

2001 DRAFTING REQUEST

Bill

Received: **01/07/2002**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 6-2081**

By/Representing: **Koskinen**

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

Drafter: **shoveme**

May Contact:

Addl. Drafters:

Subject: **Counties - miscellaneous
Munis - miscellaneous
State Government - miscellaneous**

Extra Copies: **JK, JTK, RJM**

Submit via email: **NO**

Pre Topic:

DOA:.....Koskinen -

Topic:

Create county and municipal levy limits

Instructions:

See Attached

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	shoveme 01/09/2002	csicilia 01/09/2002	rschluet 01/10/2002	_____	lrb_docadmin 01/10/2002		S&L
/2	shoveme 01/16/2002	csicilia 01/17/2002	rschluet 01/17/2002	_____	lrb_docadmin 01/17/2002		S&L
/3	grantpr 01/29/2002	csicilia 01/29/2002	pgreensl 01/29/2002	_____	lrb_docadmin 01/29/2002		S&L

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/1	shoveme 01/09/2002	csicilia 01/09/2002	rschluet 01/10/2002	1/29	lrb_docadmin 01/10/2002		S&L
/2	shoveme 01/16/2002	csicilia 01/17/2002	rschluet 01/17/2002	1/29 P8	lrb_docadmin 01/17/2002		S&L

FE Sent For:

1/3 js 1/29 09 P8 <END>

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/1	shoveme 01/09/2002	csicilia 01/09/2002	rschluet 01/10/2002		lrb_docadmin 01/10/2002		S&L

12 MES 1/16/02
FE Sent For:

12 gjs 1/16
02

CH
1-19-02
<END>

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Munis - miscellaneous
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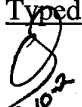
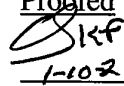
Topic:

Create county and municipal levy limits

Instructions:

See Attached

Drafting History:

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1?	shoveme	1 gjs 1/9/02	 1-102	 1-102			
<i>11 MES 1/9/02</i>							

FE Sent For:

<END>

Uecker, Deborah

From: Koskinen, John
Sent: Monday, January 07, 2002 10:36 AM
To: Uecker, Deborah
Subject: FW: Drafting Request--Budget Adj Bill--Levy Limits

-----Original Message-----

From: Koskinen, John
Sent: Monday, January 07, 2002 10:36 AM
To: Miller, Steve
Subject: Drafting Request--Budget Adj Bill--Levy Limits

*Shared Rev
Agency 835*

Please draft a county and municipal levy limit for inclusion in the budget adjustment bill.

The levy limit should restrict the rate of increase in county and municipal levies to the rate of increase in inflation (Consumer Price Index) and the rate of increase in population growth.

The limit would not apply to those municipalities whose mill rate is below 1.0.

In the case of counties, the levy limit would not apply if the county mill rate limit is more restrictive than the levy limit.

Debt service would be excluded from the limit. The costs of complying with a court order is also excluded from the levy limit.

The limit would be adjusted for the transfers of services between governments. The receiving government would be allowed to add the costs of the service to its limit. The surrendering government must subtract the costs of the service from its limit.

The department of revenue would be the administering agency.

Initial applicability would be the 2002 levy.

Miller, Steve

From: Koskinen, John
Sent: Monday, January 07, 2002 10:36 AM
To: Miller, Steve
Subject: Drafting Request--Budget Adj Bill--Levy Limits

Please draft a county and municipal levy limit for inclusion in the budget adjustment bill.

The levy limit should restrict the rate of increase in county and municipal levies to the rate of increase in inflation (Consumer Price Index) and the rate of increase in population growth.

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The limit would be adjusted for the transfers of services between governments. The receiving government would be allowed to add the costs of the service to its limit. The surrendering government must subtract the costs of the service from its limit.

The department of revenue would be the administering agency.

Initial applicability would be the 2002 levy.



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-45867

MES...
gjs

(Handwritten initials and signature)
RMNR

DOA:.....Koskinen - Create county and municipal levy limits

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

do not gen

1 AN ACT ...; relating to: creating a municipal and county levy rate of increase
2 limit.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law and subject to a number of exceptions, no county may impose an operating levy at an operating levy rate that exceeds .001 or the operating levy rate in 1992, whichever is greater. "Operating levy" is defined as the county purpose levy, less the debt levy, and "operating levy rate" is defined as the total levy rate minus the debt levy rate.

