

## 2003 SENATE BILL 477

February 20, 2004 – Introduced by Senators WELCH, KANAVAS, LEIBHAM, REYNOLDS, DARLING and A. LASEE, cosponsored by Representatives HONADEL, SUDER, LEMAHIEU, GARD, GUNDRUM, FREESE, WEBER, J. FITZGERALD, PETTIS, NASS, F. LASEE, TOWNS, HINES and VUKMIR. Referred to Committee on Homeland Security, Veterans and Military Affairs and Government Reform.

1     **AN ACT** *to amend* 121.905 (1), 121.91 (2m) (e) (intro.), 121.91 (2m) (r) 1. (intro.),  
2             121.91 (2m) (r) 2. (intro.) and 121.91 (4) (f); and *to create* 38.17, 66.0602, 121.91  
3             (2m) (f) and 121.91 (2m) (g) of the statutes; **relating to:** school district revenue  
4             limits and levy limits for cities, villages, towns, counties, and technical college  
5             districts.

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### *Analysis by the Legislative Reference Bureau*

This bill establishes levy limits for cities, villages, towns, counties (political subdivisions), and technical college districts for 2004 and 2005. Generally, the bill prohibits a political subdivision from increasing its levy by a percentage that exceeds the percentage change in the political subdivision's equalized value due to new construction, less improvements removed, not including any such changes in a tax incremental district (TID). In addition, the calculation of a city's or village's levy does not include any tax increment that is generated by a TID. With regard to technical college districts, the levy limit is the levy for the previous year multiplied by 1.026. The bill contains exceptions to the levy limit for political subdivisions and technical college districts that transfer to another governmental unit the responsibility to provide services, for cities or villages that annex town territory, and for a county levy that relates to a county Children with Disabilities Education Board. The levy limit may also be exceeded if a political subdivision's or technical college district's resolution to do so is approved in a referendum. A town with a population of less than 2,000 may exceed the levy limit if a resolution to do so is approved by an annual or special town meeting. The levy limits apply only to taxes levied in 2004 and 2005.

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Under the bill, a technical college district's or political subdivision's levy limit is increased if the amount of debt service in the current year exceeds the amount in the prior year for debt that was approved by the governing body before July 1, 2004. The bill exempts from the limit all funds needed to pay debt service on debt authorized by resolution or referendum before July 1, 2004, and on debt authorized by referendum on or after July 1, 2004.

The bill also provides that if a city or village which has been providing services for a fee to property located in a town for at least ten years annexes territory from that town, the limit is increased by an amount equal to the city's or village's mill rate applied to the current assessed value of the annexed territory. The limit otherwise applicable to the town from which the territory was annexed is reduced by an amount equal to the town's mill rate multiplied by the assessed value of the annexed territory as of the last year that the territory was subject to town taxation.

The levy limit does not apply to the amount that a 1st class city (presently only Milwaukee) levies for school purposes. Currently, a 1st class city school district is not authorized to levy a tax; the city in which the school district is located levies a tax for school purposes at the direction of the school board.

The bill sets the per pupil adjustment under school district revenue limits at \$120 in the 2004–05 school year and at \$100 in each subsequent school year. Under current law, the per pupil adjustment is approximately \$241 in the 2004–05 school year and is adjusted for inflation in subsequent school years.

Currently, a school district with per pupil revenue below \$7,400 in the 2003–04 school year or below \$7,800 in any subsequent school year is exempt from the revenue limits. This bill specifies that the \$7,800 revenue ceiling applies only if the school board adopts a resolution setting its revenue ceiling at \$7,800. Otherwise, the revenue ceiling is \$7,400.

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

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 38.17 of the statutes is created to read:

2           **38.17 Levy limit. (1) DEFINITION.** In this section, “debt service” includes debt  
3 service on debt issued or reissued to fund or refund outstanding municipal  
4 obligations, interest on outstanding municipal obligations, and related issuance  
5 costs and redemption premiums.

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1           **(2) LIMIT.** Except as provided in subs. (3) and (4), no district board may increase  
2           its levy for the 2004–05 or 2005–06 fiscal year to an amount that exceeds its levy for  
3           the previous fiscal year multiplied by 1.026.

