

SHARED REVENUE AND TAX RELIEF -- PROPERTY TAXATION

Remove Storm Water Management from the Levy Limit Adjustment for Covered Services  
[LFB Paper #665]

Motion:

Move to delete "storm water management" from the covered services that counties and municipalities must reduce their allowable levies for under levy limits.

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Note:

Current law requires counties and municipalities to reduce their allowable levies by an amount equal to the estimated fee revenues received in lieu of property taxes for providing a covered service that was funded with the property tax levy in 2013. A "covered service" is defined to mean garbage collection, fire protection, snow plowing, street sweeping, or storm water management, although some specific exceptions exist (garbage collection for any county or municipality that owned and operated a landfill on January 1, 2013, and fire protection services, including the production, storage, transmission, sale and delivery, or furnishing of water for public fire protection services).

Under this motion, counties and municipalities that receive revenues from new or additional fees for storm water management services would no longer be required to reduce their allowable levies by the estimated annual fee revenues associated with those storm water management services. No county has claimed the negative adjustment to levy limits for fees for covered services since the adjustment first applied to property taxes levied for 2014(15). Municipalities report to DOR the negative adjustment for fees for covered services in total, rather than by individual service. Since 2014(15), the average annual negative adjustment for fees for all covered services claimed by municipalities equaled -\$474,000. The effect on municipal levies due to removing "storm water management" from the list of covered services is not known. However, any effect on municipal levies is anticipated to be minimal.