A county may exceed the limit under current law if its board adopts a resolution stating its wish to exceed the operating levy rate limit that is otherwise applicable and if that resolution is approved by the electors of the county in a referendum. The limit may also be exceeded if a county increases the services that it provides by adding responsibility for providing a service transferred to the county by another governmental unit.

Currently, if a county exceeds its operating levy rate limit, as determined by ~~the department of revenue (DOR)~~ ^{DOT}, DOR must reduce the county's shared revenue payment and may ask ~~the department of transportation~~ to reduce the county's general transportation aid payments.

Under this bill and subject to some exceptions, no political subdivision (city, village, town, or county) whose total levy rate is equal to or greater than one mill may

increase its operating levy rate, each year, by a percentage that exceeds the sum of the rate of increase of inflation and population growth in the political subdivision. This limit on the rate of increase does not apply to any increase in a political subdivision's operating levy that results from complying with a court order, and may be adjusted to account for a transfer of responsibility to provide a service between units of government. In addition, the levy rate of increase limit under the bill does not apply in any county in which the operating levy ~~rate~~ that the county may impose under current law is less than the operating levy ~~rate~~ that the county may impose under the levy rate of increase limit that is created in the bill.

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 Limit on rate of tax levy increase. (1) DEFINITIONS.** In this section:

3 (a) "Debt levy" means the political subdivision purpose levy for debt service on
4 loans under subch. II of ch. 24, bonds issued under s. 67.05, and promissory notes
5 issued under s. 67.12 (12), less any revenues that abate the levy.

6 (b) "Debt levy rate" means the debt levy divided by the equalized value of the
7 political subdivision exclusive of any tax incremental district value increment.

8 (c) "Inflation" means the percentage change in the U.S. bureau of labor
9 statistics consumer price index for Milwaukee and Racine, all items, all urban
10 consumers, or its successor index.

11 (d) "Municipality" means a city, village, or town.

12 (e) "Operating levy" means the political subdivision levy, less the debt levy.

13 (f) "Operating levy rate" means the total levy rate minus the debt levy rate.

14 (g) "Political subdivision" means a municipality or a county.

15 (h) "Population" has the meaning given in s. 990.01 (29).

1 (i) "Total levy rate" means the political subdivision purpose levy divided by the
2 equalized value of the political subdivision exclusive of any tax incremental district
3 value increment. ✓

4 (2) LIMIT. Except as provided in sub. (3), no political subdivision whose total
5 levy rate is equal to or greater than .001 may increase its operating levy rate, each
6 year, by a percentage that exceeds the sum of all of the following percentages:

7 (a) The increase in inflation from the ^{preceding} year ~~before the current year~~ ^{to} and the
8 current year.

9 (b) The percentage increase in population in the political subdivision from the
10 ^{preceding} year ~~before the current~~ year ^{to} and the current year.

11 (3) EXCEPTIONS. (a) 1. If a political subdivision transfers to another
12 governmental unit responsibility for providing any service that the political
13 subdivision provided in the preceding year, the levy rate of increase limit otherwise
14 applicable under this section to the political subdivision in the current year is
15 decreased to reflect the cost that the political subdivision would have incurred to
16 provide that service, as determined by the department of revenue. ✓

17 2. If a political subdivision increases the services that it provides by adding
18 responsibility for providing a service transferred to it from another governmental
19 unit in any year, the levy rate of increase limit otherwise applicable under this
20 section to the political subdivision in the current year is increased to reflect the cost
21 of that service, as determined by the department of revenue.

22 (b) This section does not apply to any county in which the operating levy ~~rate~~
23 that the county may impose under s. 59.605 is less than the operating levy ~~rate~~ that
24 the county may impose under this section.

1 (c) The limitation in this section does not apply to any increase in a political
2 subdivision's operating levy that results from complying with a court order.

3 **SECTION 9359. Initial applicability; other.**

4 (1) LIMIT ON RATE OF TAX LEVY INCREASE. The treatment of section 66.0602 of the
5 statutes first applies to a ^{the} property tax assessment as of January 1, 2002.

