



State of Wisconsin
2019 - 2020 LEGISLATURE

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**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 521**

March 4, 2020 - Offered by Representative GOYKE.

1 **AN ACT** *to renumber and amend* 77.70; *to amend* 20.835 (4) (g), 74.09 (3) (b)
2 7., 77.76 (3), 79.05 (2) (c), 79.10 (6m) (a) and 79.10 (7m) (cm) 1. a. and b. and 2.
3 a. and b.; and *to create* 20.835 (3) (g), 74.09 (3) (b) 6p., 77.70 (2), 79.10 (2) (c),
4 79.10 (5f), 79.10 (7m) (bf), 79.10 (9) (bf), 79.10 (9) (c) 4. and 79.10 (11) (e) of the
5 statutes; **relating to:** authorizing an additional county sales tax, creating
6 additional property tax credits, and making an appropriation.

Analysis by the Legislative Reference Bureau

Under current law, a county may impose a sales and use tax at the rate of 0.5 percent of the sales price of tangible personal property, goods, and services sold or used in the county. The tax may be imposed only for the purpose of reducing the property tax levy.

Under this bill, with the approval of the electors in the county at a referendum, Milwaukee County may impose an additional sales and use tax at the rate of 1 percent of the sales price of tangible personal property, goods, and services sold or used in the county. The bill requires that the revenue from the additional tax be used as follows:

1. Twelve and one-half percent of the revenue must be used to provide a credit against the county property tax liability of each property owner in Milwaukee

County. The credit is calculated by multiplying the county tax rate by the lesser of the property's estimated fair market value or a credit base amount determined by the Department of Revenue. DOR determines the credit base amount by calculating, to the nearest \$100, the estimated fair market value necessary to distribute 12.5 percent of the tax revenue as property tax credits.

2. Twelve and one-half percent of the revenue must be used to provide a credit against the municipal property tax liability of each property owner in a municipality in Milwaukee County. The credit is calculated by multiplying the municipal tax rate by the lesser of the property's estimated fair market value or the credit base amount, determined by DOR in the same manner as above.

3. Seven percent of the revenue must be used for public health infrastructure projects.

4. Thirty-four percent of the revenue must be used by Milwaukee County to pay its operational and capital expenses.

5. Thirty-four percent of the revenue must be distributed to each municipality in Milwaukee County and used to pay their operational and capital expenses. The distribution to each municipality is based on the ratio of its population to the county's population.

Under the bill, the expenditure by a municipality of the distributed tax revenue will not affect the municipality's payment under the expenditure restraint program. The bill also provides that the revenue and expenditures will not impact any local government funding formula.

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

1 **SECTION 1.** 20.835 (3) (g) of the statutes is created to read:

2 20.835 (3) (g) *Additional property tax relief credits.* All moneys received from
3 the appropriation under s. 20.835 (4) (g), to make the payments under s. 79.10 (5f).

4 **SECTION 2.** 20.835 (4) (g) of the statutes is amended to read:

5 20.835 (4) (g) *County taxes.* All moneys received from the taxes imposed under
6 s. 77.70 for distribution to the counties that enact an ordinance imposing taxes under
7 that section and for interest payments on refunds under s. 77.76 (3), except that 1.75
8 percent of those the tax revenues collected under ~~that section~~ s. 77.70 (1) shall be
9 credited to the appropriation account under s. 20.566 (1) (g) and 25 percent of the tax

1 revenues collected under s. 77.70 (2) shall be credited to the appropriation account
2 under s. 20.835 (3) (g).

3 **SECTION 3.** 74.09 (3) (b) 6p. of the statutes is created to read:

4 74.09 (3) (b) 6p. The amount of credits under s. 77.70 (2) (b) 1. and 2. allocable
5 to the property for the previous year and the current year, and the percentage change
6 between those years.

7 **SECTION 4.** 74.09 (3) (b) 7. of the statutes is amended to read:

8 74.09 (3) (b) 7. The amount obtained by subtracting the amounts under subds.
9 6. ~~and, 6m., and 6p.~~ from the amount under subd. 5., for the previous year and the
10 current year, and the percentage change in that amount between those years.

