

2015 DRAFTING REQUEST

Bill

Received: 1/15/2015 Received By: jkreye
Wanted: As time permits Same as LRB:
For: Administration-Budget By/Representing: Quinn
May Contact: Drafter: jkreye
Subject: Tax, Property - credits Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email:
Carbon copy (CC) to: joseph.kreye@legis.wisconsin.gov
sbostatlanguage@webapps.wi.gov

Pre Topic:

DOA:.....Quinn, BB0455 -

Topic:

Increase school levy tax credit appropriation

Instructions:

See attached

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>
/?	jkreye 1/16/2015			_____			
/P1	jkreye 1/21/2015	jdyer 1/19/2015	rschluet 1/19/2015	_____	lparisi 1/19/2015		State S&L
/P2	jkreye 1/27/2015	jdyer 1/21/2015	rschluet 1/21/2015	_____	srose 1/21/2015		State S&L

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P3		kfollett 1/27/2015	rschluet 1/27/2015	_____	sbasford 1/27/2015		State S&L

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<END>

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/?	jkreye 1/16/2015	P3/27 jld		_____			
/P1	jkreye 1/21/2015	jdyer 1/19/2015	rschlue 1/19/2015	_____	lparisi 1/19/2015		State S&L
/P2		jdyer 1/21/2015	rschlue 1/21/2015	_____	srose 1/21/2015		State S&L

Handwritten notes: JM, 12/21/15

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/?	jkreye 1/16/2015	<i>P2 1/21 jkd</i>		_____			
/P1		jdyer 1/19/2015	rschluet 1/19/2015	_____	lparisi 1/19/2015		State S&L

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2015 JMA
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 sbostatlanguage@webapps.wi.gov ✓

Pre Topic:

DOA:.....Quinn, BB0455 -

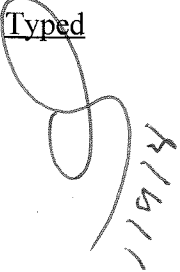
Topic:

Increase school levy tax credit appropriation ✓

Instructions:

See attached

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>
1/?	jkreye	PI 1/19 jld		==			

FE Sent For:

<END>

Kreye, Joseph

From: Hanaman, Cathlene
Sent: Thursday, January 15, 2015 8:44 AM
To: Kreye, Joseph; Shovers, Marc; Knepp, Fern; Kuczenski, Tracy
Subject: FW: Statutory Language Drafting Request - BB0455

From: brian.quinn@wisconsin.gov [mailto:brian.quinn@wisconsin.gov]
Sent: Wednesday, January 14, 2015 8:10 PM
To: Hanaman, Cathlene
Cc: Ziegler, Paul - DOA; Quinn, Brian D - DOA; Connor, Christopher B - DOA
Subject: Statutory Language Drafting Request - BB0455

Biennial Budget: 2015-17

DOA Tracking Code: BB0455

Topic: Increase School Levy Credit Appropriation

SBO Team: TLGED

SBO Analyst: Quinn, Brian D - DOA
Phone: (608) 266-1923
E-mail: brian.quinn@wisconsin.gov

Agency Acronym: SRTR

Agency Number: 835

Priority: High

Intent:

Modify the language under s. 79.14 to provide that in FY17 the appropriation total will be \$958.6 million and that it will be \$853.0 million annually thereafter.

Specify that \$105.6 million that would have been paid in FY18 related to 2016-17 property tax bills will be paid in FY17 instead and that this will be repeated in the future. This results in a doubling of the \$105.6 million in FY17. The purpose of this is to, on an ongoing basis, pay for the marginal \$105.6 million in the year in which the property taxes it relates to are levied.

Attachments: False

Please send completed drafts to SBOSatlanguage@webapps.wi.gov

Kreye, Joseph

From: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Sent: Thursday, January 15, 2015 11:25 AM
To: Kreye, Joseph
Subject: SLTC Explantion

Joe,

For that draft, here's my color-coded table:

Property Tax Years				
	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
Current Law	747.4	747.4	747.4	747.4
Budget	105.6	105.6	105.6	105.6

Fiscal Years - As Currently Structured				
	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
Current Law	747.4	747.4	747.4	747.4
Budget		105.6	105.6	105.6
Total		853	853	853

Fiscal Years - As Modified				
	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
Current Law	747.4	747.4	747.4	747.4
Budget		105.6	105.6	105.6
Shift		105.6		
Total	747.4	958.6	853	853

So, the property tax years table shows how it is paid out as far as property taxpayers see it. The fiscal years as currently structured shows the one-year push out of the state cost of providing this credit.

