

2005 DRAFTING REQUEST

Bill

Received: **01/24/2005**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 6-5468**

By/Representing: **Ziegler**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Local Gov't - munis generally**
Local Gov't - counties

Extra Copies: **JK, PG**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Ziegler, BB0463 -

Topic:

Levy limits for counties and municipalities

Instructions:

See Attached. Based on 2003 SB 477 (see LRB 05-1634) and 05-1229/3.

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 01/24/2005	jdyer 01/25/2005		_____			S&L
/1			pgreensl 01/25/2005	_____	lnorthro 01/25/2005		S&L
/2	mshovers 01/27/2005	jdyer 01/27/2005	rschluet 01/27/2005	_____	sbasford 01/27/2005		S&L
/3	mshovers	jdyer	pgreensl	_____	sbasford		S&L

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	01/27/2005	01/28/2005	01/28/2005	_____	01/28/2005		
/4	mshovers 01/28/2005	jdye 01/28/2005	jfrantze 01/28/2005	_____	sbasford 01/28/2005		

FE Sent For:

<END>

2005 DRAFTING REQUEST

Bill

Received: 01/24/2005

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Administration-Budget 6-5468

By/Representing: Ziegler

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Local Gov't - munis generally
Local Gov't - counties

Extra Copies: JK, PG

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Ziegler, BB0463 -

Topic:

Levy limits for counties and municipalities

Instructions:

See Attached. Based on 2003 SB 477 (see LRB 05-1634) and 05-1229/3.

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 01/24/2005	jdyer 01/25/2005		_____			S&L
/1			pgreensl 01/25/2005	_____	Inorthro 01/25/2005		S&L
/2	mshovers 01/27/2005	jdyer 01/27/2005	rschluet 01/27/2005	_____	sbasford 01/27/2005		S&L
/3	mshovers	jdyer	pgreensl	_____	sbasford		

Handwritten signatures and dates:
1/4/05 [Signature] 1/28/05 [Signature] 1/28/05 [Signature]

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	01/27/2005	01/28/2005	01/28/2005	_____	01/28/2005		

14 MES 1/28/05
FE Sent For:

<END>

2005 DRAFTING REQUEST

Bill

Received: **01/24/2005**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 6-5468**

By/Representing: **Ziegler**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Local Gov't - munis generally**
Local Gov't - counties

Extra Copies: **JK, PG**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Ziegler, BB0463 -

Topic:

Levy limits for counties and municipalities

Instructions:

See Attached. Based on 2003 SB 477 (see LRB 05-1634) and 05-1229/3.

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 01/24/2005	jdye 01/25/2005		_____			S&L
/1		13/28 jd	pgreensl 01/25/2005	_____	lnorthro 01/25/2005		S&L
/2	mshovers 01/27/2005	jdye 01/27/2005	rschluet 01/27/2005	1/28 P8/90	sbasford 01/27/2005		
<p>13 MEs 1/27/05</p> <p>1/28 P8</p>							

FE Sent For:

<END>

2005 DRAFTING REQUEST

Bill

Received: **01/24/2005**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 6-5468**

By/Representing: **Ziegler**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Local Gov't - munis generally
Local Gov't - counties**

Extra Copies: **JK, PG**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Ziegler, BB0463 -

Topic:

Levy limits for counties and municipalities

Instructions:

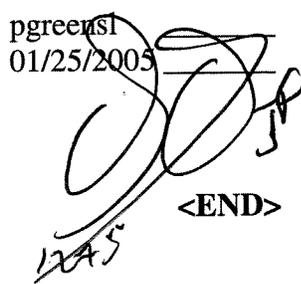
See Attached. Based on 2003 SB 477 (see LRB 05-1634) and 05-1229/3.