11 **SECTION 5.** 77.70 of the statutes is renumbered 77.70 (1) and amended to read:

12 77.70 (1) Any county ~~desiring to~~ may impose county sales and use taxes under
13 this subchapter ~~may do so~~ by the adoption of an ordinance, stating its purpose and
14 referring to this subchapter. The rate of the tax imposed under this ~~section~~
15 subsection is 0.5 percent of the sales price or purchase price. Except as provided in
16 sub. (2) (b) and s. 66.0621 (3m), the county sales and use taxes may be imposed only
17 for the purpose of directly reducing the property tax levy and only in their entirety
18 as provided in this subchapter. That ordinance shall be effective on ~~the first day of~~
19 ~~January, the first day of April, the first day of July or the first day of October~~ January
20 1, April 1, July 1, or October 1. A certified copy of that ordinance shall be delivered
21 to the secretary of revenue at least 120 days prior to its effective date. The repeal
22 of any such ordinance shall be effective on December 31. A certified copy of a repeal
23 ordinance shall be delivered to the secretary of revenue at least 120 days before the
24 effective date of the repeal. Except as provided under s. 77.60 (9), the department
25 of revenue may not issue any assessment ~~nor~~ or act on any claim for a refund or any

1 claim for an adjustment under s. 77.585 after the end of the calendar year that is 4
2 years after the year in which the county has enacted a repeal ordinance under this
3 ~~section~~ subsection.

4 **SECTION 6.** 77.70 (2) of the statutes is created to read:

5 77.70 (2) (a) In addition to the taxes imposed under sub. (1), Milwaukee County
6 may adopt an ordinance to impose sales and use taxes under this subchapter at the
7 rate of 1 percent of the sales price or purchase price. The ordinance may not become
8 effective until approved by the electors of the county at a referendum at the spring
9 election or general election. An ordinance adopted under this paragraph shall be
10 effective on January 1, April 1, July 1, or October 1, and a certified copy of the
11 ordinance shall be delivered to the secretary of revenue at least 120 days prior to its
12 effective date. The repeal of an ordinance shall be effective on December 31, and a
13 certified copy of a repeal ordinance shall be delivered to the secretary of revenue at
14 least 120 days prior to its effective date. Except as provided under s. 77.60 (9), the
15 department of revenue may not issue an assessment or act on a claim for a refund
16 or for an adjustment under s. 77.585 after the end of the calendar year that is 4 years
17 after the year in which the county has enacted a repeal ordinance under this
18 paragraph.

19 (b) The revenue from the taxes imposed by Milwaukee County under par. (a)
20 shall be used as follows:

21 1. Twelve and one-half percent of the revenue shall be used to provide a credit
22 against the county property tax liability of each property owner in the county.

23 2. Twelve and one-half percent of the revenue shall be used to provide a credit
24 against the municipal property tax liability of each property owner in a city, village,
25 or town in the county.

1 3. Seven percent of the revenue shall be used for public health infrastructure
2 projects.

3 4. From the revenue remaining after the application of subds. 1. to 3., the
4 county shall use 50 percent to pay the county's operational and capital expenses and
5 shall distribute 50 percent to the cities, villages, and towns in the county, and the
6 cities, villages, and towns shall use the revenue to pay their operational and capital
7 expenses. The county shall distribute to each city, village, and town an amount that
8 bears the same ratio to the total amount distributed under this subdivision as the
9 ratio of the population of the city, village, or town to the county's population, using
10 the population estimates under s. 16.96.

11 **SECTION 7.** 77.76 (3) of the statutes is amended to read:

12 77.76 (3) From the appropriation under s. 20.835 (4) (g) the department of
13 revenue shall distribute 98.25 percent of the county taxes imposed under s. 77.70 (1)
14 and 75 percent of the county taxes imposed under s. 77.70 (2) reported for each
15 enacting county, minus the county portion of the retailers' discounts, to the county
16 and shall indicate the taxes reported by each taxpayer, no later than 75 days
17 following the last day of the calendar quarter in which such amounts were reported.
18 In this subsection, the "county portion of the retailers' discount" is the amount
19 determined by multiplying the total retailers' discount by a fraction the numerator
20 of which is the gross county sales and use taxes payable and the denominator of
21 which is the sum of the gross state and county sales and use taxes payable. The
22 county taxes distributed shall be increased or decreased to reflect subsequent
23 refunds, audit adjustments, and all other adjustments of the county taxes previously
24 distributed. Interest paid on refunds of county sales and use taxes shall be paid from
25 the appropriation under s. 20.835 (4) (g) at the rate paid by this state under s. 77.60

1 (1) (a). ~~The~~ Except as provided in s. 77.70 (2) (b), a county may retain the amount
2 it receives or it may distribute all or a portion of the amount it receives to the towns,
3 villages, cities, and school districts in the county. After receiving notice from the
4 department of revenue, a county shall reimburse the department for the amount by
5 which any refunds, including interest, of the county's sales and use taxes that the
6 department pays or allows in a reporting period exceeds the amount of the county's
7 sales and use taxes otherwise payable to the county under this subsection for the
8 same or subsequent reporting period. Any county receiving a report under this
9 subsection is subject to the duties of confidentiality to which the department of
10 revenue is subject under s. 77.61 (5) and (6).

