



Legislation Details (With Text)

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**Title:** SUBSTITUTE Authorizing the Scheduling of a Referendum Relating to Exceeding the Municipal Property Tax Limits in the City of Madison

**Sponsors:** Satya V. Rhodes-Conway

**Indexes:**

**Code sections:**

**Attachments:** 1. Presentation - A Sustainable Long-Term Plan for Madison Budget.pdf, 2. Memo - A Sustainable Long Term Plan for Madison Budget.pdf, 3. 072224\_WrittenPublicComment.pdf, 4. 072024\_AldRummelEmailtoFC.pdf, 5. 080624\_CC\_public\_comments.pdf, 6. 080724\_CC\_public\_comments.pdf, 7. 080724\_CC\_public\_comments2.pdf, 8. 080824\_CC\_public\_comments.pdf, 9. 080924-081224\_CC\_public\_comments.pdf, 10. 081324-081624\_CC\_public\_comments.pdf, 11. 84443\_v1.pdf, 12. Referendum Resolution -- Rummel Amendment -- 8-19-2024 -- Final.pdf, 13. 081924-082024\_CC\_public\_comments.pdf, 14. Memo re Referendum Explanatory Statement.pdf, 15. 082124-082224\_CC\_public\_comments.pdf

Date	Ver.	Action By	Action	Result
8/20/2024	1	COMMON COUNCIL	Amend the Substitute	Fail
8/20/2024	2	COMMON COUNCIL	Adopt Substitute	Pass
8/6/2024	1	COMMON COUNCIL	Refer to a future Meeting to Adopt	Pass
7/22/2024	1	FINANCE COMMITTEE	RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER	Pass
7/16/2024	1	COMMON COUNCIL	Refer	Pass
7/16/2024	1	Finance Department	Referred for Introduction	

**Fiscal Note**

This resolution authorizes the scheduling of a referendum relating to exceeding the municipal property tax limits in the City. Under section 66.0602(4), Wisconsin Statutes, all counties, cities, villages or towns with a population over 3,000 may exceed their levy limit after adopting a resolution to exceed the levy limit, which is then approved in a referendum.

State law establishes the process for a referendum and the language to be used in the referendum. This resolution would authorize a referendum at the fall election (November 5, 2024). Referenda held at the fall election must use data provided by the Wisconsin Department of Revenue on August 15th. A resolution authorizing a referendum must be adopted no later than 70 days before the date of the election (August 25, 2024). The referendum language must include the purpose of the increase, the percentage increase in the levy due to the referendum increase, the dollar amount of the increase and the term of the increase. The language for the referendum is established under section 66.0602(4)(c), Wisconsin Statutes. The clerk must publish type A, B, C, D and E notices of the referendum under section 10.01(2), Wisconsin Statutes.

The resolution authorizes a permanent increase to the levy limit of \$22 million, effective for the City's 2025 budget (January 1, 2025 to December 31, 2025), and property taxes levied by the City in December 2024 and

collected in 2025. The purpose of the increase would be to fund police, fire, garbage collection, parks and library operations and other City services and operations. The cost-to-continue current services is estimated to exceed allowable revenues under state law by \$22 million. The total allowable levy for 2025 under state law is ~~\$296.2~~ 296.1 million, which reflects the net new construction factor calculation and ~~estimated~~ actual debt service. The estimated net new construction factor used in calculating that total allowable levy is ~~2.5%~~ 2.97%. The total allowable levy for 2025 is an estimated 3.4 percent (\$9.7 million) increase over the actual 2024 property tax levy.

Based on ~~preliminary figures~~ current estimates, the \$22 million included in the resolution would add 7.4% to the allowable increase in the property tax levy, for a total increase of 11 percent (\$31.7 million). The \$22 million increase adds approximately ~~\$240~~ \$230 annually to taxes on the average value home, or approximately \$20 per month, or 0.66 cents per day.

~~Final numbers will be added via a substitute amendment to the resolution after August 15th and prior to the Council meeting scheduled for August 20th.~~

### Title

SUBSTITUTE Authorizing the Scheduling of a Referendum Relating to Exceeding the Municipal Property Tax Limits in the City of Madison

### Body

WHEREAS, since enactment of section 66.0602, Wisconsin Statutes, and its amendment in 2011, local governments are prohibited from increasing the municipal property tax levy by more than the equalized value increase due to new construction or 0%, which ever is greater with limited exceptions; and,

WHEREAS, despite the population of Madison increasing from 237,198 to 286,725 between 2011 and 2024, an increase of 21%, the City has not previously scheduled a referendum to increase its levy limits; and,

WHEREAS, Madison receives among the lowest amount of state aid per resident, according to the Wisconsin Policy Forum, received the lowest amount of increase in state aid from the State Legislature in the most recent State Budget, and state aid per resident has declined 5% between 2011 and 2024, while inflation has increased 66%; and,

WHEREAS, cities in other states with a similar size as Madison have alternative general revenue sources other than property taxes, including sales, income and motor fuel taxes; and

WHEREAS, income, sales and motor fuel taxes are collected by the State Legislature, with less than 20 cents of every dollar sent by Madison residents to the State Legislature returned to the City to support local services; and

WHEREAS, Madison is facing a \$22 million budget deficit for fiscal year 2025 to simply maintain current service levels to residents, including law enforcement, fire prevention and response, emergency medical services, public health, refuse and recycling, snow plowing, traffic, bicycle and pedestrian safety, parks, libraries, community services, transportation and other basic needs; and,

WHEREAS, the Madison Common Council established values and priorities for addressing the budget deficit, including maintaining services to residents, preventing layoffs or furloughs of city staff, maintaining wage parity for general municipal employees, meeting the needs of a growing city, and choosing the most progressive revenue options that consider housing affordability;

NOW, THEREFORE, BE IT RESOLVED, that the Madison Common Council authorizes the following: beginning in 2025, the City of Madison may exceed its current levy limit by a total of ~~[7.4%]~~ 7.4%, resulting in a levy of ~~[\$318,219,440]~~ \$318,149,462, for the purpose of general operations, and on an ongoing basis, include the increase of \$22,000,000 to the City levy for each fiscal year going forward.

BE IT FURTHER RESOLVED, that this resolution shall not take effect until such time as the electors of the City of Madison approve a referendum containing the following question:

"Under state law, the increase in the levy of the City of Madison for the tax to be imposed for the next fiscal year, 2025, is limited to ~~[2.5%]~~ 2.97%, which results in a levy of ~~[\$296,296,440]~~ \$296,149,162. Shall the City of Madison be allowed to exceed this limit and increase the levy for the next fiscal year, 2025, for the purpose of funding police, fire, garbage collection, parks and library operations and other City services and operations, by a total of ~~[7.4%]~~ 7.4%, which results in a levy of ~~[\$318,219,440]~~ \$318,149,462, and on an ongoing basis, include the increase of \$22,000,000 for each fiscal year going forward?"

BE IT FINALLY RESOLVED, that the Madison Common Council hereby directs the City Clerk to place the above referendum question on the November 5, 2024, ballot.