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 01/24/2005	jdyer 01/25/2005		_____ _____			S&L

/1		12/27 jld	pgreensl 01/25/2005		Inorthro 01/25/2005		
----	--	-----------	------------------------	--	------------------------	--	--

12 MFS 1/27/05


12/25

FE Sent For:

<END>

2005 DRAFTING REQUEST

Bill

Received: **01/24/2005**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 6-5468**

By/Representing: **Ziegler**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Local Gov't - munis generally
Local Gov't - counties**

Extra Copies: **JK, PG**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Ziegler, BB -

Topic:

Levy limits for counties and municipalities

Instructions:

See Attached. Based on 2003 SB 477 (see LRB 05-1634) and 05-1229/3.

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>
1/?	mshovers	1/25 JLD	OM 1/25	OM 1/25			
11 MES	1/24/05		1/25 PR	1/25			
FE Sent For:	/			<END> PR			

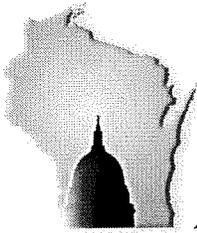
Shovers, Marc

From: Ziegler, Paul
Sent: Monday, January 24, 2005 3:31 PM
To: Shovers, Marc; Kreye, Joseph
Cc: Nelson, Linda; Merry-Mason, Monica; Hanle, Bob; Schmiedicke, David
Subject: NEW drafting request - county & municipal levy limits

Marc -- Please have the attached item drafted for the Governor's budget bill. I will send the BB number when known. Much of the draft may be crafted or borrowed from portions of 2003 SB477 and BB0305 (prepared by Joe).
Thank you.
Paul



Levy limit for
counties and mu...



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

JAMES E. DOYLE
GOVERNOR
MARC J. MAROTTA
SECRETARY

Division of Executive Budget and Finance
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1736
Fax (608) 267-0372
TTY (608) 267-9629

Date: January 24, 2005
To: Steve Miller, Chief
Legislative Reference Bureau
From: Paul Ziegler, Policy and Budget Analyst
State Budget Office, DOA
Subject: Drafting request for 2005-07 Biennial Budget Bill

Please have the following item drafted for possible inclusion in the 2005-07 biennial budget bill:

Topic:

Levy limit for counties and municipalities

Drafting Request:

For 2006 and 2007 (Dec 05 and Dec 06 tax bills) only, establish county and municipal levy limits as follows:

In general:

1. Require the increase in the levy to be no more than inflation plus a growth factor calculated as 60% of the increase in value from net new construction.
2. Allow a county or municipality to exceed the limit if approved by 75% of the governing body or by referenda.
3. Exclude and exempt all debt service from the limit (regardless of when or how it was authorized).

Details

- For municipalities, define the growth factor **on a regional basis**, calculated as 60% of the percentage change in equalized value due to net new construction **in the region**. The regions will be the same as the Regional Planning Commission boundaries (with those surrounding or near Dane but not in an RPC included with Dane). *This may be taken directly from draft BB0305 (trb1229/3).*

January 24, 2005

Page 2 of 2

- For counties, define the growth factor as 60% of the percentage change in equalized value due to net new construction **in the county** (using same calculation and timeline as under current Expenditure Restraint Program (EPR)).
- Use inflation as defined and utilized for the current Expenditure Restraint Program.
- Include the following provisions from 2003 SB477:
 - a) Exclude value changes related to tax increment districts from the determination of net new construction.
 - b) Exclude tax increments from the definition of levy.
 - c) Exclude a county's levy relating to a county's Children with Disabilities Education Board.
 - d) Adjust the limits for transfers of service between local governments.
 - e) The limit does not apply to Milwaukee's levy for school purposes (MPS).
 - f) A town with a population less than 2,000 may exceed the levy limit by resolution approved by an annual or special town meeting.
- Increase the limits for a city or village annexing territory by the annexing municipality's mill rate times the equalized value of the property annexed. Decrease the limit for a town that has territory annexed by the town's mill rate times the equalized value of the property annexed. (Note that these adjustments are not tied to any prior service by the city or village to the annexed territory as in SB477.)
- Define municipality as a city, town or village.