11 **SECTION 8.** 79.05 (2) (c) of the statutes, as affected by 2019 Wisconsin Act 19,
12 is amended to read:

13 79.05 (2) (c) Its municipal budget; exclusive of principal and interest on
14 long-term debt and exclusive of revenue sharing payments under s. 66.0305,
15 payments of premiums under s. 66.0137 (5) (c) 1. and 1m., recycling fee payments
16 under s. 289.645, expenditures of grant payments under s. 16.297 (1m),
17 unreimbursed expenses related to an emergency declared under s. 323.10,
18 expenditures from moneys received pursuant to P.L. 111-5, expenditures from
19 moneys received pursuant to s. 77.70 (2) (b) 2. to 4., and expenditures made pursuant
20 to a purchasing agreement with a school district whereby the municipality makes
21 purchases on behalf of the school district; for the year of the statement under s.
22 79.015 increased over its municipal budget as adjusted under sub. (6); exclusive of
23 principal and interest on long-term debt and exclusive of revenue sharing payments
24 under s. 66.0305, payments of premiums under s. 66.0137 (5) (c) 1. and 1m., recycling
25 fee payments under s. 289.645, expenditures of grant payments under s. 16.297 (1m),

1 unreimbursed expenses related to an emergency declared under s. 323.10,
2 expenditures from moneys received pursuant to P.L. 111-5, expenditures from
3 moneys received pursuant to s. 77.70 (2) (b) 2. to 4., and expenditures made pursuant
4 to a purchasing agreement with a school district whereby the municipality makes
5 purchases on behalf of the school district; for the year before that year by less than
6 the sum of the inflation factor and the valuation factor, rounded to the nearest 0.10
7 percent.

8 **SECTION 9.** 79.10 (2) (c) of the statutes is created to read:

9 79.10 (2) (c) On or before November 20 of the year preceding the distribution
10 under sub. (7m) (bf) or (cm), the department of revenue shall notify the Milwaukee
11 County treasurer and the clerk of each city, village, and town in Milwaukee County
12 of the estimated fair market values, as determined under sub. (11) (e) 1. and 2., used
13 to calculate the credits under s. 77.70 (2) (b) 1. and 2. and of the amount to be
14 distributed under sub. (7m) (bf) or (cm). The anticipated receipt of such distribution
15 shall not be taken into consideration in determining the tax rate but shall be applied
16 as tax credits.

17 **SECTION 10.** 79.10 (5f) of the statutes is created to read:

18 79.10 (5f) ADDITIONAL PROPERTY TAX RELIEF CREDITS. Each city, village, and town
19 in Milwaukee County shall receive, from the appropriation under s. 20.835 (3) (g),
20 the following amounts:

21 (a) In order to provide the credit under s. 77.70 (2) (b) 1., an amount determined
22 by multiplying the county tax rate by the estimated fair market value, not exceeding
23 the value determined under sub. (11) (e) 1., of every parcel of real property that is
24 located in the city, village, or town.

1 (b) In order to provide the credit under s. 77.70 (2) (b) 2., an amount determined
2 by multiplying the municipal tax rate by the estimated fair market value, not
3 exceeding the value determined under sub. (11) (e) 2., of every parcel of real property
4 that is located in the city, village, or town.

5 **SECTION 11.** 79.10 (6m) (a) of the statutes is amended to read:

6 79.10 **(6m)** (a) Except as provided in pars. (b) and (c), if the department of
7 administration or the department of revenue determines by October 1 of the year of
8 any distribution under subs. (4), (5), (5f), and (5m) that there was an overpayment
9 or underpayment made in that year's distribution by the department of
10 administration to municipalities, as determined under subs. (4), (5), (5f), and (5m),
11 because of an error by the department of administration, the department of revenue
12 or any municipality, the overpayment or underpayment shall be corrected as
13 provided in this paragraph. Any overpayment shall be corrected by reducing the
14 subsequent year's distribution, as determined under subs. (4), (5), (5f), and (5m), by
15 an amount equal to the amount of the overpayment. Any underpayment shall be
16 corrected by increasing the subsequent year's distribution, as determined under
17 subs. (4), (5), (5f), and (5m), by an amount equal to the amount of the underpayment.
18 Corrections shall be made in the distributions to all municipalities affected by the
19 error. Corrections shall be without interest.

20 **SECTION 12.** 79.10 (7m) (bf) of the statutes is created to read:

21 79.10 **(7m)** (bf) *Additional property tax relief credits.* 1. Except as provided in
22 par. (cm), the amounts determined under sub. (5f) shall be distributed from the
23 appropriation under s. 20.835 (3) (g) by the department of administration to
24 Milwaukee County on the 4th Monday in July.

