2007 ASSEMBLY JOINT RESOLUTION 23

March 1, 2007 – Introduced by Representatives ALBERS, MUSSER and MURSAU. Referred to Committee on Elections and Constitutional Law.

To renumber and amend section 1 of article VIII; and to create section 1 (1), (3), (4) and (5) of article VIII of the constitution; relating to: creating a property tax classification for development rights, limiting the annual percentage increase in property tax assessments, and prohibiting property tax rate increases without voter approval (first consideration).

Analysis by the Legislative Reference Bureau

This proposed constitutional amendment, proposed to the 2007 legislature on first consideration, provides that, beginning with real property taxes assessed by a city, village, town, or county on the January 1 after ratification, the maximum annual percentage increase in the property tax assessment on a parcel of real property for any year may not exceed the lesser of: 1) 3 percent; 2) inflation in the prior year, minus 0.5 percent, but not less than zero percent; or 3) an amount that raises the assessed valuation above the fair market value. The amendment permits the legislature, by law, to provide exceptions when property is resold, for the treatment of improvements, and for changes outside the taxpayer’s control.

The amendment also prohibits property tax rate increases by cities, villages, towns, counties, and other jurisdictions, other than the state, that are authorized by law to levy taxes on general property that is located within their boundaries. The amendment provides a method by which the limit may be exceeded with elector approval.

Finally, the amendment allows the legislature to create classifications, for property tax purposes, for development rights that are included with, or separate...
from, land. Under the proposed amendment, the taxation of a development right is not required to be uniform with the taxation of other real or personal property. Currently, the state constitution allows the legislature to create similar classifications for forests and for minerals that are included with, or separate from, land.

A proposed constitutional amendment requires adoption by two successive legislatures, and ratification by the people, before it can become effective.

Resolved by the assembly, the senate concurring, That:

Section 1. Section 1 of article VIII of the constitution is renumbered section 1 (2) of article VIII and amended to read:

[Article VIII] Section 1 (2) The rule of taxation shall be uniform but the legislature may empower cities, villages, or towns to collect and return taxes on real estate located therein by optional methods. Taxes shall be levied upon such property with such classifications as to forests and minerals and development rights including, or separate or severed from, the land, as the legislature shall prescribe. Taxation of agricultural land and undeveloped land, both as defined by law, need not be uniform with the taxation of each other nor with the taxation of other real property. Taxation of merchants’ stock-in-trade, manufacturers’ materials and finished products, and livestock need not be uniform with the taxation of real property and other personal property, but the taxation of all such merchants’ stock-in-trade, manufacturers’ materials and finished products and livestock shall be uniform, except that the legislature may provide that the value thereof shall be determined on an average basis.

(6) Taxes may also be imposed on incomes, privileges and occupations, which taxes may be graduated and progressive, and reasonable exemptions may be provided.
**SECTION 2.** Section 1 (1), (3), (4) and (5) of article VIII of the constitution are created to read:

[Article VIII] Section 1 (1) In this section:

(a) “Ballot issue” means a question presented pursuant to this subsection to the electors for approval at an election.

(b) “Governmental unit” means any city, village, town, or county.

(c) “Inflation” means the percentage equal to the average annual percentage change in the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. department of labor, for the 12 months ending on December 31 of the year before the assessment year, minus 0.5 percent.

(d) “Taxing jurisdiction” means an entity, other than the state, that is authorized by law to levy taxes on general property that is located within its boundaries.

(3) (a) Except as otherwise provided in this subsection, beginning with real property tax assessments by a governmental unit as of the January 1 after ratification of this paragraph, the maximum annual percentage increase in the property tax assessment on a parcel of real property for any year, excluding special assessments, may not exceed the lesser of:

1. Three percent;

2. Inflation, but not less than zero percent; or

3. The percentage which, when it is added to 100 percent and their sum multiplied by the amount of the parcel’s assessment, their product equals the fair market value of the parcel, but not less than zero percent.

(b) The legislature, by law, shall provide a mechanism to adjust the limitation under this subsection to reflect the occurrence of any of the following:
1. Annexation.

2. Creation of a new governmental unit.

3. Consolidation, or change in the boundaries, of a governmental unit.

4. Exempt property becoming taxable.

5. Changes to previous assessments correcting clerical, arithmetic, transpositional, and other similar errors.

(c) The adjustment mechanism provided for in par. (b) shall be used in determining a limitation under this subsection beginning with the year immediately following the annexation, creation of a new governmental unit, consolidation or change in the boundaries of a governmental unit, change in taxable status, or correction.

(4) (a) If a parcel specified in sub. (3) is improved, as defined by the legislature by law, the parcel shall be assessed for the year in which the improvement is made as if sub. (3) were not in effect as to the value added by the improvement, as defined by the legislature by law, and in each subsequent year the parcel shall be assessed as limited by sub. (3).

(b) If real property is conveyed, the parcel shall be assessed for the year in which the property is conveyed as if sub. (3) were not in effect and in each subsequent year the parcel shall be assessed as limited by sub. (3).

(5) (a) Except as otherwise provided in this subsection, a taxing jurisdiction may not impose a tax on property at a rate in excess of the rate in effect on the day on which this amendment to the constitution is ratified.

