LRB-1234

2003 DRAFTING REQUEST

Assembly Joint Resolution

Received: **12/19/2002**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Lorraine Seratti (608) 266-3780**

By/Representing: **andy**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters: **pdykman**
rmarchan

Subject: **Constitutional Amendments**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Seratti@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**
robert.marchant@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Limiting the annual percentage increase in property tax assessments and prohibiting property tax rate increases without voter approval

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Instructions:

See Attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	jkreye 12/19/2002	kgilfoy 12/20/2002		_____ _____			
/1	pdykman		chaskett	_____	amentkow	amentkow	

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
	02/05/2003		12/23/2002	_____	12/23/2002	02/20/2003	

FE Sent For:

<END>

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/?	jkreye	1-12/20	1-12/20 aph	1-12/20 ps/kpl			

FE Sent For:

<END>

12-19-02

STATE OF WISCONSIN – LEGISLATIVE REFERENCE BUREAU – LEGAL SECTION
(608–266–3561)

Andy

Rep Seratti

LRB – 2575/1 – const. amendment –

related to property tax

2001 – 2002 LEGISLATURE

LRB–2575/1
PJD:kmg:ch

2001 ASSEMBLY JOINT RESOLUTION

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).

Analysis by the Legislative Reference Bureau

This proposed constitutional amendment, proposed to the 2001 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.

Resolved by the assembly, the senate concurring, That:

SECTION 1. Section 1 of article VIII of the constitution is renumbered section 1 (2) of article VIII and amended to read:

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

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

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

[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

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

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

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

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

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

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

Barman, Mike

From: Potts, Andrew
Sent: Thursday, February 20, 2003 11:01 AM
To: LRB.Legal
Subject: Draft review: LRB-1234/1 Topic: Limiting the annual percentage increase in property tax assessments and prohibiting property tax rate increases without voter approval

It has been requested by <Potts, Andrew> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB-1234/1 Topic: Limiting the annual percentage increase in property tax assessments and prohibiting property tax rate increases without voter approval