



Municipal Experiences with Levy Limit Referendums

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Last fall, the electors in South Milwaukee voted overwhelmingly to approve the city’s proposal to exceed state imposed levy limits by 5.3% (\$616,642) for public safety needs. While the South Milwaukee referendum result may be the beginning of a new trend, that was only the 31st time that voters in a city, village, town, or county passed a levy limit referendum since 2006, when levy limits first took effect. Historically, Wisconsin cities and villages have tended not to seek voter approval to exceed levy limits. A chart showing the cities, villages, towns, and counties that have passed levy limit referendums in addition to South Milwaukee is located below. Unlike school districts, there is not a tradition and expectation for cities and villages to ask the voters for permission to exceed levy limits. There are 72 counties, 601 cities and villages, and 1,250 towns in Wisconsin.

We are not sure exactly how many unsuccessful referendums there have been since 2006. DOR only keeps track of levy

limit referendums that pass. Still, our sense from newspaper articles and anecdotal evidence is that there have been relatively few, perhaps less than 50, local government unsuccessful levy limit referendums since 2006.

It is tough to say why some referendums are approved and others fail. Undoubtedly, it depends on the circumstances and political dynamics of each community as well as voter turn-out. In the last five years referendums to exceed levy limits have failed in Weston, Janesville, and Marshfield. The last two communities informed their citizens that, if approved, the additional revenue would be used for street maintenance and reconstruction. In Weston, the additional revenue was to be used for continuing to participate in a regional bus system.

Two years ago voters in Wausau rejected the city’s proposal to create a storm water utility fee. While not a pure referendum to exceed levy limits, voter approval is necessary under levy limit law when creating a fee to avoid having to make a

**Wisconsin Department of Revenue Local Government Services Bureau
Approved Referendums to Exceed Allowable Levy Limit - Municipalities and Counties, September 18, 2017**

Year	Comun Code	Municipality Name	County	Amount of Increase
2006	05106	Village of Bellevue	Brown	\$299,477
2006	05216	City of De Pere	Brown	\$343,700
2006	20022	Town of Friendship	Fond du Lac	\$13,799
2006	37192	Village of Weston	Marathon	\$226,636
2007	05216	City of De Pere	Brown	\$760,886
2007	66166	Village of Richfield	Washington	\$398,632
2008	05216	City of De Pere	Brown	\$180,390
2008	24271	City of Princeton	Green Lake	\$378,347
2008	29036	Town of Summit	Juneau	\$536
2008	44020	Town of Grand Chute	Outagamie	\$697,000
2008	54246	City of Ladysmith	Rusk	\$12,000
2008	56181	Village of Sauk City	Sauk	\$1,780,834
2014	69146	Village of Lohrville	Waushara	\$20,000
2014	23999	Green County	Green	\$790,000
2014	44006	Town of Buchanan	Outagamie	\$350,000
2015	66018	Town of Polk	Washington	\$216,506
2016	09128	Village of Lake Hallie	Chippewa	\$85,000
2016	17116	Village of Downing	Dunn	\$20,000

Department of Revenue chart showing all cities, villages, towns, and counties other than South Milwaukee that have passed levy limit referendums since levy limits were first put in place in 2005. (South Milwaukee’s referendum passed on November 7, 2017.)

negative adjustment to your allowable levy when switching from the tax levy to a fee for paying for storm water costs. Interestingly, about the same time voters in Middleton approved the city creating a storm water utility fee. The one obvious difference between the two communities was that in Middleton the referendum was vocally and aggressively supported by a local grass roots environmental group. That was not the case in Wausau.

The timing of levy limit referendums can be tricky and may contribute to their rarity. The ballot question requires that information about the allowable levy increase, which is based on a community's net new construction number, be included in the question. Department of Revenue staff has concluded that a community must know what its allowable levy increase is (i.e., the percentage increase in equalized value because of net new construction) before it can conduct a levy limit referendum. Communities don't learn their net new construction number until August 1 at the earliest. So, practically speaking, each year the earliest a municipality can schedule a levy limit referendum is either the general election in November or a special election in November. This timing forces a municipality to delay making a final decision about its annual budget until after the results of the referendum are received.