The drafting request is reflected in the third one where the portion that would have been paid out in FY18, relating to 2016/17 tax bills, is pulled into FY17 instead and that \$105.6 million is pulled forward a year going forward. This would require statutorily splitting up the payments so that the \$105.6 million for the 2016/17 property tax year (and every year after that) is paid in June of the current fiscal year instead of July of the following fiscal year.

Explained from the rationale of this, the SLTC always counts against our GAAP deficit since we're incurring a liability in the current year that is paid out in the following year. Beginning in FY17, we are trying to pay for that marginal addition of \$105.6 million in the current fiscal year to avoid adding to the GAAP deficit.

Let me know if you have further questions.

Brian Quinn
Executive Policy and Budget Analyst - Senior
Wisconsin Department of Administration
Division of Executive Budget and Finance

(608)-266-1923
Brian.quinn@wisconsin.gov



State of Wisconsin
2015 - 2016 LEGISLATURE



LRB-1283/P1

JK: :...

due Wed., 1-21

fld

DOA:.....Quinn, BB0455 - Increase school levy tax credit appropriation

FOR 2015-2017 BUDGET - NOT READY FOR INTRODUCTION

m 1-16-15

Don't gen

4
1

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION ✓

PROPERTY TAXATION ✓

This bill increases the appropriation for the school levy property tax credits ✓ so that the total amount distributed to claim against a person's property tax liability is ✓\$958,600,000 in 2016 and \$853,000,000 in each year thereafter. Currently, the annual distribution is 747,400,000. ✓

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:

2 SECTION 1. 79.10 (7m) (a) 1. of the statutes is renumbered 79.10 (7m) (a) 1.

3 (intro.) and amended to read:

1 79.10 (7m) (a) 1. (intro.) Except as provided in par. (cm), the amount
2 determined under sub. (4) shall be distributed by the department of administration
3 to the counties on the 4th Monday in July, except as follows: ✓

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33; 2005 a. 399; 2007 a. 20, 190; 2009 a. 28, 180; 2013 a. 20.

4 **SECTION 2.** 79.10 (7m) (a) 1. a. of the statutes is created to read:

5 79.10 (7m) (a) 1. a. In 2016, the department of administration ✓ shall distribute
6 \$211,200,000 of the amount specified under s. 79.14 ✓ on the 4th Monday in June and
7 the remainder of the amount specified under s. 79.14 ✓ on the 4th Monday in July.

8 **SECTION 3.** 79.10 (7m) (a) 1. b. ✓ of the statutes is created to read:

9 79.10 (7m) (a) 1. b. In 2017 and in each year thereafter, the department of
10 administration shall distribute \$105,600,000 ✓ of the amount specified under s. 79.14 ✓
11 on the 4th Monday in June and the remainder of the amount specified under s. 79.14 ✓
12 on the 4th Monday in July. ✓

13 **SECTION 4.** 79.10 (7m) (a) 2. ✓ of the statutes is amended to read:

14 79.10 (7m) (a) 2. Except as provided in par. (cm), the county treasurer shall
15 settle for the amounts distributed under this paragraph ✓ on the 4th Monday in July
16 with each municipality and taxing jurisdiction in the county not later than August
17 20. Failure to settle timely under this subdivision subjects the county treasurer to
18 the penalties under s. 74.31.

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33; 2005 a. 399; 2007 a. 20, 190; 2009 a. 28, 180; 2013 a. 20.

19 **SECTION 5.** 79.10 (7m) (cm) 1. b. of the statutes is amended to read:

20 79.10 (7m) (cm) 1. b. The treasurer of the municipality shall settle for the
21 amounts distributed under pars. (a) 1. and (c) 1. ^{plain} on the 4th Monday in July with the
22 appropriate county treasurer not later than August 15. Failure to settle timely
23 under this subdivision subjects the treasurer of the municipality to the penalties

1 under s. 74.31. On or before August 20, the county treasurer shall settle with each
2 taxing jurisdiction, including towns, villages, and cities, except 1st class cities, in the
3 county.

