

2009 DRAFTING REQUEST

Bill

Received: 12/18/2009

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Gordon Hintz (608) 266-2254**

By/Representing: **Cecely**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters:

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

Extra Copies: **EVM**

Submit via email: **YES**

Requester's email: **Rep.Hintz@legis.wisconsin.gov**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Repeal the county tax levy rate limit

Instructions:

See attached. Repeal the county tax levy rate limit, s. 59.605

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>
/?				_____			S&L
/1	mshovers 12/18/2009	kfollett 12/18/2009	mduchek 12/18/2009	_____	sbasford 12/18/2009	cduerst 01/12/2010	

FE Sent For: "/1" @ intro. 3/1/10

<END>

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1/?	mshovers	11/19/09 12/18/09		_____	_____	_____	_____
11 MES 12/18/09							

FE Sent For:

<END>



Office of County Administrator
County of La Crosse, Wisconsin

County Administrative Center

400 4th Street North • Room 3300 • La Crosse, Wisconsin 54601-3200

(608) 785-9700 • Fax (608) 789-4821

www.co.la-crosse.wi.us

Memo To: Wisconsin Counties Association
From: Steve O'Malley, County Administrator
Date: December 4, 2009

Re: Urge Repeal of 1992 Operating Rate Limit due to conflict with Tax Levy Freeze and disparate impact on Wisconsin Counties

Counties are currently under two separate levy constraints:

1. **The tax levy rate limit Wis Stats 59.605** (The rate limit does not allow a county to exceed the equalized operating rate in effect in 1992); and
2. **The levy freeze cap Wis Stat 66.0602** (The levy freeze cap does not allow a County to increase the operating tax levy by more than 3% without a referendum – the operating levy excludes debt service and special purpose levies.)

The two limits come into conflict when equalized property valuations grow at less than 3% and a County equalized operating rate is nearing the 1992 limit. The impact of this conflict has a disparate impact, since it will only affect a few Counties in the near future – and not necessarily those with relatively higher spending or higher tax rates. [The tax rate is a function of the total operating tax levy and the size of the tax base: equalized property value].

If the levy is increased by 3% as permitted, the rate must go up, unless total tax base grows by more than 3%. In all but three counties, total equalized property values grew by less than 3% for the 2010 budget. Nearly half the counties have property valuations that are shrinking. Several counties may be unable to increase their operating levy for 2011 within the 3% allowed, or will be forced to decrease their levy if the 1992 operating rate limits remain. The impact of the rate limit does not differentiate between relative levels of spending or comparison of tax rates.

La Crosse County Example: Even though the County Board decreased the Operating Levy for 2010, and already has the 5th lowest Total Tax Levy per capita, La Crosse County could not raise our operating levy by the same 3% per year that most WI Counties are allowed, if tax base shows no growth over the next 2 years. And if Total Equalized Value declines by as much as 5%, the County would have to impose an absolute 0% restriction, while many Counties with higher taxes would be able to go up by 3% each year, under the levy freeze cap.

In a severe economic downturn, demand for county services (economic support, corrections, sheriff patrol, jail and many other services increase while the rate limit may force counties to decrease their levy, even if the levy freeze allows a small increase. The levy freeze prevents counties from benefiting from appreciation of the tax base in good times, and the operating rate limits ensure that some counties are hurt by depreciation in times like these.

The provisions of the two separate levy constraints on Wisconsin Counties are conflicting and have a disparate arbitrary impact on Counties independent of any actual spending decisions that County Boards are able to affect. The provisions of 59.605 should be repealed to allow the clear and simple affect of the levy freeze cap.

Shovers, Marc

From: Kreye, Joseph
Sent: Friday, December 18, 2009 1:02 PM
To: Shovers, Marc; Mueller, Eric
Subject: FW: Repeal of 1992 Rate Limit
Attachments: Rate limit comparisons.doc; Repeal Rate Limit memo.doc

Gentlemen,

I believe this is in your wheelhouse.

Danke.

