



## Fiscal Estimate Narratives

DOR 6/30/2003

LRB Number	03-2882/2	Introduction Number	SB-206	Estimate Type	Original
<b>Subject</b>					
Levy limit exception for small towns; 1st class city school levy; change to City of Fond du Lac levy limit item					

### Assumptions Used in Arriving at Fiscal Estimate

The 2003-05 state budget bill created limits on the property taxes that towns, villages, cities, counties, and technical college districts could impose. The bill makes the following changes to those limits:

(1) If a village or city which has provided services for a fee to property in a town for more than 10 years annexes territory from that town, the levy limits of the village or city and town would be adjusted. The levy limit for the village or city would increase by the village's or city's assessed value tax rate times the assessed value of the annexed property. The levy limit for the town would decrease by the town's assessed value tax rate times the assessed value of the annexed property. Anecdotal evidence indicates that this situation exists for the Town and City of Fond du Lac. Similar situations could exist elsewhere in the state. The Department of Revenue does not collect data which would be identify the situations to which the proposed adjustments would need to be made. Therefore, the Department is unable to reasonably estimate the changes in levy limits this portion of the bill would engender.

(2) Under the budget bill, the levy limit does not apply to school districts. While public schools in most of the state are operated by separate governmental entities (school districts), public schools in the City of Milwaukee are legally operated as a branch of City government, with supervision by an elected school board. Under state law, the City Council is obligated to raise the tax levy required by the school board to operate the schools. Thus, the levy limit applies to the total tax raised by the City, including the amount raised for schools. Under the bill, the levy limit would not apply to the amount levied by the City of Milwaukee for schools.

(3) Under the budget bill, the levy limit applicable to a town with a population of less than 2,000 could be changed by a vote at the town annual meeting. Under the bill, the levy limit could also be changed at a special town meeting. By increasing the type of meetings at which the levy limit could be increased, there is the potential that more increases in the levy limit could be passed than under current law. The Department of Revenue is unable to reasonably estimate the potential increase in levy limits this part of the bill would engender.

### Long-Range Fiscal Implications