4           **(3) ADJUSTMENTS.** (a) 1. If a district board transfers to another governmental  
5           unit responsibility for providing any service that it provided in the preceding fiscal  
6           year, the limit otherwise applicable under sub. (2) in the current fiscal year is  
7           decreased by the cost that it would have incurred to provide that service, as  
8           determined by the department of revenue.

9           2. If a district board increases the services that it provides by adding  
10          responsibility for providing a service transferred to it from another governmental  
11          unit that provided the service in the previous fiscal year, the limit otherwise  
12          applicable under sub. (2) in the current fiscal year is increased by the cost of that  
13          service, as determined by the department of revenue.

14          (b) 1. If the amount of debt service for a district board in the preceding fiscal  
15          year is less than the amount of debt service needed in the current fiscal year, as a  
16          result of the district board adopting a resolution before July 1, 2004, authorizing the  
17          issuance of debt, the limit otherwise applicable under sub. (2) for the current fiscal  
18          year is increased by the difference between the 2 amounts, as determined by the  
19          department of revenue.

20          2. The limit otherwise applicable under this section does not apply to amounts  
21          levied by a district board for the payment of any general obligation debt service,  
22          including debt service on debt issued or reissued to fund or refund outstanding  
23          municipal obligations, interest on outstanding municipal obligations, or the  
24          payment of related issuance costs or redemption premiums, authorized on or after  
25          July 1, 2004, by a referendum and secured by the full faith and credit of the district.

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1           **(4) REFERENDUM.** (a) 1. A district board may exceed the levy limit under sub.  
2 (2) if it adopts a resolution to that effect and the resolution is approved in a  
3 referendum. The resolution shall specify the proposed amount of increase in the levy  
4 beyond the amount that is allowed under sub. (2).

5           2. With regard to a referendum relating to the levy for the 2004–05 fiscal year,  
6 the referendum shall be held at the spring election or September primary or general  
7 election in 2004. With regard to a referendum relating to the levy for the 2005–06  
8 fiscal year, the district board may call a special referendum for the purpose of  
9 submitting the resolution to the electors of the district for approval or rejection.

10           (b) The district board shall publish type A, B, C, D, and E notices of the  
11 referendum under s. 10.01 (2). Section 5.01 (1) applies in the event of failure to  
12 comply with the notice requirements of this paragraph.

13           (c) The referendum shall be held in accordance with chs. 5 to 12. The district  
14 board shall provide the election officials with all necessary election supplies. The  
15 form of the ballot shall correspond substantially with the standard form for  
16 referendum ballots prescribed by the elections board under ss. 5.64 (2) and 7.08 (1)

17 (a). The question shall be submitted as follows: “Under state law, the percentage  
18 increase in the levy of the .... (name of district) for the next fiscal year, .... (year), is  
19 limited to ....%, resulting in a levy of \$..... Shall the .... (name of district) be allowed  
20 to exceed this limit such that the percentage increase for the next fiscal year, ....  
21 (year), will be ....%, resulting in a levy of \$....?”.

22           (d) Within 14 days after the referendum, the district board shall certify the  
23 results of the referendum to the department of revenue. The limit otherwise  
24 applicable to the district under sub. (2) is increased for the next fiscal year by the  
25 amount approved by a majority of those voting on the question.

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1           **SECTION 2.** 66.0602 of the statutes is created to read:

2           **66.0602 Local levy limits. (1) DEFINITIONS.** In this section:

3           (a) “Debt service” includes debt service on debt issued or reissued to fund or  
4 refund outstanding municipal or county obligations, interest on outstanding  
5 municipal or county obligations, and related issuance costs and redemption  
6 premiums.

7           (b) “Political subdivision” means a city, village, town, or county.

8           (c) “Valuation factor” means a percentage equal to the percentage change in the  
9 political subdivision’s January 1 equalized value due to new construction less  
10 improvements removed between the year before the previous year and the previous  
11 year, but not less than zero. In determining the valuation factor, the department of  
12 revenue shall exclude the value increment, as defined in s. 66.1105 (2) (m), of any tax  
13 incremental district that is located in the political subdivision.

14           **(2) LEVY LIMIT.** Except as provided in subs. (3), (4), and (5), no political  
15 subdivision may increase its levy in 2004 or 2005 by a percentage that exceeds the  
16 political subdivision’s valuation factor. In determining its levy in any year, a city or  
17 village shall subtract any tax increment that is calculated under s. 66.1105 (2) (i).

