

2013 DRAFTING REQUEST

Bill

Received: 10/7/2013 Received By: pgrant
Wanted: As time permits Same as LRB:
For: Patricia Strachota (608) 264-8486 By/Representing: Heather Moore
May Contact: Drafter: pgrant
Subject: Education - school boards Addl. Drafters:
Extra Copies: TKK
FFK

Submit via email: YES
Requester's email: Rep.Strachota@legis.wisconsin.gov
Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Referendum requirements

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pgrant 10/10/2013	csicilia 10/25/2013	jfrantze 10/25/2013	_____			
/1				_____	mbarman 10/25/2013	lparisi 11/13/2013	

FE Sent For:

<END>

NOT
NEEDED

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/1				_____	mbarman 10/25/2013		

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1/?	pgrant	10/25 13	10	R3 25			

FE Sent For:

<END>

10/7/13
TC from Heather / Strachota
bill request

4-8486

Wetland Sch. Dist.
re sch. referenda

must disclose ~~of~~ total costs etc.
all referenda

she'll email me info

Grant, Peter

From: Rep.Strachota
Sent: Monday, October 07, 2013 11:02 AM
To: Grant, Peter
Subject: FW: ATTN: Heather (proposed legislation on disclosure and financing costs of all school district referenda)
Attachments: 615.0 - Disclosure of Financing and Total Costs of All Referenda.pdf

Hi Peter,

Here is the information I was talking to you about.

Thanks,

Heather Moore

Office of Pat Strachota
Office (608) 264-8486
Toll-Free (888) 534-0058

From: bart.williams@charter.net [mailto:bart.williams@charter.net]

Sent: Monday, September 30, 2013 5:36 PM

To: Rep.Strachota

Subject: ATTN: Heather (proposed legislation on disclosure and financing costs of all school district referenda)

Pat and Heather,

Good afternoon. I called earlier today. I have an idea for state legislation that I am respectfully requesting you to consider, and if you support it, to actually co-sponsor this legislation. I am Vice President of the West Bend School Board, but the views in this e-mail are mine alone.

Basic idea: When you buy a home or refinance it, among all that paperwork is a one-page disclosure that states, for example, even though the "sticker" (principal) price of your home is \$175,000, with 30 years of interest at 6%, you will ultimately pay almost \$378,000. [These are real numbers, by the way.] If a faceless financial institution - who is most likely going to sell your loan at some point - can provide you with that type of financial disclosure, shouldn't your local elected school board (whose members are supposed to be accountable to you as voters/taxpayers) provide you with at least the same amount of disclosure when it comes to spending your money (public funds) on a referendum?

That was the idea behind West Bend School District policy 615, "Disclosure of Financing and Total Costs of All Referenda," which the West Bend School District unanimously approved on 1/23/12. I attached a copy. Later that year, on 11/6/12, West Bend School District voters narrowly approved a \$22.8 million (principal only; with interest it exceeded \$30 million) referendum with policy 615 in place and having been enforced for months (I personally made sure of that).

This explodes the myth that with such a policy in place, a referendum can never pass. What it actually means is that with such a policy in place and being enforced, taxpayers make a more informed decision (eyes wide open) on the referendum vote. If districts are concerned about using an exact interest rate in the disclosure, a range can always be given. Taxpayers will still appreciate the sincere effort at greater disclosure and transparency.

To me, this is a common-sense idea whose time has come. To my knowledge, West Bend is the only school district in the state with such a policy. This is a too-well-kept secret for our district. It should be shared with all of Wisconsin by making it law.

Why is this even necessary? The reason is too many districts hide the total cost of referenda from the taxpayers, or they play other games. Here is a real example from my own district that I know about factually first-hand (I was not on the Board until 2011). In November 2007 (with absolutely nothing else on the ballot; trust me, this was done on purpose to try to sneak a huge, unnecessary referendum past a "sleeping" public), the West Bend School District put an almost \$120 million building/facilities referendum on the ballot. It would have been the largest school referendum in Wisconsin's history, even though we are only the 19th largest district in the state. The superintendent at the time (now gone) kept refusing to disclose what the total cost of the referendum would be, including the considerable interest expense on the 20-year bonds (I was one of many people asking her). Finally, at the last public meeting on the matter only six days before the vote, under considerable public pressure she disclosed that the total cost would be between \$203 and \$206 million. As a result, almost 2/3 of the electorate voted "NO" to this overpriced, bad idea, and thank goodness. A few months later, we entered the worst recession in decades. That much extra tax burden would have especially hurt families and all taxpayers.