Please contact me at 266-5468 or by email at paul.ziegler@doa.state.wi.us with any questions.

Thank you.

Shovers, Marc

From: Ziegler, Paul
Sent: Monday, January 24, 2005 8:36 PM
To: Shovers, Marc
Subject: County and Municipal levy limits

Marc -- Please add the following provision to the levy limit draft:

If a county or municipality's County and Municipal Aid is reduced, the limit is increased by the amount of the reduction.

See the final paragraph of BB0305 (LRB-1229/3) drafted by Joe. This paragraph can be copied and expanded to include counties to achieve this intent.

Thank you.

Paul

-1863



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1863/1

MES. 02/03/05

TUES
A.M.

Uld + Kif
RMNR

0463

DOA:.....Ziegler, BB - Levy limits for counties and municipalities

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

New Budget draft!

do not open ✓

1

AN ACT ...; relating to: ✓ levy limits for cities, villages, towns, and counties

Analysis by the Legislative Reference Bureau
LOCAL GOVERNMENT ✓

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

(END)

2

↓

- 1863 / 1

RmNR

2005 BILL

for the property tax levies that are imposed in December 2005 and 2006

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

Analysis by the Legislative Reference Bureau

This bill creates local levy limits that apply to cities, villages, towns, ^{and} 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, village's, or town'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 1.0204.~~ 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.~~

city, village, or town (municipality) ✓

County, the bill prohibits the county from increasing its levy by a percentage that exceeds the sum of **INS ANL-B** ✓

sum of **INS ANL-B** ✓
municipality
Generally, → a

to a property tax levy that is imposed after December 2006

by a supermajority of at least 75 percent of its governing body or, if a resolution is approved by a lower majority, if such a resolution is also approved ✓

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, 2005. ~~This bill exempts from the limit all funds provided to~~ pay debt service on debt authorized by resolution or referendum before July 1, 2005, and on debt authorized by referendum on or after July 1, 2005.

generally does not apply to any amounts levied to ~~to~~
 a political subdivision, including general obligation debt service, refunding debt, and interest on outstanding obligations

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.

first 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 2005-06 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.~~

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.~~
 6 ~~(2) LIMIT. Except as provided in subs. (3) and (4), no district board may increase~~
 7 ~~its levy for any fiscal year to an amount that exceeds its levy for the previous fiscal~~
 8 ~~year multiplied by 1.026.~~

BILL

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

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

11 (b) 1. If the amount of debt service for a district board in the preceding fiscal
12 year is less than the amount of debt service needed in the current fiscal year, as a
13 result of the district board adopting a resolution before July 1, 2005, authorizing the
14 issuance of debt, the limit otherwise applicable under sub. (2) for the current fiscal
15 year is increased by the difference between the 2 amounts, as determined by the
16 department of revenue.

17 2. The limit otherwise applicable under this section does not apply to amounts
18 levied by a district board for the payment of any general obligation debt service,
19 including debt service on debt issued or reissued to fund or refund outstanding
20 municipal obligations, interest on outstanding municipal obligations, or the
21 payment of related issuance costs or redemption premiums, authorized on or after
22 July 1, 2005, by a referendum and secured by the full faith and credit of the district.

23 ~~(4) REFERENDUM. (a) 1. A district board may exceed the levy limit under sub.~~
24 ~~(2) if it adopts a resolution to that effect and the resolution is approved in a~~

BILL**SECTION 1**

1 referendum. The resolution shall specify the proposed amount of increase in the levy
2 beyond the amount that is allowed under sub. (2).

3 2. Except as provided in subd. 3., the district board may call a special
4 referendum for the purpose of submitting the resolution to the electors of the district
5 for approval or rejection.

6 3. A referendum to exceed the limit under sub. (2) for the levy for the 2006-07
7 fiscal year shall be held at the spring primary or election or September primary or
8 general election in 2006.

