

Levy Limit Reminders

Q. Our town would like to seek town elector approval to exceed the levy limit this year. Are we able to accomplish this with a town elector meeting?

A. Towns with a population of less than 3,000 may use the process outlined under s. 66.0602(5), Wis. Stat. to exceed the allowable levy limit. Remember that the first step in this process is for the town board to adopt a resolution supporting a percentage increase in the allowable levy and calling for the question to be placed on the agenda of a special town elector meeting. The elector meeting must be noticed at least 15 days in advance, so the town board resolution needs to be adopted far enough in advance to allow the clerk time to give notice as required under s. 60.12, Wis. Stat. Next, during the town elector meeting, the electors must adopt a resolution by majority vote endorsing the town board's resolution. In addition, the electors must vote to adopt the total tax levy for 2017, to be collected in 2018. Finally, within 14 days after the electors adopt the resolution endorsing the levy increase, the town clerk must send a certified copy of the resolution with the results of the vote to the state department of revenue. Sample forms for these various steps will be made available on the WTA website. **It is very important to follow all of the steps required by the statute. Penalties will accrue if all of the proper steps aren't followed.**

Q. What if our population is 3,000 or more? Can we still seek a levy limit increase this year?

A. All municipalities, regardless of size, have the option of adopting a resolution to exceed the levy limit and having it approved in a referendum. See s. 66.0602(4), Wis. Stat. Because this is an odd-numbered year, and there is no general election, the board may call a special referendum election for this purpose. Keep in mind that referendum questions generally have to be submitted to the entity preparing the ballots at least 70 days prior to the election. See s. 8.37, Wis. Stat. So, the town board would need to act *very* quickly to exercise this option.

Q. A town fire truck must be replaced this year and we do not have the cash on hand. If we borrow the money on a promissory note now, how will this affect our town levy limit?

A. All towns have the option of borrowing money as long as the town's total indebtedness does not exceed 5% of its equalized value. See s. 67.03(1), Wis. Stat. There is an exception to the levy limit for paying back principal and interest on new debt taken out after July 1, 2005. See s. 66.0602(3)(d), Wis. Stat. and s. 67.12(12), Wis. Stat. This means that any 2018 debt payments for new debt taken out in 2017 may be included in the total 2017 levy approved by the electors (to be collected in 2018) without having to follow any special procedures to exceed the allowable levy limit. Note that outstanding debts must be clearly indicated on the budget summary that will be posted along with the notice of the public hearing on the budget required under s. 65.90, Wis. Stat.

Q. Do we need to reduce our levy if we adopt a new fee or increase the current fee we currently charge for a municipal service?

A. Perhaps. There are two important factors that determine whether this will be the case. First, the state law referred to is only applicable to certain "covered services" which include: garbage collection, fire protection, snowplowing, street sweeping, and storm water management. See s. 66.0602(2m)(b), Wis. Stat. So, the town doesn't have to worry about this rule for other types of services (like recycling). Secondly, the law is only applicable to new fees or increases to existing fees for "covered services" which were partly or wholly funded in 2013 by the tax levy. If both factors apply, the town will be required to reduce the amount of its levy limit by the amount of the new fee or the increase to the existing fee. To avoid a reduction in the levy limit, the town board may adopt a resolution indicating that the levy should not be reduced and calling for a referendum to approve the resolution. See s. 66.0602(2m)(b)4, Wis. Stat.

Q. We contract out for fire protection services with a private department and the town just received a notice that the cost to renew our contract for 2018 is increasing by 25% over last year. Is there an exception to the levy limit for this increased expense?

A. No. There is a limited exception to the levy limit for increased charges assessed by a "joint fire department" up to a certain amount based on annual changes to the Consumer Price Index. See s. 66.0602(3)(h), Wis. Stat. But, this exception would not apply to municipalities that contract with a private fire department.

Q. I heard the state budget bill required some new information to be put on the tax bills if we exceed our levy limit on a non-permanent basis. Is this true?

A. Yes, 2015 Wisconsin Act 55 did create a provision that requires the tax bills to provide separate information about nonpermanent levy limit increases that are put in place as a result of a referendum or town meeting vote to exceed the levy limit. See s. 74.09(3)(db), Wis. Stat. In short, the tax bill must break down how much of the tax bill is the result of the levy limit increase and the year in which the authorization to exceed the levy limit no longer applies.

Q. We experienced extensive flood damage this year and spent a lot on emergency repairs. Can we increase our tax levy to recoup some of this spending?

A. Maybe. There is a levy limit exception for the amount that a political subdivision levies to pay the unreimbursed expenses related to an emergency declared (by the governor) under s. 323.10, including any amounts levied in that year to replenish cash reserves that were used to pay any unreimbursed expenses related to that emergency. A levy increase under this subdivision that relates to a particular emergency initially shall be imposed in the year in which the emergency is declared or in the following year. See s.66.0602(3)(e)8.