6 (END)

Shovers, Marc

From: Koskinen, John
Sent: Tuesday, January 15, 2002 3:40 PM
To: Shovers, Marc
Cc: Ziegler, Paul
Subject: RE: LRB Draft: 01-4586/1 Create county and municipal levy limits

A few corrections are needed.

- (1) A referendum override provision should be added. The levy limit can be exceeded through voter approval by referendum.
- (2) The Rate of Inflation should be the percent change in the consumer price index for June compared to June of the prior year.
- (3) DOR should notify municipalities and counties of the appropriate inflation and population adjustments. Notice should be sent August 15th.

-----Original Message-----

From: Hanaman, Cathlene
Sent: Thursday, January 10, 2002 10:13 AM
To: Koskinen, John
Cc: Uecker, Deborah; Hanaman, Cathlene; Haugen, Caroline
Subject: LRB Draft: 01-4586/1 Create county and municipal levy limits.

Following is the PDF version of draft 01-4586/1.

<< File: 01-4586/1 >>



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4586/2

MES:cjs/77

to DOR

starts

DOA:.....Koskinen - Create county and municipal levy limits

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

1-10-02

do not gen

1 AN ACT ...; relating to: creating a municipal and county levy rate of increase
2 limit.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law and subject to a number of exceptions, no county may impose an operating levy at an operating levy rate that exceeds .001 or the operating levy rate in 1992, whichever is greater. "Operating levy" is defined as the county purpose levy, less the debt levy, and "operating levy rate" is defined as the total levy rate minus the debt levy rate.

A county may exceed the limit under current law if its board adopts a resolution stating its wish to exceed the operating levy rate limit that is otherwise applicable and if that resolution is approved by the electors of the county in a referendum. The limit may also be exceeded if a county increases the services that it provides by adding responsibility for providing a service transferred to the county by another governmental unit.

Currently, if a county exceeds its operating levy rate limit, as determined by DOR, DOR must reduce the county's shared revenue payment and may ask DOT to reduce the county's general transportation aid payments.

Under this bill and subject to some exceptions, no political subdivision (city, village, town, or county) whose total levy rate is equal to or greater than one mill may increase its operating levy rate, each year, by a percentage that exceeds the sum of

INSANL

under the bill

the rate of increase of inflation and population growth in the political subdivision. ~~This limit~~ ^{The} on the rate of increase does not apply to any increase in a political subdivision's operating levy that results from complying with a court order, and may be adjusted to account for a transfer of responsibility to provide a service between units of government. In addition, the levy rate of increase limit under the bill does not apply in any county in which the operating levy that the county may impose under current law is less than the operating levy that the county may impose under the levy rate of increase limit that is created in the bill. *Not later than August 15 each*

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

Year, the bill requires DOR to notify every political subdivision of the increase in inflation and population that applies to the political subdivision.

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:
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- 5 issued under s. 67.12 (12), less any revenues that abate the levy.
- 6 (b) "Debt levy rate" means the debt levy divided by the equalized value of the
- 7 political subdivision exclusive of any tax incremental district value increment.
- 8 (c) "Inflation" means the percentage change in the U.S. bureau of labor
- 9 statistics consumer price index for Milwaukee and Racine, all items, all urban
- 10 consumers, or its successor index.
- 11 (d) "Municipality" means a city, village, or town.
- 12 (e) "Operating levy" means the political subdivision levy, less the debt levy.
- 13 (f) "Operating levy rate" means the total levy rate minus the debt levy rate.
- 14 (g) "Political subdivision" means a municipality or a county.
- 15 (h) "Population" has the meaning given in s. 990.01 (29).

1 (i) "Total levy rate" means the political subdivision purpose levy divided by the
2 equalized value of the political subdivision exclusive of any tax incremental district
3 value increment.

4 (2) LIMIT. Except as provided in sub. (3), no political subdivision whose total
5 levy rate is equal to or greater than .001 may increase its operating levy rate, each
6 year, by a percentage that exceeds the sum of all of the following percentages:

7 (a) The increase in inflation from ^{June of} the preceding year to ^{June of} the current year.