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

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

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

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

BILL

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

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

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

- (a) "County growth factor" means *INS 5-4* ✓
- (b) "Debt service" includes debt service on debt issued or reissued to fund or refund outstanding municipal or county obligations, interest on outstanding municipal or county obligations, and related issuance costs and redemption premiums.
- (c) "Municipality" means a city, village, or town.
- (d) "Inflation factor" has the meaning given in *D. 79.05(1)(am)*.
- (e) "Members-elect" has the meaning given in *2059.001(2m)*.

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

(3) "Municipal growth factor" means a percentage equal to the percentage change in the *60 percent of* political subdivision's *region's* January 1 equalized value due to new construction less improvements removed between the year before the previous year and the previous year, but not less than zero. In determining the *valuation* factor, the department of revenue shall exclude the value increment, as defined in ss. 60.85 (1) (q) and 66.1105

(2) (m), of any tax incremental district that is located in the *municipality* political subdivision.

(2) LEVY LIMIT. (a) Except as provided in subs. (3), (4), and (5), no *municipality* political subdivision may increase its levy in any year by a percentage that exceeds the *sum of the inflation factor and the municipal growth* political subdivision's *valuation* factor. In determining its levy in any year, a city, village, or town shall subtract any tax increment that is calculated under s. 60.85 (1) (L) or 66.1105 (2) (i). *INS. 5-20* ✓

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

INS 5-15
MOVE

am

municipality growth

BILL

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, ~~2005~~ ²⁰⁰⁶, 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 ~~2 amounts~~, as determined by the department of revenue.

21 ^{NO} ~~Q~~ 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

BILL

1 redemption premiums, ~~authorized on or after July 1, 2004, by a referendum~~
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) ^{SUPERMAJORITY, (CS)} REFERENDUM EXCEPTION. (a) A political subdivision may exceed the levy
18 increase limit under sub. (2) ^{75 percent of the members elect of its} governing body adopts a resolution to that effect,
19 ^{It is a} and ^{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~~ 2007 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 2006 levy, the referendum shall be held at the
25 next succeeding spring primary or election or September primary or general election.

if one of the following occurs: #1, At least \$

#2.

BILL

SECTION 2

1 ~~(c)~~ 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 ~~(d)~~ 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 ~~(e)~~ 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. ^{P(f)} 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 ^{under par. (d), or by the percentage approved by the}
_{governing body under par. (a) 1/2}

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.

BILL

to a property tax levy that is imposed after December 2006,

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

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

~~SECTION 3. 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, 2003-04,
or 2004-05 school year or for any school year thereafter to an amount that exceeds
the amount calculated as follows:~~

~~SECTION 4. 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 2005-06 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 5. 121.91 (2m) (g) of the statutes is created to read:~~

~~121.91 (2m) (g) Except as provided in subs. (3) and (4), no school district may
increase its revenues for the 2006-07 school year or for any school year thereafter
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~~

BILL

SECTION 5

1 levied for the purpose of s. 120.13 (19) and excluding funds described under sub. (4)
2 (c), by the average of the number of pupils enrolled in the 3 previous school years.

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

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

6 **SECTION 6.** 121.91 (2m) (r) 1. (intro.) of the statutes is amended to read:

7 121.91 (2m) (r) 1. (intro.) Notwithstanding pars. (c), (d) and (e) to (g), if a school
8 district is created under s. 117.105, its revenue limit under this section for the school
9 year beginning with the effective date of the reorganization shall be determined as
10 follows except as provided under subs. (3) and (4):

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

12 121.91 (2m) (r) 2. (intro.) If a school district is created under s. 117.105, the
13 following adjustments to the calculations under pars. (c), (d) and (e) to (g) apply for
14 the 2 school years beginning on the July 1 following the effective date of the
15 reorganization:

16 **SECTION 8.** 121.91 (4) (f) of the statutes is amended to read:

17 121.91 (4) (f) 1. For the 1999-2000 school year or any school year thereafter,
18 if the average of the number of pupils enrolled in the current and the 2 preceding
19 school years is less than the average of the number of pupils enrolled in the 3 previous
20 school years, the limit otherwise applicable under sub. (2m) (e) (f) or (g) is increased
21 by the additional amount that would have been calculated had the decline in average
22 enrollment been ~~25%~~ 25 percent of what it was.