From: Castillo, Cecely
Sent: Friday, December 18, 2009 10:38 AM
To: Kreye, Joseph
Subject: FW: Repeal of 1992 Rate Limit

Joe,

Attached is some information about the topic. What Rep. Hintz would like is a bill drafted that would repeal the tax levy rate limit (Wis Stat. 59.605) – which does not allow counties to exceed the equalized operating rate in effect in 1992.

Thank you,
Cecely

Cecely Castillo
Office of Representative Gordon Hintz
322 West, State Capitol
608-266-2254 or
888-534-0054 toll-free
cecely.castillo@legis.wisconsin.gov

From: Hintz, Gordon
Sent: Wednesday, December 16, 2009 5:26 PM
To: Castillo, Cecely; Lundquist, Cody
Subject: FW: Repeal of 1992 Rate Limit

From: Harris, Mark [mailto:MHarris@co.winnebago.wi.us]
Sent: Monday, December 07, 2009 8:28 AM
To: Hintz, Gordon
Subject: FW: Repeal of 1992 Rate Limit

Steve O'Malley has done a very nice job of organizing the arguments from the perspective of Lacrosse County. You have seen much of the information before but Steve has made it persuasive for his area.

From: Steve O'Malley [mailto:OMalley.Steve@co.la-crosse.wi.us]
Sent: Friday, December 04, 2009 4:45 PM
To: David Callender; Rep.Shilling@legis.wisconsin.gov
Cc: Harris, Mark; Mark O'Connell
Subject: Repeal of 1992 Rate Limit

David and Jennifer:

In preparation for the upcoming meeting to discuss this issue, I have prepared a one page memo summarizing the case for repeal of the 1992 rate limit from the perspective of La Crosse County.

I've also attached a detail comparison of all County Tax Rates and the disparate impact of the 1992 rate limit on only a few Wisconsin Counties that I developed using the original analysis prepared by County Executive Mark Harris of Winnebago County.

In conclusion, it seems that the simplest legislative change is to request the elimination of the 1992 rate limit in order to allow the clear and simple administration of the 3% levy freeze cap imposed by the State.

Thank you for your help on this vital issue, let me know if you have any questions.

Steve O'Malley
La Crosse County Administrator
400 4th St. North Room 3301
La Crosse, WI 54601
608-785-9700

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Urge Repeal of 1992 Operating Rate Limit due to conflict with Tax Levy Freeze and disparate impact on Wisconsin Counties

Counties are currently under two separate levy constraints:

1. **The tax levy rate limit Wis Stats 59.605** (The rate limit does not allow a county to exceed the equalized operating rate in effect in 1992); and
2. **The levy freeze cap Wis Stat 66.0602** (The levy freeze cap does not allow a County to increase the operating tax levy by more than 3% without a referendum - operating levy excludes debt services and special purpose levies).

The two limits come into conflict when equalized property valuations grow at less than the 3% cap and a County equalized operating rate is nearing the 1992 limit. The impact of this conflict has a disparate impact, since it will only affect a few Counties – and not those with relatively higher spending or higher tax rates.

