

2005 DRAFTING REQUEST

Bill

Received: 05/03/2006

Received By: pgrant

Wanted: As time permits

Identical to LRB:

For: Sheila Harsdorf (608) 266-7745

By/Representing: Chris

This file may be shown to any legislator: NO

Drafter: pgrant

May Contact:

Adtl. Drafters: rchampag
mshovers

Subject: Higher Education - tech. college
Local Gov't - counties
Local Gov't - munis generally
State Finance - miscellaneous

Extra Copies:

Submit via email: YES

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

Carbon copy (CC:) to: Blang@legis.state.wi.us
Dloppnow@legis.state.wi.us
Fammerma@legis.state.wi.us
Rolin@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Revenue limits for state and local governments

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>
/?	pgrant 05/03/2006	wjackson 05/03/2006		_____			
/P1	pgrant	csicilia	rschluet	_____	sbasford		State

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/1	mshovers 05/03/2006	csicilia 05/03/2006	rschluet 05/03/2006	_____	sbasford 05/03/2006	bkraft 05/03/2006	S&L
/2	pgrant 05/03/2006	csicilia 05/03/2006	chaugen 05/03/2006 chaugen 05/03/2006 rschluet 05/03/2006	_____	lnorthro 05/03/2006 bkraft 05/03/2006	bkraft 05/03/2006	S&L
/3			rschluet 05/03/2006	_____	lnorthro 05/03/2006	lnorthro 05/03/2006	

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FE Sent For:

→ At Intro.



Note:
 MES retrieved from hold
 & changed to a "4" ... then
 without making any changes
 sent the draft back to hold.
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 05-04-06
 Alesia @LTSB changed
 the draft back to a "3"
 and I re-jacketed it
 so the SCC could
 introduce the draft.
 MB

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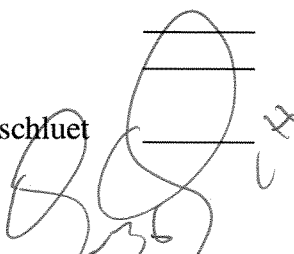
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13 jrs SB
06

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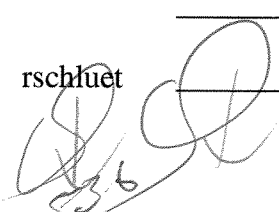
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12 MES 5/3/06 ch 53
 ch 53
 pelb

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<END>

12 ch 53
 06

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State Finance - miscellaneous

Extra Copies:

*email copies to
Bob Lang, Dave Loppnow,
Fred Ammerman & Rick Olin
at LFB*

Submit via email: NO

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/P1	pgrant		rschluet 05/03/2006		sbasford 05/03/2006		

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PG
JF
<END>
536

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1/11/05/13

536 PG

FE Sent For:

<END>

Now

LRB - 5003/P
RG, MS, RAC:
cjs
WJ:

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2005 ASSEMBLY JOINT RESOLUTION 77**

April 11, 2006 - Offered by Representative Wood

Re
gen.

Prohibiting the
legislature from passing
any Bill that would
exceed a revenue
limit.

1 **To create** section 11 of article VIII of the constitution, relating to: creating a
2 revenue limit for the state and local governmental units, depositing excess
3 revenue into an emergency reserve fund, returning excess revenue to
4 taxpayers, elector approval for exceeding the revenue limit, state and local
5 governmental approval for reducing the revenue limit, requiring the state to
6 reduce its revenue limit in conjunction with reduction in state aid, prohibiting
7 the state from using bonds to pay for operating costs, reimbursing the
reasonable costs of imposing state mandates, ^{and} standing to bring a suit to enforce
the revenue limits, and requiring the approval of only one legislature to amend
the revenue limit provisions (first consideration).

anal:libe →
prelim:
anal:line →

Resolved by the assembly, the senate concurring, That:

SECTION 1. Section 11 of article VIII of the constitution is created to read:
[Article VIII] Section 11 (1) In this section:

SP10516
SEP. # CR: 65095
65095 Revenue limits (No ff) →

1 (B) (a) "Income factor" means the percentage that is the average of the annual
2 percentage increases, if any, in state personal income growth for each of the 3 most
3 recent years available.

4 (b) "Inflation factor" means the percentage that is the average of the annual
5 percentage increases, if any, in the consumer price index for Milwaukee–Racine, or
6 its successor index, for each of the 3 most recent years available.

