



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-0644/3
MES:jld:jf

DOA:.....Quinn, BB0139 – Revise local levy limits valuation factor and apply to 2011 and 2012 levies

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; **relating to:** revising the levy limits that apply to political subdivisions.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law, local levy limits are applied to the property tax levies that are imposed in December 2010. Current law prohibits any city, village, town, or county (political subdivision) from increasing its levy by a percentage that exceeds its “valuation factor,” which is defined as the greater of either 3 percent or the percentage change in the political subdivision’s equalized value due to new construction, less improvements removed. In addition, the calculation of a political subdivision’s levy does not include any tax increment that is generated by a tax incremental district, and the base amount of a political subdivision’s levy, on which the levy limit is imposed, is the maximum allowable levy for the immediately preceding year.

This bill extends the levy limits to the property tax levies that are imposed in December 2011 and 2012, and changes the limit to the greater of either zero percent or the percentage change in the political subdivision’s equalized value due to new construction less improvements removed.

Also under current law, the base amount of a political subdivision’s levy in any year is the maximum allowable levy for the immediately preceding year. Under this

bill, the maximum base amount of a political subdivision's levy is limited to its actual levy for the immediately preceding year.

This bill also requires a political subdivision to reduce its levy limit if the amount of its levy in the current year, for its payment of debt service for debt issued before July 1, 2005, is less than its levy for that purpose in the previous year. The amount of the levy reduction is the amount by which its levy for such debt service was reduced.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

SECTION 1. 66.0602 (1) (d) of the statutes is amended to read:

66.0602 (1) (d) "Valuation factor" means a percentage equal to the greater of either ~~3~~ zero percent or the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current year.

SECTION 2. 66.0602 (2) of the statutes is amended to read:

66.0602 (2) LEVY LIMIT. Except as provided in subs. (3), (4), and (5), no political subdivision may increase its levy in any year by a percentage that exceeds the political subdivision's valuation factor. The base amount in any year, to which the limit under this section applies, shall be the ~~maximum allowable~~ actual levy for the immediately preceding year. In determining its levy in any year, a city, village, or town shall subtract any tax increment that is calculated under s. 59.57 (3) (a), 60.85 (1) (L), or 66.1105 (2) (i). The base amount in any year, to which the limit under this section applies, may not include any amount to which sub. (3) (e) 8. applies.

SECTION 3. 66.0602 (2m) of the statutes is created to read:

66.0602 (2m) NEGATIVE ADJUSTMENT. If a political subdivision's levy for the payment of any general obligation debt service, including debt service on debt issued

or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than it was in the previous year, the political subdivision shall reduce its levy limit in the current year by an amount equal to the amount that its levy was reduced as described in this subsection.

SECTION 4. 66.0602 (7) of the statutes is amended to read:

66.0602 (7) SUNSET. This section does not apply to a political subdivision's levy that is imposed after December ~~2010~~ 2012.

(END)