



## 1995 SENATE BILL 273

July 12, 1995 - Introduced by Senators WINEKE and RISSER, cosponsored by Representatives BALDWIN, BELL, R. YOUNG, GRONEMUS, ALBERS, AINSWORTH and URBAN. Referred to Committee on State Government Operations and Corrections.

1 **AN ACT to amend** 70.119 (8) and 79.03 (3) (b) 4. (intro.); and **to create** 66.607 and  
2 70.113 (5) of the statutes; **relating to:** imposing service fees on certain  
3 tax-exempt real property and making those fees aidable revenues for  
4 calculating shared revenue payments.

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### *Analysis by the Legislative Reference Bureau*

This bill requires certain owners of real property that is exempt from property taxation to pay a service fee to the municipality where the property is located. Property that is subject to gross receipts taxes in lieu of property taxes, such as certain utility property; property owned by local units of government; property owned by churches or religious associations and used primarily for religious services or for education and property purchased by the department of natural resources on or after January 1, 1992; the beds of navigable lakes; manufacturing machinery and equipment; and state highway property are not subject to the service fee.

The fee is based on the net cost of providing designated local governmental services. The net cost is determined by subtracting from the gross cost of providing the services municipal revenues that are directly related to the services; including service charges, state or federal aid payments that reimburse the municipality for all or part of the cost; other intergovernmental subsidies that reimburse the municipality for all or part of the cost; and a proportionate amount of shared revenue payments from this state.

The first step in computing the service fee for property on which at least one building is located is to determine the net cost, based on the municipality's current budget, of solid waste management; police and fire protection excluding emergency medical services; street construction, repair and maintenance, including snow and ice removal; and traffic control. The 2nd step is to divide the total net cost of providing the designated services by the total square feet of all buildings in the municipality. The 3rd step is to multiply the total square feet of all buildings on the

property by the municipality's net cost per square foot of providing the designated services.

For parcels of land on which no buildings are located, the fee is calculated by multiplying the number of square feet of the parcel by a rate per square foot, to be determined by the municipality, that is lower than the rate applied to each square foot of buildings.

The bill also provides that service fees are aidable revenues for the shared revenue formula, so that collecting service fees will increase a municipality's shared revenue payments from the state.

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

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

1           **SECTION 1.** 66.607 of the statutes is created to read:

2           **66.607 Payment for local governmental services by owners of certain**  
3 **tax-exempt real property.** (1) In this section, "municipality" means a city, town  
4 or village.

5           (2) On or before January 31, each municipality shall impose a service fee on  
6 the owners of all real property in the municipality that is exempt under s. 70.11 from  
7 taxation except the following:

8           (a) Property that is exempt under s. 70.11 (2) or (27).

9           (b) Property for which aids are paid under s. 70.114.

10           (c) Property owned by churches or religious associations and used primarily for  
11 religious services or for education.

12           (d) The beds of navigable lakes.

13           (e) Lands owned by this state for highway purposes.

14           (3) A municipality shall compute the service fee for real property on which at  
15 least one building is located as follows:

1 (a) Determine the gross cost, as shown in the municipality's current budget, of  
2 the following:

- 3 1. Solid waste management, as defined in s. 144.43 (6).
- 4 2. Police and fire protection, excluding emergency medical services.
- 5 3. Street construction, repair and maintenance, including snow and ice  
6 removal, and traffic control.

7 (b) Subtract from the amount under par. (a) the sum of the following:

- 8 1. Municipal revenues that are directly related to the services under par. (a),  
9 including service charges other than those imposed under this section.
- 10 2. State and federal aid payments that reimburse the municipality for all or  
11 part of the cost of the services under par. (a).
- 12 3. Other intergovernmental subsidies that reimburse the municipality for all  
13 or part of the cost of the services under par. (a).
- 14 4. The amount determined by dividing the total cost of providing the services  
15 under par. (a) by the total amount of municipal expenditures, both as shown in the  
16 current budget, and then multiplying that result by the total amount to be received  
17 by the municipality during the current year under subch. I of ch. 79.

18 (c) Divide the amount under par. (b) by the total square feet of all of the  
19 buildings in the municipality.

20 (d) Multiply the amount under par. (c) by the number of square feet of the  
21 buildings on the property.

22 **(4)** A municipality shall compute the service fee for real property on which no  
23 buildings are located by multiplying the number of square feet of the property by a  
24 rate, to be determined by the municipality that is lower than the rate under sub. (3)  
25 (c).

1           **SECTION 2.** 70.113 (5) of the statutes is created to read:

2           70.113 (5) No payment may be made under this section for any property during  
3 any year that a payment is made for that property under s. 66.607.

4           **SECTION 3.** 70.119 (8) of the statutes is amended to read:

5           70.119 (8) This section supersedes other statutes relating to payments for  
6 municipal services, except that no payment may be made under sub. (2) for property  
7 for which a payment is made under s. 66.607. Extraordinary police services provided  
8 to state facilities are subject to reimbursement under s. 16.008.

9           **SECTION 4.** 79.03 (3) (b) 4. (intro.) of the statutes is amended to read:

10           79.03 (3) (b) 4. (intro.) “Local purpose revenues” means the sum of payments  
11 under s. 66.607, local general purpose taxes, regulation revenues, revenues for  
12 services to private parties by a county’s or municipality’s general operations or  
13 enterprises, revenue for sanitation services to private parties, special assessment  
14 revenues, tax base equalization aids and, for municipalities only, a proxy for private  
15 sewer service costs, a proxy for private solid waste and recycling service costs and a  
16 proxy for retail charges for fire protection purposes. In this subdivision:

17           **SECTION 5. Nonstatutory provisions; transition.**

18           (1) Notwithstanding sections 66.607 and 70.113 (5) of the statutes, as created  
19 by this act, for the first year for which a service fee is imposed by a municipality, the  
20 owner of property for which aids were paid under section 70.113 of the statutes  
21 during the previous year shall pay the amount calculated under that section or the  
22 amount calculated under section 66.607 of the statutes, as created by this act,  
23 whichever is greater.

24           **SECTION 6. Effective date.**

