



State of Wisconsin
2013 - 2014 LEGISLATURE



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2013 ASSEMBLY BILL 650

January 22, 2014 - Introduced by Representatives POPE, WRIGHT, CLARK, HESSELBEIN, JOHNSON, SARGENT, BARNES, HULSEY, BERCEAU, JORGENSEN, HEBL, PASCH, KOLSTE, KAHL, SINICKI, C. TAYLOR, OHNSTAD, VRUWINK, BILLINGS, BERNARD SCHABER, HINTZ, RICHARDS, BEWLEY, SHANKLAND and ZAMARRIPA, cosponsored by Senators LEHMAN, VINEHOUT, T. CULLEN, SCHULTZ, MILLER, HARRIS, HANSEN and LASSA. Referred to Committee on Education.

1 **AN ACT** *to repeal* 20.255 (2) (aq) and 115.437; *to consolidate, renumber and*
2 *amend* 121.15 (1m) (a) (intro.) and 3.; *to amend* 20.255 (2) (ac), 79.10 (4), 79.10
3 (5m), 79.14, 79.15, 121.004 (7) (a), 121.07 (6) (d), 121.105 (2) (am) 1., 121.105
4 (2) (am) 2. (intro.), 121.90 (2) (am) 1., 121.905 (1), 121.905 (3) (c) 5., 121.905 (3)
5 (c) 6., 121.91 (2m) (hm) (intro.), 121.91 (2m) (i) (intro.), 121.91 (2m) (i) 2., 121.91
6 (2m) (r) 1. (intro.), 121.91 (2m) (r) 1. b., 121.91 (2m) (s) 1. (intro.), 121.91 (2m)
7 (s) 1. b. and 121.91 (2m) (t) 1. (intro.); and *to create* 20.255 (2) (bf), 121.004 (7)
8 (g), 121.10, 121.105 (4), 121.136 (3), 121.15 (3m), 121.905 (3) (c) 7., 121.91 (2m)
9 (i) 1m. and 121.91 (2m) (j) of the statutes; **relating to:** counting low-income
10 pupils for state school aid purposes; calculating the amount to be appropriated
11 for state general school aid; school aid factors; special adjustment aids; hold

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- 1 harmless aid; per pupil aid; school district revenue limits; the first dollar and
2 school levy property tax credits; and making an appropriation.
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Analysis by the Legislative Reference Bureau

This bill makes a number of changes in the laws relating to public school financing, including the following:

1. Currently, the amount appropriated each fiscal year for general school aid is a sum set by law. This bill directs the Department of Public Instruction (DPI), the Department of Administration, and the Legislative Fiscal Bureau annually to jointly certify to the Joint Committee on Finance (JCF) an estimate of the amount necessary to appropriate in the following school year to ensure that state school aids equal the following percentage of partial school revenues (in general, the sum of state school aids and school property taxes):

- a. For the 2014–15 school year, 63 percent.
- b. For the 2015–16 school year, 64.2 percent.
- c. For the 2016–17 school year, 65.4 percent.
- d. For the 2017–18 school year and each school year thereafter, two-thirds.

Under the bill, JFC determines the amount appropriated as general school aids in each odd-numbered fiscal year (e.g., the 2014–15 fiscal year) and the amount is set by law in each even-numbered fiscal year.

2. For purposes of determining a school district's general school aid amount, in general this bill requires that each pupil who is eligible for a free or reduced-price lunch under the federal school lunch program be counted as an additional 0.3 pupil.

3. Currently, if a school district would receive less in general state aid in any school year than 85 percent of the amount it received in the previous school year, its state aid for the current school year is increased to 85 percent of the aid received in the previous school year. This bill increases the percentage to 90 percent.

4. This bill provides that a school district's state aid in any school year may not be less than an amount equal to the school district's enrollment multiplied by \$3,000.

5. Currently, for calculating a school district's revenue limit, the per pupil adjustment is \$75 per pupil in each of the 2013–14 and 2014–15 school years. In the 2015–16 school year and thereafter, there is no per pupil adjustment.

This bill sets the per pupil adjustment at \$275 per pupil for the 2014–15 school year, and thereafter adjusts the previous school year's adjustment by the consumer price index increase.