Nine Counties Most Likely to be Restrained by 1992 Operating Rate Limit

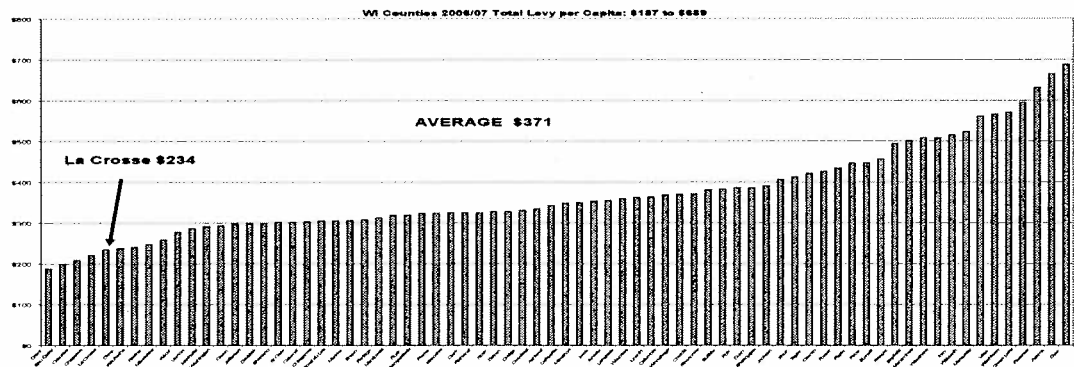
Yr Adopted Local Option Sales Tax	COUNTY	1992 Operating Rate Limit	2009 Operating Tax Rate	% Below Rate Limit	% Change In Equalized Value 08-09	2009 Total Rate	Total Levy Per Capita	Ranking Levy Per Capita
NONE	Manitowoc	5.05	4.92	2.57%	4.57	\$ 5.47	\$327.02	54
1990	La Crosse	3.24	3.15	2.78%	2.55	\$ 3.72	\$250.21	68
1989	Columbia	3.80	3.58	5.79%	0.63	\$ 4.35	\$403.82	25
NONE	Winnebago	4.71	4.38	7.01%	0.7	\$ 5.69	\$397.29	28
1987	Marathon	5.31	4.88	8.10%	-0.34	\$ 5.17	\$360.93	39
1989	Portage	4.77	4.30	9.85%	0.01	\$ 4.80	\$341.50	47
NONE - 2010	Fond du Lac	4.64	4.16	10.34%	1.54	\$ 5.03	\$338.22	49
NONE	Kewaunee	6.91	6.18	10.56%	1.71	\$ 6.34	\$429.58	23
1989	Waupaca	4.57	4.00	12.47%	0.41	\$ 5.51	\$387.60	32

Disparate Impact on La Crosse County would be particularly unjust, since La Crosse County taxes are already among the lowest in comparison to other Wisconsin Counties:

La Crosse is 68th out of 72 5th Lowest

Total County Levy \$234 per person

The WI Avg. is \$371 58% higher than La Crosse

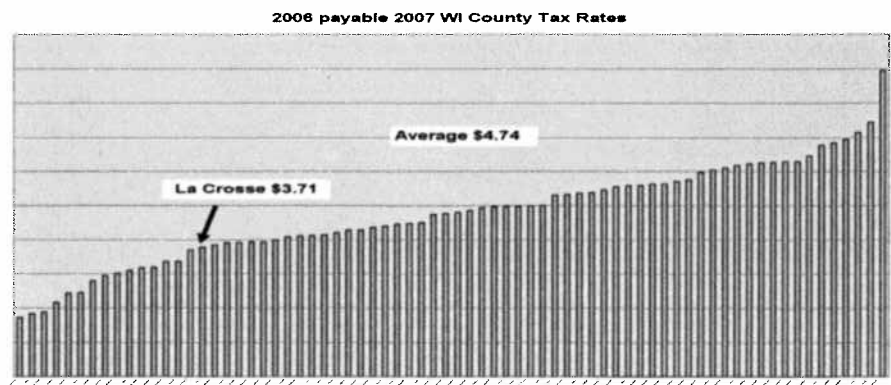


La Crosse is 58th of 72 15th Lowest Tax Rate

Note: High tax base is generally one of the largest determinants of low tax rate, except in La Crosse.

The Avg. tax base (in the 15 Counties with the lowest rates) is \$5.3 billion more than La Crosse.

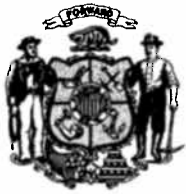
The Avg. Value per capita in those 15 Counties is twice as high as La Crosse.



WI County Tax Rates for 2008 Taxes Payable 2009 – Most Recent State-wide Data Available