8 (b) The percentage increase in population in the political subdivision from
9 preceding year to the current year. ^(c)

(b)

REFERENDUM

INS
3-19

10 (3) EXCEPTIONS. ¹ If a political subdivision transfers to another
11 governmental unit responsibility for providing any service that the political
12 subdivision provided in the preceding year, the levy rate of increase limit otherwise
13 applicable under this section to the political subdivision in the current year is
14 decreased to reflect the cost that the political subdivision would have incurred to
15 provide that service, as determined by the department of revenue.

16 2. If a political subdivision increases the services that it provides by adding
17 responsibility for providing a service transferred to it from another governmental
18 unit in any year, the levy rate of increase limit otherwise applicable under this
19 section to the political subdivision in the current year is increased to reflect the cost
20 of that service, as determined by the department of revenue.

21 ^c This section does not apply to any county in which the operating levy that
22 the county may impose under s. 59.605 is less than the operating levy that the county
23 may impose under this section.

24 ^d The limitation in this section does not apply to any increase in a political
25 subdivision's operating levy that results from complying with a court order.

INS 3-25 →

1 SECTION 9359. Initial applicability; other.

2 (1) LIMIT ON RATE OF TAX LEVY INCREASE. The treatment of section 66.0602 of the
3 statutes first applies to the property tax assessment as of January 1, 2002.

4 (END)

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4586/2ins
MES:cjs:rs

~~INS-ANL~~

~~NO 11~~ A political subdivision may exceed the rate of increase limit under the bill if its governing body adopts a resolution stating its wish to exceed the limit that is otherwise applicable and if that resolution is approved by the electors of the political subdivision in a referendum.

~~INSERT 2-10~~

~~, for the month of June of the previous year and the U.S. bureau of labor statistics consumer price index for Milwaukee and Racine, all items, all urban consumers, or its successor index, for the month of June 2000.~~

INSERT 3-10

~~NO 11~~ (a) 1. If the governing body of a political subdivision wishes to exceed the operating levy rate increase limit otherwise applicable to the political subdivision under this section, it shall adopt a resolution to that effect. The resolution shall specify the operating levy rate and the percentage increase in the operating levy rate that the governing body wishes to impose. The governing body shall call a special ~~referendum~~ ^{election} for the purpose of submitting the resolution to the electors of the political subdivision for approval or rejection. In lieu of a ~~special referendum~~ ^{a referendum on} the governing ~~body~~ ^{calling a special election} body may specify that the referendum be held at the next succeeding spring primary or election or September primary or general election to be held not earlier than 42 days after the adoption of the resolution of the governing body. The governing body shall file the resolution to be submitted to the electors as provided in s. 8.37.

~~2. The clerk of the political shall publish type A, B, C, D and E notices of the referendum under s. 10.01 (2). Section 5.01 (1) applies in the event of failure to comply with the notice requirements of this subdivision.~~

~~2) 3) The referendum shall be held in accordance with chs. 5 to 12. The governing body shall provide the election officials with all necessary election supplies. The form~~

~~for the referendum~~

~~of the ballot shall correspond substantially with the standard form for referendum ballots prescribed by the elections board under ss. 5.64 (2) and 7.08 (1) (a).~~

at the referendum shall be

question shall be submitted as follows: "Under state law, the operating levy rate of increase for the (name of political subdivision), for the tax to be imposed for the year (year), is limited to% (the amount calculated under sub. (2)) that results in an operating levy rate of \$.... per \$1,000 of equalized value. Notwithstanding the operating levy rate of increase limit, shall the (name ^{of} political subdivision) be allowed to exceed this operating levy rate of increase limit such that the operating levy rate of increase for the year (year) will be% (the amount specified in the governing body's resolution) that results in an operating levy rate of \$.... per \$1,000 of equalized value?"

3

Within 14 days after the referendum, the clerk of the political subdivision shall certify the results of the referendum to the department of revenue. A political subdivision may exceed the operating levy rate of increase limit otherwise applicable to it under this section in that year ^{the} by a percentage ^{such that the operating levy rate of increase may} not exceeding the percentage approved by a majority of those voting on the question. The operating levy rate that results from approval in a referendum shall be the base rate to which the limit under sub. (2) is applied in the following year.