7 (c) "Local governmental unit" means a county, municipality, special purpose
8 district, ~~school district~~, or technical college district.

9 (d) "Municipality" means a city, village, or town, not including a town whose
10 budgeted revenue is less than \$1,000,000 in 2010 or, in subsequent years, less than
11 \$1,000,000 increased annually by the inflation factor. A district, utility, or other
12 entity, not including a lake or sanitary district, that receives moneys from taxes or
13 fees, and that is created by a city, village, or town, is included as part of the city,
14 village, or town that created it for purposes of determining the limits under this
15 section.

16 (e) "Population" means annual population estimates adjusted by the most
17 recent federal decennial census, as determined by the state.

18 (f) "Revenue" means all revenue, except taxes levied by a county for the
19 purposes of a children with disabilities education board, if the board existed prior to
20 January 1, 2005, moneys used to pay the debt service on economic development
21 bonds as defined by law, one–time grants, interfund transfers, moneys received by
22 a local governmental unit under sub. (8), ~~moneys deposited into a fund under sub.~~
23 (3), moneys received from the issuance of bonds or from short–term cash borrowing,
24 moneys used to pay a settlement or damage award, moneys used for expenses arising
25 from a natural disaster or terrorist attack, or moneys received from the federal

502210??

1 government, from the state or a local governmental unit for providing governmental
2 services for governmental entities, from gifts, from settlements or damage awards,
3 or from real or personal property sales, moneys received for the operation of a
4 telephone, gas, electric, sewerage, or water utility, or moneys received for medical
5 care provided by a facility that is operated by any entity that is subject to the limits
6 imposed under this section, from unemployment insurance taxes, from insurance
7 premiums, from public employee or retiree payments for fringe benefits, from
8 governmental property insurance, from investment trusts, from private purpose
9 trusts, from college savings programs, from fees imposed for airport or mass
10 transportation systems, or from tuition or fees imposed for university or technical
11 college functions. "Revenue" includes moneys retained by a trustee for the purpose
12 of issuing, or paying debt service on, revenue bonds. The legislature, by law, may
13 exclude from "revenue" moneys generated by a local governmental unit from
14 amounts paid voluntarily into an enterprise fund or from licenses or fees, if the
15 money does not exceed the cost of issuing the license or providing the service
16 associated with the license or fee.

17 (g) "Special purpose district" means any entity that is authorized to collect
18 taxes or fees, other than the state, ~~a school district~~, a technical college district, a
19 sanitary or sewage district, a county, a municipality, or a town.

20 (B) (2) (a) Subject to subs. (3) to (5), ~~(2), (10), and (11), the state or a local governmental~~
21 unit, ~~not including a school district~~, may not collect more in revenue, in 2010, than
22 the amount it collected in 2009, or, in any subsequent year, than the maximum
23 amount it was permitted to collect in the previous year under this section, both as
24 increased by the lesser of the inflation factor or the income factor, plus:

1 1. For the state, a special purpose district, or a technical college district, the
2 annual percentage increase, if any, in the population.

3 2. For a municipality or county, 67 percent of the annual percentage increase,
4 if any, in taxable property values attributable to new construction, less the taxable
5 value of any property removed or demolished.

6 (b) Subject to subs. (5) and (6), each school district may collect in revenue the
7 amount allocated to it by the legislature by law. The sum of all amounts allocated
8 under this paragraph shall not exceed, for 2010, the revenue collected by all school
9 districts in 2009, and, in each subsequent year, the maximum amount of revenue
10 that all school districts taken together were permitted to collect in the previous year
11 under this section, both as increased by the lesser of the inflation factor or the income
12 factor, and the annual percentage changes, if any, in the enrollment of all school
13 districts taken together for each of the 3 most recent years available.

14 (c) If a town or village that is not subject to the revenue limit under this section
15 for 2010 becomes subject to the limit after that year, the town's or village's base year
16 revenue amount for computing the revenue limit for the current year equals
17 \$1,000,000 increased annually by the inflation factor through the previous year.

18 (3) (a) If the revenue received by the state in any year exceeds its limit under
19 this section, the state shall deposit into an emergency reserve fund all of the excess
20 revenue, except that the fund's total may not exceed 8 percent of the state's revenue
21 in the previous year.

