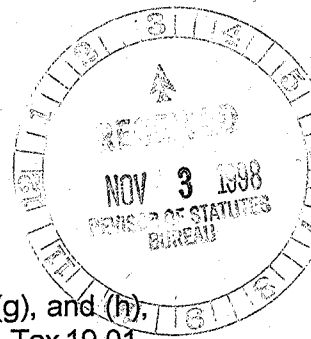


FINAL ORDER OF THE DEPARTMENT OF REVENUE
REPEALING, AMENDING, AND CREATING RULES



The Department of Revenue adopts an order to repeal Tax 19.03(1)(a), (d), (e), (g), and (h), Tax 19.03(2)(b), Tax 19.04(3)(a), and Tax 19.04(4); to amend Chapter Tax 19 (title), Tax 19.01, Tax 19.03(1)(b), (c), (k), and (l), Tax 19.03(2)(intro.), (a), and (c), Tax 19.03(3), Tax 19.03(4)(intro.) and (a), Tax 19.04 (title), Tax 19.04(1), Tax 19.04(2), Tax 19.04(3)(b) and (c), Tax 19.05(1)(b), and Tax 19.05(2); and to create Tax 19.03(1)(am) and Tax 19.03(4)(d), both of the above items relating to tax rate disparity payments.

Analysis by the Department of Revenue

Statutory authority: s. 227.11(2)(a), Stats.

Statutes interpreted: s. 79.02, s. 79.05, and s. 79.08, Stats.

SECTION 1. Chapter Tax 19(title) is amended because 1993 Wisconsin Act 16 amended s. 79.05(title), Stats., renaming the tax rate disparity program the expenditure restraint program.

SECTION 2. Tax 19.01 is amended because 1993 Wisconsin Act 16 amended s. 79.05(title), Stats., renaming the tax rate disparity program the expenditure restraint program.

SECTION 3. Tax 19.03(1)(a) is repealed because 1993 Wisconsin Act 16 repealed s. 79.05(2)(b), Stats., eliminating the less than 120% of average municipal per capita full value requirement.

SECTION 4. Tax 19.03(1)(am) is created because 1993 Wisconsin Act 16 created s. 79.05(1)(d), Stats., which defines a valuation factor for determining if a municipality meets the budget requirement.

SECTION 5. Tax 19.03(1)(b) is amended because 1993 Wisconsin Act 16 changed the formula for calculating an expenditure restraint payment from using a qualifying municipality's tax rate exceeding the municipal average rate to using its tax rate in excess of 5mills by amending s. 79.05(3)(a), Stats.

SECTION 6. Tax 19.03(1)(c) is amended for the following reasons:

1. Historically, the consumer price index change has been calculated to only one significant digit to the right of the decimal point, so rounding the municipal budget percentage change to 2 places to the right of the decimal point is sufficient to determine if the municipality meets the budget requirement.
2. 1993 Wisconsin Act 16 created s. 79.05(6), Stats., providing a budget adjustment for services transferred between local governments.

SECTION 7. Tax 19.03(1)(d) and (e) are repealed because 1993 Wisconsin Act 16 repealed s. 79.05(2)(b), Stats., eliminating the less than 120% of average municipal per capita full value requirement.

SECTION 8. Tax 19.03(1)(g) is repealed because 1991 Wisconsin Act 39 amended s. 79.08, Stats., eliminating the special charge against the municipality procedure for payments made under s. 79.05, Stats.

SECTION 9. Tax 19.03(1)(h) is repealed because 1993 Wisconsin Act 16 amended s. 79.05(2)(a), Stats., eliminating the use of the average municipal tax rate in determining qualification for a payment.

SECTION 10. Tax 19.03(1)(k) is amended for the following reasons:

1. The percentage change in the consumer price index has historically been calculated to only one significant digit to the right of the decimal point.
2. 1991 Wisconsin Act 61 amended s. 79.05(2)(e), Stats., so that the 12-month period for calculating the consumer price index change is the 12 months ending on September 30 of the year before the statement under s. 79.015, Stats.
3. 1993 Wisconsin Act 16 created s. 79.05(am), Stats., naming the consumer price index change the inflation factor.