INSERT 3-25

(4) NOTIFICATION. Each year, not later than August 15, the department of revenue shall notify every political subdivision of the increase in inflation and population, as described in sub. (2), that applies to the political subdivision.

Immediately after expiration of the time allowed to file a petition for a recount

If a petition for a recount is filed, the clerk shall make this certification immediately after the recount has been completed and the time allowed for filing an appeal has passed or, if appealed, immediately after the appeal is decided.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4586/2dn
MES:cjs:rs

John Koskinen:

It seems to me that the referenda provisions of ss. 59.605 and 66.0602 may have little impact in counties because of s. 66.0602 (3) (c).[✓] If a referendum passes under s. 66.0602 that results in a higher levy rate than would be allowed under s. 59.605, the provisions of s. 59.605 apply. If a referendum passes under s. 59.605 that results in a higher levy rate than would be allowed under s. 66.0602, the limit under s. 66.0602 would apply. Do you want any changes made in the draft to account for this situation?

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4586/2dn
MES:ej:rs

January 17, 2002

John Koskinen:

It seems to me that the referenda provisions of ss. 59.605 and 66.0602 may have little impact in counties because of s. 66.0602 (3) (c). If a referendum passes under s. 66.0602 that results in a higher levy rate than would be allowed under s. 59.605, the provisions of s. 59.605 apply. If a referendum passes under s. 59.605 that results in a higher levy rate than would be allowed under s. 66.0602, the limit under s. 66.0602 would apply. Do you want any changes made in the draft to account for this situation?

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us

Shovers, Marc

From: Koskinen, John
Sent: Monday, January 28, 2002 11:54 AM
To: Caucutt, Dan; Johnston, James; Shovers, Marc
Cc: Ziegler, Paul
Subject: Formal Write-up of Technical Correction to Budget Reform Bill

As requested, attached is a formal drafting request to correct the county and municipal levy limit language. The correction merely corrects references to rate instead of levy usually by deleting the phase "rate."



drft req - errata levy
limit.d...



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Division of Executive Budget and Finance
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1736
Fax (608) 267-0372
TTY (608) 267-9629

Date: January 28, 2002
To: Steve Miller, Chief
Legislative Reference Bureau
From: John Koskinen, Team Leader: Tax, Finance and Local Government
State Budget Office, DOA
Subject: Technical Correction to 4695/2 – Governor's Adjustment Bill

Please amend the Governor's 2001-03 Budget Adjustment Bill, to make the technical corrections to the provisions on municipal and county levy limits.

The Budget Reform Bill's intent is to limit operating levies, not the rate. As drafted, the bill inadvertently flips this, applying to the rate instead of the levy itself.

The Governor's intent is to adjust the operating levy for inflation and population. It is not the rate that would be adjusted. Applying these increases to the rate would produce greater increases than intended. For example, if the rate were adjusted to match the increase in inflation, say 3%, in a community with a 5% increase in value, the resulting allowable operating levy increase would be 8%. Only the levy itself is subject to the limit. The levy rate is merely derived as the quotient of the allowable levy divided by the value.

To conform the draft to the Governor's intent, the following changes need to be made to the Budget Reform Bill LRB Draft 4695/2:

Page 77

Line 13 remove the word "rate" *only the second "rate?"*
Line 22 remove the word "rate"
Line 23 remove the word "rate"

Page 78

Line 9 remove the word "rate"
Lines 9 and 10 remove the phrase "per \$1,000 of equalized value"
Line 14 remove the word "rate" and the phrase "per \$1,000 of equalized value"
Line 23 remove the word "rate"
Line 24 substitute the phrase "operating levy" for the word "rate"

[NAME]

Page 2

January 28, 2002

In the original draft, LRB Draft 4586/2, the references are:

Page 3

Line 7 remove the word "rate"

Line 16 remove the word "rate"

Line 17 remove the word "rate"

Page 4

Line 4 remove the word "rate"

Lines 4 and 5 remove the phrase "per \$1,000 of equalized value"

Line 9 remove the word "rate" and the phrase "per \$1,000 of equalized value"

Line 18 remove the word "rate"

Line 19 substitute the phrase "operating levy" for the word "rate"

Please contact me at 266-2081 or by email at john.koskinen@doa.state.wi.us with any questions.