22 (3) (b) The state shall return to the taxpayers any excess revenue that is not
23 deposited into the emergency reserve fund. A refund made under this paragraph
24 shall be made in the year immediately following the year in which the state has
25 excess revenue.

1 (c) Expenditures may be made from the emergency reserve fund only for relief
2 from taxes imposed by the state, for expenses arising from a natural disaster or
3 terrorist attack, or in a year in which the state's limit under this section is greater
4 than the state's revenue.

5 (3) (d) A local governmental unit shall return to the taxpayers any excess revenue.
6 A refund made under this paragraph shall be made in the year immediately following
7 the year in which the local governmental unit has excess revenue.

8 (4) The state may not deposit more revenue into a segregated fund, in 2010,
9 than the amount it deposited into that fund in 2009, or, in any subsequent year, than
10 the maximum amount it was permitted to deposit into that fund in the previous year
11 under this subsection, both as increased by the lesser of the inflation factor or the
12 income factor, plus the percentage increase from the previous year in the population
13 of the state. No revenue designated, on or after January 1, 2006, for use through a
14 segregated fund may be used for any other purpose.

15 (5) The state, by law, or a local governmental unit, by majority vote of the
16 governing body, may reduce its revenue limit. The state or a local governmental unit
17 may exceed its revenue limit only with the approval of the electors of the state or local
18 governmental unit, respectively, at a referendum. The referendum shall specify
19 whether the increase in the revenue limit is on a recurring or nonrecurring basis.

20 (6) The legislature may, by law, adjust any limit imposed under this section:

21 (a) To accommodate the transfer of services from any entity subject to a limit
22 under this section to any other such entity, including the transfer of services that
23 results from annexation. Any increase to a entity's limit under this paragraph shall
24 be offset with a corresponding decrease to the limit of other entities affected by the
25 transfer of services.

1 (b) To reflect the elimination or reduction of a state-mandated service.

2 (c) To allocate the amount of the final year's increment of a tax incremental
3 district to local governmental units in proportion to their levy rate's contribution to
4 the increment.

5 (7) The state revenue limit under this section for any year shall be reduced by
6 the amount of any reduction in that year in the aggregate amount of state aid to any
7 of the categories of county, city, village, town, special purpose district, school district,
8 or technical college district, as compared to the previous year.

9 ~~(8) A state law or administrative rule that increases a local governmental unit's
10 expenditures may not be enacted or adopted on or after the ratification of this
11 subsection unless the state pays the reasonable costs incurred by the entity to comply
12 with the law or rule. This subsection does not apply to any law or rule that is enacted
13 or adopted in order to comply with a requirement of federal law, including a
14 requirement related to receiving federal aid.~~

15 (9) No local governmental unit may be required under state law to increase its
16 annual compensation for any employee or group of employees by a percentage that
17 exceeds the allowable percentage increase in the revenue limit for that local
18 governmental unit under this section.

19 (10) The legislature by law may exempt a village from the limits imposed under
20 this section if the village's budgeted revenue is less than \$1,000,000 in 2010 or, in
21 subsequent years, less than \$1,000,000 increased annually by the inflation factor
22 and if the village's budget or tax levy is approved by the electors of the village at an
23 annual meeting.

(B) #5
(11)

1 A special purpose district may use revenue collected in excess of the limit
2 imposed under this section to retire or defease debt that was incurred prior to
3 January 1, 2006.

4 (12) All moneys received by the state, or by another person on behalf of the
5 state, from any type of borrowing may only be used for a purpose specified in section
6 7 (2) (a) of article VIII, except that the state may borrow moneys for cash flow
7 purposes if the moneys are fully repaid in the same fiscal year in which they are
8 borrowed. The state may not refund any type of borrowing if that refunding would
9 increase the state's debt service obligation in any fiscal year. The state may not enter
10 into an agreement or arrangement relating to any type of borrowing unless the
11 financial benefits from that agreement or arrangement accrue proportionately over
12 the life of the agreement or arrangement.

(B) 6
(13)

13 Any individual or class of individuals residing in this state has standing
14 to bring a suit to enforce this section as it relates to ~~the state or to~~ the local
15 governmental unit in which the individual or class of individuals resides or pays
16 property taxes.