WI Counties Sorted by TOTAL Tax Rate		WI Counties Sorted in order of closest to 1992 Rate Limit					
County	2008/09	Yr Adopted Local Option Sales Tax	COUNTY	1992 OPERATING RATE LIMIT	2009 OPERATING RATE	% BELOW RATE LIMIT	EQUALIZED VALUE % CHANGE 2008-09
Vilas	\$ 1.53	None	Manitowoc	5.05	4.92	2.57%	4.57%
Ozaukee	\$ 1.66	1990	LaCrosse	3.24	3.15	2.78%	2.55%
Waukesha	\$ 1.84	1989	Columbia	3.80	3.58	5.79%	0.63%
Oneida	\$ 1.96	None	Winnebago	4.71	4.38	7.01%	0.70%
Dane	\$ 2.37	1987	Marathon	5.31	4.88	8.10%	-0.34%
Sawyer	\$ 2.43	1989	Portage	4.77	4.30	9.85%	0.01%
Burnett	\$ 2.83	None - 2010	Fond du Lac	4.64	4.16	10.34%	1.54%
Washington	\$ 2.84	None	Kewaunee	6.91	6.18	10.56%	1.71%
St Croix	\$ 3.05	1989	Waupaca	4.57	4.00	12.47%	0.41%
Door	\$ 3.11	1987	Jackson	6.85	5.88	14.16%	3.63%
Bayfield	\$ 3.21	None	Outagamie	4.57	3.92	14.22%	0.67%
Chippewa	\$ 3.26	1987	Iowa	5.56	4.72	15.11%	0.25%
Racine	\$ 3.31	1999	Taylor	7.81	6.49	16.90%	1.49%
Eau Claire	\$ 3.55	2007	Rock	5.89	4.86	17.49%	-0.88%
Marinette	\$ 3.66	1990	Monroe	6.48	5.34	17.59%	0.47%
La Crosse	\$ 3.72	1999	Eau Claire	3.45	2.82	18.26%	0.49%
Jefferson	\$ 3.77	None	Brown	4.45	3.63	18.43%	-0.38%
Iron	\$ 3.81	1987	Lincoln	6.04	4.92	18.54%	1.12%
Kenosha	\$ 3.84	1991	Crawford	6.91	5.56	19.54%	1.62%
Washburn	\$ 3.84	1987	Bufflo	7.10	5.69	19.86%	1.63%
Grant	\$ 3.86	1991	Chippewa	3.87	3.06	20.93%	-0.34%
Walworth	\$ 3.88	2004	Wood	5.51	4.35	21.05%	0.59%
Milwaukee	\$ 3.96	1990	Shawano	5.35	4.22	21.12%	-0.12%
Polk	\$ 4.08	1986	Barron	4.57	3.58	21.66%	-0.80%
Forest	\$ 4.09	None	Sheboygan	5.39	4.21	21.89%	1.00%
Douglas	\$ 4.14	1989	Marquette	6.79	5.30	21.94%	-0.87%
Sauk	\$ 4.18	1992	Juneau	5.42	4.23	21.96%	-3.25%
Rusk	\$ 4.21	1992	Sauk	5.12	3.99	22.07%	-1.42%
Barron	\$ 4.26	1994	Oconto	5.96	4.61	22.65%	-1.12%
Columbia	\$ 4.35	1994	Dodge	6.32	4.87	22.94%	0.69%
Outagamie	\$ 4.47	1988	Ashland	5.77	4.42	23.40%	-1.43%
Pierce	\$ 4.52	1988	Pierce	5.47	4.18	23.58%	-5.91%
Shawano	\$ 4.53	None	Menominee	9.66	7.32	24.22%	3.41%
Brown	\$ 4.54	1991	Kenosha	3.66	2.75	24.86%	-0.56%
Calumet	\$ 4.68	1991	Milwaukee	4.08	3.04	25.49%	-2.03%
Langlade	\$ 4.69	1986	Dunn	7.62	5.66	25.72%	-0.31%
Oconto	\$ 4.70	2002	Grant	4.41	3.26	26.08%	2.05%
Portage	\$ 4.80	1994	Adams	7.99	5.89	26.28%	-0.40%
Ashland	\$ 4.82	2001	Marinette	5.00	3.64	27.20%	-0.17%
Wood	\$ 4.86	1991	Jefferson	4.66	3.39	27.25%	-0.24%
Juneau	\$ 4.91	1995	Trempealeau	7.52	5.46	27.39%	2.67%
Green	\$ 4.93	None	Calumet	5.10	3.68	27.84%	2.87%
Iowa	\$ 4.95	2001	Lafayette	8.18	5.89	28.00%	2.86%
Green Lake	\$ 5.00	1988	Door	3.90	2.79	28.46%	-0.80%
Sheboygan	\$ 5.00	None	Racine	3.90	2.77	28.97%	-0.50%
Fond du Lac	\$ 5.03	None	Clark	8.91	6.32	29.07%	1.43%
Dodge	\$ 5.08	2006	Florence	7.59	5.35	29.51%	-1.47%
Price	\$ 5.09	1995	Forest	5.74	4.01	30.14%	-2.10%