6. Currently, if at least 50 percent of a school district's enrollment is eligible for a free or reduced-price lunch under the federal school lunch program, the school district is eligible for a prorated share of the amount appropriated as high-poverty aid.

This bill eliminates this aid beginning in the 2014–15 school year. The bill provides additional state aid for the 2014–15 school year to hold school districts harmless from the loss of high-poverty aid.

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7. Currently, the state annually pays each school district an amount equal to its average enrollment in the current and two preceding school years multiplied by \$75 in the 2013-14 school year and \$150 in each school year thereafter. This bill eliminates this per pupil aid after the 2013-14 school year.

8. Currently, \$75,000,000 in school aid payments is delayed until the following school year. Beginning in the 2015-16 school year, this bill delays \$972,400,000 in school aid payments until the following school year.

9. In the school district equalization aid formula, the guaranteed evaluations represent the amount of property tax base support that the state guarantees behind each pupil. There are three guaranteed valuations used; each applies to a different level of expenditures. The first level is for expenditures up to the primary cost ceiling of \$1,000 per pupil. The second level is for costs per pupil that exceed \$1,000 but are less than the secondary cost ceiling, which is set at 90 percent of the prior school year statewide shared cost per pupil. This bill changes the secondary cost ceiling to 100 percent of the prior school year statewide shared cost per pupil.

10. The bill eliminates the school levy property tax credit and the first dollar property tax credit.

For further information see the *state and 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.** 20.255 (2) (ac) of the statutes is amended to read:

2 20.255 (2) (ac) *General equalization aids.* ~~The amounts in the schedule A sum~~
3 sufficient for the payment of educational aids under ss. 121.08, 121.09, 121.095,
4 121.105, ~~121.137~~ and subch. VI of ch. 121 equal to the amount determined by the joint
5 committee on finance under s. 121.15 (3m) (c) in the 2014-15 fiscal year and
6 biennially thereafter, and equal to the amount determined by law in the 2015-16
7 fiscal year and biennially thereafter.

8 **SECTION 2.** 20.255 (2) (aq) of the statutes, as created by 2013 Wisconsin Act 20,
9 is repealed.

10 **SECTION 3.** 20.255 (2) (bf) of the statutes is created to read:

11 20.255 (2) (bf) *Hold harmless aid.* A sum sufficient for hold harmless aid to
12 school districts under s. 121.10.

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1 **SECTION 4.** 79.10 (4) of the statutes, as affected by 2013 Wisconsin Act 20, is
2 amended to read:

3 **79.10 (4) SCHOOL LEVY TAX CREDIT.** Except as provided in sub. (5m), the amount
4 appropriated under s. 20.835 (3) (b) shall be distributed to municipalities in
5 proportion to their share of the sum of average school tax levies for all municipalities.
6 No municipality shall receive a payment under this subsection after 2015.

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

8 **79.10 (5m) FIRST DOLLAR CREDIT.** Each municipality shall receive, from the
9 appropriation under s. 20.835 (3) (b), an amount determined by multiplying the
10 school tax rate by the estimated fair market value, not exceeding the value
11 determined under sub. (11) (d), of every parcel of real property with improvements
12 that is located in the municipality. No municipality shall receive a payment under
13 this subsection after 2015.

14 **SECTION 6.** 79.14 of the statutes, as affected by 2013 Wisconsin Act 20, is
15 amended to read:

16 **79.14 School levy tax credit.** The appropriation under s. 20.835 (3) (b), for
17 the payments under s. 79.10 (4), is \$319,305,000 in 1994, 1995, and 1996;
18 \$469,305,000 beginning in 1997 and ending in 2006; \$593,050,000 in 2007;
19 \$672,400,000 in 2008; \$747,400,000 in 2009; \$732,550,000 in 2010, 2011, and 2012;
20 and \$747,400,000 in 2013 and in each year thereafter, 2014, and 2015.

21 **SECTION 7.** 79.15 of the statutes is amended to read:

22 **79.15 Improvements credit.** The total amount paid each year to
23 municipalities from the appropriation account under s. 20.835 (3) (b) for the
24 payments under s. 79.10 (5m) is \$75,000,000 in 2009, \$145,000,000 in 2010, and
25 \$150,000,000 in 2011, 2012, 2013, 2014, and in each year thereafter 2015.

