

2003 DRAFTING REQUEST

Bill

Received: **01/07/2004**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Robert Welch (608) 266-0751**

By/Representing: **Sen. Welch**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters: **pgrant**

Subject: **Munis - miscellaneous
Counties - miscellaneous
Education - school finance
Education - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Welch@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Levy limits for local governments, school district revenue limits

Instructions:

See Attached. Redraft 2003 AB 466 (LRB -3097/3), and update the year references to 2004.

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>
/?	mshovers 01/07/2004	csicilia 01/28/2004		_____			S&L
/1	pgrant 02/02/2004	csicilia 02/10/2004	rschluet 01/28/2004	_____	mbarman 01/28/2004		S&L

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

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rschluet _____
02/10/2004 _____

Inorthro
02/10/2004

Inorthro
02/19/2004

FE Sent For:

*At
Intro.*

<END>

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? mshovers csicilia 01/07/2004 01/28/2004 S&L

1 /295 2/10 04 rschluet 01/28/2004 mbarman 01/28/2004

12 NESBPG 2/2/04

Handwritten signatures and initials over the drafting history table.

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<END>

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1/1	mshovers	1/27					
1/1	mes 1/7/04	04					

FE Sent For:

<END>



State Senator
Robert T. Welch

MEMORANDUM

TO: Legislative Reference Bureau
FROM: Senator Robert Welch
DATE: January 5, 2004
RE: Re-draft of Assembly Bill 466

Please re-draft Assembly Bill 466 as a Senate Bill. Please update the dates contained within the bill to make it current for this year (2004). Assembly Bill 466 as drafted and passed by the Assembly would have applied to 2003.

Please let me know if you have any questions.

WEP
5:00

- 3982/1

2003 ASSEMBLY BILL 466

Stays
RMMR

August 12, 2003 - Introduced by Representatives HONADEL, SUDER, GARD, BIES, J. FITZGERALD, FREESE, GIELOW, HINES, GUNDERSON, LEMAHIEU, LOTHIAN, MCCORMICK, D. MEYER, MONTGOMERY, MUSSER, NASS, NISCHKE, OWENS, PETTIS, RHOADES, SERATTI, STONE, TOWNS, TOWNSEND, UNDERHEIM, VAN ROY, VRAKAS, VUKMIR, WARD, WEBER, WIECKERT, M. WILLIAMS, J. WOOD, AINSWORTH, LOEFFELHOLZ, HUEBSCH, HUNDERTMARK, JENSEN, JESKEWITZ, JOHNSRUD, LADWIG, F. LASEE, ALBERS, KERKMAN, KREIBICH, HAHN, KAUFERT and GUNDRUM, cosponsored by Senators WELCH and KEDZIE.

SA ✓

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.

gen

establishes

for

Analysis by the Legislative Reference Bureau

This bill ~~creates local~~ levy limits ~~that apply to~~ cities, villages, towns, counties (political subdivisions), and technical college districts. 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 ~~that transfer the provision of~~ 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 ~~do not apply beginning three years after the effective date of the bill.~~

to another governmental unit the responsibility to provide

only to taxes levied in 2004, 2005, and 2006

and technical college districts

ASSEMBLY BILL 466

provides that if

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, 2003. *2004*
~~This~~ bill exempts from the limit all funds needed to pay debt service on debt authorized by resolution or referendum before July 1, 2003, and on debt authorized by referendum on or after July 1, 2003. *2004*

The

~~This~~ bill also allows a city or village which has been providing services for a fee to property located in a town for at least ten years ~~and which~~ annexes territory from that town, ~~to increase~~ the limit ~~otherwise applicable in the current year~~ 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. *levy*

is increased

~~Also under this bill, the limit otherwise applicable~~ 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.

~~This~~ bill sets the per pupil adjustment under school district revenue limits at \$120 in the ~~2003-04~~ school year and at \$100 in each subsequent school year. Under current law, the per pupil adjustment is approximately ~~\$236 in the 2003-04 school year~~ and \$241 in the 2004-05 school year and is adjusted for inflation in subsequent school years. *2004-05*

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 ~~these~~ revenue ceilings *the \$7,800* apply only if the school board adopts a resolution setting its revenue ceiling at ~~\$7,800~~ or \$7,800. Otherwise, the revenue ceiling is ~~\$6,900~~ *\$7,400* *applies*

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. 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.

ASSEMBLY BILL 466

the 2004-05, 2005-06, or 2006-07

1 (2) LIMIT. Except as provided in subs. (3) and (4), no district board may increase
2 its levy for ~~any~~ fiscal year to an amount that exceeds its levy for the previous fiscal
3 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, ~~2003~~ 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, ~~2003~~ ²⁰⁰⁴, by a referendum and secured by the full faith and credit of the district.

ASSEMBLY BILL 466

SECTION 1

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. ~~Except as provided in subd. 3,~~ *with regard to a referendum relating to the levy for the 2005-06*
6 referendum for the purpose of submitting the resolution to the electors of the district
7 for approval or rejection. *With regard to a referendum relating to*

8 ~~3. A referendum to exceed the limit under sub. (2) for~~ *the referendum*
9 fiscal year shall be held at the spring ~~primary or~~ election or September primary or
10 general election in 2004.