That true experience shows you exactly why state legislation is needed. Although I am largely a proponent of local control, in this case school districts simply have too many publicly-funded resources to "educate the public" about a referendum. There is every incentive in public school districts and the public education "system" to not make these basic, common-sense financial disclosures, so they end up not being made.

I am humbly asking for your help on this. I think the policy I've attached adequately addresses building/facilities referenda, but what about operating referenda?

1. We need to address both building/facilities referenda as well as operating referenda? Why? If state law only addresses the former, school districts very well may circumvent financial disclosure to their taxpayers by only putting operating referenda on the ballot.

2. Legislation would also need to specifically address operating referenda. I suggest that two types of disclosures regarding operating referenda are critical to taxpayers:

a. If the operating referendum is open-ended (i.e., allows the school district to exceed the tax levy cap every year until the school district "shuts it off"), the law should require that school districts clearly, conspicuously and consistently disclose that in every place an operating referendum is mentioned. Many taxpayers do not know what an operating referendum is, so there is a real need for requiring such disclosure.

b. If the operating referendum is for a set number of years (e.g., the school district can exceed the levy cap, or revenue limit, by \$5 million per year for each of the next five years starting in 2015), the law should require the school district to disclose that, "By voting yes, school district voters are authorizing the district to tax more than the levy limit by a total of \$25 million as measured in current-year 2015 dollars." That way, taxpayers know in advance exactly what they're agreeing to.

Thank you very much for your thoughtful consideration of this important idea. I am reaching out to other lawmakers in both houses of the Legislature, especially those on the Committee on Education, for support and co-sponsorship. I am happy to help out with this in any way you need me to (i.e., speaking about it, attending public meetings, doing research, further advocacy, making calls, writing e-mails and/or letters, etc.). Thank you for your time and attention. I look forward to hearing from you.

Sincerely,

Bart

Bart Williams
2420 Skyline Drive
West Bend, WI 53090

(262) 353-3154 (home)

bart.williams@charter.net

FISCAL MANAGEMENT GOALS

DISCLOSURE OF FINANCING AND TOTAL COSTS OF ALL REFERENDA

It shall be the policy of West Bend Joint School District No. 1 to provide disclosure to District residents and taxpayers regarding the total costs of any proposed referendum, whether it is a facilities referendum, operating referendum, or any other type. The genuine transparency regarding the planned use of public funds provides for a much more fully informed electorate, facilitates better communication with (and within) the community regarding referendum details, and builds trust among all District stakeholders.

Any proposed referendum presented to the District's Board of Education for approval must disclose the following information and be available for review by the public upon request

1. The total principal dollar amount of the borrowing (typically done through the issuance of long-term bonds (debt)) over its entire term.
2. The total dollar amount of interest expense of the borrowing (i.e., typically a certain annual interest rate is applied to the long-term bonds to calculate the total interest expense over its entire term.
3. The total dollar amount of the referendum, including all principal (see item #1 above), interest (see item #2 above) and any other (e.g., brokerage, bond issuance) costs.
4. All major assumptions and factors used to arrive at item #3 above (i.e., the interest rate used in calculating total interest expense, term of bonds (i.e., time period of the debt), exact nature/type of the bonds, etc.).

If the referendum proposal/resolution is adopted by the Board, any additional communication (e.g., mailed materials to District residents, postings on the District website, communication to media, presentations at Board meetings and other meetings within the community) regarding the referendum must continue to disclose items #1 through #4 above.

Adopted: January 23, 2012

67.05 (6a) (a)
67.12 (8) (12) (e) 2.

BILL

Date (time) needed

Other

LRB - 3391/1

D-NOTE

PG: 95 :

PS

Use the appropriate components and routines developed for bills.

AN ACT . . . [generate catalog] **to repeal . . . ; to renumber . . . ; to consolidate and renumber . . . ; to renumber and amend . . . ; to consolidate, renumber and amend . . . ; to amend . . . ; to repeal and recreate . . . ; and to create . . .** of the statutes; relating to: the ~~repealed~~ school district . . . bonds ; ~~the~~ promissory notes ; and state trust fund loans . . .

[NOTE: See section 4.02 (2) (br), Drafting Manual, for specific order of standard phrases.]