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

24           (b) If a political subdivision increases the services that it provides by adding  
25 responsibility for providing a service transferred to it from another governmental

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1 unit that provided the service in the preceding year, the levy increase limit otherwise  
2 applicable under this section to the political subdivision in the current year is  
3 increased to reflect the cost of that service, as determined by the department of  
4 revenue.

5 (c) Except as provided in par. (f), if a city or village annexes territory from a  
6 town, the city's or village's levy increase limit otherwise applicable under this section  
7 is increased in the current year by an amount equal to the town levy on the annexed  
8 territory in the preceding year and the levy increase limit otherwise applicable under  
9 this section in the current year for the town from which the territory is annexed is  
10 decreased by that same amount, as determined by the department of revenue.

11 (d) 1. If the amount of debt service for a political subdivision in the preceding  
12 year is less than the amount of debt service needed in the current year, as a result  
13 of the political subdivision adopting a resolution before July 1, 2004, authorizing the  
14 issuance of debt, the levy increase limit otherwise applicable under this section to the  
15 political subdivision in the current year is increased by the difference between these  
16 two amounts, as determined by the department of revenue.

17 2. The limit otherwise applicable under this section does not apply to amounts  
18 levied by a political subdivision for the payment of any general obligation debt  
19 service, including debt service on debt issued or reissued to fund or refund  
20 outstanding obligations of the political subdivision, interest on outstanding  
21 obligations of the political subdivision, or the payment of related issuance costs or  
22 redemption premiums, authorized on or after July 1, 2004, by a referendum and  
23 secured by the full faith and credit of the political subdivision.

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1           (e) The limit otherwise applicable under this section does not apply to the  
2 amount that a county levies in that year for a county children with disabilities  
3 education board.

4           (f) If a city or village which has been providing services for a fee to property  
5 located in a town for at least 10 years, annexes territory from that town, the city's  
6 or village's levy increase limit otherwise applicable under this section is increased  
7 in the current year by an amount equal to the city's or village's mill rate applied to  
8 the current assessed value of the annexed territory, and the levy increase limit  
9 otherwise applicable under this section in the current year for the town from which  
10 the territory is annexed is decreased by the town's mill rate applied to the assessed  
11 value of the annexed territory as of the last year that the territory was subject to  
12 taxation by the town, as determined by the department of revenue.

13           (g) The limit otherwise applicable under this section does not apply to the  
14 amount that a 1st class city levies for school purposes.

15           **(4) REFERENDUM EXCEPTION.** (a) A political subdivision may exceed the levy  
16 increase limit under sub. (2) if its governing body adopts a resolution to that effect  
17 and if the resolution is approved in a referendum. The resolution shall specify the  
18 proposed amount of increase in the levy beyond the amount that is allowed under  
19 sub. (2). With regard to a referendum relating to the 2004 levy, the referendum shall  
20 be held at the spring election or September primary or general election in 2004. With  
21 regard to a referendum relating to the 2005 levy, the political subdivision may call  
22 a special referendum for the purpose of submitting the resolution to the electors of  
23 the political subdivision for approval or rejection.

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

4           (c) The referendum shall be held in accordance with chs. 5 to 12. The political  
5 subdivision shall provide the election officials with all necessary election supplies.

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

8 (a). The question shall be submitted as follows: “Under state law, the increase in the  
9 levy of the .... (name of political subdivision) for the tax to be imposed for the next  
10 fiscal year, .... (year), is limited to ....%, which results in a levy of \$.... Shall the ....  
11 (name of political subdivision) be allowed to exceed this limit and increase the levy  
12 for the next fiscal year, .... (year), by a total of ....%, which results in a levy of \$....?”.

13           (d) Within 14 days after the referendum, the clerk of the political subdivision  
14 shall certify the results of the referendum to the department of revenue. The levy  
15 increase limit otherwise applicable to the political subdivision under sub. (2) is  
16 increased in the next fiscal year by the percentage approved by a majority of those  
17 voting on the question.

18           **(5) EXCEPTION, CERTAIN TOWNS.** A town with a population of less than 2,000 may  
19 exceed the levy increase limit otherwise applicable under this section to the town if  
20 the annual town meeting or a special town meeting adopts a resolution to that effect.  
21 The limit otherwise applicable to the town under sub. (2) is increased in the next  
22 fiscal year by the percentage approved by a majority of those voting on the question.  
23 Within 14 days after the adoption of the resolution, the town clerk shall certify the  
24 results of the vote to the department of revenue.



