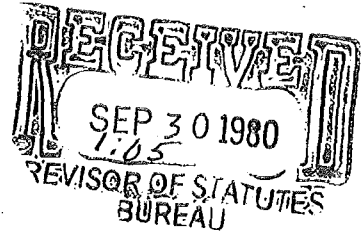


Tax 12



CERTIFICATE OF RULE ADOPTION

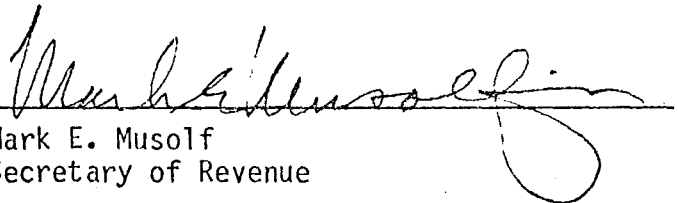
STATE OF WISCONSIN)
DEPARTMENT OF REVENUE) SS

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Mark E. Musolf, Secretary of the Department of Revenue and custodian of the official records of said department do hereby certify that the annexed rules relating to increasing levy limits to provide services to newly annexed areas were duly approved and adopted by this department on September 30, 1980.

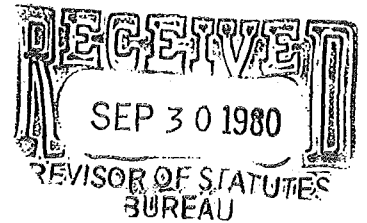
I further certify that said copy has been compared by me with the original on file in this department and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY, WHEREOF, I have hereunto set my hand at 125 South Webster Street in the City of Madison, this 30th day of September, 1980.


Mark E. Musolf
Secretary of Revenue

Post. off. date 12-1-80

ORDER OF THE DEPARTMENT OF REVENUE
ADOPTING RULES



Relating to rules concerning increasing levy limits to provide services to newly annexed areas.

Analysis Prepared by Department of Revenue

The adoption of TAX 12.04(12) establishes the procedures for claiming an adjustment in levy limitations for increased cost for extending services to newly annexed areas.

Findings of Fact:

1. Statutory authority allowing villages and cities an adjustment in levy limitations for increased cost for extending services to newly annexed areas is found in ss. 61.46(3)(em)7, 62.12(4m)(em)7 and 65.07(2)(em)7, Wis. Stats.
2. This rule establishes procedures for claiming adjustments in levy limitations, identifies allowable costs and the documentation necessary to claim the adjustment. The rule defines an alternate method of determining an allowable adjustment in the event sufficient documentation is not available.

Statement of Need:

TAX 12.04(12) is necessary to clarify that adjustments claimed to the current year's levy shall only include costs due to these annexations occurring since the date of the adoption of the present budget.

Explanation of Modifications:

Based on testimony received at the public hearing "routine and unreimbursed operating costs" have been defined and incorporated into the rule.

Persons Appearing at Public Hearing:

Mr. John R. Evans, Department of Revenue, Legal Staff, Hearing Chairman
Mr. Darrell Franke, Department of Revenue
Mr. Thomas Birrenkott, Department of Revenue
Mr. Keith Seeley, Department of Revenue
Mr. Burt P. Natkins, League of Wisconsin Municipalities
Mr. William H. Beyers, Wisconsin Alliance of Cities

Response to Legislative Council Staff Recommendations:

Acceptance of recommendation in whole. The first and last sentences of the proposed rule have been changed to incorporate the language modifications suggested by the Legislative Council. The changes stress how the adjustment is to be computed when documentation is not available.

Pursuant to authority vested in the department of revenue by ss. 61.46(3)(k), 62.12(4m)(k) and 65.07(2)(k), Wis. Stats., the department hereby adopts rules interpreting sections 61.46(3)(em)7, 62.12(4m)(em)7 and 65.07(2)(em)7, Wis. Stats., as follows:

Section TAX 12.04(12) of the WISCONSIN ADMINISTRATIVE CODE is adopted to read:

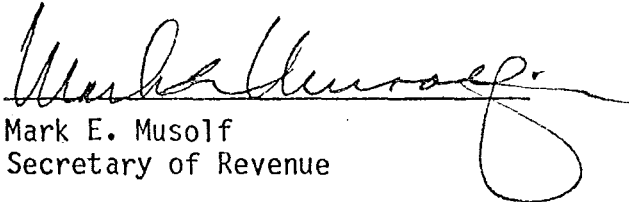
(12) A city or village may claim an increase in its levy limitation for the current year for the increased cost of extending services to areas which are annexed after the city or village has adopted its budget for that year. Adjustments allowable include recurring costs funded by local tax revenue which are necessary to the rendering of services, collection of revenue and maintenance of the municipality. Examples of such costs are: police and fire protection, tax assessment, repair and maintenance of streets, storm sewers and street lighting, and garbage collection. Adjustments are not allowable for nonservice costs such as legal fees associated with the annexation, developing the newly annexed area or financing capital projects therein. The documentation supporting an adjustment must include budget detail or official planning reports that verify the anticipated increase in operating costs associated with extending services. If such documents are unavailable, the cost may be projected by dividing the present year recurring costs funded by local tax revenue which are necessary to the rendering of services, collection of revenue and maintenance of the entire city or village by the equalized value of the city or village and multiplying this figure by the equalized value of the newly annexed area.

The rule contained in this order shall take effect on the first day of the month following its publication pursuant to s. 227.026, Wis. Stats.

