TAX 12

CERTIFICATE OF RULE ADOPTION

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REVISOR OF STATUTES
BUREAU

STATE OF WISCONSIN)
) ss
DEPARTMENT OF REVENUE)

I, DENNIS J. CONTA, Secretary of the Department of Revenue and custodian of the official records of such department, do hereby certify that the annexed rule relating to property taxes, namely,

TAX 12.04

was duly approved and adopted by this department on November 22, 1976.

I further certify that the attached copy has been compared by me with the original on file in the offices of the Department of Revenue, and that the same is a true copy thereof and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand at the General Executive Facility, 201 East Washington Avenue, in the City of Madison, Wisconsin this 22nd day of November, A. D. 1976.

Dennis J. Conta
Secretary of Revenue

ORDER OF THE
WISCONSIN DEPARTMENT OF REVENUE

ADOPTING RULES

Pursuant to the authority vested in the Wisconsin Department of Revenue by Section 227.014(2) of the statutes the said department adopts rules as follows:

Chapter Tax 12: Property Tax

Section TAX 12.04 of the Wisconsin Administrative Code is adopted to read:

Tax 12.04 Limitation on property tax levies of towns, villages, cities and counties. (Sections 60.175, 61.46(3), 62.12(4m), 65.07(2) and 70.62(4), Wis. Statutes.)

(1) Annually, on or before November 1, the department of revenue will provide each town, village, city and county with a worksheet for determining allowable tax levy which sets forth the prior year's tax levy, prior year adjustments, population adjustment, federal general revenue sharing adjustment and shared tax adjustment. The municipality or county must file a completed copy of said worksheet with the department of revenue on or before December 15 of that year.

(2) Town, village or city tax levies shall consist of the following items from its statement of taxes and indebtedness: special state trust fund loans (C-7), other state special charges (C-8), county special charges (C-9), highway taxes for local purposes (C-10), highway taxes for special benefits and county aid petitions (C-11), all other town, village or city taxes (C-13), overrun (C-14) and underrun (C-15).

(3) County levies shall consist of the following items of the county clerk's apportionment sheet: state special charges upon county (B-2), county taxes levied over the entire county (B-3a), county taxes levied against districts for special purposes (B-3b, 3c and 3d).

(4) The .25 mill amount shall be computed on the state's current equalized value in determining the base for the subsequent year's tax levy. If a municipality's tax levy for the current year as determined in paragraph (2) above is less than .25 mill of the state equalized value of the municipality, the department of revenue will determine the municipality's tax levy prior to adjustments to be the state's equalized value of the municipality multiplied by .25 mills.

(5) "Surplus funds" are those surplus unallocated funds which are available to be applied along with the anticipated revenues to finance the estimated expenditures of the next year. These funds must be in cash or in so liquid a form as to be the equivalent of cash in order to be classed as such surplus unallocated funds. The surplus funds applied to the budget to reduce the tax levy noted above, in paragraph (2) for municipalities and paragraph (3) for counties, must either be reflected in the formal budget document prepared in accordance with s. 65.90(1) of the statutes or reflected on the face of the statement of taxes and indebtedness filed with the department of revenue. Supplemental appropriations made during the course of a municipality's or county's fiscal year are not surplus funds applied within the intent and purpose of this law.

(6) The amount needed for retirement of principal and interest on long-term debt must be levied unless sufficient non-property tax receipts were available in a sinking fund created in accordance with s. 67.11 at the time the levy was established. The moneys in the sinking fund must be specifically earmarked for the repayment of general obligation debt which was due in the subsequent year. Such verification of intended use should include records of the legislative body or other tangible evidence that would demonstrate when and for what purpose the non-property tax receipts were placed in the sinking fund.

(7) In the case of a municipality or county assuming ownership of a service from the private sector, the municipality's or county's levy may be increased by the amount of the unreimbursed expenses budgeted for purchase of the functions and operating cost for the first year. If the purchase was made during the current year and the current year's budget provided a full year's funding, there would be no allowable increase in the next levy. If the purchase was made in the current year and the current year's budget provided funding for part of a year's operation, the next year's levy would be allowed to increase by the amount necessary to cover the increase from a part of a year to a full year of operation. Offsetting aids shall be deducted in arriving at the unreimbursed expenses. Also, if borrowed funds were used for the purchase, they shall be deducted in arriving at the allowable increase.

(8) In the case of a municipality assuming a function formerly performed by the county, the municipality's levy may be increased by the amount of the unreimbursed expenses that will be incurred during the first year for performing those functions. In the case of a county assuming a function formerly performed by a municipality, the county's levy may be increased by the amount of the unreimbursed expenses that will be incurred during the first year for performing those functions. For example, if a county takes over the assessing duties of the municipalities, the county would be allowed the unreimbursed operating expenses for the first year. Offsetting aids shall be deducted in arriving at unreimbursed expenses. Also, if borrowed funds were used for the purchase, they shall be deducted in arriving at the allowable tax levy increase.

(9) In the case of a municipality transferring a function to a county, the municipality must reduce its next tax levy by the estimated amount of unreimbursed expenses incurred in the current

year performing those functions. In the case of a county transferring a function to a municipality, the county must reduce its next tax levy by the estimated amount of unreimbursed expenses incurred in the current year performing those functions.

(10) In the case of court judgments and out-of-court settlements, state/federal pollution abatement orders, repair of natural disasters and manufacturing property tax refunds pursuant to s. 70.995(8)(a), the adjustment allowed will be the unreimbursed expenses. Offsetting aids, borrowed funds and other direct reimbursements will be deducted to arrive at unreimbursed expenses. The adjustments allowed in the current tax levy for the purposes noted above shall be deducted from the next year's tax levy before determining the allowable adjustments for that year.

(11) In cases where the municipality or county has exceeded the allowable tax levy limit without a referendum, the department may deduct the penalty on a prorated basis over the subsequent three years. In order for a municipality or county to be eligible for proration, its penalty must exceed the lesser of $5,000 or 33% of its estimated shared tax payment for the next calendar year after the violation occurred.

This rule adoption is to become effective January 1, 1977.

Dated at Madison, Wisconsin, this 22nd day of November, 1976.

WISCONSIN DEPARTMENT OF REVENUE

By ______________________________
Dennis J. Conta
Secretary of Revenue