SECTION 11. Tax 19.03(1)(1) and (2)(intro.) are amended because 1993 Wisconsin Act 16 amended s. 79.05(title), Stats., renaming the tax rate disparity program the expenditure restraint program.

SECTION 12. Tax 19.03(2)(a) is amended because 1993 Wisconsin Act 16 amended s. 79.05(2)(a), Stats., changing the municipal tax rate requirement from being greater than the municipal average tax rate to being greater than 5 mills.

SECTION 13. Tax 19.03(2)(b) is repealed because 1993 Wisconsin Act 16 repealed s. 79.05(2)(b), Stats., eliminating the less than 120% of average municipal per capita full value requirement.

SECTION 14. Tax 19.03(2)(c) is amended for the following reasons:

1. 1993 Wisconsin Act 16 renumbered and amended s. 79.05(2)(c)(intro.), Stats., and repealed s. 79.05(2)1 and 2, Stats., changing the municipal budget increase requirement from being less than the consumer price index increase plus a set percentage to less than the total of the consumer price index increase and a valuation factor.
2. 1991 Wisconsin Act 39 amended the definition of municipal budget under s. 79.05(1)(b), Stats., to be the municipality's general fund budget. Standard usage refers to a municipality's "operating budget" which is defined in Tax 19.05.

SECTION 15. Tax 19.03(3) and (4)(intro.) are amended for the following reasons:

1. 1993 Wisconsin Act 16 amended s. 79.05(title), Stats., renaming the tax rate disparity program the expenditure restraint program.
2. 1993 Wisconsin Act 16 repealed s. 79.05(2)(b), Stats., eliminating the less than 120% of average municipal per capita full value requirement.

SECTION 16. Tax 19.03(4)(a) is amended because 1993 Wisconsin Act 16 amended s. 79.05(3)(a), Stats., changing the formula for calculating an expenditure restraint payment from using a qualifying municipality's tax rate exceeding the municipal average tax rate to using its tax rate in excess of 5 mills.

SECTION 17. Tax 19.03(4)(d) is created because the final payment calculation step was inadvertently left out of the original tax rate disparity rules created in 1991.

SECTION 18. Tax 19.04(title), (1) and (2) are amended for the following reasons:

1. 1993 Wisconsin Act 16 amended s. 79.05(title), Stats., renaming the tax rate disparity program the expenditure restraint program.
2. 1993 Wisconsin Act 16 repealed s. 79.05(2)(b), Stats., eliminating the less than 120% of average municipal per capita full value requirement.

SECTION 19. Tax 19.04(3)(a) is repealed because this paragraph affected only 1991 payments under this chapter and it is now obsolete.

SECTION 20. Tax 19.04(3)(b) and (c) are amended for the following reasons:

1. 1993 Wisconsin Act 16 amended s. 79.05(title), Stats., renaming the tax rate disparity program the expenditure restraint program.
2. Tax 19.04(3)(a) is being repealed in section 19 of these rules.

SECTION 21. Tax 19.04(4) is repealed because it is not needed or used for the following reasons:

1. 1991 Wisconsin Act 307 amended s. 79.02(3), Stats., requiring that payments first made in each July under s. 79.02(2)(b), Stats., which includes payments calculated under s. 79.05, Stats., be recalculated and adjusted in each November of the payment year.
2. S. 79.08, Stats., as amended by 1989 Wisconsin Act 336 and 1991 Wisconsin Act 39, clearly explains how a correction to a prior year's payment calculated under s. 79.05, Stats., is to be made.

SECTION 22. Tax 19.05(1)(intro.) is amended to correct an error in the original tax rate disparity rules created in 1991.

SECTION 23. Tax 19.05(1)(b) is amended because 1991 Wisconsin Act 39 amended s. 79.05(1)(b), Stats., defining the municipality's budget to be the municipality's general fund budget.