17 (14) Section 1 of article XII applies to any proposed amendments to this section
18 that are directly related to the revenue limits under this section, except that,
19 notwithstanding section 1 of article XII, if a proposed amendment to this section is
20 ratified by a majority of the members of each house of the legislature, it shall be
21 submitted to the people for approval and ratification without being referred to the
22 legislature to be chosen at the next general election.

23 **SECTION 2. Numbering of new provision.** The new section 11 of article VIII
24 of the constitution created in this joint resolution shall be designated by the next
25 higher open whole section number in that article if, before the ratification by the

1 people of the amendment proposed in this joint resolution, any other ratified
2 amendment has created a section 11 of article VIII of the constitution of this state.
3 If one or more joint resolutions create a section 11 of article VIII simultaneously with
4 the ratification by the people of the amendment proposed in this joint resolution, the
5 sections created shall be numbered and placed in a sequence so that the sections
6 created by the joint resolution having the lowest enrolled joint resolution number
7 have the numbers designated in that joint resolution and the sections created by the
8 other joint resolutions have numbers that are in the same ascending order as are the
9 numbers of the enrolled joint resolutions creating the sections.

10 ***Be it further resolved, That*** this proposed amendment be referred to the
11 legislature to be chosen at the next general election and that it be published for 3
12 months previous to the time of holding such election.

13 (END)

Handwritten notes: "stays" with arrows pointing to the header area, and a scribbled-out signature.

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

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Handwritten note: "Regen Cost" circled.

Handwritten note: "INS ANALYSIS" written vertically in a large oval.

Handwritten note: "INS A" in a small oval.

AN ACT to create 65.95 of the statutes; relating to: creating a revenue limit for local governmental units, prohibiting the legislature from passing any bill that would exceed a revenue limit, returning excess revenue to taxpayers, elector approval for exceeding the revenue limit, reimbursing the reasonable costs of imposing state mandates, and standing to bring a suit to enforce the revenue limits.

Handwritten note: "prohibiting the promulgation of certain rules, prohibiting the issuance of certain revenue obligations"

Analysis by the Legislative Reference Bureau

Handwritten signature/initials.

This is a preliminary draft. An analysis will be provided in a later version.

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

Handwritten circled letter "B"

Handwritten number "66.0604" with an arrow pointing to the section number.

SECTION 1. 65.95 of the statutes is created to read:

65.95 Revenue limits. (1) (a) "Income factor" means the percentage that is the average of the annual percentage increases, if any, in state personal income growth for each of the 3 most recent years available.

10

SECTION 1

1 (b) "Inflation factor" means the percentage that is the average of the annual
2 percentage increases, if any, in the consumer price index for Milwaukee-Racine, or
3 its successor index, for each of the 3 most recent years available.

4 (c) "Local governmental unit" means a ~~county~~^{county,} municipality, ^{special purpose}
5 district, or technical college district. ✓

6 (d) "Municipality" means a city, village, or town, not including a town whose
7 budgeted revenue is less than \$1,000,000 in ~~2010~~²⁰⁰⁸ or, in subsequent years, less than ✓
8 \$1,000,000 increased annually by the inflation factor. A district, utility, or other
9 entity, not including a lake or sanitary district, that receives moneys from taxes or
10 fees, and that is created by a city, village, or town, is included as part of the city,
11 village, or town that created it for purposes of determining the limits under this
12 section.

13 (e) "Population" means ^{the} annual ^{estimate of} population ^{the} estimates ^{of the state,} adjusted by the most
14 recent federal decennial census, as determined by the ~~state~~^{department of} ~~state~~^{administration}. ✓

15 (f) "Revenue" means all revenue, except taxes levied by a county for the
16 purposes of a children with disabilities education board, if the board existed prior to
17 January 1, 2005, moneys used to pay the debt service on economic development
18 bonds as defined by law, one-time grants, interfund transfers, moneys received by
19 a local governmental unit under s. 227.02¹³⁶, moneys received from the issuance of ✓
20 bonds or from short-term cash borrowing, moneys used to pay a settlement or
21 damage award, moneys used for expenses arising from a natural disaster or terrorist
22 attack, or moneys received from the federal government, from the state or a local
23 governmental unit for providing governmental services for governmental entities,
24 from gifts, from settlements or damage awards, or from real or personal property
25 sales, moneys received for the operation of a telephone, gas, electric, sewerage, or

