

2001 DRAFTING REQUEST

Bill

Received: 02/27/2001

Received By: grantpr

Wanted: As time permits

Identical to LRB:

For: Mark Miller (608) 266-5342

By/Representing: Linda

This file may be shown to any legislator: NO

Drafter: grantpr

May Contact:

Addl. Drafters:

Subject: Education - school finance

Extra Copies: MJL

Pre Topic:

No specific pre topic given

Topic:

School district bonds, notes, and revenue limits

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>
/?	grantpr 02/27/2001	csicilia 02/28/2001		_____			S&L
/1			rschluet 02/28/2001	_____	lrb_docadmin 02/28/2001	lrb_docadmin 03/29/2001	

FE Sent For:

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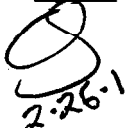
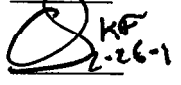
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/?	grantpr	1 cjs 2/28 01	 2-26-1	 KF 2-26-1			

FE Sent For:

<END>

Grant, Peter

From: Chappetto, Linda
Sent: Tuesday, February 27, 2001 9:29 AM
To: Grant, Peter
Subject: Mark Miller

\$350 per Student Discretionary Borrowing - Allowing schools authority to borrow up to \$350 per student without referendum for essential infrastructure expenses such as technology, facility maintenance, and utility expenses. The total amount of such non-referendum borrowing authority is limited to \$350 per student at any one time (i.e. it is not an annual or recurring authority). Such authority is subject to bonding interrupts by citizen petition and referendum.

If you need any further information, let me know and I will Have Mark call you. Thank you for being so responsive.

Linda Chappetto
Legislative Assistant
Rep. Mark Miller

LRB-2648 1
PK: cjs

~~1999~~ BILL

LPS: P.W.F
all sections w/
amended text

regenerate

1 AN ACT *to amend* 67.05 (6a) (a) 2. (intro.), 67.05 (6a) (b) (intro.), 67.05 (6a) (bm)

2 (intro.), 67.12 (12) (e) 2., 67.12 (12) (e) 2g. (intro.), 121.07 (6) (a) (intro.), 121.15

3 (3m) (a) 1. and 121.92 (2) (c); and *to create* 67.05 (6a) (be), 67.05 (6a) (d), 67.12

4 (12) (e) 2i., 67.12 (12) (e) 2w. and 121.91 (4) (c) 4. of the statutes; **relating to:**

5 school district bonds, promissory notes, and revenue limits ~~and excluding~~

6 ~~certain debt service from a school district's shared cost.~~

Analysis by the Legislative Reference Bureau

Under current law, if a school board or the electors at a school district meeting adopt ~~an initial~~ resolution to raise money by issuing a bond and the bond will cause the aggregate outstanding indebtedness of the school district incurred without a referendum since August 9, 1989, to exceed \$1,000,000 or an amount determined by multiplying the school district's enrollment by 1.5% of the statewide average property tax base per pupil, whichever is less, the school board must do one of the following:

1. Direct the school district clerk to call a special election to submit the ~~initial~~ resolution to the electors at a binding referendum.
2. Specify in the ~~initial~~ resolution the date, time, and place for a public hearing on the resolution. The school board must also specify whether the public hearing will be for informational purposes only or whether the electors at the public hearing will have an opportunity to vote on whether a binding referendum will be held.

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✓

BILL

If the school board decides to hold a public hearing for informational purposes only, the resolution is effective unless a sufficient number of electors file a petition for a binding referendum on the resolution within 30 days of the public hearing.

If the school board decides to hold a public hearing at which the electors present may vote on whether a binding referendum will be held, one of the following will occur:

1. A majority of the electors present and voting at the hearing determine that a referendum will be held. If this occurs, the school board must direct the school district clerk to hold the referendum.

2. A majority of the electors present and voting at the hearing determine that no referendum will be held. If this occurs, the resolution is effective unless a sufficient number of electors file a petition for a binding referendum on the resolution within 30 days of the public hearing.