Thank you.

Shovers, Marc

From: Koskinen, John
Sent: Monday, January 28, 2002 1:58 PM
To: Shovers, Marc
Subject: RE: Formal Write-up of Technical Correction to Budget Reform Bill

Some nice catches.

On Item 1. Yes, only the second occurrence of "rate"

On item 2, 3, 4 and 5. I thought about these originally. I thought them awkwardly phrased but otherwise immaterial in effect. I would defer to your judgment here. It would read better as you suggest. The title of the section should probably be changed as well, page 76 line 18.

Thanks for your help.

-----Original Message-----

From: Shovers, Marc
Sent: Monday, January 28, 2002 1:42 PM
To: Koskinen, John
Subject: RE: Formal Write-up of Technical Correction to Budget Reform Bill

Hi John:

If you want to achieve the intent outlined in you memo, I believe that additional changes are necessary. In addition to the changes you've asked for, I think you need to do the address the following:

1. Page 77, line 13: I believe you want to delete only the second occurrence of "rate". Is that correct?
2. Page 77, line 20: Delete "rate of increase".
3. Page 78, lines 7, 10, 11, 12, 20, and 22: Delete "rate of".
4. Page 79, line 3: after "year, the" insert "operating", and delete "rate of".
5. Page 79, line 9: after "year, the" insert "operating", and delete "rate of".

Please let me know how you would like to proceed

Marc E. Shovers

Senior Legislative Attorney
Legislative Reference Bureau
Phone: (608) 266-0129
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-----Original Message-----

From: Koskinen, John
Sent: Monday, January 28, 2002 11:54 AM
To: Caucutt, Dan; Johnston, James; Shovers, Marc
Cc: Ziegler, Paul
Subject: Formal Write-up of Technical Correction to Budget Reform Bill

As requested, attached is a formal drafting request to correct the county and municipal levy limit language. The correction merely corrects references to rate instead of levy usually by deleting the phase "rate."

<< File: drft req - errata levy limit.doc >>



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4586/2
MES:cjs:rs

3

DOA:.....Koskinen - Create county and municipal levy limits

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

Do NOT GET CAT

1 AN ACT...; relating to: creating a municipal and county levy ~~rate~~ increase
2 limit.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law and subject to a number of exceptions, no county may impose an operating levy at an operating levy rate that exceeds .001 or the operating levy rate in 1992, whichever is greater. "Operating levy" is defined as the county purpose levy, less the debt levy, and "operating levy rate" is defined as the total levy rate minus the debt levy rate.

A county may exceed the limit under current law if its board adopts a resolution stating its wish to exceed the operating levy rate limit that is otherwise applicable and if that resolution is approved by the electors of the county in a referendum. The limit may also be exceeded if a county increases the services that it provides by adding responsibility for providing a service transferred to the county by another governmental unit.

Currently, if a county exceeds its operating levy rate limit, as determined by DOR, DOR must reduce the county's shared revenue payment and may ask DOT to reduce the county's general transportation aid payments.

Under this bill and subject to some exceptions, no political subdivision (city, village, town, or county) whose total levy rate is equal to or greater than one mill may increase its operating levy ~~rate~~, each year, by a percentage that exceeds the sum of

1 (e) "Political subdivision" means a municipality or a county.

2 (f) "Population" ~~has the meaning given in s. 990.01(29).~~ *means the number of persons residing in the political subdivision as*

3 (g) "Total levy rate" means the political subdivision purpose levy divided by the
4 equalized value of the political subdivision exclusive of any tax incremental district
5 value increment.

determined by the department of administration under s. 16.96

6 (2) LIMIT. Except as provided in sub. (3), no political subdivision whose total
7 levy rate is equal to or greater than .001 may increase its operating levy ~~rate~~ each
8 year, by a percentage that exceeds the sum of all of the following percentages:

9 (a) The increase in inflation from June of the preceding year to June of the
10 current year.

11 (b) The percentage increase in population in the political subdivision from ^{the}
12 preceding year to the current year.