1 water utility, or moneys received for medical care provided by a facility that is
 2 operated by any entity that is subject to the limits imposed under this section, from
 3 unemployment insurance taxes, from insurance premiums, from public employee or
 4 retiree payments for fringe benefits, from governmental property insurance, from
 5 investment trusts, from private purpose trusts, from college savings programs, from
 6 fees imposed for airport or mass transportation systems, or from tuition or fees
 7 imposed for university or technical college functions. "Revenue" includes moneys
 8 retained by a trustee for the purpose of issuing, or paying debt service on, revenue
 9 bonds. The legislature, by law, may exclude from "revenue" moneys generated by a
 10 local governmental unit from amounts paid voluntarily into an enterprise fund or
 11 from licenses or fees, if the money does not exceed the cost of issuing the license or
 12 providing the service associated with the license or fee.

13 (g) "Special purpose district" means any entity that is authorized to collect
 14 taxes or fees, other than the state, a technical college district, a sanitary or ^{sewerage} sewerage
 15 district, ~~a county~~, a municipality, ^{or a county} or a town.

16 (2) (a) Subject to subs. (3) to (5), a local governmental unit may not collect more
 17 in revenue, in ~~2010~~ ²⁰⁰⁸, than the amount it collected in ~~2009~~ ²⁰⁰⁷, or, in any subsequent year,
 18 than the maximum amount it was permitted to collect in the previous year under this
 19 section, both as increased by the lesser of the inflation factor or the income factor,
 20 plus:

21 1. For ~~the state~~ ^{for} a special purpose district, ~~or a technical college district~~, the
 22 annual percentage increase, if any, in the population.

23 2. For a municipality or county, 67 percent of the annual percentage increase,
 24 if any, in taxable property values attributable to new construction, less the taxable
 25 value of any property removed or demolished.

INS
3-25

SECTION 1

1 (1) ~~(b)~~ If a town or village that is not subject to the revenue limit under this section
 2 for ~~2010~~ ²⁰⁰⁸ becomes subject to the limit after that year, the town's or village's base year
 3 revenue amount for computing the revenue limit for the current year equals
 4 \$1,000,000 increased annually by the inflation factor through the previous year.

5 (3) A local governmental unit shall return to the taxpayers any excess revenue.
 6 A refund made under this ~~paragraph~~ ^{subsection} shall be made in the year immediately following
 7 the year in which the local governmental unit has excess revenue.

8 (4) A local governmental unit may exceed its revenue limit only with the
 9 approval of the electors of the state or local governmental unit, respectively, at a
 10 referendum. The referendum shall specify whether the increase in the revenue limit
 11 is on a recurring or nonrecurring basis.

12 (5) A special purpose district may use revenue collected in excess of the limit
 13 imposed under this section to retire or defease debt that was incurred prior to
 14 January 1, 2006.

15 (6) Any individual or class of individuals residing in this state has standing to
 16 bring a suit to enforce this section as it relates to the local governmental unit in which
 17 the individual or class of individuals resides or pays property taxes.

(END)

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-5003/P2/insRC
RAC:.....

INS Q

(B)
local

2007

In 2007 for

a local government

Revenue limits on state expenditures

This bill provides that, beginning with the 2007-08 fiscal year, the legislature may not pass any bill that would result in the collection of more revenue in the 2007 fiscal year than the amount it collected in 2006 fiscal year, or, in any subsequent year, than the maximum amount it was permitted to collect in the previous year, both as increased by the lesser of the inflation factor or the income factor, plus the annual percentage increase, if any, in state population.

(A)

Under the bill "revenue" is defined to mean all revenue, except moneys received from the issuance of bonds or from short-term cash borrowing, moneys used to pay a settlement or damage award, moneys used for expenses arising from a natural disaster or terrorist attack, or moneys received from the federal government, from gifts, from settlements or damage awards, or from real or personal property sales, from unemployment insurance taxes, from insurance premiums, from public employee or retiree payments for fringe benefits, from governmental property insurance, from investment trusts, from private purpose trusts, from college savings programs, from fees imposed for airport or mass transportation systems, or from tuition or fees imposed for university or technical college functions.

The bill also requires that if the revenue received by the state in any fiscal year exceeds the limit, the secretary of administration must deposit into the budget stabilization fund all of the excess revenue, except that the fund's total may not exceed 8 percent of the state's revenue in the previous year. If the balance of the fund is at least equal to 8% of the revenues received by the state during that fiscal year, the bill requires the legislature to pass a bill to provide that all of the excess revenues must be used for tax relief in the succeeding fiscal year.

