

..Number

160519

..Version

PROPOSED SUBSTITUTE A

..Reference

..Sponsor

ALD. WITKOWSKI

..Title

Substitute resolution directing the Department of Administration - Intergovernmental Relations Division to seek introduction and passage of legislation that would, for determining a municipality's eligibility for a payment under the state's Expenditure Restraint Program, exclude from the municipality's budget an amount equal to any property tax levied in accordance with the voter referendum exception to the levy increase limit.

..Analysis

State law permits a municipality to increase the property tax levy above the allowable limits if the governing body of the municipality adopts a resolution to that effect and the resolution is approved by voters at a referendum. However, a municipality that approves a referendum to increase the property tax levy is likely to lose aid from the State's Expenditure Restraint Program. This resolution directs the Department of Administration - Intergovernmental Relations Division to seek introduction and passage of legislation that would, for determining a municipality's eligibility for a payment under the state's Expenditure Restraint Program, exclude from the municipality's budget an amount equal to any property tax levied in accordance with the voter referendum exception to the levy increase limit.

..Body

Whereas, Since 2005, State law has prohibited municipalities from increasing the property tax levy over the amount levied in the prior year by more than the percentage increase in equalized value from net new construction, with some exceptions and modifications (s. 66.0602, Wis. Stat.); and

Whereas, State law permits a municipality to increase the property tax levy above the allowable limits if the governing body of the municipality adopts a resolution to that effect and the resolution is approved by voters at a referendum (s. 66.0602(4), Wis. Stats.); and

Whereas, The State of Wisconsin provides unrestricted aid to municipalities that limit growth in spending through the Expenditure Restraint Program (ERP), established in 1991; and

Whereas, A municipality qualifies for ERP aid if the municipality's municipal-purpose tax rate is in excess of 5 mills and if the municipality's budget for the year before payment did not increase over the prior year's budget by more than an inflation factor plus a valuation factor (s. 79.05, Wis. Stats.); and

Whereas, A municipality that approves a referendum to increase the property tax levy must subsequently increase the municipality's budget so as to spend the increased levy, and is therefore likely to lose ERP aid; and

Whereas, The City of Milwaukee has received \$8.7 million annually in ERP aid for the last four years, which would be jeopardized by a voter-approved referendum to increase the City of Milwaukee's property tax levy; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the City of Milwaukee directs the Department of Administration - Intergovernmental Relations Division to seek introduction and passage of legislation that would, for determining a municipality's eligibility for a payment under the state's Expenditure Restraint Program, exclude from the municipality's budget an amount equal to any property tax levied in accordance with the voter referendum exception to the levy increase limit; and, be it

Further Resolved, That Common Council Resolution File Number 141090 is amended by inserting the following item in the document attached to the file and identified as "2015-2016 State Legislative Package Proposals":

Common Council	Fiscal Stability, Efficiency	Seek introduction and passage of legislation that would, for determining a municipality's eligibility for a payment under the state's Expenditure Restraint Program, exclude from the municipality's budget an amount equal to any property tax levied in accordance with the voter referendum exception to the levy increase limit.
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..Requestor

..Drafter  
LRB165679-3  
Dana Zelazny  
09/12/2016