If a school board adopts ~~an initial~~ resolution to issue a promissory note, a referendum will be held only if the amount of money borrowed will cause the aggregate outstanding indebtedness of the school district incurred without a referendum since August 9, 1989, to exceed \$1,000,000 or an amount determined by multiplying the school district's enrollment by 1.5% of the statewide average property tax base per pupil, whichever is less, and a petition is filed and signed by a sufficient number of school district electors.

This bill provides additional authority to issue a bond or promissory note without a referendum if the ~~school board adopts the initial resolution to issue the bond or promissory note by at least a two-thirds vote of its members and the~~ bond or promissory note will not cause the aggregate amount of outstanding indebtedness of the school district incurred without a referendum since the effective date of this bill to exceed ~~\$250,000 or~~ the amount determined by multiplying the school district's enrollment by \$350 ~~whichever is greater~~. The school board may use the funds only for a capital expenditure, and only for building maintenance, remodeling, or renovation; to ~~protect the public health or safety, to comply with the federal Americans with Disabilities Act~~ or for educational technology. comma
pay
utility
costs

The bill also increases a school district's revenue limit by the amount needed to pay debt service on a bond or promissory note authorized on or after the effective date of this bill by school board resolution if the issuance of the bond or note was not subject to a referendum as a result of the new provision described above.

Finally, this bill excludes from a school district's shared cost (costs that are aidable through the general school aid formula) debt service on debt that was not subject to a referendum as a result of the new provision described above.

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

BILL

P.w.f.

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

P.w.f.

10 **SECTION 2.** 67.05 (6a) (b) (intro.) of the statutes is amended to read:

11 67.05 (6a) (b) (intro.) Paragraph (a) 2. ~~applies only~~ does not apply if the amount
 12 of money to be raised by the bond issue will not cause the aggregate amount of
 13 outstanding indebtedness of the school district incurred without a referendum since
 14 August 9, 1989, excluding indebtedness incurred without a referendum as a result
 15 of par. (be) and excluding amounts specified in par. (bm), to exceed \$1,000,000 or an
 16 amount determined as follows, whichever is less:

17 **SECTION 3.** 67.05 (6a) (be) of the statutes is created to read:

18 67.05 (6a) (be) Paragraph (a) 2. does not apply if the ~~school board adopted the~~
 19 ~~initial resolution by at least a two-thirds vote of its members and the~~ amount of
 20 money to be raised by the bond issue will not cause the aggregate amount of
 21 outstanding indebtedness of the school district incurred without a referendum as a
 22 result of this paragraph since the effective date of this paragraph [revisor inserts
 23 date], excluding amounts specified in par. (bm), to exceed ~~\$250,000~~ or an amount
 24 determined by multiplying the school district's membership, as defined in s. 121.004
 25 (5), by \$350 ~~which is greater~~

BILL

SECTION 4. 67.05 (6a) (bm) (intro.) of the statutes is amended to read:

67.05 (6a) (bm) (intro.) In ~~par.~~ par. (b) and (be) and in s. 67.12 (12) (e) 2g. and 2i., "outstanding indebtedness" does not include the amount of any of the following:

SECTION 5. 67.05 (6a) (d) of the statutes is created to read:

67.05 (6a) (d) If a school board raises funds by a bond issue and par. (a) 2. does not apply as a result of par. (be), ~~the school board shall adopt a resolution specifying how the funds will be used. The~~ school board may use the funds only for a capital expenditure that is for one or more of the following purposes:

- 1. Building maintenance, remodeling or renovation.
- 2. ~~Protection of the public health or safety~~ = utility costs
- 3. ~~Compliance with 42 USC 12101 to 12213.~~
- 3. Educational technology.

SECTION 6. 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 2i. 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

P.W.S.

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P.W.S.

