



2011 SENATE JOINT RESOLUTION 48

October 28, 2011 – Introduced by Senators LASEE, GROTHMAN and LEIBHAM, cosponsored by Representative JACQUE. Referred to Committee on Judiciary, Utilities, Commerce, and Government Operations.

1 **To create** section 11 of article VIII of the constitution; **relating to:** creating fiscal
2 year allowable revenues for the state and local governmental units, returning
3 excess revenue to the taxpayers, requiring electoral approval for certain taxing
4 and spending decisions, and allowing local governmental units to exempt
5 themselves from certain state mandates (first consideration).

Analysis by the Legislative Reference Bureau

This proposed constitutional amendment, proposed to the 2011 legislature on first consideration, provides that the state, or a school district, technical college district, or other local governmental unit that collects revenue, excluding a town that has less than \$1,000,000 in allowable revenue, may not collect more in allowable revenue in any fiscal year than the amount of its allowable revenue in the previous fiscal year, increased by the lesser of the average percentage increase for the three most recent years available in the consumer price index for Milwaukee–Racine or the average percentage increase in state personal income for the three most recent years available, plus:

1. For the state, the estimated percentage increase, if any, from the previous year in state population.
2. For school districts, the annual percentage increase, if any, in student enrollment, averaged over the previous three years.
3. For technical college districts and all other local governmental units, the percentage increase, if any, from the previous year in taxable property value

attributable to new construction, less the value of any taxable property removed or demolished in that district or governmental unit.

Under the proposed constitutional amendment, revenues collected in excess of allowable revenue are returned to taxpayers in the next fiscal year or, in the case of the state, deposited into a budget stabilization fund. The legislature may spend from the budget stabilization fund only to provide tax relief, for certain emergency events, or in any fiscal year in which the amount of allowable revenue is greater than the amount of collected revenue. The state or any local governmental unit may increase its allowable revenue, incur debt service by an amount that exceeds seven percent of allowable revenue, or exclude any tax, fee, or charge from allowable revenue only with the approval of the electorate at a referendum.

Under the proposed constitutional amendment, a local governmental unit may exempt itself from any new mandate imposed by the state that is not fully funded by the state or from any mandate for which the state reduces the percentage of the costs the state pays for the mandate.

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

1 ***Resolved by the senate, the assembly concurring, That:***

2 **SECTION 1.** Section 11 of article VIII of the constitution is created to read:

3 [Article VIII] Section 11 (1) In this section:

4 (a) “Economic development bond” means a bond issued to finance real property
5 improvements that are directly related to economic development.

6 (b) “Inflation–income factor” means the lesser of the average percentage
7 increase, if any, for the 3 most recent years available in the consumer price index for
8 Milwaukee–Racine, or its successor index, or the average percentage increase, if any,
9 in state personal income for the 3 most recent years available.

10 (c) “Revenue” means all moneys, except enterprise funds, bonding revenue,
11 moneys used for debt service on a minimum 80 percent self–funding economic
12 development bond, moneys received for the operation of sanitary sewers or a
13 telephone, gas, electric, or water utility, or nongovernmental moneys received for
14 medical care provided by hospitals, nursing homes, assisted living facilities, or other
15 medical facilities operated by any entity subject to this section, moneys received from

1 the federal government, gifts, damage awards, real or personal property sales,
2 unemployment insurance taxes, insurance premiums, employee payments for fringe
3 benefits, governmental property insurance, investment trusts, private purpose
4 trusts, college savings programs, or tuition or fees paid by or on behalf of students
5 to support university or technical college functions.

6 (2) Beginning with the first fiscal year that begins at least 180 days after
7 ratification of this section, the state, or a school district, technical college district, or
8 other local governmental unit that collects revenue, excluding a town that has less
9 than \$1,000,000 in allowable revenue, may not collect more in allowable revenue in
10 any fiscal year than the amount of its allowable revenue in the previous year,
11 increased by the inflation-income factor, plus:

12 (a) For the state, the estimated percentage increase from the previous year in
13 state population, adjusted by the decennial census and corrected over a 3-year
14 period as provided by law.

15 (b) For school districts, the annual percentage increase in student enrollment,
16 if any, averaged over the previous 3 years available.

17 (c) For technical college districts and all other local governmental units, as
18 applied to revenues not provided by the state, the percentage increase, if any, from
19 the previous year in taxable property value attributable to new construction, less the
20 value of any taxable property removed or demolished, in that district or
21 governmental unit.

22 (3) If the state increases any category of state aid to local governmental units
23 or the University of Wisconsin System by less than the inflation-income factor, the
24 state's allowable revenue shall be reduced by that amount.

1 (4) (a) Revenues collected in excess of allowable revenue shall be returned to
2 the taxpayers in the next fiscal year or, in the case of the state, deposited into a budget
3 stabilization fund, not to exceed 7 percent of that fiscal year's allowable revenue.

4 (b) The legislature by law may spend from the budget stabilization fund only
5 to provide tax relief, for an emergency event that causes real and personal property
6 damage exceeding 1.5 percent of allowable revenue or death, grave bodily harm, or
7 imminent threat of death or grave bodily harm to at least 0.1 percent of the state's
8 population, or in any fiscal year in which the amount of allowable revenue is greater
9 than the amount of collected revenue, but not to exceed allowable revenues.

10 (6) The legislature by law shall provide for revenue neutral adjustments to
11 allowable revenues to accommodate the transfer of services between and among
12 governmental units, including such transfers that occur as a result of annexation.

13 (7) Allowable revenues under this section may be reduced by law, ordinance,
14 or resolution, as appropriate, or by elector approval at a referendum.

15 (8) The state or any local governmental unit may do any of the following only
16 with the approval of the electorate at a referendum:

17 (a) Exceed allowable revenue under this section. The ballot question shall
18 express the proposed excess as a dollar amount and as a percentage increase
19 compared with allowable revenue and shall indicate whether the proposed excess is
20 recurring or nonrecurring.

21 (b) Incur debt service by an amount that exceeds 7 percent of allowable
22 revenue. The ballot question shall express the proposed excess as a dollar amount
23 and as a percentage of allowable revenue and shall indicate the time period for which
24 the debt service shall exceed 7 percent of allowable revenue.

