

8 (b) If real property is conveyed, the person to whom the property is conveyed
9 shall pay the property tax for the year in which the property is conveyed based on
10 the property's full assessed value and in each subsequent year that person shall pay
11 the property tax based on the property's full assessed value, subject to sub. (1).

12 **SECTION 2.** 74.09 (3) (gm) of the statutes is created to read:

13 74.09 (3) (gm) Indicate that the amount of the tax due, excluding delinquent
14 property taxes, special assessments, special charges and special taxes, is subject to
15 the limitations under s. 70.107.

16 **SECTION 3. Initial applicability.**

17 (1) This act first applies to the property tax assessments as of January 1, 2000.

18 (END)



1999 ASSEMBLY JOINT RESOLUTION

Wed. or Thurs.

1 **To renumber and amend** section 1 of article VIII; and **to create** section 1 (2) of
2 article VIII of the constitution; **relating to:** limiting the annual percentage
3 increase in property taxes assessed on real property (first consideration).

Analysis by the Legislative Reference Bureau

This proposed constitutional amendment, proposed to the 1999 legislature on first consideration, provides that, beginning with real property taxes assessed on the January 1 after ratification, the maximum annual percentage change in the property tax on a parcel of real property for any year equals the lesser of 5%; or the difference between inflation in the prior year minus inflation in the year prior to that year, doubled, but not less than zero percent.

A proposed constitutional amendment requires adoption by 2 successive legislatures, and ratification by the people, before it can become effective.

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

5 **SECTION 1.** Section 1 of article VIII of the constitution is renumbered section
6 1 (1) of article VIII and amended to read:

7 [Article VIII] Section 1 (1) The Subject to other provisions of this section, the
8 rule of taxation shall be uniform but the legislature may empower cities, villages or
9 towns to collect and return taxes on real estate located therein by optional methods.

1 Taxes shall be levied upon such property with such classifications as to forests and
 2 minerals including or separate or severed from the land, as the legislature shall
 3 prescribe. Taxation of agricultural land and undeveloped land, both as defined by
 4 law, need not be uniform with the taxation of each other nor with the taxation of other
 5 real property. Taxation of merchants' stock-in-trade, manufacturers' materials and
 6 finished products, and livestock need not be uniform with the taxation of real
 7 property and other personal property, but the taxation of all such merchants'
 8 stock-in-trade, manufacturers' materials and finished products and livestock shall
 9 be uniform, except that the legislature may provide that the value thereof shall be
 10 determined on an average basis.

11 (3) Taxes may also be imposed on incomes, privileges and occupations, which
 12 taxes may be graduated and progressive, and reasonable exemptions may be
 13 provided.

14 SECTION 2. Section 1 (2) of article VIII of the constitution is created to read:

15 [Article VIII] Section 1 (2) (a) In this subsection, "inflation" means the
 16 percentage change in the United States Bureau of Labor Statistics Consumer Price
 17 Index for Milwaukee-Racine, all items, all urban consumers, or its successor index.

18 (b) Beginning with real property taxes assessed on the January 1 after
 19 ratification of this subsection, the maximum annual percentage change in the
 20 property tax on a parcel of real property for any year, excluding delinquent property
 21 taxes, special assessments, special charges, special taxes and taxes authorized under
 22 section 10 (3) of this article, equals the lesser of ~~5%~~ ^{A 1. Five percent}; or the difference between
 23 inflation in the prior year minus inflation in the year prior to that year, doubled but
 24 not less than zero percent.

Handwritten annotations:
 A 1. Five percent
 # 2. The
 comma



1999 ASSEMBLY JOINT RESOLUTION

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19 ratification of this subsection, the maximum annual percentage change in the
20 property tax on a parcel of real property for any year, excluding delinquent property
21 taxes, special assessments, special charges, special taxes and taxes authorized under
22 section 10 (3) of this article, equals the lesser of:

- 23 1. Five percent; or
- 24 2. The difference between inflation in the prior year minus inflation in the year
25 prior to that year, doubled, but not less than zero percent.



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-4521/2
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24 2. The *rate of* difference between inflation in the prior year *minus* inflation in the year

25 *prior to that year*, doubled, but not less than zero percent.

**SUBMITTAL
FORM**

LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

Date: 02/24/2000

To: Representative Pettis

Relating to LRB drafting number: LRB-4521

Topic

Five percent Limit on property tax increases

Subject(s)

Constitutional Amendments, Tax - property

1. **JACKET** the draft for introduction

Mark E. Pettis

in the Senate ___ or the Assembly (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____.

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____.

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Attorney Peter J. Dykman, General Counsel
Telephone: (608) 266-7098