



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-3312/1
EKL:cjs

2019 BILL

1 **AN ACT** *to renumber and amend* 77.70; *to amend* 74.09 (3) (b) 7., 77.76 (3) and
2 79.05 (2) (c); and *to create* 74.09 (3) (b) 6p. and 77.70 (2) of the statutes;
3 **relating to:** additional local sales and use tax for Milwaukee County.

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 25 percent of the revenue from the additional tax be used to provide residential property tax relief, divided evenly between county and municipal property tax relief, and that 7 percent of the revenue be used for public health infrastructure projects. For the remaining 68 percent of tax revenue, the bill requires that the county use half for its operational and capital expenses and distribute the other half to the cities, villages, and towns in the county for their operational and capital expenses. Distributions of revenue to the cities, villages, and towns are based on their 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.

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For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 74.09 (3) (b) 6p. of the statutes is created to read:

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

5 **SECTION 2.** 74.09 (3) (b) 7. of the statutes is amended to read:

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

9 **SECTION 3.** 77.70 of the statutes is renumbered 77.70 (1) and amended to read:

10 77.70 (1) Any county ~~desiring to~~ may impose county sales and use taxes under
11 this subchapter ~~may do so~~ by the adoption of an ordinance, stating its purpose and
12 referring to this subchapter. The rate of the tax imposed under this ~~section~~
13 subsection is 0.5 percent of the sales price or purchase price. Except as provided in
14 sub. (2) (b) and s. 66.0621 (3m), the county sales and use taxes may be imposed only
15 for the purpose of directly reducing the property tax levy and only in their entirety
16 as provided in this subchapter. That ordinance shall be effective on ~~the first day of~~
17 ~~January, the first day of April, the first day of July or the first day of October~~ January
18 1, April 1, July 1, or October 1. A certified copy of that ordinance shall be delivered
19 to the secretary of revenue at least 120 days prior to its effective date. The repeal
20 of any such ordinance shall be effective on December 31. A certified copy of a repeal
21 ordinance shall be delivered to the secretary of revenue at least 120 days before the

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1 effective date of the repeal. Except as provided under s. 77.60 (9), the department
2 of revenue may not issue any assessment ~~nor~~ or act on any claim for a refund or any
3 claim for an adjustment under s. 77.585 after the end of the calendar year that is 4
4 years after the year in which the county has enacted a repeal ordinance under this
5 section subsection.

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

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

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

23 1. The county shall use 12.5 percent of the revenue to provide a credit against
24 the property tax liability of each residential property owner in the county.

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1 2. The county shall distribute 12.5 percent of the revenue to the cities, villages,
2 and towns in the county, and the cities, villages, and towns shall use the revenue to
3 provide a credit against the property tax liability of each residential property owner
4 in the city, village, or town. The county shall distribute to each city, village, and town
5 an amount that bears the same ratio to the total amount distributed under this
6 subdivision as the ratio of the population of the city, village, or town to the county's
7 population, using the population estimates under s. 16.96.

8 3. Seven percent of the revenue shall be used for public health infrastructure
9 projects.

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

18 **SECTION 5.** 77.76 (3) of the statutes is amended to read:

19 77.76 (3) From the appropriation under s. 20.835 (4) (g) the department of
20 revenue shall distribute 98.25 percent of the county taxes reported for each enacting
21 county, minus the county portion of the retailers' discounts, to the county and shall
22 indicate the taxes reported by each taxpayer, no later than 75 days following the last
23 day of the calendar quarter in which such amounts were reported. In this subsection,
24 the "county portion of the retailers' discount" is the amount determined by
25 multiplying the total retailers' discount by a fraction the numerator of which is the

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1 gross county sales and use taxes payable and the denominator of which is the sum
2 of the gross state and county sales and use taxes payable. The county taxes
3 distributed shall be increased or decreased to reflect subsequent refunds, audit
4 adjustments, and all other adjustments of the county taxes previously distributed.
5 Interest paid on refunds of county sales and use taxes shall be paid from the
6 appropriation under s. 20.835 (4) (g) at the rate paid by this state under s. 77.60 (1)
7 (a). The Except as provided in s. 77.70 (2) (b), a county may retain the amount it
8 receives or it may distribute all or a portion of the amount it receives to the towns,
9 villages, cities, and school districts in the county. After receiving notice from the
10 department of revenue, a county shall reimburse the department for the amount by
11 which any refunds, including interest, of the county's sales and use taxes that the
12 department pays or allows in a reporting period exceeds the amount of the county's
13 sales and use taxes otherwise payable to the county under this subsection for the
14 same or subsequent reporting period. Any county receiving a report under this
15 subsection is subject to the duties of confidentiality to which the department of
16 revenue is subject under s. 77.61 (5) and (6).

17 **SECTION 6.** 79.05 (2) (c) of the statutes is amended to read:

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

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1 s. 79.015 increased over its municipal budget as adjusted under sub. (6); exclusive
2 of principal and interest on long-term debt and exclusive of revenue sharing
3 payments under s. 66.0305, recycling fee payments under s. 289.645, expenditures
4 of grant payments under s. 16.297 (1m), unreimbursed expenses related to an
5 emergency declared under s. 323.10, expenditures from moneys received pursuant
6 to P.L. 111-5, expenditures from moneys received pursuant to s. 77.70 (2) (b) 2. to 4.,
7 and expenditures made pursuant to a purchasing agreement with a school district
8 whereby the municipality makes purchases on behalf of the school district; for the
9 year before that year by less than the sum of the inflation factor and the valuation
10 factor, rounded to the nearest 0.10 percent.

SECTION 7. Nonstatutory provisions.

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

15 (END)