BILL

1
2
3
4

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

(END)

→ ✓ (END) ←
↓

* LPS - inserts out of order

BILL

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

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

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

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

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

FNS 5-4

~~Valuation factor means a percentage equal to the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the year before the previous year and the previous year, but not less than zero.~~ In determining the valuation factor, the department of

revenue shall exclude the value increment, as defined in ss. 60.85 (1) (q) and 66.1105

(2) (m) of any tax incremental district that is located in the political subdivision

FNS 5-20

~~(2) LEVY LIMIT. Except as provided in subs. (3), (4), and (5), no political subdivision may increase its levy in any year by a percentage that exceeds the sum of the inflation factor and the county growth political subdivision's valuation factor. In determining its levy in any year, a city, village, or town shall subtract any tax increment that is calculated under s. 60.85 (1)~~

~~(1) or 66.1105 (2)~~

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

FNS 5-15, p. 1 of 2

1 ~~city average, as determined by the U.S. department of labor, for the 12 months~~
2 ~~ending on September 30 of the year before the statement under s. 79.015.~~

3 (b) "Maximum allowable levy" means the municipal tax levy for the year before
4 the statement under s. 79.015, as adjusted under sub. (5), multiplied by the sum of
5 one plus the inflation factor and the valuation factor, rounded to the nearest 0.01
6 percent.

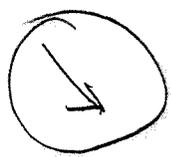
7 (c) "Municipal tax levy" means the amounts reported as the total taxes levied
8 for each town, village, or city on the statement of taxes filed with the department of
9 revenue under s. 73.10, not including the incremental levy for municipal tax
10 incremental financing districts and the incremental levy for county environmental
11 tax financing districts.

12 (d) "Municipal tax rate" means the municipal tax levy divided by the taxable
13 value.

14 *(g)* "Region" means any of the following areas to which a municipality is
15 assigned, *by the department of revenue* for purposes of determining the eligibility for and the amount of the
16 ~~payments under this subsection~~ according to the county in which the municipality
17 is located, except that, if the municipality is located in more than one county, the
18 municipality is considered, for purposes of determining the eligibility for and the
19 amount of the payments under this subsection, to be located in the county that has
20 the greater taxable value:

21 1. Region 1, consisting of the counties of Brown, Door, Florence, Kewaunee,
22 Manitowoc, Marinette, Oconto, and Sheboygan.

23 2. Region 2, consisting of the counties of Calumet, Fond du Lac, Green Lake,
24 Marquette, Menominee, Outagamie, Shawano, Waupaca, Waushara, and
25 Winnebago.



FNS 5-15 p. 2 of 2

1 3. Region 3, consisting of the counties of Buffalo, Crawford, Jackson, La Crosse,
2 Monroe, Pepin, Pierce, Trempealeau, and Vernon.

3 4. Region 4, consisting of the counties of Adams, Forest, Juneau, Langlade,
4 Lincoln, Marathon, Oneida, Portage, Vilas, and Wood.

5 5. Region 5, consisting of the counties of Ashland, Bayfield, Burnett, Douglas,
6 Iron, Price, Rusk, Sawyer, Taylor, and Washburn.

7 6. Region 6, consisting of the counties of Columbia, Dane, Dodge, Jefferson,
8 Rock, and Sauk.

9 7. Region 7, consisting of the counties of Kenosha, Milwaukee, Ozaukee,
10 Racine, Walworth, Washington, and Waukesha.

11 8. Region 8, consisting of the counties of Grant, Green, Iowa, Lafayette, and
12 Richland.

13 9. Region 9, consisting of the counties of Barron, Chippewa, Clark, Dunn, Eau
14 Claire, Polk, and St. Croix.