Dated: September 30, 1980

DEPARTMENT OF REVENUE

By:


Mark E. Musolf
Secretary of Revenue

NOTE
TAX RULE 12.04(12)

Pursuant to s. 227.024(4) the department of revenue shall make available, at no cost, copies of forms required by the proposed rule upon request. Please address inquiries for additional information to:

TAX RULE 12.04(12)
Division of State/Local Finance
Department of Revenue
201 East Washington Avenue
Madison, Wisconsin 53702

XXXXXX Adm. Rule No. 12.04 (12)
Amendment No. if Applicable

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject
Annexation Adjustment to Tax Levy Limit

Fiscal Effect State:

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Costs — May Be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Create New Appropriation	<input checked="" type="checkbox"/> No State Fiscal Effect
<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Revenues	

Local:

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenues <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input type="checkbox"/> Others _____

Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations None
--	--

Assumptions Used in Arriving at Fiscal Estimate

- The fiscal estimate for Administrative Rule 12.04 (12).
- The fiscal effect of this rule is the fiscal effect of the law.
 - 788 people were affected by the 1979 annexations per Department of Administration records. The per capita full value of property in 1979 was \$16,048. The cost of providing services per dollar of full value was \$.0108 in 1978. Assuming the cost of providing service per dollar of full value has not increased the maximum permissible fiscal effect in 1979 would have been \$136,574.
 - In 1979, only 2 municipalities out of the 99 with annexations claimed \$8,602 of adjustment for newly annexed areas.

Long-Range Fiscal Implications

City and Village property taxes for municipal purposes will be allowed to increase at a slightly faster rate than otherwise by the Tax Levy Limit Law.

Agency Revenue	Authorized Signature/Telephone No. <i>Sylvan Sabman 266-1611</i>	Date 2/26/80
-------------------	---	-----------------



State of Wisconsin \ DEPARTMENT OF REVENUE

Lee Sherman Dreyfus
Governor

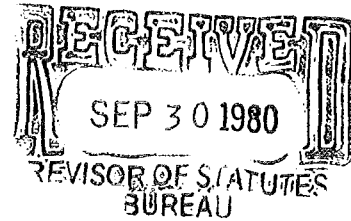
September 30, 1980

Mark E. Musolf
Secretary

125 SOUTH WEBSTER STREET
MADISON, WISCONSIN 53702

Ms. Vel Phillips
Secretary of State
244 West Washington Avenue
Madison, Wisconsin 53702

✓ Mr. Orlan L. Prestegard
Revisor of Statutes
411 West, State Capitol
Madison, Wisconsin 53702

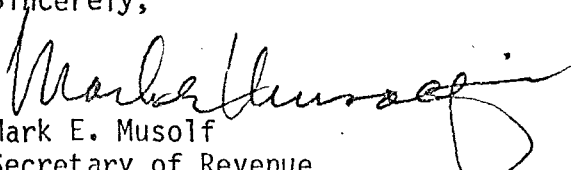


Dear Ms. Phillips and Mr. Prestegard:

Enclosed is a certified copy of the administrative rule adopted by the Department of Revenue and an Order of the Department of Revenue Adopting Rules.

These materials are filed with you pursuant to s. 227.023(1), Wis. Stats.

Sincerely,


Mark E. Musolf
Secretary of Revenue

MEM:1mm
Enclosures

cc: Prentice Hall, Inc.
Commerce Clearing House, Inc.



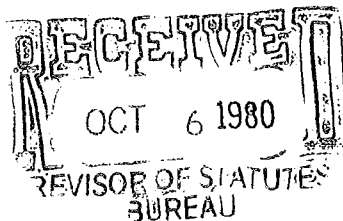
State of Wisconsin \ DEPARTMENT OF REVENUE

Lee Sherman Dreyfus
Governor

October 6, 1980

Mark E. Musolf
Secretary

125 SOUTH WEBSTER STREET
MADISON, WISCONSIN 53702



Ms. Vel Phillips
Secretary of State
244 West Washington Avenue
Madison, Wisconsin 53702

Mr. Orlan L. Prestegard
Revisor of Statutes
411 West, State Capitol
Madison, Wisconsin 53702

Dear Ms. Phillips and Mr. Prestegard:

The attached Tax Rule 12.04(12) is being recertified to correct the omission of punctuation changes recommended by the Assembly Revenue Committee. The original rule certified to you on September 30, 1980 did not include these changes.

Sincerely,

Mark E. Musolf
Secretary of Revenue

MEM:lmm
Enclosures

cc: Prentice Hall, Inc.
Commerce Clearing House, Inc.

Section TAX 12.04(12) of the WISCONSIN ADMINISTRATIVE CODE is adopted to read:

(12) A city or village may claim an increase in its levy limitation for the current year for the increased cost of extending services to areas which are annexed after the city or village has adopted its budget for that year. Adjustments allowable include recurring costs funded by local tax revenue which are necessary to the rendering of services, collection of revenue and maintenance of the municipality. Examples of such costs are: police and fire protection; tax assessment; repair and maintenance of streets, storm sewers and street lighting; and garbage collection. Adjustments are not allowable for nonservice costs such as legal fees associated with the annexation, developing the newly annexed area or financing capital projects therein. The documentation supporting an adjustment must include budget detail or official planning reports that verify the anticipated increase in operating costs associated with extending services. If such documents are unavailable, the cost may be projected by dividing the present year recurring costs funded by local tax revenue which are necessary to the rendering of services, collection of revenue and maintenance of the entire city or village by the equalized value of the city or village and multiplying this figure by the equalized value of the newly annexed area.