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1 **SECTION 8.** 115.437 of the statutes, as created by 2013 Wisconsin Act 20, is
2 repealed.

3 **SECTION 9.** 121.004 (7) (a) of the statutes is amended to read:

4 121.004 (7) (a) “Pupils enrolled” is the total number of pupils, as expressed by
5 official enrollments, in all schools of the school district, except as provided in pars.
6 (b) to ~~(f)~~ (g). If such total contains a fraction, it shall be expressed as the nearest whole
7 number. The same method shall be used in computing the number of pupils enrolled
8 for resident pupils, nonresident pupils or both.

9 **SECTION 10.** 121.004 (7) (g) of the statutes is created to read:

10 121.004 (7) (g) A pupil who is eligible for a free or reduced-price lunch under
11 42 USC 1758 (b) shall be counted as the number specified in this subsection for the
12 pupil plus an additional 30 percent of that number.

13 **SECTION 11.** 121.07 (6) (d) of the statutes is amended to read:

14 121.07 (6) (d) The “secondary ceiling cost per member” in the ~~2001-02~~ 2014-15
15 school year and in each school year thereafter is an amount determined by dividing
16 the state total shared cost in the previous school year by the state total membership
17 in the previous school year ~~and multiplying the result by 0.90.~~

18 **SECTION 12.** 121.10 of the statutes is created to read:

19 **121.10 Hold harmless aid. (1)** In this section, “state aid” means the sum of
20 the following:

21 (a) The payments made to a school district under ss. 121.08 and 121.105 and
22 subch. VI.

23 (b) The payments that would be made to a school district under s. 121.136 if s.
24 121.136 were still applicable.

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1 (c) The amount that would be received by a school district under s. 79.10 (4) and
2 (5m) if s. 79.10 (4) and (5m) were still applicable.

3 **(2)** (a) Except as provided in par. (b), in the 2014-15 school year, if a school
4 district would receive less in equalization aid under s. 121.08 in the current school
5 year before any adjustment is made under s. 121.15 (4) (b) than it would have
6 received in state aid in the current school year, the department shall pay to the school
7 district the amount equal to the difference.

8 (b) If a school district from which territory was detached to create a new school
9 district under s. 117.105 would receive in equalization aid under s. 121.08 in the
10 school year beginning on the first July 1 following the effective date of the
11 reorganization less than the amount determined as follows, the department shall
12 pay to the school district the difference between the former amount and the amount
13 determined as follows:

14 1. Divide the school district's membership in the preceding school year by the
15 school district's membership in the 2nd preceding school year.

16 2. Multiply the amount of state aid that would have been received by the school
17 district in the preceding school year, as adjusted under s. 121.15 (4) (b) in the current
18 school year, by the quotient under subd. 1.

19 **(3)** In the school year in which a school district consolidation takes effect under
20 s. 117.08 or 117.09 and in each of the subsequent 4 school years, if the consolidated
21 school district's equalization aid is less than the aggregate state aid to which the
22 consolidating school districts would have been eligible in the school year prior to the
23 school year in which the consolidation takes effect, the department shall pay the
24 difference to the consolidated school district.

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1 (4) Additional aid under this section shall be paid from the appropriation under
2 s. 20.255 (2) (bf). No aid may be paid under this section after the 2014-15 school year.

3 **SECTION 13.** 121.105 (2) (am) 1. of the statutes is amended to read:

4 121.105 (2) (am) 1. Except as provided in subd. 2., if a school district would
5 receive less in state aid in the current school year before any adjustment is made
6 under s. 121.15 (4) (b) than an amount equal to ~~85%~~ 90 percent of the amount of state
7 aid that it received in the previous school year, as adjusted under s. 121.15 (4) (b) in
8 the current school year, its state aid for the current school year shall be increased to
9 an amount equal to ~~85%~~ 90 percent of the state aid received in the previous school
10 year.