A critical change to the referendum process made last fall may improve the likelihood of voters approving a municipal levy limit referendum. The 2017-2019 state budget, Act 59, requires for the first time that the language of a municipal levy limit referendum include the specific purpose for which the additional funds levied would be used. Prior law disallowed a municipality from specifying on the ballot question the purposes for which the additional revenue would be used. If a voter reads the reason that the city or village is seeking the tax increase, they may be more likely to vote for it.

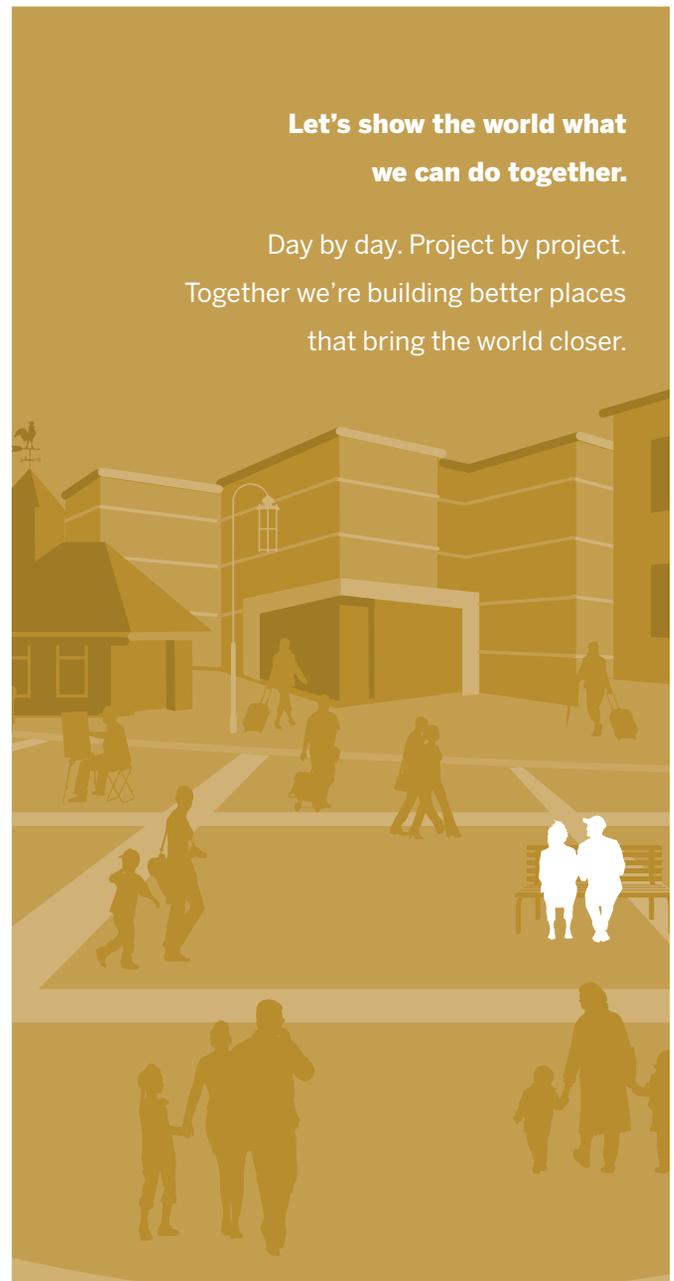
While relatively few communities have opted to ask the voters for permission to exceed levy limits, we anticipate more will do so in the near future. Low-growth communities in particular are facing intense pressures to maintain service levels that citizens demand without adequate revenue growth due to strict levy limits. South Milwaukee may be the beginning of a trend.

About the author:

Curt manages the League's lobbying program, representing the League before the Legislature, the Governor's office, and state agencies. He writes the *Legislative Bulletin* and *Capitol Buzz* newsletters, organizes legislative material and the Budgeting Toolkit for the League's web page, and answers questions from the media and members about legislation that the League is following. Additionally, he helps plan League conferences and meetings. Contact Curt at witynski@lwm-info.org

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