(end ins 5-15)

15 (f) "Taxable value" means, for a municipality, the equalized assessed value of
16 all property located in the municipality, as determined under s. 70.57, excluding the
17 value of any tax increments under s. 66.1105, and, for a county, the equalized
18 assessed value of all property located in the county, as determined under s. 70.57,
19 excluding the value of any tax increments under s. 66.1105.

20 (g) "Valuation factor" means a percentage equal to 60 percent of the percentage
21 change in the region's equalized value under s. 70.57 due to new construction less
22 improvements removed between the year before the statement under s. 79.015 and
23 the previous year, but not less than zero nor greater than 2.

24 (2) ELIGIBILITY. A municipality is eligible to receive a payment under sub. (4)
25 if it fulfills all of the following requirements:

DOA:.....Ziegler, BB0305 - Municipal levy restraint incentive and bonus program

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law, the Expenditure Restraint Program provides an annual state aid payment to any municipality that has a property tax rate greater than five mills and that limits the growth of its municipal budget according to a formula based, generally, on 60 percent of the percentage change in the equalized assessed value of new construction located in the municipality and on the rate of inflation.

This bill eliminates the Expenditure Restraint Program and replaces it with the Municipal Levy Restraint Program. The Municipal Levy Restraint Program provides annual state aid payments, beginning in 2007, to any municipality that has a property tax rate greater than five mills and that limits its property tax levy to an amount that is no greater than the maximum allowable levy according to a formula that is based, generally, on 60 percent of the percentage change in the equalized assessed value of new construction located in the region in which the municipality is located and on the rate of inflation. For purposes of determining the eligibility for and the amount of the payments under the program, each municipality is assigned to a region based on the county in which the municipality is located and each region consists of several counties.

, not including any such ^{equalized value} changes in a tax incremental district (TID)

by the Department of Revenue DOR

INS ANL-B

INS ANLA



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1863/1
MES:jld&kjf:ch

This A.M.

stays

DOA:.....Ziegler, BB0463 - Levy limits for counties and municipalities
FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

Don't gen

1 AN ACT ...; relating to: levy limits for cities, villages, towns, and counties.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

This bill creates local levy limits that apply to cities, villages, towns, and counties (political subdivisions) for the property tax levies that are imposed in December 2005 and 2006. Generally, the bill prohibits a city, village, or town (municipality) from increasing its levy by a percentage that exceeds the sum of 60 percent of the percentage change in the equalized assessed value of new construction located in the region in which the municipality is located and the rate of inflation, not including any such equalized value changes in a tax incremental district (TID). Each municipality is assigned to a region by DOR based on the county in which the municipality is located and each region consists of several counties. In addition, the calculation of a municipality's levy does not include any tax increment that is generated by a TID. Generally, with regard to a county, the bill prohibits a county from increasing its levy by a percentage that exceeds the sum of 60 percent of the percentage change in the equalized assessed value of new construction located in the county and the rate of inflation. 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 resolution to do so is approved by a supermajority of at least 75 percent of its governing body or, if a resolution is approved by a lower majority, if such a

resolution is also 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 to a property tax levy that is imposed after December 2006.

Under the bill, a political subdivision's levy limit does not generally apply to any amounts levied to pay debt service on debt authorized by a political subdivision, including general obligation debt service, refunding debt, and interest on outstanding obligations.

This bill also allows a city or village that has been providing services for a fee to property located in a town for at least ten years, and that 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.

Also under this bill, the limit otherwise applicable does not apply to the amount that a first class city (presently only Milwaukee) levies for school purposes. Currently, a first 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.

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.** 66.0602 of the statutes is created to read:

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

3 (a) "County growth factor" means a percentage equal to 60 percent of the
4 percentage change in the county's January 1 equalized value due to new construction
5 less improvements removed between the year before the previous year and the
6 previous year, but not less than zero.

7 (b) "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.