SECTION 24. Tax 19.05(2) is amended for the following reasons:

1. 1993 Wisconsin Act 16 amended s. 79.05(title), Stats., renaming the tax rate disparity program the expenditure restraint program.
2. The failure to comply provisions under Tax 19.04(4) are being repealed in section 21 of these rules.

Note: This rule is being adopted under the procedure of s. 227.16(2)(b), Stats.

SECTION 1. Chapter Tax 19(title) is amended to read:

CHAPTER TAX 19 (title)
TAX RATE DISPARITY EXPENDITURE RESTRAINT PAYMENTS

SECTION 2. Tax 19.01 is amended to read:

Tax 19.01 PURPOSE. The purpose of this chapter is to establish standards and procedures for determining whether a town, village, or city is eligible for ~~a tax rate disparity~~ an expenditure restraint payment under s. 79.05, Stats., and the computation of the payment.

SECTION 3. Tax 19.03(1)(a) is repealed.

SECTION 4. Tax 19.03(1)(am) is created to read:

Tax 19.03(1)(am) "Valuation factor" has the same meaning as in s. 79.05(1)(d), Stats.

SECTION 5. Tax 19.03(1)(b) is amended to read:

Tax 19.03(1)(b) "Excess property tax levy rate" means the amount by which the property tax levy rate for a municipality exceeds ~~the average property tax levy rate for all municipalities~~ 5 mills.

SECTION 6. Tax 19.03(1)(c) is amended to read:

Tax 19.03(1)(c) ~~"Increased over its municipal budget"~~ "Municipal operating budget increase" means an amount, expressed as a percentage and rounded to ~~9~~ 2 places beyond the decimal, which results from dividing:

1. The difference between the amount of the municipal operating budget for the year of the statement and the amount of the municipal operating budget including any adjustment under s. 79.05(6), Stats., for the year before the year of the statement; by

2. The amount of the municipal operating budget, including any adjustment under s. 79.05(6), Stats., for the year before the year of the statement.

SECTION 7. Tax 19.03(1)(d) and (e) are repealed.

SECTION 8. Tax 19.03(1)(g) is repealed.

SECTION 9. Tax 19.03(1)(h) is repealed.

SECTION 10. Tax 19.03(1)(k) is amended to read:

Tax 19.03(1)(k) ~~"The percentage change between the U.S. consumer price index"~~ "Inflation factor" means an amount expressed as a percentage and rounded to ~~9 places~~ one place beyond the decimal, which results from dividing:

1. The difference between the ~~annualized index~~ sum of the 12 monthly indexes of the U.S. consumer price index for all urban consumers, U.S. city average, for the year ending on September 30 ~~for~~ of the year before the year of the statement and the ~~annualized index~~ sum of the 12 monthly indexes of the U.S. consumer price index for all urban consumers, U.S. city average, for the year ending on September 30 ~~for~~ of the year prior to that year; by
2. The ~~annualized index~~ sum of the 12 monthly indexes of the U.S. consumer price index for all urban consumers, U.S. city average, for the year ending on September 30 ~~for~~ of the year prior to the year before the year of the statement.

SECTION 11. Tax 19.03(1)(1) and (2)(intro.) are amended to read:

Tax 19.03(1)(1) "The year of the statement" means the calendar year in which the statement under s. 79.015, Stats., is issued and is the year prior to the calendar year in which the ~~tax rate disparity~~ expenditure restraint payment is to be made.

Tax 19.03(2)(intro.) ELIGIBILITY. Any town, village, or city shall receive a ~~tax rate disparity~~ an expenditure restraint payment if all of the following requirements are met:

SECTION 12. Tax 19.03(2)(a) is amended to read:

Tax 19.03(2)(a) Its property tax levy rate established during the year before the year of the statement is greater than ~~the average for all municipalities~~ 5 mills.

SECTION 13. Tax 19.03(2)(b) is repealed.