11 **SECTION 14.** 121.105 (2) (am) 2. (intro.) of the statutes is amended to read:

12 121.105 (2) (am) 2. (intro.) If a school district from which territory was detached
13 to create a new school district under s. 117.105 would receive in state aid in the school
14 year beginning on the first July 1 following the effective date of the reorganization
15 less than ~~85~~ 90 percent of the amount determined as follows, its state aid in the school
16 year beginning on the first July 1 following the effective date of the reorganization
17 shall be increased to an amount equal to ~~85~~ 90 percent of the amount determined as
18 follows:

19 **SECTION 15.** 121.105 (4) of the statutes is created to read:

20 121.105 (4) A school district's state aid in any school year may not be less than
21 an amount equal to \$3,000 multiplied by the school district's membership.

22 **SECTION 16.** 121.136 (3) of the statutes is created to read:

23 121.136 (3) No aid may be paid under this section after June 30, 2014.

24 **SECTION 17.** 121.15 (1m) (a) (intro.) and 3. of the statutes are consolidated,
25 renumbered 121.15 (1m) (a) and amended to read:

ASSEMBLY BILL 650**SECTION 17**

1 121.15 (1m) (a) Notwithstanding subs. (1) and (1g), ~~a portion of state aid to~~
2 ~~school districts shall be distributed as follows: Beginning~~ beginning in the
3 ~~1999-2000~~ 2015-16 school year, annually the state shall pay to school districts, from
4 the appropriation under s. 20.255 (2) (ac), ~~\$75,000,000~~ \$972,400,000 on the 4th
5 Monday in July of the following school year.

6 **SECTION 18.** 121.15 (3m) of the statutes is created to read:

7 121.15 (3m) (a) In this subsection:

8 1. "Partial school revenues" means the sum of state school aids, property taxes
9 levied for school districts, and aid paid to school districts under s. 79.095 (4), less all
10 of the following:

11 a. The amount of any revenue limit increase under s. 121.91 (4) (a) 2. due to a
12 school board's increasing the services that it provides by adding responsibility for
13 providing a service transferred to it from another school board.

14 b. The amount of any revenue limit increase under s. 121.91 (4) (a) 3.

15 c. The amount of any revenue limit increase under s. 121.91 (4) (h).

16 d. The amount of any property taxes levied for the purpose of s. 120.13 (19).

17 e. An amount equal to the amount estimated to be paid under s. 119.23 (4) and
18 (4m) multiplied by the sum of the applicable percentages specified in s. 121.08 (4) (b)
19 1. and 2.

20 f. The amount by which the property tax levy for debt service on debt that has
21 been approved by a referendum exceeds \$490,000,000.

22 2. "State school aids" means those aids appropriated under s. 20.255 (1) (b) and
23 (2), other than s. 20.255 (2) (fm), (fr), (fu), (fv), (k), and (m), and under s. 20.285 (1)
24 (r), and (rc), and those aids appropriated under s. 20.505 (4) (es) and (s) that are used

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1 to provide grants or educational telecommunications access to school districts under
2 s. 16.995 or 16.997 (7).

3 (b) By May 15, 2014, and annually by May 15 thereafter, the department, the
4 department of administration, and the legislative fiscal bureau shall jointly certify
5 to the joint committee on finance an estimate of the amount necessary to appropriate
6 under s. 20.255 (2) (ac) in the following school year to ensure that state school aids
7 equal the following portion of partial school revenues:

8 1. For the 2014-15 school year, 63 percent.

9 2. For the 2015-16 school year, 64.2 percent.

10 3. For the 2016-17 school year, 65.4 percent.

11 4. For the 2017-18 school year and each school year thereafter, two-thirds.

12 (c) By June 30, 2014, and biennially by June 30 thereafter, the joint committee
13 on finance shall determine the amount appropriated under s. 20.255 (2) (ac) in the
14 following school year.

15 **SECTION 19.** 121.90 (2) (am) 1. of the statutes is amended to read:

16 121.90 (2) (am) 1. Aid under ss. 121.08, 121.09, 121.10, 121.105, and 121.136
17 and subch. VI, as calculated for the current school year on October 15 under s. 121.15
18 (4) and including adjustments made under s. 121.15 (4).