History: 1971 c. 125 ss. 412, 521; Stats. 1971 s. 79.10; 1973 c. 90; 1975 c. 39, 199; 1977 c. 29, 418; 1979 c. 110 s. 60 (11); 1981 c. 20 ss. 1174 to 1182n, 2202 (45) (b); 1981 c. 93, 314, 317; 1983 a. 2 ss. 6 to 10, 12; 1983 a. 3, 27; 1983 a. 189 s. 329 (17m); 1983 a. 395; 1985 a. 4, 29, 39, 120; 1987 a. 27, 378; 1991 a. 39, 225, 269, 323; 1993 a. 16; 1995 a. 27; 1997 a. 27, 164; 1999 a. 5, 9, 83, 84, 185; 2001 a. 16; 2003 a. 33; 2005 a. 399; 2007 a. 20, 190; 2009 a. 28, 180; 2013 a. 20.

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5 79.10 (7m) (cm) 2. b. The treasurer of the municipality shall settle for the
6 amounts distributed under pars. (a) 1. and (c) 1. ~~on the 4th Monday in July~~ with the
7 appropriate county treasurer not later than August 15. Failure to settle timely
8 under this subdivision subjects the treasurer of the municipality to the penalties
9 under s. 74.31. On or before August 20, the county treasurer shall settle with each
10 taxing jurisdiction, including towns, villages, and cities, except 1st class cities, in the
11 county.

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12 **SECTION 7.** 79.14 of the statutes is amended to read:

13 **79.14 School levy tax credit.** The appropriation under s. 20.835 (3) (b), for
14 the payments under s. 79.10 (4), is \$319,305,000 in 1994, 1995, and 1996;
15 \$469,305,000 beginning in 1997 and ending in 2006; \$593,050,000 in 2007;
16 \$672,400,000 in 2008; \$747,400,000 in 2009; \$732,550,000 in 2010, 2011, and 2012;
17 ~~and \$747,400,000 in 2013, 2014, and 2015; \$958,600,000 in 2016; and \$853,000,000~~
18 ~~in 2017 and in each year thereafter.~~

19 History: 1991 a. 39, 315; 1995 a. 27; 2005 a. 25; 2007 a. 20; 2009 a. 28; 2013 a. 20.

(END)

Kreye, Joseph

From: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Sent: Monday, January 19, 2015 4:01 PM
To: Kreye, Joseph
Subject: RE: SLTC Explanation

1283

Joe,

I just got the draft back for LRB-1283 and I wanted to confirm the logic of something here.

Basically, we're trying to expend the \$211.2 million in FY2016-17 and then have the ongoing amount as \$105.6 million thereafter once we take care of that double-up in FY17.

The draft, as I read it, has \$105.6 million being paid in June of 2016 (FY16) and \$105.6 million being paid in July of 2016 (FY17). The way it should work is that we're paying \$853 million in July of 2016 (FY17) plus the \$105.6 million that should be paid in June of 2017 (still FY17), which would get us to the \$958.6 million for that year.

Subsequent years would have \$747.4 million paid in July and \$105.6 million paid the following June with that \$105.6 million pertaining to the most recent December.

Hopefully that all makes sense. It's possible I misinterpreted the logic here in the draft.

-Brian

From: Kreye, Joseph [mailto:Joseph.Kreye@legis.wisconsin.gov]
Sent: Thursday, January 15, 2015 11:44 AM
To: Quinn, Brian D - DOA
Subject: RE: SLTC Explanation

Thanks Brian,

That helps a lot.

Joseph T. Kreye
Legal Section Administrator
Legislative Reference Bureau
608 266-2263

From: Quinn, Brian D - DOA [mailto:Brian.Quinn@wisconsin.gov]
Sent: Thursday, January 15, 2015 11:25 AM
To: Kreye, Joseph
Subject: SLTC Explanation

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So, the property tax years table shows how it is paid out as far as property taxpayers see it. The fiscal years as currently structured shows the one-year push out of the state cost of providing this credit.