SAV

Analysis by the Legislative Reference Bureau

If titles are needed in the analysis, in the component bar:

For the main heading, execute: **create → anal: → title: → head**

For the subheading, execute: **create → anal: → title: → sub**

For the sub-subheading, execute: **create → anal: → title: → sub-sub**

For the analysis text, in the component bar:

For the text paragraph, execute: **create → anal: → text**

(attached)

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

SECTION #.

Analysis

⑨

Under current law, if a school board adopts a ~~notice~~ resolution to issue a bond ^{or a promissory notes}, the school district clerk must ^{or post} publish a notice ^{except in certain specified situations}. The notice must state the maximum amount proposed to be borrowed, the purpose of the borrowing, and the place where and the hours during which the resolution may be inspected. If a ~~unified~~ school district applies for a state trust fund loan, the notice ^{of the referendum to approve the loan} must state the amount of the proposed loan and the purpose for which it will be used.

⑩

This bill requires the ^{above} notices to also include the estimated amount of interest costs, the estimated amount of other costs associated with ^{issuing} the bond or ^{bond or}

for determining the loan

and

promissory notes, the assumptions made
with regard to estimating interest and
other costs.

Section #. 24.66 (3) (c) 2. of the statutes is amended to read:



24.66 (3) (c) 2. Unless the purpose and amount of the borrowing have been approved by the electors under s. 67.05 (6a) or considered approved by the electors under s. 67.05 (7) (d) 3., the purpose is to refund any outstanding obligation, the purpose is to pay unfunded prior service liability contributions under the Wisconsin Retirement System if all of the proceeds of the note will be used for that purpose, or the borrowing would not be subject to a referendum as a bond issue under s. 67.05 (7) (cc), (h), or (i), or s. 67.12 (12) (e) 2g., (f), or (h) applies, the school district clerk shall, within 10 days after a governing body of a school district adopts a resolution as described above to issue a certificate of indebtedness, publish notice of such adoption as a class 1 notice, under ch. 985. Alternatively, the notice may be posted as provided under s. 10.05.

The notice need not set forth the full contents of the resolution, but shall state the ~~maximum amount proposed to be borrowed, the purpose thereof, that the resolution was adopted under this subsection, and the place where, and the hours during which, the resolution may be inspected.~~

If, within 30 days after publication or posting, a petition conforming to the requirements of s. 8.40 is filed with the school district clerk for a referendum on the resolution signed by at least 7,500 electors of the district or at least 20 percent of the number of district electors voting for governor at the last general election, as determined under s. 115.01 (13), whichever is the lesser, then the resolution shall not be effective unless adopted by a majority of the district electors voting at the referendum. The referendum shall be called in the manner provided under s. 67.05 (6a), except that the question which appears on the ballot shall be "Shall (name of district) borrow the sum of \$.... for (state purpose) by issuing its general obligation promissory note (or notes) under section 24.66 (3) of the Wisconsin Statutes?". If a governing body of a school district adopts a resolution to borrow a sum of money under this subsection and a sufficient petition for referendum is not filed within the time permitted, then the power of the governing body of

information specified for the notice under s. 67.05 (6a) (a) 2

a school district to borrow the sum and expend the sum for the purpose stated shall be deemed approved by the school district electors upon the expiration of the time for filing the petition.

History: 1979 c. 221, 355; 1981 c. 169; Stats. 1981 s. 24.66; 1983 a. 196, 423; 1985 a. 49, 218, 225; 1987 a. 76, 79; 1995 a. 27, 227, 417; 1997 a. 27; 1999 a. 150 s. 672; 1999 a. 182; 2001 a. 16; 2001 a. 30 s. 108; 2007 a. 20; 2009 a. 2, 28; 2011 a. 71.

X

Section #. 24.66 (4) of the statutes is amended to read:

24.66 (4) POPULAR VOTE, WHEN REQUIRED. If any municipality is not empowered by law to incur indebtedness for a particular purpose without first submitting the question to its electors, the application for a state trust fund loan for that purpose must be approved and authorized by a majority vote of the electors at a special election called, noticed and held in the manner provided for other special elections. The question to be voted on shall be filed as provided in s. 8.37. The notice of the election shall state the amount of the proposed loan and the purpose for which it will be used.