19 **SECTION 20.** 121.905 (1) of the statutes is amended to read:

20 121.905 (1) In this section, "revenue ceiling" means ~~\$9,000 in the 2011-12~~
21 ~~school year and in the 2012-13 school year and \$9,100 in the 2013-14 school year,~~
22 \$9,300 in the 2014-15 school year, and \$9,600 in any subsequent school year.

23 **SECTION 21.** 121.905 (3) (c) 5. of the statutes, as affected by 2013 Wisconsin Act
24 20, is amended to read:

ASSEMBLY BILL 650**SECTION 21**

1 121.905 (3) (c) 5. For the limit for the 2013-14 school year ~~and the 2014-15~~
2 school year, add \$75 to the result under par. (b).

3 **SECTION 22.** 121.905 (3) (c) 6. of the statutes, as created by 2013 Wisconsin Act
4 20, is amended to read:

5 121.905 (3) (c) 6. For the limit for the ~~2015-16~~ 2014-15 school year ~~or any~~
6 school year thereafter, ~~make no adjustment,~~ add \$275 to the result under par. (b).

7 **SECTION 23.** 121.905 (3) (c) 7. of the statutes is created to read:

8 121.905 (3) (c) 7. For the limit for the 2015-16 school year and any school year
9 thereafter, add the result under s. 121.91 (2m) (j) 2. to the result under par. (b).

10 **SECTION 24.** 121.91 (2m) (hm) (intro.) of the statutes, as created by 2013
11 Wisconsin Act 20, is amended to read:

12 121.91 (2m) (hm) (intro.) Except as provided in subs. (3), (4), and (8), no school
13 district may increase its revenues for the 2013-14 school year ~~or for the 2014-15~~
14 school year to an amount that exceeds the amount calculated as follows:

15 **SECTION 25.** 121.91 (2m) (i) (intro.) of the statutes, as affected by 2013
16 Wisconsin Act 20, is amended to read:

17 121.91 (2m) (i) (intro.) Except as provided in subs. (3), (4), and (8), no school
18 district may increase its revenues for the ~~2015-16~~ 2014-15 school year ~~or for any~~
19 school year thereafter to an amount that exceeds the amount calculated as follows:

20 **SECTION 26.** 121.91 (2m) (i) 1m. of the statutes is created to read:

21 121.91 (2m) (i) 1m. Add \$275 to the result under subd. 1.

22 **SECTION 27.** 121.91 (2m) (i) 2. of the statutes is amended to read:

23 121.91 (2m) (i) 2. Multiply the result under subd. ~~1.~~ 1m. by the average of the
24 number of pupils enrolled in the current and the 2 preceding school years.

25 **SECTION 28.** 121.91 (2m) (j) of the statutes is created to read:

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1 121.91 **(2m)** (j) Except as provided in subs. (3), (4), and (8), no school district
2 may increase its revenues for the 2015-16 school year or for any school year
3 thereafter to an amount that exceeds the amount calculated as follows:

4 1. Divide the sum of the amount of state aid received in the previous school year
5 and property taxes levied for the previous school year, excluding property taxes
6 levied for the purpose of s. 120.13 (19) and excluding funds described under sub. (4)
7 (c), by the average of the number of pupils enrolled in the 3 previous school years.

8 2. Multiply the amount of the revenue increase per pupil allowed under this
9 subsection for the previous school year by the sum of 1.0 plus the allowable rate of
10 increase under s. 73.0305 expressed as a decimal.

11 3. Add the result under subd. 1. to the result under subd. 2.

12 4. Multiply the result under subd. 3. by the average of the number of pupils
13 enrolled in the current and the 2 preceding school years.

14 **SECTION 29.** 121.91 (2m) (r) 1. (intro.) of the statutes, as affected by 2013
15 Wisconsin Act 20, is amended to read:

16 121.91 **(2m)** (r) 1. (intro.) Notwithstanding pars. (c) to ~~(i)~~ (j), if a school district
17 is created under s. 117.105, its revenue limit under this section for the school year
18 beginning with the effective date of the reorganization shall be determined as follows
19 except as provided under subs. (3) and (4):

20 **SECTION 30.** 121.91 (2m) (r) 1. b. of the statutes, as affected by 2013 Wisconsin
21 Act 20, is amended to read:

22 121.91 **(2m)** (r) 1. b. Add an amount equal to the amount of revenue increase
23 per pupil allowed under this subsection for the previous school year multiplied by the
24 sum of 1.0 plus the allowable rate of increase under s. 73.0305 expressed as a decimal
25 to the result under subd. 1. a., except that in calculating the limit for the 2013-14

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1 school year ~~and the 2014-15 school year~~, add \$75 to the result under subd. 1. a., and
2 in calculating the limit for the ~~2015-16~~ 2014-15 school year ~~and any school year~~
3 ~~thereafter, make no adjustment, add \$275~~ to the result under subd. 1. a.