The bill further provides that, beginning with the 2007-08 fiscal year, the legislature may not pass any bill that would result in the deposit of more revenue into a segregated fund in a fiscal year than the amount deposited into that fund in the preceding fiscal year, increased by the lessor of the inflation factor or the income factor, plus the percentage increase from the previous year in the population of the state.

Revenue obligations and certain agreements related to borrowing

The bill provides that the Building Commission may not authorize money to be borrowed and evidences of revenue obligations to be issued for any purpose other than a purpose specified for public debt under the Wisconsin constitution.

The bill also prohibits the Building Commission from entering into an agreement to refund any type of borrowing if that refunding would increase the state's debt service obligation in any fiscal year and an agreement or arrangement relating to any type of borrowing unless the financial benefits from that agreement or arrangement accrue proportionately over the life of the agreement or arrangement.

Legislation requiring local mandates

The bill provides that, beginning with the 2007-08 fiscal year, the legislature may not pass any bill that would increase a local governmental unit's expenditures

WSP

(A) goes in INS Q

For a technical college district, the limit ^{applies} ~~is initially~~ to revenue collected in the 2006-07 fiscal year



<INS Q continued>



¶ The bill also requires a local governmental unit to return to taxpayers any revenue collected over its limit. A local governmental unit may exceed its limit only with the approval of the electors at a referendum. ○

<end ins Q>

INS ANALYSIS

(insert revenue limit here)
Revenue limits ~~on~~ state ~~expenditures~~

INS Q
This bill provides that, beginning with the 2007-08 fiscal year, the legislature may not pass any bill that would result in the collection of more in revenue, in the 2007 fiscal year, than the amount it collected in 2006 fiscal year, or, in any subsequent year, than the maximum amount it was permitted to collect in the previous year, both as increased by the lesser of the inflation factor or the income factor, plus the annual percentage increase, if any, in state population.

bold semi color
Under the bill "revenue" is defined to mean all revenue, except moneys received from the issuance of bonds or from short-term cash borrowing, moneys used to pay a settlement or damage award, moneys used for expenses arising from a natural disaster or terrorist attack, or moneys received from the federal government, from gifts, from settlements or damage awards, or from real or personal property sales, from unemployment insurance taxes, from insurance premiums, from public employee or retiree payments for fringe benefits, from governmental property insurance, from investment trusts, from private purpose trusts, from college savings programs, from fees imposed for airport or mass transportation systems, or from tuition or fees imposed for university or technical college functions.

percent
The bill also requires that if the revenue received by the state in any fiscal year exceeds the limit, the secretary of administration must deposit into the budget stabilization fund all of the excess revenue, except that the fund's total may not exceed 8 percent of the state's revenue in the previous year. If the balance of the fund is at least equal to 80 of the revenues received by the state during that fiscal year, the bill requires the legislature to pass a bill to provide that all of the excess revenues must be used for tax relief in the succeeding fiscal year.

The bill further provides that, beginning with the 2007-08 fiscal year, the legislature may not pass any bill that would result in the deposit of more revenue into a segregated fund in a fiscal year than the amount deposited into that fund in the preceding fiscal year, increased by the lessor of the inflation factor or the income factor, plus the percentage increase from the previous year in the population of the state.

Revenue obligations and certain agreements related to borrowing

The bill provides that the Building Commission may not authorize money to be borrowed and evidences of revenue obligations to be issued for any purpose other than a purpose specified for public debt under the Wisconsin constitution.

The bill also prohibits the Building Commission from entering into an agreement to refund any type of borrowing if that refunding would increase the state's debt service obligation in any fiscal year and an agreement or arrangement relating to any type of borrowing unless the financial benefits from that agreement or arrangement accrue proportionately over the life of the agreement or arrangement.

Legislation requiring local mandates

The bill provides that, beginning with the 2007-08 fiscal year, the legislature may not pass any bill that would increase a local governmental unit's expenditures

as affected by 2005 Wisconsin Act 25

unless an appropriation is made to pay the reasonable costs incurred by the local governmental unit to comply with the bill. This provision, however, does not apply to any bill that is passed in order to comply with a requirement of federal law, including a requirement related to receiving federal aid.