SECTION 14. Tax 19.03(2)(c) is amended to read:

Tax 19.03(2)(c) Its municipal operating budget, exclusive of principal and interest on long-term debt, for the year of the statement increased over its municipal budget, exclusive of principal and interest on long-term debt, for the year before that year by increase is less than the percentage change under s. 79.05(2)(c), Stats., ~~plus 3%. For 1994 and subsequent years' payments plus 0%.~~

SECTION 15. Tax 19.03(3) and (4) are amended to read:

Tax 19.03(3) ELIGIBILITY UNDER SUB.(2)(a) AND (b). The department of revenue shall determine whether a municipality meets the eligibility ~~requirements~~ requirement under ~~sub. sub.(2)(a) and (b)~~. If a municipality meets ~~these~~ this eligibility requirements requirement, the department of revenue shall send the ~~tax rate disparity~~ expenditure restraint worksheet to the municipality which, when returned to the department of revenue, shall be used to determine if the municipality meets the requirement in sub.(2)(c).

NOTE: See s. Tax 19.04 for information about the ~~tax rate disparity~~ expenditure restraint worksheet.

Tax 19.03(4)(intro.) PAYMENT. If the department of revenue determines that a municipality meets the requirements in sub.2, it shall receive ~~a tax rate disparity~~ an expenditure restraint payment calculated by the department of revenue as follows:

SECTION 16. Tax 19.03(4)(a) is amended to read:

Tax 19.03(4)(a) Subtract ~~the statewide average property tax levy rate~~ 5 mills from the municipality's property tax levy rate.

SECTION 17. Tax 19.03(4)(d) is created to read:

Tax 19.03(4)(d) Multiply the amount under par. (c) by the amount of the appropriation under s. 79.01(1), Stats.

SECTION 18. Tax 19.04(title), (1) and (2) are amended to read:

Tax 19.04 EXPENDITURE RESTRAINT WORKSHEET. (1) GENERAL. Each municipality that meets the ~~requirements~~ requirement in s. Tax 19.03(2)(a) ~~and (b)~~ shall receive from the department of revenue ~~a tax rate disparity~~ an expenditure restraint worksheet. The department's ~~tax rate disparity~~ expenditure restraint worksheet shall be completed and returned to the department along with the budgets described in s. Tax 19.05.

(2) PURPOSE. The ~~tax rate disparity~~ expenditure restraint worksheet shall be used by the department of revenue to determine if the municipality meets the eligibility requirement in s. Tax 19.04(2)(c).

SECTION 19. Tax 19.04(3)(a) is repealed.

SECTION 20. Tax 19.04(3)(b) and (c) are amended to read:

Tax 19.04(3)(b) For purposes of the 1992 and subsequent years' ~~tax rate disparity~~ expenditure restraint payments, the department's ~~tax rate disparity~~ expenditure restraint worksheet shall be completed and returned to the department of revenue on or before May 1 of the year of the statement.

Tax 19.04(3)(c) To be considered timely filed, the ~~tax rate disparity~~ expenditure restraint worksheet, if mailed to the department of revenue, shall be mailed in a properly addressed envelope, postmarked before midnight of the due date in par. ~~(a) and~~ (b) and received by the department of revenue not more than 5 days after the due date in par. ~~(a) and~~ (b).

SECTION 21. Tax 19.04(4) is repealed.

SECTION 22. Tax 19.05(1)(intro.) is amended to read:

Tax 19.05 BUDGETS. (1) DEFINITIONS. In this ~~section~~ chapter:

SECTION 23. Tax 19.05(1)(b) is amended to read:

Tax 19.05(1)(b) "Municipal operating budget" means the total ~~budget for all governmental funds, including interfund transfers, less the following adjustments:~~ adopted general fund budgeted expenditures, including inter-fund transfers out to other funds and less any principal and interest payments on long-term debt budgeted in the general fund

- ~~1. Amounts included for debt service fund budgets.~~
- ~~2. That portion of the budget of any capital project fund which is financed by long-term debt, grant money or fund transfers.~~

SECTION 24. Tax 19.05(2) is amended to read:

Tax 19.05(2) GENERAL. Municipalities that receive a ~~tax rate disparity~~ an expenditure restraint worksheet shall submit to the department of revenue the municipal operating budgets for the year of the statement and the preceding year. These budgets are due on or before the same dates as the ~~tax rate disparity~~ expenditure restraint worksheet. ~~The result of failing to file these budgets is the same as provided in s. Tax 19.04(4).~~

This rule shall take effect on the first day of the first month following publication as provided in s. 227.22(2)(intro.), Stats.

