



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

October 17, 2011

MEMORANDUM

To: Senator Olsen

From: Joseph T. Kreye, Sr. Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2011 SB 196** (LRB-2922/1) by **DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

September 28, 2011

TO: Joseph T. Kreye
Legislative Reference Bureau

FROM: Paul Ziegler
Department of Revenue

SUBJECT: Technical Memorandum on 2011 SB 196 – Regarding Excluding from the Calculation of Expenditure Restraint Payments Expenditures Made Pursuant to a Purchasing Agreement with a School District

The Department of Revenue has the following concern regarding the bill:

The proposed law change would first affect ERP payments in 2011. ERP payments for 2011 were already made -- on the fourth Monday in July (July 25, 2011). If additional municipalities qualify for an ERP payment as a result of the bill, the 2011 ERP payments will need to be recalculated, resulting in payment reductions for municipalities that already received a payment. These municipalities will, in effect, need to repay part of the payment they received in July.

On September 15, 2011, the Department of Revenue (DOR) notified municipalities of the ERP payment they can expect in July 2012. If the bill results in additional municipalities qualifying for an ERP payment in 2012, the payment will need to be recalculated. The recalculation will result in reductions in anticipated payments to those municipalities which were notified of a payment in September 2011. This could have an effect on these municipalities' budget and property tax levy plans.

At the current time, municipalities are planning their 2012 budgets. If the bill is enacted before November 15, 2011, the first budgets that would be made with the knowledge of the provisions of the bill would be the 2012 budget, which would be used for purposes of calculating the 2013 ERP payment.

If you have any questions on this technical memorandum, please contact Daniel Huegel at 266-5705.

cc: Senator Luther Olson