(b) The limit under par. (a) may be exceeded in a taxing jurisdiction only with elector approval under this subsection in advance. An approval may not apply to less than all of the real property in the taxing jurisdiction.
(c) A ballot issue may be submitted only at an election at which either members of the legislature or members of the judiciary are regularly elected or at a primary election held to nominate candidates to be voted for at such an election, or on the Tuesday next succeeding the first Monday of November in odd-numbered years.

Section 3. Numbering of new provisions. (1) The new subsection (1) of section 1 of article VIII of the constitution created in this joint resolution shall be designated by the next higher open whole subsection number in that section in that article if, before the ratification by the people of the amendment proposed in this joint resolution, any other ratified amendment has created a subsection (1) of section 1 of article VIII of the constitution of this state. If one or more joint resolutions create a subsection (1) of section 1 of article VIII simultaneously with the ratification by the people of the amendment proposed in this joint resolution, the subsections created shall be numbered and placed in a sequence so that the subsections created by the joint resolution having the lowest enrolled joint resolution number have the numbers designated in that joint resolution and the subsections created by the other joint resolutions have numbers that are in the same ascending order as are the numbers of the enrolled joint resolutions creating the subsections.

(2) The new subsection (2) of section 1 of article VIII of the constitution resulting from the renumbering and amendment of section 1 of article VIII of the constitution by this joint resolution shall be designated by the next higher open whole subsection number in that section in that article if, before the ratification by the people of the amendment proposed in this joint resolution, any other ratified amendment has created a subsection (2) of section 1 of article VIII of the constitution of this state. If one or more joint resolutions create a subsection (2) of section 1 of article VIII simultaneously with the ratification by the people of the amendment
proposed in this joint resolution, the subsections created shall be numbered and placed in a sequence so that the subsections created by the joint resolution having the lowest enrolled joint resolution number have the numbers designated in that joint resolution and the subsections created by the other joint resolutions have numbers that are in the same ascending order as are the numbers of the enrolled joint resolutions creating the subsections.

(3) The new subsection (3) of section 1 of article VIII of the constitution created in this joint resolution shall be designated by the next higher open whole subsection number in that section in that article if, before the ratification by the people of the amendment proposed in this joint resolution, any other ratified amendment has created a subsection (3) of section 1 of article VIII of the constitution of this state. If one or more joint resolutions create a subsection (3) of section 1 of article VIII simultaneously with the ratification by the people of the amendment proposed in this joint resolution, the subsections created shall be numbered and placed in a sequence so that the subsections created by the joint resolution having the lowest enrolled joint resolution number have the numbers designated in that joint resolution and the subsections created by the other joint resolutions have numbers that are in the same ascending order as are the numbers of the enrolled joint resolutions creating the subsections. If the subsection (3) of section 1 of article VIII of the constitution created in this joint resolution is so renumbered, then the cross-reference to that subsection in section 1 (4) of article VIII of the constitution, also created in this joint resolution, shall be renumbered accordingly.

(4) The new subsection (4) of section 1 of article VIII of the constitution created in this joint resolution shall be designated by the next higher open whole subsection number in that section in that article if, before the ratification by the people of the
amendment proposed in this joint resolution, any other ratified amendment has
created a subsection (4) of section 1 of article VIII of the constitution of this state.
If one or more joint resolutions create a subsection (4) of section 1 of article VIII
simultaneously with the ratification by the people of the amendment proposed in this
joint resolution, the subsections created shall be numbered and placed in a sequence
so that the subsections created by the joint resolution having the lowest enrolled joint
resolution number have the numbers designated in that joint resolution and the
subsections created by the other joint resolutions have numbers that are in the same
ascending order as are the numbers of the enrolled joint resolutions creating the
subsections.

(5) The new subsection (5) of section 1 of article VIII of the constitution created
in this joint resolution shall be designated by the next higher open whole subsection
number in that section in that article if, before the ratification by the people of the
amendment proposed in this joint resolution, any other ratified amendment has
created a subsection (5) of section 1 of article VIII of the constitution of this state.
If one or more joint resolutions create a subsection (5) of section 1 of article VIII
simultaneously with the ratification by the people of the amendment proposed in this
joint resolution, the subsections created shall be numbered and placed in a sequence
so that the subsections created by the joint resolution having the lowest enrolled joint
resolution number have the numbers designated in that joint resolution and the
subsections created by the other joint resolutions have numbers that are in the same
ascending order as are the numbers of the enrolled joint resolutions creating the
subsections.

(6) The new subsection (6) of section 1 of article VIII of the constitution
resulting from the renumbering and amendment of section 1 of article VIII of the
constitution by this joint resolution shall be designated by the next higher open whole subsection number in that section in that article if, before the ratification by the people of the amendment proposed in this joint resolution, any other ratified amendment has created a subsection (6) of section 1 of article VIII of the constitution of this state. If one or more joint resolutions create a subsection (6) of section 1 of article VIII simultaneously with the ratification by the people of the amendment proposed in this joint resolution, the subsections created shall be numbered and placed in a sequence so that the subsections created by the joint resolution having the lowest enrolled joint resolution number have the numbers designated in that joint resolution and the subsections created by the other joint resolutions have numbers that are in the same ascending order as are the numbers of the enrolled joint resolutions creating the subsections.

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

(END)