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

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

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

23 (d) Within 14 days after the referendum, the district board shall certify the
24 results of the referendum to the department of revenue. The limit otherwise

With regard to a referendum relating to the levy for the 2006-07 fiscal year, the referendum shall be held at the spring primary or election or September primary or general election in 2006.

ASSEMBLY BILL 466

1 applicable to the district under sub. (2) is increased for the next fiscal year by the
2 amount approved by a majority of those voting on the question.

3 (5) SUNSET. This section does not apply beginning 3 years after the effective
4 date of this subsection [revisor inserts date].

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

6 **66.0602 Local levy limits. (1) DEFINITIONS.** In this section:

7 (a) "Debt service" includes debt service on debt issued or reissued to fund or
8 refund outstanding municipal or county obligations, interest on outstanding
9 municipal or county obligations, and related issuance costs and redemption
10 premiums.

11 (b) "Political subdivision" means a city, village, town, or county.

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

18 (2) LEVY LIMIT. Except as provided in subs. (3), (4), and (5), no political
19 subdivision may increase its levy in ~~any year~~ ^{2004, 2005, or 2006} by a percentage that exceeds the
20 political subdivision's valuation factor. In determining its levy in any year, a city or
21 village shall subtract any tax increment that is calculated under s. 66.1105 (2) (i).

22 (3) EXCEPTIONS. (a) If a political subdivision transfers to another governmental
23 unit responsibility for providing any service that the political subdivision provided
24 in the preceding year, the levy increase limit otherwise applicable under this section
25 to the political subdivision in the current year is decreased to reflect the cost that the

ASSEMBLY BILL 466**SECTION 2**

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

3 (b) 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 that provided the service in the preceding year, the levy increase limit otherwise
6 applicable under this section to the political subdivision in the current year is
7 increased to reflect the cost of that service, as determined by the department of
8 revenue.

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

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

21 2. The limit otherwise applicable under this section does not apply to amounts
22 levied by a political subdivision for the payment of any general obligation debt
23 service, including debt service on debt issued or reissued to fund or refund
24 outstanding obligations of the political subdivision, interest on outstanding
25 obligations of the political subdivision, or the payment of related issuance costs or

ASSEMBLY BILL 466

1 redemption premiums, authorized on or after July 1, ~~2004~~²⁰⁰⁴, by a referendum and
2 secured by the full faith and credit of the political subdivision.

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

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

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

17 (4) REFERENDUM EXCEPTION. (a) A political subdivision may exceed the levy
18 increase limit under sub. (2) if its governing body adopts a resolution to that effect
19 and if the resolution is approved in a referendum. The resolution shall specify the
20 proposed amount of increase in the levy beyond the amount that is allowed under

21 sub. (2). With regard to a referendum relating to the ~~2005~~²⁰⁰⁶ 2005 levy, the political
22 subdivision may call a special referendum for the purpose of submitting the
23 resolution to the electors of the political subdivision for approval or rejection. With
24 regard to a referendum relating to the ~~2004~~²⁰⁰⁶ 2004 levy, the referendum shall be held at the
25 ~~next succeeding~~ spring primary or election or September primary or general election.

with regard to a referendum relating to the 2004 levy,
the referendum shall be held at the spring election or
September primary or general election in 2004.

in 2006

ASSEMBLY BILL 466

SECTION 2

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.

ASSEMBLY BILL 466

(6) SUNSET. This section does not apply beginning 3 years after the effective date of this subsection ... [revisor inserts date].

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

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

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

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

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

121.91 (2m) (f) Except as provided in subs. (3) and (4), no school district may increase its revenues for the ~~2002-03~~ school year to an amount that exceeds the amount calculated as follows:

- 1. Divide the sum of the amount of state aid received in the previous school year and property taxes levied for the previous school year, excluding property taxes levied for the purpose of s. 120.13 (19) and excluding funds described under sub. (4) (c), by the average of the number of pupils enrolled in the 3 previous school years.
2. Add \$120 to the result under subd. 1.
3. Multiply the result under subd. 2. by the average of the number of pupils enrolled in the current and the 2 preceding school years.

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

ASSEMBLY BILL 466

SECTION 6

1 121.91 (2m) (g) Except as provided in subs. (3) and (4), no school district may
2 increase its revenues for the ~~2004-05~~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

ASSEMBLY BILL 466

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)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3982/1
MES&PG:cjs:rs

8/15/03

2003 BILL

Repeal

SOON

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.

for 2004 and 2005

Analysis by the Legislative Reference Bureau

This bill establishes levy limits for cities, villages, towns, counties (political subdivisions), and technical college districts. 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, 2005, and 2006.

and

BILL

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.

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, 2005-06, ~~or 2006-07~~ fiscal year to an amount that exceeds
3 its levy for 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. With

10 regard to a referendum relating to the levy for the 2006-07 fiscal year, the
11 referendum shall be held at the spring primary or election or September primary or
12 general election in 2006.