1 (c) "Inflation factor" has the meaning given in s. 79.05 (1) (am).

2 (d) "Members-elect" has the meaning given in s. 59.001 (2m).

3 (e) "Municipal growth factor" means a percentage equal to 60 percent of the
4 percentage change in the region's January 1 equalized value due to new construction
5 less improvements removed between the year before the previous year and the
6 previous year, but not less than zero. In determining the municipal growth factor,
7 the department of revenue shall exclude the value increment, as defined in ss. 60.85
8 (1) (q) and 66.1105 (2) (m), of any tax incremental district that is located in the
9 municipality.

10 (f) "Municipality" means a city, village, or town.

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

12 (h) "Region" means any of the following areas to which a municipality is
13 assigned by the department of revenue, according to the county in which the
14 municipality is located, except that, if the municipality is located in more than one
15 county, the municipality is considered to be located in the county that has the greater
16 taxable value:

17 1. Region 1, consisting of the counties of Brown, Door, Florence, Kewaunee,
18 Manitowoc, Marinette, Oconto, and Sheboygan.

19 2. Region 2, consisting of the counties of Calumet, Fond du Lac, Green Lake,
20 Marquette, Menominee, Outagamie, Shawano, Waupaca, Waushara, and
21 Winnebago.

22 3. Region 3, consisting of the counties of Buffalo, Crawford, Jackson, La Crosse,
23 Monroe, Pepin, Pierce, Trempealeau, and Vernon.

24 4. Region 4, consisting of the counties of Adams, Forest, Juneau, Langlade,
25 Lincoln, Marathon, Oneida, Portage, Vilas, and Wood.

1 5. Region 5, consisting of the counties of Ashland, Bayfield, Burnett, Douglas,
2 Iron, Price, Rusk, Sawyer, Taylor, and Washburn.

3 6. Region 6, consisting of the counties of Columbia, Dane, Dodge, Jefferson,
4 Rock, and Sauk.

5 7. Region 7, consisting of the counties of Kenosha, Milwaukee, Ozaukee,
6 Racine, Walworth, Washington, and Waukesha.

7 8. Region 8, consisting of the counties of Grant, Green, Iowa, Lafayette, and
8 Richland.

9 9. Region 9, consisting of the counties of Barron, Chippewa, Clark, Dunn, Eau
10 Claire, Polk, and St. Croix.

11 **(2) LEVY LIMIT.** (a) Except as provided in subs. (3), (4), and (5), no municipality
12 may increase its levy in any year by a percentage that exceeds the sum of the inflation
13 factor and the municipal growth factor. In determining its levy in any year, a city,
14 village, or town shall subtract any tax increment that is calculated under s. 60.85 (1)
15 (L) or 66.1105 (2) (i).

16 (b) Except as provided in subs. (3), (4), and (5), no county may increase its levy
17 in any year by a percentage that exceeds the sum of the inflation factor and the
18 county growth factor.

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

1 (b) If a political subdivision increases the services that it provides by adding
2 responsibility for providing a service transferred to it from another governmental
3 unit that provided the service in the preceding year, the levy increase limit otherwise
4 applicable under this section to the political subdivision in the current year is
5 increased to reflect the cost of that service, as determined by the department of
6 revenue.

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

13 (d) The limit otherwise applicable under this section does not apply to amounts
14 levied by a political subdivision for the payment of any general obligation debt
15 service, including debt service on debt issued or reissued to fund or refund
16 outstanding obligations of the political subdivision, interest on outstanding
17 obligations of the political subdivision, or the payment of related issuance costs or
18 redemption premiums, secured by the full faith and credit of the political
19 subdivision.

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

23 (f) If a city or village which has been providing services for a fee to property
24 located in a town for at least 10 years, annexes territory from that town, the city's
25 or village's levy increase limit otherwise applicable under this section is increased

SECTION 1

1 in the current year by an amount equal to the city's or village's mill rate applied to
 2 the current assessed value of the annexed territory, and the levy increase limit
 3 otherwise applicable under this section in the current year for the town from which
 4 the territory is annexed is decreased by the town's mill rate applied to the assessed
 5 value of the annexed territory as of the last year that the territory was subject to
 6 taxation by the town, as determined by the department of revenue.

