

LEGISLATIVE HEARING CALENDAR

Positions to be taken by the City of Milwaukee on the following bills will be discussed by the

COMMITTEE ON JUDICIARY-LEGISLATION

MONDAY, FEBRUARY 20, 2006 AT 9:15 AM

Room 301-B City Hall

AJR-77
SJR-63

Creating a revenue limit for the state and local governmental units, depositing excess revenue into an emergency reserve, returning excess revenue to taxpayers, elector approval for exceeding the revenue limit, state and local governmental approval for reducing the revenue limit, allowing local governmental units to raise revenue to compensate for reductions in state aid, requiring the state to reduce its revenue limit in conjunction with reduction in state aid, reimbursing the reasonable costs of imposing state mandates, standing to bring a suit to enforce the revenue limits, and requiring the approval of only one legislature to amend the revenue limit provisions (first consideration).

2005 ASSEMBLY JOINT RESOLUTION 77

February 14, 2006 – Introduced by Representatives WOOD, HONADEL, HUEBSCH, GARD, PRIDEMORE, STRACHOTA, KERKMAN, NASS, LOTHIAN, F. LASEE, J. FITZGERALD, GUNDRUM, HUNDERTMARK, JENSEN, MUSSER, PETTIS, NISCHKE, LEMAHIEU, VOS, KLEEFISCH, GUNDERSON, NEWCOMER, KESTELL, VUKMIR, SUDER and MONTGOMERY, cosponsored by Senators GROTHMAN, LAZICH, DARLING, S. FITZGERALD, A. LASEE, KEDZIE, KANAVAS, ZIEN, LEIBHAM, REYNOLDS, SCHULTZ and STEPP. Referred to Committee on Ways and Means.

1 **To create** section 11 of article VIII of the constitution; **relating to:** creating a
2 revenue limit for the state and local governmental units, depositing excess
3 revenue into an emergency reserve, returning excess revenue to taxpayers,
4 elector approval for exceeding the revenue limit, state and local governmental
5 approval for reducing the revenue limit, allowing local governmental units to
6 raise revenue to compensate for reductions in state aid, requiring the state to
7 reduce its revenue limit in conjunction with reduction in state aid, reimbursing
8 the reasonable costs of imposing state mandates, standing to bring a suit to
9 enforce the revenue limits, and requiring the approval of only one legislature
10 to amend the revenue limit provisions (first consideration).

Analysis by the Legislative Reference Bureau

This proposed constitutional amendment, proposed to the 2005 legislature on first consideration, limits the amount of revenue from taxes and fees that the state or a special purpose district, school district, technical college district, county, city, village, or town may receive in any year to the amount it received in the previous year, for the year in which the limit takes effect, or the maximum amount it could have received in the previous year, for subsequent years, increased by the percentage

that is the average of the annual percentage increases, if any, in the consumer price index for each of the three years preceding the previous year, but not to exceed the annual percentage increase, if any, in state personal income for the year preceding the previous year, plus the percentage increase in population for the state, a special purpose district, a county, or a technical college district; the percentage that is the average of the annual percentage increases, if any, in student enrollment for a school district in each of the three years preceding the previous year; and 60 percent of the percentage increase from the first to the second of the two previous years in property values related to new construction for a city, village, or town.

Under the proposed amendment, a “special purpose district” is defined as any entity other than the state, a school district, a technical college district, a county, a city, a village, or a town that is authorized to collect taxes or fees.

The proposed amendment defines “revenue,” generally, as all moneys received from taxes, fees, licenses, permits, assessments, fines, and forfeitures imposed by the state or a special purpose district, school district, technical college district, county, city, village, or town, lottery proceeds less the amount of any prizes, tribal gaming proceeds, and all moneys received from bonds not including moneys generated from municipal economic development bonds, from the refinancing of bonds, or from short-term cash flow borrowing. However, for the base year upon which the revenue limit is calculated, “revenue” does not include moneys generated from bonds.

Generally, all revenue from taxes and fees that the state receives in excess of the limit must be placed in an emergency reserve fund. Any remaining excess revenue must be returned to the taxpayers. In addition, all revenue from taxes and fees that a special purpose district, school district, technical college district, county, city, village, or town receives in excess of the entity’s limit must be returned to the taxpayers.