The drafting request is reflected in the third one where the portion that would have been paid out in FY18, relating to 2016/17 tax bills, is pulled into FY17 instead and that \$105.6 million is pulled forward a year going forward. This would require statutorily splitting up the payments so that the \$105.6 million for the 2016/17 property tax year (and every year after that) is paid in June of the current fiscal year instead of July of the following fiscal year.

Explained from the rationale of this, the SLTC always counts against our GAAP deficit since we're incurring a liability in the current year that is paid out in the following year. Beginning in FY17, we are trying to pay for that marginal addition of \$105.6 million in the current fiscal year to avoid adding to the GAAP deficit.

Let me know if you have further questions.

Brian Quinn
 Executive Policy and Budget Analyst - Senior
 Wisconsin Department of Administration
 Division of Executive Budget and Finance
 (608)-266-1923
Brian.quinn@wisconsin.gov



R2

DOA:.....Quinn, BB0455 – Increase school levy tax credit appropriation

FOR 2015-2017 BUDGET – NOT READY FOR INTRODUCTION

in 1-21-15

FRI, 1-23

4

do not gen

1 AN ACT ...; relating to: the budget.

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Insert
2-9

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 11 \$469,305,000 beginning in 1997 and ending in 2006; \$593,050,000 in 2007;
 12 \$672,400,000 in 2008; \$747,400,000 in 2009; \$732,550,000 in 2010, 2011, and 2012;
 13 and \$747,400,000 in 2013, 2014, and 2015; \$958,600,000 in 2016; and \$853,000,000
 14 in 2017 and in each year thereafter.

15

(END)

fiscal ✓
 ↑
 fiscal
 fiscal year 2017-18 ✓

fiscal ✓
 fiscal year 2016-17 ✓

**2015-2016 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1283/P2ins
JK:jld:rs

Insert 2 - 9

1 **SECTION 1.** 79.10 (7m) (a) 1. a. ~~✓~~ of the statutes is created to read:

2 79.10 (7m) (a) 1. a. In the 2016-17 fiscal year, the department of administration
3 shall distribute \$853,000,000 ~~✓~~ on the 4th Monday in July, 2016, ~~✓~~ and \$105,600,000 ~~✓~~ on
4 the 4th Monday in June, 2017. ~~✓~~

5 **SECTION 2.** 79.10 (7m) (a) 1. b. ~~✓~~ of the statutes is created to read:

6 79.10 (7m) (a) 1. b. In the 2017-18 ~~✓~~ fiscal year, and in each fiscal year thereafter,
7 the department of administration shall distribute \$747,400,000 ~~✓~~ on the 4th Monday
8 in July and \$105,600,000 ~~✓~~ on the following 4th Monday in June.

Kreye, Joseph

From: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Sent: Monday, January 26, 2015 10:44 PM
To: Kreye, Joseph
Subject: RE: SLTC Clarification 1283/P2

As I said, it's a bit of a pain, but in order to make sure we have sufficient clarity in what gets assigned to which property tax year I think it will be necessary so as not to cause confusion. It won't be the most straightforward piece in any case. Every year I'll look at it I'll have to think about exactly how it works.

From: Kreye, Joseph <Joseph.Kreye@legis.wisconsin.gov>
Sent: Monday, January 26, 2015 8:44 PM
To: Quinn, Brian D - DOA
Subject: RE: SLTC Clarification 1283/P2

Thanks Brian. That ought to work.

From: Quinn, Brian D - DOA [Brian.Quinn@wisconsin.gov]
Sent: Monday, January 26, 2015 5:45 PM
To: Kreye, Joseph
Subject: SLTC Clarification 1283/P2

Joe,

On this, I just want to make sure we have this one nailed down.

So, the intention is that \$853 million is distributed with regards to each property tax year. So there is \$853 million paid the 4th Monday in July 2016 that relates to bills that go out December 2015. However, we are also moving up \$105.6 million that would be paid in the 4th Monday in July 2017 and moving it into June 2017 instead. This amount relates to December 2016 bills.

In the draft, I'm concerned that the \$105.6 million piece isn't clearly delineated as to what year it relates to.

I'm thinking sketch out something like this:

On Section 2 – Specify that the \$105.6 million is to be distributed to municipalities for property taxes levied in December 2016. The \$853 million relates to December 2015 levies.