History: 1979 c. 221, 355; 1981 c. 169; Stats. 1981 s. 24.66; 1983 a. 196, 423; 1985 a. 49, 218, 225; 1987 a. 76, 79; 1995 a. 27, 227, 417; 1997 a. 27; 1999 a. 150 s. 672; 1999 a. 182; 2001 a. 16; 2001 a. 30 s. 108; 2007 a. 20; 2009 a. 2, 28; 2011 a. 71.

except that the notice of the election in a school district shall state the ~~information specified for the notice published under s. 67.05 (6a) (g) 2~~

amount of the proposed loan, the estimated amount of interest costs, the estimated amount of other costs associated with obtaining the loan, the assumptions made with regard to estimating interest and other costs, and the purpose of the borrowing



Section #. 67.05 (6a) (a) 2. (intro.) of the statutes is amended to read:

the statute
under which

67.05 (6a) (a) 2. (intro.) Except as provided under pars. (b) and (c) and subs. (7) and (15), if the board of any school district, or the electors at a regularly called school district meeting, by a majority vote adopt an initial resolution to raise an amount of money by a bond issue, the school district clerk shall, within 10 days, publish notice of such adoption as a class 1 notice under ch. 985 or post the notice as provided under s. 10.05. The notice shall state the maximum amount proposed to be borrowed, the purpose of the borrowing, ~~that~~ the resolution was adopted ~~under this subdivision~~, and the place where and the hours during which the resolution may be inspected. The school board shall also do one of the following:

History: 1971 c. 29; 1971 c. 154 ss. 41, 80; 1971 c. 211, 295; 1973 c. 23; 1975 c. 182, 311, 422; 1977 c. 26; 1977 c. 29 ss. 733, 734, 1654 (8) (c); 1977 c. 427 s. 132; 1979 c. 221, 297, 311; 1981 c. 20, 282, 377, 391; 1983 a. 207 ss. 47 to 52, 93 (5), (6), (7), 95; 1983 a. 236 s. 13; 1983 a. 532 s. 36; 1983 a. 538; 1985 a. 187, 225, 304; 1987 a. 197; 1987 a. 391; 1989 a. 31, 192, 205; 1991 a. 49; 1993 a. 399; 1995 a. 378; 1997 a. 237, 286; 1999 a. 9; 1999 a. 150 ss. 622, 672; 1999 a. 182; 2001 a. 16; 2005 a. 333; 2007 a. 1; 2009 a. 28; 2011 a. 32, 75.

the ^{estimated} amount of interest costs, the estimated amount of other costs associated with issuing the bond, the assumptions made with regard to estimating interest and other costs,

X

Section #. 67.12 (12) (e) 2. of the statutes is amended to read:

67.12 (12) (e) 2. Unless the purpose and amount of the borrowing have been approved by the electors under s. 67.05 (6a) or deemed approved by the electors under s. 67.05 (7) (d) 3., the purpose is to refund any outstanding municipal obligation, the purpose is to pay unfunded prior service liability contributions under the Wisconsin retirement system if all of the proceeds of the note will be used for that purpose, the borrowing would not be subject to a referendum as a bond issue under s. 67.05 (7) (cc), (h) or (i), or subd. 2g. or par. (f) or (h) applies, the school district clerk shall, within 10 days after a school board adopts a resolution under subd. 1. to issue a promissory note in excess of \$5,000, publish notice of such adoption as a class 1 notice, under ch. 985. Alternatively, the notice may be posted as provided under s. 10.05. The notice need not set forth the full contents of the resolution, but shall state the ~~maximum amount proposed to be borrowed,~~ the ~~purpose thereof, that the resolution was adopted under this subsection, and the place where,~~ and the ~~hours during which, the resolution may be inspected.~~ If, within 30 days after publication or posting, a petition conforming to the requirements of s. 8.40 is filed with the school district clerk for a referendum on the resolution signed by at least 7,500 electors of the district or at least 20% of the number of district electors voting for governor at the last general election, as determined under s. 115.01 (13), whichever is the lesser, then the resolution shall not be effective unless adopted by a majority of the district electors voting at the referendum. The referendum shall be called in the manner provided under s. 67.05 (6a), except that the question which appears on the ballot shall be "Shall (name of district) borrow the sum of \$... for (state purpose) by issuing its general obligation promissory note (or notes) under section 67.12 (12) of the Wisconsin Statutes?"