INS R

end INS ANALYSIS

SECTION 1. 13.40 of the statutes is repealed.

INSA

SECTION 2. 13.488 (8) of the statutes is created to read:

13.488 (8) Beginning on the effective date of this subsection ... [revisor inserts date], the building commission may not enter into any of the following:

(a) An agreement to refund any type of borrowing if that refunding would increase the state's debt service obligation in any fiscal year.

(b) An agreement or arrangement relating to any type of borrowing unless the financial benefits from that agreement or arrangement accrue proportionately over the life of the agreement or arrangement.

SECTION 3. 18.53 (5) of the statutes is created to read:

18.53 (5) Beginning on the effective date of this subsection ... [revisor inserts date], the commission may not authorize money to be borrowed and evidences of revenue obligations to be issued for any purpose other than a purpose specified under s. 18.04.

SECTION 4. 20.0035 of the statutes is created to read:

20.0035 Revenue limits. (1) In this section:

(a) "Income factor" means the percentage that is the average of the annual percentage increases, if any, in state personal income growth for each of the 3 most recent years available.

(b) "Inflation factor" means the percentage that is the average of the annual percentage increases, if any, in the consumer price index for Milwaukee-Racine, or its successor index, for each of the 3 most recent years available.

(c) "Local governmental unit" means a county, municipality, special purpose district, school district, or technical college district.

(d) "Municipality" means a city, village, or town, not including a town whose budgeted revenue is less than \$1,000,000 in ~~2010~~²⁰⁰⁸ or, in subsequent years, less than \$1,000,000 increased annually by the inflation factor. A district, utility, or other entity, not including a lake or sanitary district, that receives moneys from taxes or fees, and that is created by a city, village, or town, is included as part of the city, village, or town that created it for purposes of determining the limits under this section.

(e) "Population" means annual population estimates adjusted by the most recent federal decennial census, as determined by the ~~state~~^{department of administration}.

(f) "Revenue" means all revenue, except moneys received from the issuance of bonds or from short-term cash borrowing, moneys used to pay a settlement or damage award, moneys used for expenses arising from a natural disaster or terrorist attack, or moneys received from the federal government, from gifts, from settlements or damage awards, or from real or personal property sales, from unemployment insurance taxes, from insurance premiums, from public employee or retiree payments for fringe benefits, from governmental property insurance, from investment trusts, from private purpose trusts, from college savings programs, from fees imposed for airport or mass transportation systems, or from tuition or fees imposed for university or technical college functions. "Revenue" includes moneys

retained by a trustee for the purpose of issuing, or paying debt service on, revenue bonds.

(g) "Special purpose district" means any entity that is authorized to collect taxes or fees, other than the state, a school district, a technical college district, a sanitary or sewage district, a county, a municipality, or a town.

(2) (a) Subject to par. (b), beginning with the 2007-08 fiscal year, the legislature may not pass any bill that would result in the collection of more in revenue, in the 2007 fiscal year, than the amount it collected in 2006 fiscal year, or, in any subsequent year, than the maximum amount it was permitted to collect in the previous year, both as increased by the lesser of the inflation factor or the income factor, plus the annual percentage increase, if any, in state population. *under this section*

(b) The limit under par. (a) for a fiscal year is reduced by the amount of any reduction in that year in the aggregate amount of state aid to any of the categories of county, city, village, town, special purpose district, school district, or technical college district, as compared to the previous fiscal year.

(3) (a) If the revenue received by the state in any fiscal year exceeds the limit under sub. (2), the secretary of administration shall deposit into the budget stabilization fund all of the excess revenue, except that the fund's total may not exceed 8 percent of the state's revenue in the previous year.

(b) If the balance of the budget stabilization fund on July 1 of a fiscal year is at least equal to ^{8 percent} 8% of the revenues received by the state during the preceding fiscal year, the secretary may not make the deposit under par. (a).

(c) If the balance of the budget stabilization fund on June 30 of a fiscal year is at least equal to ^{8 percent} 8% of the revenues received by the state during that fiscal year, the legislature shall pass a bill to provide that all revenues received by the state in that

fiscal year ^e and that exceed the limit under sub. (2) [✓] be used for tax relief in the succeeding fiscal year.

(4) The limit under ^e par. (a) ^{sub. (2)(a)} for a fiscal year may be increased if the legislature adopts a joint resolution providing for an advisory referendum and the voters approve the increase.

