2019 ASSEMBLY BILL 490

Under the state’s levy limit law, a city, village, town, or county (political subdivision) is generally prohibited from increasing the property tax levy by a percentage that exceeds its “valuation factor,” which is the greater of the net increase in equalized property values due to new construction or zero percent. One of the exceptions to this limitation relates to instances where the responsibility of providing any service that is transferred from one political subdivision to another. In such situations, the state’s levy limit law provides the following:

- If a political subdivision transfers the responsibility for providing any service that the political subdivision provided in the preceding year to another governmental unit, the political subdivision’s levy limit in the current year is decreased to reflect the cost that the political subdivision would have incurred to provide that service, as determined by the Department of Revenue (DOR).

- If a political subdivision increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit that provided the service in the preceding year, the levy increase limit otherwise applicable under this section to the political subdivision in the current year is increased to reflect the cost of that service, as determined by DOR.

2019 Assembly Bill 490 repeals the exception to the levy limit described above in the first bullet point, which decreases a political subdivision’s levy limit in the current year to reflect the cost that it would have incurred to provide a service, the responsibility of which was transferred to another political subdivision in the preceding year.

ASSEMBLY SUBSTITUTE AMENDMENT 1

Assembly Substitute Amendment 1 repeals both of the exceptions to the levy limit described in the bullet points listed in the previous section.

BILL HISTORY

Assembly Substitute Amendment 1 was introduced by Representative Brooks on December 11, 2019. On December 12, 2019, the Assembly Committee on Local Government voted to recommend adoption of the substitute amendment by a vote of Ayes, 6; Noes, 3. The committee then voted to recommend passage of the bill, as amended, by a vote of Ayes, 7; Noes, 2.

MS:ksm