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1           **SECTION 3.** 121.905 (1) of the statutes, as affected by 2003 Wisconsin Act 33,  
2 is amended to read:

3           121.905 (1) In this section, “revenue ceiling” means ~~\$6,900~~ \$7,400, except that  
4 “revenue ceiling” means ~~\$7,400~~ \$7,800 in the ~~2003–04~~ 2004–05 school year and  
5 \$7,800 in any subsequent school year if a school board adopts a resolution to that  
6 effect by a two-thirds vote of the members elect.

7           **SECTION 4.** 121.91 (2m) (e) (intro.) of the statutes is amended to read:

8           121.91 (2m) (e) (intro.) Except as provided in subs. (3) and (4), no school district  
9 may increase its revenues for the ~~1999–2000, 2000–01, 2001–02, 2002–03, or~~  
10 2003–04 school year ~~or for any school year thereafter~~ to an amount that exceeds the  
11 amount calculated as follows:

12           **SECTION 5.** 121.91 (2m) (f) of the statutes is created to read:

13           121.91 (2m) (f) Except as provided in subs. (3) and (4), no school district may  
14 increase its revenues for the 2004–05 school year to an amount that exceeds the  
15 amount calculated as follows:

16           1. Divide the sum of the amount of state aid received in the previous school year  
17 and property taxes levied for the previous school year, excluding property taxes  
18 levied for the purpose of s. 120.13 (19) and excluding funds described under sub. (4)  
19 (c), by the average of the number of pupils enrolled in the 3 previous school years.

20           2. Add \$120 to the result under subd. 1.

21           3. Multiply the result under subd. 2. by the average of the number of pupils  
22 enrolled in the current and the 2 preceding school years.

23           **SECTION 6.** 121.91 (2m) (g) of the statutes is created to read:

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1           121.91 **(2m)** (g) Except as provided in subs. (3) and (4), no school district may  
2 increase its revenues for the 2005–06 school year or for any school year thereafter  
3 to an amount that exceeds the amount calculated as follows:

4           1. Divide the sum of the amount of state aid received in the previous school year  
5 and property taxes levied for the previous school year, excluding property taxes  
6 levied for the purpose of s. 120.13 (19) and excluding funds described under sub. (4)  
7 (c), by the average of the number of pupils enrolled in the 3 previous school years.

8           2. Add \$100 to the result under subd. 1.

9           3. Multiply the result under subd. 2. by the average of the number of pupils  
10 enrolled in the current and the 2 preceding school years.

11           **SECTION 7.** 121.91 (2m) (r) 1. (intro.) of the statutes is amended to read:

12           121.91 **(2m)** (r) 1. (intro.) Notwithstanding pars. (c), ~~(d)~~ and ~~(e)~~ to (g), if a school  
13 district is created under s. 117.105, its revenue limit under this section for the school  
14 year beginning with the effective date of the reorganization shall be determined as  
15 follows except as provided under subs. (3) and (4):

16           **SECTION 8.** 121.91 (2m) (r) 2. (intro.) of the statutes is amended to read:

17           121.91 **(2m)** (r) 2. (intro.) If a school district is created under s. 117.105, the  
18 following adjustments to the calculations under pars. (c), ~~(d)~~ and ~~(e)~~ to (g) apply for  
19 the 2 school years beginning on the July 1 following the effective date of the  
20 reorganization:

21           **SECTION 9.** 121.91 (4) (f) of the statutes is amended to read:

22           121.91 **(4)** (f) 1. For the 1999–2000 school year or any school year thereafter,  
23 if the average of the number of pupils enrolled in the current and the 2 preceding  
24 school years is less than the average of the number of pupils enrolled in the 3 previous  
25 school years, the limit otherwise applicable under sub. (2m) ~~(e)~~ (f) or (g) is increased

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1 by the additional amount that would have been calculated had the decline in average  
2 enrollment been 25% of what it was.

3 2. Any additional revenue received by a school district as a result of subd. 1.  
4 shall not be included in the base for determining the school district's limit under sub.  
5 (2m) ~~(e)~~ (f) or (g) for the following school year.

6 (END)