Lincoln	\$ 5.09	1990	Waushara	7.48	5.21	30.35%	-4.10%
Marathon	\$ 5.17	1989	Richland	7.62	5.14	32.55%	0.57%
Vernon	\$ 5.20	1997	Vernon	6.73	4.50	33.14%	2.80%
Waushara	\$ 5.22	1988	Polk	4.81	3.21	33.26%	-4.14%
Rock	\$ 5.38	1991	Iron	4.94	3.28	33.60%	0.51%
Manitowoc	\$ 5.47	1999	Green	6.57	4.33	34.09%	1.53%
Waupaca	\$ 5.51	1999	Washington	3.84	2.53	34.11%	0.13%
Winnebago	\$ 5.69	1991	Pepin	9.32	6.06	34.98%	-2.40%
Buffalo	\$ 5.83	1987	Oneida	2.93	1.90	35.15%	-1.36%
Marquette	\$ 5.85	1987	Rusk	5.25	3.36	36.00%	-3.27%
Florence	\$ 5.93	1991	Douglas	5.07	3.11	38.66%	2.69%
Richland	\$ 5.95	1999	Green Lake	8.18	4.99	39.00%	2.54%
Monroe	\$ 5.98	1987	Walworth	4.60	2.74	40.43%	0.93%
Adams	\$ 5.99	1991	Washburn	6.47	3.70	42.81%	-1.34%
Trempealeau	\$ 5.99	1993	Price	8.47	4.81	43.21%	1.47%
Jackson	\$ 6.31	None	Waukesha	2.78	1.54	44.60%	-1.78%
Kewaunee	\$ 6.34	1987	Saint Croix	4.75	2.63	44.63%	-5.37%
Crawford	\$ 6.40	1991	Ozaukee	2.97	1.60	46.13%	-1.56%
Dunn	\$ 6.48	1988	Langlade	8.22	4.42	46.23%	-0.34%
Pepin	\$ 6.53	1991	Dane	3.90	1.87	52.05%	0.79%
Clark	\$ 6.67	1988	Vilas	2.88	1.37	52.43%	-1.92%
Lafayette	\$ 6.67	1989	Burnett	5.87	2.68	54.34%	-1.46%
Taylor	\$ 7.04	1991	Bayfield	6.77	3.09	54.36%	1.89%
Menominee	\$ 7.91	1987	Sawyer	5.20	2.36	54.62%	-1.12%

9 Counties
most likely
to be
restrained
by 1992 Limit



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-40353

MES...

RMP

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

[Signature]

1 AN ACT ...; relating to: creating a sunset provision for the county tax levy rate
2 limit.

Analysis by the Legislative Reference Bureau

Under current law and subject to a number of exceptions, no county may impose an operating levy at an operating levy rate that exceeds 0.001 or the operating levy rate in 1992, whichever is greater. "Operating levy" is defined as the county purpose levy, less the debt levy, and "operating levy rate" is defined as the total levy rate minus the debt levy rate.

A county may exceed the limit under current law if its board adopts a resolution stating its wish to exceed the operating levy rate limit that is otherwise applicable and if that resolution is approved by the electors of the county in a referendum. The limit may also be exceeded if a county increases the services that it provides by adding responsibility for providing a service transferred to the county by another governmental unit.

Under this bill, the operating levy rate limit does not apply to any county levy that is imposed after December 2009.

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:

Basford, Sarah

From: Castillo, Cecely

Sent: Monday, January 11, 2010 5:12 PM

To: LRB.Legal

Subject: Draft Review: LRB 09-4035/1 Topic: Repeal the county tax levy rate limit

Please Jacket LRB 09-4035/1 for the ASSEMBLY.

01/12/2010