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

INS
6-8

9 (4) SUPERMAJORITY, REFERENDUM EXCEPTION. (a) A political subdivision may
 10 exceed the levy increase limit under sub. (2) if one of the following occurs:

11 1. At least 75 percent of the members-elect of its governing body adopt a
 12 resolution to that effect.

13 2. Its governing body adopts a resolution to that effect and the resolution is
 14 approved in a referendum.

15 (b) The resolution under par. (a) shall specify the proposed amount of increase
 16 in the levy beyond the amount that is allowed under sub. (2). With regard to a
 17 referendum relating to the 2007 levy, the political subdivision may call a special
 18 referendum for the purpose of submitting the resolution to the electors of the political
 19 subdivision for approval or rejection. With regard to a referendum relating to the
 20 2006 levy, the referendum shall be held at the next succeeding spring primary or
 21 election or September primary or general election.

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

1 (d) The referendum shall be held in accordance with chs. 5 to 12. The political
2 subdivision shall provide the election officials with all necessary election supplies.
3 The form of the ballot shall correspond substantially with the standard form for
4 referendum ballots prescribed by the elections board under ss. 5.64 (2) and 7.08 (1)

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

10 (e) Within 14 days after the referendum, the clerk of the political subdivision
11 shall certify the results of the referendum to the department of revenue.

12 (f) The levy increase limit otherwise applicable to the political subdivision
13 under sub. (2) is increased in the next fiscal year by the percentage approved by a
14 majority of those voting on the question under par. (d), or by the percentage approved
15 by the governing body under par. (a) 1.

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

23 (6) SUNSET. This section does not apply to a property tax levy that is imposed
24 after December 2006.

25 (END)

FNS 6-8

g

1 ~~(a) If a municipality transfers to another governmental unit responsibility for~~
2 ~~providing any service that the municipality provided in the preceding year, its~~
3 ~~municipal tax levy for the preceding year shall be decreased to reflect the amount~~
4 ~~that the municipality levied to provide that service, as determined by the department~~
5 ~~of revenue.~~

6 (b) If a municipality increases the services that it provides by adding
7 responsibility for providing a service transferred to it from another governmental
8 unit in any year, its municipal tax levy for the preceding year shall be increased to
9 reflect the cost of that service, as determined by the department of revenue.

10 *(h)* ~~(c)~~ If in any year ~~a municipality's~~ *political subdivision's* distribution under s. 79.043 (5) is less than
11 the ~~municipality's~~ distribution under s. 79.043 (5) in the previous year, the
12 ~~municipality's maximum allowable levy~~ shall be increased to reflect the reduction in
13 the distribution.

(END)

*of
ms*

*limit otherwise
applicable under
this section*

Shovers, Marc

From: Ziegler, Paul
Sent: Wednesday, January 26, 2005 8:45 PM
To: Shovers, Marc
Subject: draft 1863/1 -- levy limits muni & cnty

Marc -- Please make the following change to the levy limits for municipalities and counties draft (LRB 1863/1):

When a city or village annexes property from a town, the city or village's levy limit goes up by the city or village's mill rate times the value of the annexed property. Since the city or village will likely provide a higher level of service to the annexed property than the town did (because the property will likely be developed), I think the current construct is too limiting. (In other words, skip this stuff about having to have provided a fee for service for 10 years to get the increase based on the city or village mill rate.)

Also -- one question -- bottom of page 6 -- regarding dates for referenda -- Are the years correct here? While I haven't thought looked at this paragraph in detail, the intent would be to target the referenda to occur on the main voting dates (primary & general) when these dates are in the right timeline for crafting a municipal or county budget.

Mighty nice looking version 1!

Thank you!

Paul