1 2. Except as provided in par. (cm), the county treasurer shall settle for the
2 amounts distributed on the 4th Monday in July under this paragraph with each
3 municipality and taxing jurisdiction in the county not later than August 20. Failure
4 to settle timely under this subdivision subjects the county treasurer to the penalties
5 under s. 74.31.

6 **SECTION 13.** 79.10 (7m) (cm) 1. a. and b. and 2. a. and b. of the statutes are
7 amended to read:

8 79.10 (**7m**) (cm) 1. a. If, in any year, the total of the amounts determined under
9 subs. (4), (5), (5f), and (5m) for any municipality is \$3,000,000 or more, the
10 municipality, with the approval of the majority of the members of the municipality's
11 governing body, may notify the department of administration to distribute the
12 amounts directly to the municipality and the department of administration shall
13 distribute the amounts at the time and in the manner provided under pars. (a) 1., (b)
14 1., (bf) 1., and (c) 1. Beginning in 2018, if the municipality approves the distribution
15 under this subd. 1. a. by enacting an ordinance and provides a copy of the ordinance
16 to the department of administration and the department of revenue, the department
17 of administration shall distribute the amounts determined under subs. (4), (5), (5f),
18 and (5m) to the municipality as provided under this subd. 1. a. for the year in which
19 the municipality enacts the ordinance and in all subsequent years until the
20 municipality notifies the department of administration and the department of
21 revenue that the municipality has repealed the ordinance or until the total amounts
22 under subs. (4), (5), (5f), and (5m) to be distributed to the municipality in a year is
23 less than \$3,000,000.

24 b. The treasurer of the municipality shall settle for the amounts distributed
25 under pars. (a) 1., (bf) 1., and (c) 1. on the 4th Monday in July with the appropriate

1 county treasurer not later than August 15. Failure to settle timely under this
2 subdivision subjects the treasurer of the municipality to the penalties under s. 74.31.
3 On or before August 20, the county treasurer shall settle with each taxing
4 jurisdiction, including towns, villages, and cities, except 1st class cities, in the
5 county.

6 2. a. The department of administration shall distribute the amounts
7 determined under subs. (4), (5), (5f), and (5m) directly to any municipality that
8 enacts an ordinance under s. 74.12 at the time and in the manner provided under
9 pars. (a) 1., (b) 1., (bf) 1., and (c) 1.

10 b. The treasurer of the municipality shall settle for the amounts distributed
11 under pars. (a) 1., (bf) 1., and (c) 1. on the 4th Monday in July with the appropriate
12 county treasurer not later than August 15. Failure to settle timely under this
13 subdivision subjects the treasurer of the municipality to the penalties under s. 74.31.
14 On or before August 20, the county treasurer shall settle with each taxing
15 jurisdiction, including towns, villages, and cities, except 1st class cities, in the
16 county.

17 **SECTION 14.** 79.10 (9) (bf) of the statutes is created to read:

18 79.10 (9) (bf) *Additional property tax relief credits.* 1. Except as provided in
19 ss. 79.175 and 79.18, the credit under s. 77.70 (2) (b) 1. shall be allocated to every
20 parcel of real property in an amount determined by multiplying the estimated fair
21 market value of the property, not exceeding the value determined under sub. (11) (e)
22 1., by the county tax rate.

23 2. Except as provided in ss. 79.175 and 79.18, the credit under s. 77.70 (2) (b)
24 2. shall be allocated to every parcel of real property in an amount determined by

1 multiplying the estimated fair market value of the property, not exceeding the value
2 determined under sub. (11) (e) 2., by the municipal tax rate.

3 **SECTION 15.** 79.10 (9) (c) 4. of the statutes is created to read:

4 79.10 (9) (c) 4. The credits under par. (bf) 1. and 2. shall reduce the property
5 taxes otherwise payable.

6 **SECTION 16.** 79.10 (11) (e) of the statutes is created to read:

7 79.10 (11) (e) 1. Before November 20, the department of revenue shall
8 calculate, to the nearest \$100, the estimated fair market value necessary to
9 distribute the total amount available for distribution under s. 77.70 (2) (b) 1.

10 2. Before November 20, the department of revenue shall calculate, to the
11 nearest \$100, the estimated fair market value necessary to distribute the total
12 amount available for distribution under s. 77.70 (2) (b) 2.

13 **SECTION 17. Nonstatutory provisions.**

14 (1) Revenue collected from a sales and use tax imposed under s. 77.70 (2) (a)
15 and expenditures made pursuant to s. 77.70 (2) (b) shall have no effect on any local
16 government funding formula.

17 (END)