4 **SECTION 31.** 121.91 (2m) (s) 1. (intro.) of the statutes, as affected by 2013
5 Wisconsin Act 20, is amended to read:

6 121.91 **(2m)** (s) 1. (intro.) Notwithstanding pars. (e) to ~~(i)~~ (j), if territory is
7 detached from a school district to create a new school district under s. 117.105, the
8 revenue limit under this section of the school district from which territory is detached
9 for the school year beginning with the effective date of the reorganization shall be
10 determined as follows except as provided in subs. (3) and (4):

11 **SECTION 32.** 121.91 (2m) (s) 1. b. of the statutes, as affected by 2013 Wisconsin
12 Act 20, is amended to read:

13 121.91 **(2m)** (s) 1. b. Add an amount equal to the amount of revenue increase
14 per pupil allowed under this subsection for the previous school year multiplied by the
15 sum of 1.0 plus the allowable rate of increase under s. 73.0305 expressed as a decimal
16 to the result under subd. 1. a., except that in calculating the limit for the 2013-14
17 school year ~~and the 2014-15 school year~~, add \$75 to the result under subd. 1. a., and
18 in calculating the limit for the ~~2015-16~~ 2014-15 school year ~~and any school year~~
19 ~~thereafter, make no adjustment, add \$275~~ to the result under subd. 1. a.

20 **SECTION 33.** 121.91 (2m) (t) 1. (intro.) of the statutes, as affected by 2013
21 Wisconsin Act 20, is amended to read:

22 121.91 **(2m)** (t) 1. (intro.) If 2 or more school districts are consolidated under
23 s. 117.08 or 117.09, except as follows, in the 2013-14 school year ~~and the 2014-15~~
24 ~~school year~~, the consolidated school district's revenue limit shall be determined as
25 provided under par. (hm), in the 2014-15 school year, the consolidated school

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1 district's revenue limit shall be determined under par. (i), and in the 2015-16 school
2 year and in each school year thereafter, the consolidated school district's revenue
3 limit shall be determined as provided under par. ~~(i)~~ (j):

SECTION 34. Nonstatutory provisions.

5 (1) SECONDARY GUARANTEE. Notwithstanding section 121.07 (7) (b) of the
6 statutes, for the purpose of setting the secondary guaranteed valuation per member
7 in the 2014-15 school year, the department of public instruction shall treat the
8 appropriation under section 20.255 (2) (ac) of the statutes as if an additional
9 \$897,400,000 were appropriated in the 2014-15 fiscal year.

SECTION 35. Fiscal changes.

11 (1) HIGH POVERTY AID. In the schedule under section 20.005 (3) of the statutes
12 for the appropriation to the department of public instruction under section 20.255
13 (2) (bb) of the statutes, as affected by the acts of 2013, the dollar amount is decreased
14 by \$16,830,000 for the second fiscal year of the fiscal biennium in which this
15 subsection takes effect to decrease funding for the purposes for which the
16 appropriation is made.

SECTION 36. Initial applicability.

18 (1) STATE AID. The treatment of sections 20.255 (2) (ac), 121.004 (7) (a) and (g),
19 121.07 (6) (d), and 121.105 (2) (am) 1. and 2. (intro.) and (4) of the statutes first
20 applies to the distribution of school aid in, and the calculation of revenue limits for,
21 the 2014-15 school year.

22 (2) DELAYED PAYMENT. The treatment of section 121.15 (1m) (a) (intro.) and 3.
23 of the statutes first applies to the payment made under section 121.15 (1m) (a) of the
24 statutes on the 4th Monday in July 2015.

