

2019 DRAFTING REQUEST

Senate Substitute Amendment (SSA-AB235)

For: Van Wanggaard (608) 266-1832 Drafter: emueller
By: Scott Secondary Drafters:
Date: 10/8/2019 May Contact:

Same as LRB:

Submit via email: YES
Requester's email: Sen.Wanggaard@legis.wisconsin.gov
Carbon copy (CC) to: eric.mueller@legis.wisconsin.gov
marc.shovers@legis.wisconsin.gov
Scott.grosz@legis.wisconsin.gov
Nathan.Butzlaff@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Clarify provision, add to base - DOR changes

Instructions:

s0117/1 with DOR changes

Drafting History:

Table with 6 columns: Vers., Drafted, Reviewed, Submitted, Jacketed, Required. Row 1: /?, emueller, csicilia, Submitted, Jacketed, Required. Row 2: /1, dwalker, dwalker, Submitted, Jacketed, Required.

FE Sent For: <END>

**Mueller, Eric**

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**From:** Kelly, Scott  
**Sent:** Tuesday, October 08, 2019 8:06 AM  
**To:** Foy, Valeah R - DOR; Dickert, John T - DOR  
**Cc:** Butzlaff, Nathan; Mueller, Eric  
**Subject:** RE: One Last Sentence

**Importance:** High

Thank you Valeah. Complete agreement on the 2020 date.

Eric, can you draft changing the sentence to the one that Valeah recommends ASAP? Send the jacket with the draft please. I don't care if you do a /p3, /2 or a whole new draft.

Thanks.

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**From:** Foy, Valeah R - DOR <Valeah.Foy@wisconsin.gov>  
**Sent:** Tuesday, October 08, 2019 7:53 AM  
**To:** Kelly, Scott <Scott.Kelly@legis.wisconsin.gov>; Dickert, John T - DOR <john.dickert@wisconsin.gov>  
**Cc:** Butzlaff, Nathan <Nathan.Butzlaff@legis.wisconsin.gov>; Mueller, Eric <Eric.Mueller@legis.wisconsin.gov>  
**Subject:** RE: One Last Sentence

Good morning,

To address the concerns listed below, I would recommend a combination of the two options.

- Based on the calculation provided, the goal is to provide a levy increase in the year of the reduced payment (as shown below). If this is not correct, the current calculation needs to be adjusted.

Utility Aid Payment/Levy Interaction						
Year	2019 (1)	2020 (2)	2021 (3)	2022 (4)	2023 (5)	2024 (6)
Utility Aid Payment	100%	80%	60%	40%	20%	0%
Additional Imposed Levy		20%	40%	60%	80%	100%

- The language in #2 conflicts with the calculation above as it is comparing next year to the 100% payment. The calculation compares current year to prior year.
- The language in #2 implies that a political subdivision with a decrease in next year's payment as compared to its 100% payment qualifies for a levy increase. This would include plants that are no longer receiving a phase out payment.
- While we interpret it differently, I understand the argument regarding #1, and considering a zero payment a "payment." In result, I would recommend using "the amount received." Ex: In the 6<sup>th</sup> year, the amount received in the current year (0%) as compared to the prior year (20%) would be a valid reduction.

**Proposed Language: A revenue reduction is incurred under this paragraph when the amount received by a political subdivision under s. 79.04 (5) (a) or (b) in the current year is less than the amount received under s. 79.04 (5) (a) or (b) in the previous year.**

To confirm the prior inquiry on the effective date, we propose "December 2020 levies" as this is generally what is used for levy limit adjustments. The 2019 levy limit worksheets were posted in early September and are being submitted to DOR now, while political subdivisions are adopting their budgets.