History: 1971 c. 49, 144; 1971 c. 152 s. 38; 1971 c. 164, 215; 1973 c. 172, 250; 1975 c. 311; 1977 c. 29; 1977 c. 272 s. 98; 1977 c. 418; 1979 c. 34; 1979 c. 110 s. 60 (13); 1979 c. 221, 297; 1981 c. 20, 254; 1981 c. 282 ss. 29, 45; 1981 c. 314; 1983 a. 24, 27, 192, 207, 368, 538; 1985 a. 101, 225; 1987 a. 197, 391, 399, 403; 1989 a.

information specified for the notice

published under s. 67.05 (6a) (a) 2

31, 56, 192, 336, 366; 1991 a. 32, 49; 1993 a. 399; 1995 a. 27, 227, 232, 358; 1997 a. 35, 286; 1999 a. 9; 1999 a. 150 s. 672; 1999 a. 182; 2001 a. 16; 2003 a. 43; 2007 a. 115, 188; 2009 a. 28, 180; 2011 a. 32, 75.

INITIAL APPLICABILITY

- In the component bar:
 For the action phrase, execute: create → action: → *NS: → inappl
 For the budget action phrase, execute: create → action: → *NS: → 93XX
 For the text, execute: create → text: → *NS: → inappl
- Nonstatutory subunits are numbered automatically. Fill in the Section # or subsection # only if a "frozen" number is needed. Below, for the budget, fill in the 9300 department code.

SECTION # **[93** **]**. Initial applicability;

(#1) ()

The treatment of sections ..

of the statutes

first applies to

was an application for a state trust fund to an section 24.66(1) of the statutes

- In the component bar:
 For the action phrase, execute: create → action: → *NS: → inappl
 For the text, execute: create → text: → *NS: → inapplA
- Nonstatutory subunits are numbered automatically. Fill in the Section # or subsection # only if a "frozen" number is needed.

SECTION # . Initial applicability;

(#1) ()

This act first

applies to a resolution adopted ~~by the legislature~~ under section 67.05(1) or 67.12(12)(e) 1. of the statutes on the effective date of this subsection.

or (2)

~~FILE~~ →

EFFECTIVE DATE

1. In the component bar: For the action phrase, execute: ... **create** → **action:** → *NS: → **effdate**
For the text, execute: **create** → **text:** → *NS: → **effdateA**
2. Nonstatutory subunits are numbered automatically. Fill in the SECTION # or subsection # only if a "frozen" number is needed.

SECTION # _____ . Effective date.

(#1) () This act takes effect
 on July 1, 2014 (End)

1. In the component bar: For the action phrase, execute: .. **create** → **action:** → *NS: → **effdateE**
For the text, execute: **create** → **text:** → *NS: → **effdate**
2. Nonstatutory subunits are numbered automatically. Fill in the SECTION # or subsection # only if a "frozen" number is needed.

SECTION # _____ . Effective dates;

..... This act takes effect on the day after publication, except as follows:

(#1) () The treatment of
 sections
 of the statutes takes effect on

1. In the component bar: For the budget action phrase, execute:.. **create** → **action:** → *NS: → **94XX**
For the text, execute: **create** → **text:** → *NS: → **effdate**
2. Nonstatutory subunits are numbered automatically. Fill in the SECTION # or subsection # only if a "frozen" number is needed. Below, for the budget, fill in the **9400** department code.

SECTION 94 _____ . Effective dates;

(#1) () The treatment of
 sections
 of the statutes takes effect on

DN

Heather:

In addition to amending ss. 67.05 (6a) and 67.12 (12), dealing with the issuance of bonds and promissory notes,

I amended s. 24.66 (3)(c) 2. and (4),

of the statutes, which relate to state

trust fund loans. However, I'm not sure if state

trust funds loans pose the same sort of problems

that are posed by the issuance of bonds and

promissory notes, under ~~ch. 67~~ of the

~~statutes~~. If not, let me know and I'll

~~redraft~~ to eliminate those sections of

the draft.

PL

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3391/1dn
PG:cjs:jf

October 25, 2013

Heather:

In addition to amending ss. 67.05 (6a) and 67.12 (12), dealing with the issuance of bonds and promissory notes, I amended s. 24.66 (3) (c) 2. and (4), which relate to state trust fund loans. However, I'm not sure if state trust fund loans pose the same sort of problems that are posed by the issuance of bonds and promissory notes. If not, let me know and I'll eliminate those sections of the draft.

Peter R. Grant
Managing Attorney
Phone: (608) 267-3362
E-mail: peter.grant@legis.wisconsin.gov

Parisi, Lori

From: Moore, Heather
Sent: Wednesday, November 13, 2013 1:10 PM
To: LRB.Legal
Subject: Draft Review: LRB -3391/1 Topic: Referendum requirements

Please Jacket LRB -3391/1 for the ASSEMBLY.