

### Fiscal Estimate - 2017 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>17-4926/1</b>	<b>Introduction Number</b> <b>SB-699</b>
<b>Description</b> School district revenue limit adjustment for energy efficiency projects	
<b>Fiscal Effect</b>	
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations  <input type="checkbox"/> Decrease Existing Appropriations  <input type="checkbox"/> Create New Appropriations                 </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues  <input type="checkbox"/> Decrease Existing Revenues                 </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget  <div style="display: flex; justify-content: space-around; font-size: small;"> <input type="checkbox"/> Yes      <input type="checkbox"/> No                     </div> <input type="checkbox"/> Decrease Costs                 </div> </div>	
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">                 1. <input type="checkbox"/> Increase Costs  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                  2. <input type="checkbox"/> Decrease Costs  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory             </div> <div style="width: 30%;">                 3. <input type="checkbox"/> Increase Revenue  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                  4. <input type="checkbox"/> Decrease Revenue  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory             </div> <div style="width: 30%;">                 5. Types of Local Government Units Affected  <input type="checkbox"/> Towns      <input type="checkbox"/> Village      <input type="checkbox"/> Cities  <input type="checkbox"/> Counties      <input type="checkbox"/> Others  <input checked="" type="checkbox"/> School Districts      <input type="checkbox"/> WTCS Districts             </div> </div>	
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
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<b>Date</b> 1/26/2018	

## Fiscal Estimate Narratives

DPI 1/26/2018

LRB Number	17-4926/1	Introduction Number	SB-699	Estimate Type	Original
<b>Description</b> School district revenue limit adjustment for energy efficiency projects					

### Assumptions Used in Arriving at Fiscal Estimate

2017 Wisconsin Act 59, the biennial budget, restricted the ability of a school board to increase the school district's revenue limit by adopting a resolution to exceed the revenue limit for an energy efficiency project to only those resolutions adopted before January 1, 2018, or after December 3018. This bill eliminates this restriction.

Current law generally limits the total amount of revenue per pupil a school district may receive from general school aids and property taxes in a school year to the amount of revenue received per pupil in the previous school year. However, there are several exceptions to the revenue limit under current law. One such exception is for a school district in which the school board adopts a resolution to exceed the school district's revenue limit for an energy efficiency project. Under current law, if a school board adopted a resolution before January 1, 2018, or after December 3018, the school district's revenue limit is increased by the amount the school district spends on the energy efficiency project in a school year, including amounts spent for debt service on a bond, note, or state trust fund loan used to finance the energy efficiency project. Under the bill, a school district's revenue limit is increased by the amount the school district spends on the energy efficiency project regardless of when a school board adopts the resolution to do so.

Local:

Since the energy efficiency revenue limit exemption has come into existence for school districts in FY10, a total number of 190 school districts have, at some point, used the exemption at least once, creating a total of \$309,574,583 in additional revenue authority for energy efficiency projects between FY10 and FY18. The number of districts, with the total available revenue limit exemption authority statewide, is broken out by fiscal year below:

FY 2010: 35 school districts, \$5,048,242 statewide impact  
FY 2011: 25 school districts, \$7,092,895 statewide impact  
FY 2012: 32 school districts, \$8,876,287 statewide impact  
FY 2013: 33 school districts, \$8,754,950 statewide impact  
FY 2014: 53 school districts, \$21,705,080 statewide impact  
FY 2015: 81 school districts, \$37,137,019 statewide impact  
FY 2016: 105 school districts, \$48,874,284 statewide impact  
FY 2017: 120 school districts, \$79,772,427 statewide impact  
FY 2018: 147 school districts, \$92,313,399 statewide impact  
Total: 190 school districts, \$309,574,583 statewide impact

2017 Wisconsin Act 59, the 2017-19 biennial budget, provides that school districts that have passed a resolution to exceed their revenue limits for energy efficiency projects before January 1, 2018, will continue to use the additional authority to pay debt service on the bonds or notes used to finance such projects after the effective date of the bill. However, after the January 1 initial applicability date, no school district will be able to use this exemption for new projects under December 3018, and as such, future energy efficiency projects would have to be funded either within a school district's base budget (revenue limit) or by putting the question to exceed its revenue limit to referendum.

If the bill is enacted, prior law will be restored and will permit school districts to resume making use of the revenue limit exemption for energy efficiency projects. This exemption is borne entirely on the property tax levy for nonrecurring purposes and would therefore not be included in the base for determining a school district's base revenues for the following school year. Assuming that school districts levy to the full revenue limit exemption provided in the board's resolution for energy efficiency projects, the total revenue limit authority associated with this exemption may increase, as districts that pass a resolution to use the

exemption to make debt service payments continue to utilize the exemption to generate tax revenue to pay down on their debt service commitments. The experience with the energy efficiency exemption has been that the exemption amount statewide has grown in each year. However, because many other factors affect districts' final tax levies (membership, future per pupil adjustment amounts, other exemptions used by districts – e.g., referenda), it is not possible to project the net tax levy impact that would result from restoring the energy efficiency revenue limit exemption. Therefore, the local fiscal impact cannot be accurately calculated at this time.

State:

This bill would increase total revenue limit authority only. Because the bill does not change appropriations for school districts, there would be no impact on the state's general fund as a result of this bill.

### **Long-Range Fiscal Implications**