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

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

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

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

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

6 **66.0602 Local levy limits. (1) DEFINITIONS.** In this section:

7 (a) "Debt service" includes debt service on debt issued or reissued to fund or
8 refund outstanding municipal or county obligations, interest on outstanding
9 municipal or county obligations, and related issuance costs and redemption
10 premiums.

11 (b) "Political subdivision" means a city, village, town, or county.

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

18 (2) LEVY LIMIT. Except as provided in subs. (3), (4), and (5), no political
19 subdivision may increase its levy in 2004, 2005, or 2006 by a percentage that exceeds
20 the political subdivision's valuation factor. In determining its levy in any year, a city
21 or village shall subtract any tax increment that is calculated under s. 66.1105 (2) (i).

22 (3) EXCEPTIONS. (a) If a political subdivision transfers to another governmental
23 unit responsibility for providing any service that the political subdivision provided
24 in the preceding year, the levy increase limit otherwise applicable under this section
25 to the political subdivision in the current year is decreased to reflect the cost that the

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

3 (b) 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 that provided the service in the preceding year, the levy increase limit otherwise
6 applicable under this section to the political subdivision in the current year is
7 increased to reflect the cost of that service, as determined by the department of
8 revenue.

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

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

21 2. The limit otherwise applicable under this section does not apply to amounts
22 levied by a political subdivision for the payment of any general obligation debt
23 service, including debt service on debt issued or reissued to fund or refund
24 outstanding obligations of the political subdivision, interest on outstanding
25 obligations of the political subdivision, or the payment of related issuance costs or

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1 redemption premiums, authorized on or after July 1, 2004, by a referendum and
2 secured by the full faith and credit of the political subdivision.

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

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

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

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

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1 relating to the 2006 levy, the referendum shall be held at the spring primary or
2 election or September primary or general election in 2006.

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

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

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

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

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

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

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1 Within 14 days after the adoption of the resolution, the town clerk shall certify the
2 results of the vote to the department of revenue.

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

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

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

10 121.91 (2m) (e) (intro.) Except as provided in subs. (3) and (4), no school district
11 may increase its revenues for the ~~1999-2000, 2000-01, 2001-02, 2002-03, or~~
12 2003-04 school year ~~or for any school year thereafter~~ to an amount that exceeds the
13 amount calculated as follows:

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

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

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

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

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

25 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)

Northrop, Lori

From: Ferris, Amy
Sent: Thursday, February 19, 2004 12:05 PM
To: LRB.Legal
Subject: Draft review: LRB 03-3982/2 Topic: Levy limits for local governments, school district revenue limits

It has been requested by <Ferris, Amy> that the following draft be jacketed for the SENATE:

Draft review: LRB 03-3982/2 Topic: Levy limits for local governments, school district revenue limits



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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STEPHEN R. MILLER
CHIEF

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LEGAL FAX: (608) 264-8522

REFERENCE SECTION: (608) 266-0341
REFERENCE FAX: (608) 266-5648

February 22, 2004

MEMORANDUM

To: Senator Welch

From: Marc E. Shovers, Senior Legislative Attorney, (608) 266-0129
Peter Grant, Managing Attorney (608) 267-3362

Subject: Technical Memorandum to **2003 SB 477** (LRB 03-3768/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

We have consulted with the Legislative Fiscal Bureau with regard to the Department of Revenue's first point and we believe that the bill could work as drafted, although we believe that making the change suggested by DOR would enable the department to administer the bill in a way that more closely reflects what we understand to be your intent. We recommend changing the reference in the definition of "valuation factor" from "the year before the previous year and the previous year" to "the previous year and the current year."

DOR's second point may be true, but this is policy question

DOR's third point concerns the bill's lack of funding for DOR's costs. This is a policy issue for you to decide, but in over 15 years I have only drafted one bill that provides such funding.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

February 23, 2004

TO: Marc Shovers
Peter Grant
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on SB 477 Regarding Levy Limits for Municipalities, Counties, and Technical College Districts and School District Revenue Limits

We have the following technical concerns with SB 477:

1. As we interpret it, the "valuation factor" for property taxes billed in December 2004 would equal the percentage change in the January 1, 2004 equalized value due to net new construction between 2002 and 2003. This creates a mismatch in the data since the January 1, 2004 value reflects net new construction that occurred between 2003 and 2004 (or, more accurately, in 2002).
2. Credit ratings for affected governments may be affected by the potential inability to levy an irrepealable tax levy for the repayment of any new debt issued after July 1, 2004.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

		<u>Chapter 20</u>	<u>Amount</u>	<u>FTE</u>
FY05	one-time	s. 20.566 (2) (a)	\$ 162,400	
FY06	annual	s. 20.566 (2) (a)	\$ 144,500	2.0

If you have any questions regarding the technical concerns, please contact Daniel Huegel at 266-5705. If you have any questions regarding administrative costs, please contact Julie Feavel at 267-9892.