13 (3) REFERENDUM, EXCEPTIONS. (a) 1. If the governing body of a political
14 subdivision wishes to exceed the operating levy ~~rate or increase~~ limit otherwise
15 applicable to the political subdivision under this section, it shall adopt a resolution
16 to that effect. The resolution shall specify the operating levy ~~rate~~ and the percentage
17 increase in the operating levy ~~rate~~ that the governing body wishes to impose. The
18 governing body shall call a special election for the purpose of submitting the
19 resolution to the electors of the political subdivision for a referendum on approval or
20 rejection. In lieu of calling a special election, the governing body may specify that
21 the referendum be held at the next succeeding spring primary or election or
22 September primary or general election to be held not earlier than 42 days after the
23 adoption of the resolution of the governing body. The governing body shall file the
24 resolution to be submitted to the electors as provided in s. 8.37.

1 political subdivision would have incurred to provide that service, as determined by
2 the department of revenue.

3 2. If a political subdivision increases the services that it provides by adding
4 responsibility for providing a service transferred to it from another governmental
5 unit in any year, the ^{operating} levy ~~rate~~ of increase limit otherwise applicable under this
6 section to the political subdivision in the current year is increased to reflect the cost
7 of that service, as determined by the department of revenue.

8 (c) This section does not apply to any county in which the operating levy that
9 the county may impose under s. 59.605 is less than the operating levy that the county
10 may impose under this section.

11 (d) The limitation in this section does not apply to any increase in a political
12 subdivision's operating levy that results from complying with a court order.

13 (4) NOTIFICATION. Each year, not later than August 15, the department of
14 revenue shall notify every political subdivision of the increase in inflation and
15 population, as described in sub. (2), that applies to the political subdivision.

16 **SECTION 9359. Initial applicability; other.**

17 (1) LIMIT ON ^{CS} ~~RATE OF TAX~~ ^{OPERATING} LEVY INCREASE. The treatment of section 66.0602 of the
18 statutes first applies to the property tax assessment as of January 1, 2002.

19 (END)



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4586/3

MES:cjs:pg

DOA:.....Koskinen – Create county and municipal levy limits

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to: creating a municipal and county levy increase limit.**

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law and subject to a number of exceptions, no county may impose an operating levy at an operating levy rate that exceeds .001 or the operating levy rate in 1992, whichever is greater. "Operating levy" is defined as the county purpose levy, less the debt levy, and "operating levy rate" is defined as the total levy rate minus the debt levy rate.

A county may exceed the limit under current law if its board adopts a resolution stating its wish to exceed the operating levy rate limit that is otherwise applicable and if that resolution is approved by the electors of the county in a referendum. The limit may also be exceeded if a county increases the services that it provides by adding responsibility for providing a service transferred to the county by another governmental unit.

Currently, if a county exceeds its operating levy rate limit, as determined by DOR, DOR must reduce the county's shared revenue payment and may ask DOT to reduce the county's general transportation aid payments.

Under this bill and subject to some exceptions, no political subdivision (city, village, town, or county) whose total levy rate is equal to or greater than one mill may increase its operating levy, each year, by a percentage that exceeds the sum of the rate of increase of inflation and population growth in the political subdivision. A political subdivision may exceed the levy increase limit under the bill if its governing

body adopts a resolution stating its wish to exceed the limit that is otherwise applicable and if that resolution is approved by the electors of the political subdivision in a referendum. The levy increase limit under the bill does not apply to any increase in a political subdivision's operating levy that results from complying with a court order, and may be adjusted to account for a transfer of responsibility to provide a service between units of government.

In addition, the levy increase limit under the bill does not apply in any county in which the operating levy that the county may impose under current law is less than the operating levy that the county may impose under the levy increase limit that is created in the bill. Not later than August 15 each year, the bill requires DOR to notify every political subdivision of the increase in inflation and population that applies to the political subdivision.

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 Limit on operating levy increase. (1) DEFINITIONS.** In this section:

3 (a) "Debt levy" means the political subdivision levy for debt service on loans
4 under subch. II of ch. 24, bonds issued under s. 67.05, and promissory notes issued
5 under s. 67.12 (12), less any revenues that abate the levy.

6 (b) "Inflation" means the percentage change in the U.S. bureau of labor
7 statistics consumer price index for Milwaukee and Racine, all items, all urban
8 consumers, or its successor index.