On Section 3 – Specify that the \$747.4 million relates to the prior December (December 2016 for the first payment under that section) and that the \$105.6 million relates to the levies made in the most recent December (December 2017).

I know that this is a bit of a pain, but I want to make sure it is clear that this split is properly delineated.

Thanks.

Brian Quinn
Executive Policy and Budget Analyst - Senior
Wisconsin Department of Administration

Division of Executive Budget and Finance
(608)-266-1923
Brian.quinn@wisconsin.gov



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TUES A.M.

DOA:.....Quinn, BB0455 - Increase school levy tax credit appropriation

FOR 2015-2017 BUDGET — NOT READY FOR INTRODUCTION

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1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

PROPERTY TAXATION

This bill increases the appropriation for the school levy property tax credits so that the total amount distributed to claim against a person's property tax liability is \$958,600,000 in 2016 and \$853,000,000 in each year thereafter. Currently, the annual distribution is \$747,400,000.

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:

2 SECTION 1. 79.10 (7m) (a) 1. of the statutes is renumbered 79.10 (7m) (a) 1.
3 (intro.) and amended to read:
4 79.10 (7m) (a) 1. (intro.) Except as provided in par. (cm), the amount
5 determined under sub. (4) shall be distributed by the department of administration
6 to the counties on the 4th Monday in July, except as follows:

related to the 2015 property tax levies,

1 SECTION 2. 79.10 (7m) (a) 1. a. of the statutes is created to read:

2 79.10 (7m) (a) 1. a. In the 2016-17 fiscal year, the department of administration
3 shall distribute \$853,000,000 on the 4th Monday in July, 2016, and \$105,600,000 on
4 the 4th Monday in June, 2017, *related to the 2016 property tax levies*

5 SECTION 3. 79.10 (7m) (a) 1. b. of the statutes is created to read:

6 79.10 (7m) (a) 1. b. In the 2017-18 fiscal year, and in each fiscal year thereafter,
7 the department of administration shall distribute \$747,400,000 on the 4th Monday
8 in July and \$105,600,000 on the following 4th Monday in June

9 SECTION 4. 79.10 (7m) (a) 2. of the statutes is amended to read:

10 79.10 (7m) (a) 2. Except as provided in par. (cm), the county treasurer shall
11 settle for the amounts distributed under this paragraph ~~on the 4th Monday in July~~
12 with each municipality and taxing jurisdiction in the county not later than August
13 20. Failure to settle timely under this subdivision subjects the county treasurer to
14 the penalties under s. 74.31.

15 SECTION 5. 79.10 (7m) (cm) 1. b. of the statutes is amended to read:

16 79.10 (7m) (cm) 1. b. The treasurer of the municipality shall settle for the
17 amounts distributed under pars. (a) 1. and (c) 1. ~~on the 4th Monday in July~~ with the
18 appropriate county treasurer not later than August 15. Failure to settle timely
19 under this subdivision subjects the treasurer of the municipality to the penalties
20 under s. 74.31. On or before August 20, the county treasurer shall settle with each
21 taxing jurisdiction, including towns, villages, and cities, except 1st class cities, in the
22 county.

23 SECTION 6. 79.10 (7m) (cm) 2. b. of the statutes is amended to read:

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related to property taxes levied in the prior calendar year,

related to property taxes levied in the most recent calendar year.

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4 taxing jurisdiction, including towns, villages, and cities, except 1st class cities, in the
5 county.

6 SECTION 7. 79.14 of the statutes is amended to read:

7 **79.14 School levy tax credit.** The appropriation under s. 20.835 (3) (b), for
8 the payments under s. 79.10 (4), is \$319,305,000 in 1994, 1995, and 1996;
9 \$469,305,000 beginning in 1997 and ending in 2006; \$593,050,000 in 2007;
10 \$672,400,000 in 2008; \$747,400,000 in 2009; \$732,550,000 in 2010, 2011, and 2012;
11 and \$747,400,000 in 2013, 2014, and 2015; \$958,600,000 in fiscal year 2016-17; and
12 \$853,000,000 in fiscal year 2017-18 and in each fiscal year thereafter.

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(END)



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-1283/P3
JK:jld:rs

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(END)