Under the proposed amendment, generally, if a special purpose district, school district, technical college district, county, city, village, or town receives state aid in any year in an amount that is less than the amount of state aid that the entity received in any previous year beginning, generally, after the ratification of the proposed amendment, the entity may collect additional revenue in the current year in an amount not to exceed the greatest amount of state aid received by the entity in any previous year beginning, generally, after the ratification of the proposed amendment, minus the current year’s state aid. The additional revenue is not included in determining the entity’s revenue limit. Furthermore, the state must reduce its revenue limit by the amount of any aggregate reduction in state aid. However, if a program or function for which the state aid is provided is eliminated or commensurately reduced in scope or applicability, as determined by the legislature, the state is not required to reduce its revenue limit by the amount of the reduction in state aid, and an entity may not collect additional revenue to compensate for the reduction in state aid.

The state may make expenditures from its emergency reserve fund with the approval of a majority of the members of each house of the legislature for tax relief or in a year in which the amount of the state’s revenue limit is greater than the

amount of its revenue. The expenditures are included in the calculation of the state's revenue limit.

Under the proposed amendment, the state, or a special purpose district, school district, technical college district, county, city, village, or town may reduce the revenue limit imposed under this section by a majority vote of the governing body of the entity or, in the case of the state, by the vote of a majority of the members elected to each house of the legislature; and may exceed the revenue limit only with the approval of the electors of the state, county, special purpose district, school district, technical college district, city, village, or town, respectively, at a referendum as prescribed by the legislature by law. The referendum must specify whether the increase in the revenue limit is on a recurring or nonrecurring basis.

Under the proposed amendment, the legislature may, by law, adjust the revenue limit for any governmental unit to accommodate the transfer of services from one governmental unit to another. In addition, generally, a state law or administrative rule that requires a special purpose district, school district, technical college district, county, city, village, or town to expend money may not be enacted or adopted after the ratification of this proposed amendment unless the state provides for the payment to the entity of an amount that is equal to the reasonable costs incurred by the entity to comply with the law or rule, as determined by the legislature.

The proposed amendment allows any individual or class of individuals residing in this state to bring a suit to enforce the revenue limits imposed on the state or on the local governmental unit where the individual or class of individuals resides or pays property taxes. In addition, the provisions created in the amendment may be amended with the approval of one legislature, rather than two, and ratification by the people.

A proposed constitutional amendment requires adoption by two successive legislatures, and ratification by the people, before it can become effective.

1 ***Resolved by the assembly, the senate concurring, That:***

2 **SECTION 1.** Section 11 of article VIII of the constitution is created to read:

3 [Article VIII] Section 11 (1) In this section:

4 (a) "Calendar year entity" means a local governmental unit that has a calendar
5 year as its fiscal year.

6 (b) "Fiscal year entity" means the state or a local governmental unit that has
7 a fiscal year that is not a calendar year.

8 (c) "Local governmental unit" means a county, municipality, special purpose
9 district, school district, or technical college district.

2005 SENATE JOINT RESOLUTION 63

February 14, 2006 – Introduced by Senators GROTHMAN, LAZICH, DARLING, S. FITZGERALD, A. LASEE, KEDZIE, KANAVAS, ZIEN, LEIBHAM, REYNOLDS, SCHULTZ and STEPP, cosponsored by Representatives WOOD, HONADEL, HUEBSCH, GARD, PRIDEMORE, STRACHOTA, KERKMAN, NASS, LOTHIAN, F. LASEE, J. FITZGERALD, GUNDRUM, HUNDERTMARK, JENSEN, MUSSER, PETTIS, NISCHKE, LEMAHIEU, VOS, KLEEFISCH, GUNDERSON, NEWCOMER, KESTELL, VUKMIR, SUDER and MONTGOMERY. Referred to Select Committee on Taxpayer Protection Amendment.

1 **To create** section 11 of article VIII of the constitution; **relating to:** creating a
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3 revenue into an emergency reserve, returning excess revenue to taxpayers,
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