Final Regulatory Flexibility Analysis

The promulgation of these rules will not impact on small business as defined in s. 227.114(1)(a), Stats.

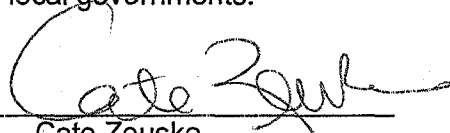
Fiscal Estimate

This rule imposes minimal costs on state or local governments.

Dated: _____

NOV 2 '98

By: _____


Cate Zeuske
Secretary of Revenue

WISCONSIN DEPARTMENT OF REVENUE

File Name: h:\00data\repeal

FISCAL ESTIMATE
DOA-2048 N(R10/94)

- ORIGINAL
- UPDATED
- CORRECTED
- SUPPLEMENTAL

Subject

Expenditure Restraint Program

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation
- Decrease Existing Appropriation
- Create New Appropriation
- Increase Existing Revenues
- Decrease Existing Revenues

Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

- 1. Increase Costs
 Permissive Mandatory
- 2. Decrease Costs
 Permissive Mandatory

- 3. Increase Revenues
 Permissive Mandatory
- 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:

- Towns Villages Cities
- Counties Others _____
- School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The amendments to TAX 19 conform the rule chapter to recent changes in the statutes concerning the expenditure restraint program. The amendments will have no effect on the distribution of payments under the program.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)

Wisconsin Department Of Revenue
Daniel P. Huegel, (608) 266-5705

Authorized Signature/Telephone No.

Yeang-Eng Braun
(608) 266-2700

Yeang Eng Braun

Date

5/2/97



State of Wisconsin • DEPARTMENT OF REVENUE

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Tommy G. Thompson
Governor

November 3, 1998

Cate Zeuske
Secretary of Revenue

Mr. Douglas La Follette
Secretary of State
30 West Mifflin Street, 10th Floor
Madison, WI 53703

Dear Secretary La Follette:

Enclosed are a Certificate and an Order of the Department of Revenue adopting Clearinghouse Rule 97-097, Chapter Tax 19.

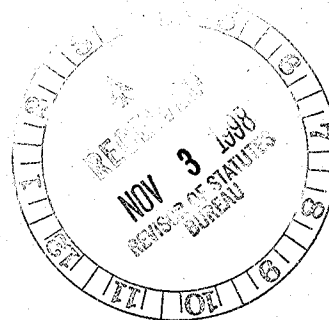
These materials are filed with you pursuant to s. 227.20, Stats.

Sincerely,

Cate Zeuske
Secretary of Revenue

CZ:WTT:rmb
Enclosures

jfm17a





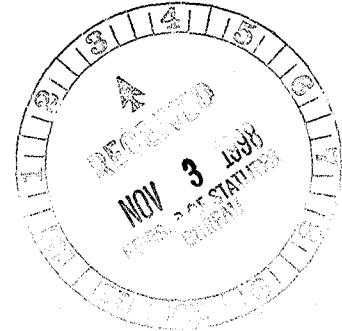
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Tommy G. Thompson
Governor

November 3, 1998

Cate Zeuske
Secretary of Revenue



Mr. Gary L. Poulson
Deputy Revisor
131 West Wilson Street, Suite 800
Madison, WI 53703-3233

Re: Clearinghouse Rule 97-097

Dear Mr. Poulson:

Enclosed are a certified copy of an extra copy of an Order of the Department of Revenue promulgating rules relating to Chapter Tax 19 as contained in the Wisconsin Department of Revenue Administrative Code.

These materials are filed with you pursuant to s. 227.20(1), Stats.

Sincerely,

Cate Zeuske
Secretary of Revenue

CZ:WTT:rmb
Enclosure

cc: Douglas J. La Follette, Secretary of State
Commerce Clearinghouse, Inc.
Research Institute of America, Inc.