Sincerely,

**Valeah Foy**

Acting Deputy Division Administrator  
State and Local Finance  
Wisconsin Department of Revenue  
608-266-9759  
[valeah.foy@wisconsin.gov](mailto:valeah.foy@wisconsin.gov)

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**From:** Kelly, Scott - LEGIS [<mailto:Scott.Kelly@legis.wisconsin.gov>]

**Sent:** Monday, October 07, 2019 4:32 PM

**To:** Dickert, John T - DOR <[john.dickert@wisconsin.gov](mailto:john.dickert@wisconsin.gov)>; Foy, Valeah R - DOR <[Valeah.Foy@wisconsin.gov](mailto:Valeah.Foy@wisconsin.gov)>

**Cc:** Butzlaff, Nathan - LEGIS <[Nathan.Butzlaff@legis.wisconsin.gov](mailto:Nathan.Butzlaff@legis.wisconsin.gov)>; Mueller, Eric - LEGIS <[eric.mueller@legis.wisconsin.gov](mailto:eric.mueller@legis.wisconsin.gov)>

**Subject:** One Last Sentence

**Importance:** High

Hi John and Valeah –

We're down to one sentence, and I just want to make sure everyone is on the same page.

1 - A revenue reduction is incurred under this paragraph only when a political subdivision receives a payment under s. 79.04 (5) (a) or (b) in the current year that is less than the payment under s. 79.04 (5) (a) or (b) in the previous year.

-or-

2 - A revenue reduction is incurred under this paragraph when the amount to be received by a political subdivision under s. 79.04 (5) (a) or (b) in the next year will be less than the payment under s. 79.04 (5) (a) 1. or (b) 1.

As I read the two versions, #1 (LRBs0119) requires a payment in a year to receive the levy increase. “A revenue reduction is incurred under this paragraph only when a political subdivision receives a payment...” It assumes that a zero payment is a payment. For example, in year 5, Pleasant Prairie won't receive a payment under 79.04 (5)(a) or (b), because the Utility Aid is completely phased out. Therefore, the revenue reduction hasn't occurred, and they don't get the increased authority. If I was someone opposed to the property tax increase, that's what I would argue.

#2 is a little cleaner – it just says if you receive less money under 79.04 (5)(a) or (b) than the year prior, then you can make it up.

So, is there any specific reason to go with #1 instead of #2?

Obviously, time is of the essence. I have copied Rep. Kerkman's office and LRB on this email as well.

**Scott Kelly**

Chief of Staff

Senator Van Wanggaard

608-266-1832

[scott.kelly@legis.wi.gov](mailto:scott.kelly@legis.wi.gov)

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State of Wisconsin  
2019 - 2020 LEGISLATURE

LRBs0119/1 0120/1  
EVM:amn&cjs

stays RMR

SENATE SUBSTITUTE AMENDMENT ,  
TO ASSEMBLY BILL 235

10/8/19

Ge

1 AN ACT to create 66.0602 (3) (n) of the statutes; relating to: exception from local  
2 levy limits for political subdivisions receiving certain utility aid payments.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

3 SECTION 1. 66.0602 (3) (n) of the statutes is created to read:

4 66.0602 (3) (n) 1. For a political subdivision that receives a payment under s.  
5 79.04 (5) (a) or (b), the limit otherwise applicable under this section is increased by  
6 the amount that the political subdivision levies in that year to replace a revenue  
7 reduction incurred under s. 79.04 (5) (a) or (b). Subject to subd. 2., the amount levied  
8 under this paragraph for a particular property may not exceed the amount paid to  
9 the political subdivision under s. 79.04 (5) (a) 1. or (b) 1. less the amount to be paid  
10 to the political subdivision under s. 79.04 (5) (a) or (b) in the year in which the levy  
11 is imposed and less any amounts previously levied under this paragraph. A revenue

1 reduction is incurred under this paragraph *only* when a political subdivision *receives*  
 2 a payment under s. 79.04 (5) (a) or (b) in the current year *that* is less than the  
 3 payment under s. 79.04 (5) (a) or (b) in the previous year.

*the amount received by*

*amount received*

4 2. This paragraph applies to revenue reductions for which a payment under s.  
 5 79.04 (5) (a) or (b) is made after the effective date of this subdivision .... [LRB inserts  
 6 date]. If the first payment made under s. 79.04 (5) (a) or (b) after the effective date  
 7 of this subdivision .... [LRB inserts date], is under s. 79.04 (5) (a) 2. to 5. or (b) 2. to  
 8 5., the amount of the payment made under s. 79.04 (5) (a) or (b) in the previous year  
 9 shall be used in determining the maximum amount of revenue reduction incurred.

10 **SECTION 2. Effective date.** *Initial Applicability*

11 (1) This act takes effect on January 1, 2020.

12 (END)

*First applies to a levy that is imposed in December 2020*