9 (c) "Municipality" means a city, village, or town.

10 (d) "Operating levy" means the political subdivision levy, less the debt levy.

11 (e) "Political subdivision" means a municipality or a county.

12 (f) "Population" means the number of persons residing in the political
13 subdivision as determined by the department of administration under s. 16.96.

1 (g) "Total levy rate" means the political subdivision purpose levy divided by the
2 equalized value of the political subdivision exclusive of any tax incremental district
3 value increment.

4 (2) LIMIT. Except as provided in sub. (3), no political subdivision whose total
5 levy rate is equal to or greater than .001 may increase its operating levy, each year,
6 by a percentage that exceeds the sum of all of the following percentages:

7 (a) The increase in inflation from June of the preceding year to June of the
8 current year.

9 (b) The percentage increase in population in the political subdivision from the
10 preceding year to the current year.

11 (3) REFERENDUM, EXCEPTIONS. (a) 1. If the governing body of a political
12 subdivision wishes to exceed the operating levy limit otherwise applicable to the
13 political subdivision under this section, it shall adopt a resolution to that effect. The
14 resolution shall specify the operating levy and the percentage increase in the
15 operating levy that the governing body wishes to impose. The governing body shall
16 call a special election for the purpose of submitting the resolution to the electors of
17 the political subdivision for a referendum on approval or rejection. In lieu of calling
18 a special election, the governing body may specify that the referendum be held at the
19 next succeeding spring primary or election or September primary or general election
20 to be held not earlier than 42 days after the adoption of the resolution of the
21 governing body. The governing body shall file the resolution to be submitted to the
22 electors as provided in s. 8.37.

23 2. The question submitted at the referendum shall be as follows: "Under state
24 law, the operating levy increase for the (name of political subdivision), for the tax
25 to be imposed for the year (year), is limited to% (the amount calculated under

1 sub. (2)) that results in an operating levy of \$.... Notwithstanding the operating levy
2 increase limit, shall the (name of political subdivision) be allowed to exceed this
3 operating levy increase limit such that the operating levy increase for the year
4 (year) will be% (the amount specified in the governing body's resolution) that
5 results in an operating levy of \$....?"

6 3. Immediately after expiration of the time allowed to file a petition for a
7 recount, the clerk of the political subdivision shall certify the results of the
8 referendum to the department of revenue. If a petition for a recount is filed, the clerk
9 shall make this certification immediately after the recount has been completed and
10 the time allowed for filing an appeal has passed or, if appealed, immediately after the
11 appeal is decided. A political subdivision may exceed the operating levy increase
12 limit otherwise applicable to it under this section in that year such that the operating
13 levy increase may not exceed the percentage approved by a majority of those voting
14 on the question. The operating levy that results from approval in a referendum shall
15 be the base operating levy to which the limit under sub. (2) is applied in the following
16 year.

17 (b) 1. If a political subdivision transfers to another governmental unit
18 responsibility for providing any service that the political subdivision provided in the
19 preceding year, the operating levy increase limit otherwise applicable under this
20 section to the political subdivision in the current year is decreased to reflect the cost
21 that the political subdivision would have incurred to provide that service, as
22 determined by the department of revenue.

23 2. If a political subdivision increases the services that it provides by adding
24 responsibility for providing a service transferred to it from another governmental
25 unit in any year, the operating levy increase limit otherwise applicable under this

1 section to the political subdivision in the current year is increased to reflect the cost
2 of that service, as determined by the department of revenue.

3 (c) This section does not apply to any county in which the operating levy that
4 the county may impose under s. 59.605 is less than the operating levy that the county
5 may impose under this section.

6 (d) The limitation in this section does not apply to any increase in a political
7 subdivision's operating levy that results from complying with a court order.

8 (4) NOTIFICATION. Each year, not later than August 15, the department of
9 revenue shall notify every political subdivision of the increase in inflation and
10 population, as described in sub. (2), that applies to the political subdivision.

11 **SECTION 9359. Initial applicability; other.**

12 (1) LIMIT ON OPERATING LEVY INCREASE. The treatment of section 66.0602 of the
13 statutes first applies to the property tax assessment as of January 1, 2002.

14 (END)