(5) Beginning with the 2007-08 fiscal year, the legislature may not pass any bill that would result ^{e in} on the deposit of more revenue into a segregated fund in a fiscal year than the amount deposited into that fund in the preceding fiscal year, increased by the lessor of the inflation factor or the income factor, plus the percentage increase from the previous year in the population of the state.

(6) Beginning with the 2007-08 fiscal year, the legislature may not pass any bill that would permit moneys in a segregated fund that existed before the 2007-08 fiscal year to be expended for any purpose other than the purpose of the segregated fund.

(7) Beginning with the 2007-08 fiscal year, the legislature may not pass any bill that would increase a local governmental unit's expenditures unless an appropriation is made to pay the reasonable costs incurred by the local governmental unit to comply with the bill. This subsection does not apply to any bill that is passed in order to comply with a requirement of federal law, including a requirement related to receiving federal aid. [✓]

(end INS A)

3-25

(b) Subject to subs. (3) to (5), ✓
 a technical college may not collect more in
 the 2006-07 fiscal year
 revenue, in ~~2006~~ than the amount it
 collected in the 2005-06 fiscal year, or, in any subsequent fiscal
 year, than the maximum amount it was permitted to
 collect in the previous fiscal year under this section,
 both as increased by the lesser of inflation factor
 or the income factor, plus the annual percentage
 increase, if any, in the population.

1 insert rpn-1:

2 insert/am.

INS R

no CS I

ADMINISTRATIVE RULES

This bill prohibits an agency from promulgating an administrative rule that increases the expenditures of a local government unit, including a technical college district, unless an appropriation account is established to pay the reasonable costs incurred by the local governmental unit or technical college district to comply with the rule.

space

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

3

4 insert text:

5 SECTION 1. 227.136 of the statutes is created to read:

6 **227.136 State payment of local costs.** (1) In this section, "local government unit" has the meaning given in s. ~~65.95(1)(c)~~ 20.0035(1)(c) ✓

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(2) ~~(a)~~ Beginning on ^{January 1, 2007}, an administrative rule that increases the expenditures of a local government unit, ~~other than a technical college district~~, may not be promulgated unless an appropriation ~~account is established~~ ^{is made} to pay the reasonable costs incurred by the local governmental unit to comply with the rule. ✓

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(b) Beginning on , an administrative rule that increases the expenditures of a technical college district may not be promulgated unless an appropriation account is established to pay the reasonable costs incurred by the technical college district to comply with the rule.

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(3) This section does not apply to any rule that is promulgated in order to comply with a requirement of federal law, including a requirement related to receiving federal aid. ✓

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

LRB-4953/1dn
~~RAC:wljf~~

April 20, 2006

LRB-5003/1dn
RAC ~~wljf~~
cjs

proceeding
~~This bill~~ creates a rule of ~~procedure~~ under article IV, section 8, of the constitution. The Wisconsin supreme court has held that the remedy for noncompliance with this type of provision lies exclusively within the legislative branch. See *State ex rel. La Follette v. Stitt*, 114 Wis. 2d 358, 363-369 (1983). In other words, while this type of provision may be effective to govern internal legislative procedure, the courts will not enforce this type of provision and this provision does not affect the validity of any enactment resulting from a procedure that may be viewed as contravening the provision.

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us

*With respect to the state revenue limits under
this bill, please note that the bill* ✓

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-5003/1dn

RAC:cjs:rs

May 3, 2006

With respect to the state revenue limits under this bill, please note that the bill creates a rule of proceeding under article IV, section 8, of the constitution. The Wisconsin supreme court has held that the remedy for noncompliance with this type of provision lies exclusively within the legislative branch. See *State ex rel. La Follette v. Stitt*, 114 Wis. 2d 358, 363-369 (1983). In other words, while this type of provision may be effective to govern internal legislative procedure, the courts will not enforce this type of provision and this provision does not affect the validity of any enactment resulting from a procedure that may be viewed as contravening the provision.

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Kraft, Becky

From: Schneider, Christian
Sent: Wednesday, May 03, 2006 1:57 PM
To: LRB.Legal
Subject: Draft Review: LRB 05-5003/1 Topic: Revenue limits for state and local governments

Please Jacket LRB 05-5003/1 for the SENATE.