



2005 SENATE BILL 717

April 28, 2006 - Introduced by Senators HARSDORF and BROWN. Referred to Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform.

1 **AN ACT to repeal** 66.0602 (7); **to amend** 66.0602 (1) (b), 66.0602 (1) (d), 66.0602
2 (3) (d) 2., 66.0602 (4) (a), 66.0602 (4) (d), 66.0602 (5) and 66.0602 (6) (c); and **to**
3 **create** 66.0602 (1) (am) and 66.0602 (2) of the statutes; **relating to:** modifying
4 and making permanent local levy limits.

Analysis by the Legislative Reference Bureau

The state budget bill, 2005 Wisconsin Act 25, created local levy limits that generally prohibit a political subdivision (any city, village, town, or county) from increasing its levy by a percentage that exceeds its "valuation factor," which is defined as the percentage change in the political subdivision's equalized value due to new construction, less improvements removed, but not less than 2 percent. In addition, the calculation of a political subdivision's levy does not include any tax increment that is generated by a tax incremental district.

Current law contains exceptions to the levy limits 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 in a referendum. The levy limits do not apply beginning on January 1, 2007.

This bill repeals the sunset date so, under the bill, the levy limits are permanent. Also under the bill, a political subdivision is prohibited from increasing its levy by a percentage that exceeds the sum of the rate of inflation and the valuation

SENATE BILL 717

factor. The bill also changes the valuation factor limit of not less than 2 percent to not less than zero.

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 (1) (am) of the statutes is created to read:

2 66.0602 (1) (am) “Inflation factor” means a percentage equal to the average
3 annual percentage change in the U.S. consumer price index for all urban consumers,
4 U.S. city average, as determined by the U.S. department of labor, for the 12 months
5 ending on June 30 of the year in which property tax bills are mailed under s. 74.09
6 (5).

7 **SECTION 2.** 66.0602 (1) (b) of the statutes, as created by 2005 Wisconsin Act 25,
8 is amended to read:

9 66.0602 (1) (b) “Penalized excess” means the levy over the limit under sub. (2)
10 for the political subdivision, not including any amount that is excepted from the limit
11 under subs. (3), (4), and (5).

12 **SECTION 3.** 66.0602 (1) (d) of the statutes, as created by 2005 Wisconsin Act 25,
13 is amended to read:

14 66.0602 (1) (d) “Valuation factor” means a percentage equal to the percentage
15 change in the political subdivision’s January 1 equalized value due to new
16 construction less improvements removed between the previous year and the current
17 year, but not less than 2. ~~Except as provided in subs. (3), (4), and (5), no political~~
18 ~~subdivision may increase its levy in any year by a percentage that exceeds the~~
19 ~~political subdivision’s valuation factor. In determining its levy in any year, a city,~~

SENATE BILL 717

1 ~~village, or town shall subtract any tax increment that is calculated under s. 60.85 (1)~~
2 ~~(L) or 66.1105 (2) (i) zero.~~

3 **SECTION 4.** 66.0602 (2) of the statutes is created to read:

4 66.0602 (2) LEVY LIMIT. Except as provided in subs. (3), (4), and (5), no political
5 subdivision may increase its levy in any year by a percentage that exceeds the sum
6 of the inflation factor and the political subdivision's valuation factor. In determining
7 its levy in any year, a city, village, town, or county shall subtract any tax increment
8 that is calculated under s. 59.57 (3) (a), 60.85 (1) (L), or 66.1105 (2) (i).

9 **SECTION 5.** 66.0602 (3) (d) 2. of the statutes, as created by 2005 Wisconsin Act
10 25, is amended to read:

11 66.0602 (3) (d) 2. The limit otherwise applicable under this section does not
12 apply to amounts levied by a political subdivision for the payment of any general
13 obligation debt service, including debt service on debt issued or reissued to fund or
14 refund outstanding obligations of the political subdivision, interest on outstanding
15 obligations of the political subdivision, or the payment of related issuance costs or
16 redemption premiums, authorized on or after July 1, 2005, by a referendum and
17 secured by the full faith and credit of the political subdivision.

18 **SECTION 6.** 66.0602 (4) (a) of the statutes, as created by 2005 Wisconsin Act 25,
19 is amended to read:

20 66.0602 (4) (a) A political subdivision may exceed the levy increase limit under
21 sub. (2) if its governing body adopts a resolution to that effect and if the resolution
22 is approved in a referendum. The resolution shall specify the proposed amount of
23 increase in the levy beyond the amount that is allowed under sub. (2), and shall
24 specify whether the proposed amount of increase is for the next fiscal year only or if
25 it will apply on an ongoing basis. With regard to a referendum relating to the 2005

SENATE BILL 717**SECTION 6**

1 levy, or any levy in an odd-numbered year thereafter, the political subdivision may
2 call a special referendum for the purpose of submitting the resolution to the electors
3 of the political subdivision for approval or rejection. With regard to a referendum
4 relating to the 2006 levy, or any levy in an even-numbered year thereafter, the
5 referendum shall be held at the next succeeding spring primary or election or
6 September primary or general election.

7 **SECTION 7.** 66.0602 (4) (d) of the statutes, as created by 2005 Wisconsin Act 25,
8 is amended to read:

9 66.0602 (4) (d) Within 14 days after the referendum, the clerk of the political
10 subdivision shall certify the results of the referendum to the department of revenue.
11 The levy increase limit otherwise applicable to the political subdivision under sub.
12 (2) is increased in the next fiscal year by the percentage approved by a majority of
13 those voting on the question. If the resolution specifies that the increase is for one
14 year only, the amount of the increase shall be subtracted from the base used to
15 calculate the limit for the 2nd succeeding fiscal year.

16 **SECTION 8.** 66.0602 (5) of the statutes, as created by 2005 Wisconsin Act 25, is
17 amended to read:

18 66.0602 (5) EXCEPTION, CERTAIN TOWNS. A town with a population of less than
19 2,000 may exceed the levy increase limit otherwise applicable under this section to
20 the town if the town board adopts a resolution supporting an increase and places the
21 question on the agenda of an annual town meeting or a special town meeting and if
22 the annual or special town meeting adopts a resolution endorsing the town board's
23 resolution. The limit otherwise applicable to the town under sub. (2) is increased in
24 the next fiscal year by the percentage approved by a majority of those voting on the

SENATE BILL 717

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

3 **SECTION 9.** 66.0602 (6) (c) of the statutes, as created by 2005 Wisconsin Act 25,
4 is amended to read:

5 66.0602 (6) (c) Ensure that the amount of the penalized excess is not included
6 in determining the limit described under sub. (2) for the political subdivision for the
7 following year.

8 **SECTION 10.** 66.0602 (7) of the statutes, as created by 2005 Wisconsin Act 25,
9 is repealed.

10 (END)