BILL

1 resolution was adopted under this subsection, and the place where, and the hours
2 during which, the resolution may be inspected. If, within 30 days after publication
3 or posting, a petition conforming to the requirements of s. 8.40 is filed with the school
4 district clerk for a referendum on the resolution signed by at least 7,500 electors of
5 the district or at least 20% of the number of district electors voting for governor at
6 the last general election, as determined under s. 115.01 (13), whichever is the lesser,
7 then the resolution shall not be effective unless adopted by a majority of the district
8 electors voting at the referendum. The referendum shall be called in the manner
9 provided under s. 67.05 (6a), except that the question which appears on the ballot
10 shall be "Shall (name of district) borrow the sum of \$.... for (state purpose) by
11 issuing its general obligation promissory note (or notes) under section 67.12 (12) of
12 the Wisconsin Statutes?".

13 SECTION 7. 67.12 (12) (e) 2g. (intro.) of the statutes is amended to read:

14 67.12 (12) (e) 2g. (intro.) Subdivision 2. ~~applies only~~ does not apply if the
15 amount of money to be raised by the promissory note will not cause the aggregate
16 amount of outstanding indebtedness of the school district incurred without a
17 referendum since August 9, 1989, excluding indebtedness incurred without a
18 referendum as a result of subd. 2i. and excluding amounts specified in s. 67.05 (6a)
19 (bm), to exceed \$1,000,000 or an amount determined as follows, whichever is less:

20 SECTION 8. 67.12 (12) (e) 2i. of the statutes is created to read:

21 67.12 (12) (e) 2i. Subdivision 2. does not apply if the ~~school board~~ adopted the
22 ~~initial resolution by at least a two-thirds vote of its members and the~~ amount of
23 money to be raised by the promissory note will not cause the aggregate amount of
24 outstanding indebtedness of the school district incurred without a referendum as a
25 result of this subdivision since the effective date of this subdivision [revisor

P.W.F.

P.W.F.

BILL

1 inserts date], excluding amounts specified in s. 67.05 (6a) (bm), to exceed ~~\$250,000~~
 2 ~~an~~ amount determined by multiplying the school district's membership, as defined
 3 in s. 121.004 (5), by \$350, ~~whichever is greater~~

4 SECTION 9. 67.12 (12) (e) 2w. of the statutes is created to read:

5 67.12 (12) (e) 2w. If a school board borrows funds under this section and subd.
 6 2. does not apply as a result of subd. 2i., the school board shall adopt a resolution
 7 specifying how the funds will be used. The school board may use the funds only for
 8 a capital expenditure that is for one or more of the following purposes:

9 a. Building maintenance, remodeling or renovation.

10 b. ~~Protection of the public health or safety~~ utility costs

11 ~~c. Compliance with 42 USC 12101 to 12213.~~

12 ~~(c), (d)~~ Educational technology.

13 ~~SECTION 10. 121.07 (6) (a) (intro.) of the statutes is amended to read.~~

14 121.07 (6) (a) (intro.) "Shared cost" is the sum of the net cost of the general fund
 15 and the net cost of the debt service fund, except that "shared cost" excludes any costs,
 16 including attorney fees, incurred by a school district as a result of its participation
 17 in a lawsuit commenced against the state, beginning with such costs incurred in the
 18 fiscal year in which the lawsuit is commenced. In this paragraph, "net cost of the debt
 19 service fund" excludes debt service on debt that was not subject to a referendum as
 20 a result of s. 67.05 (6a) (be) or 67.12 (12) (e) 2i. In this paragraph, "net cost of the debt
 21 service fund" includes all of the following amounts:

22 SECTION 11. 121.15 (3m) (a) 1. of the statutes is amended to read:

23 121.15 (3m) (a) 1. "Partial school revenues" means the sum of state school aids,
 24 other than the amounts appropriated under s. 20.255 (2) (bi) and (cv), and property
 25 taxes levied for school districts, other than property taxes levied to pay debt service

BILL

~~on debt that was not subject to a referendum as a result of s. 67.05 (6a) (be) or 67.12 (12) (e) 2i., less the amount of any revenue limit increase under s. 121.91 (4) (a) 2. due to a school board's increasing the services that it provides by adding responsibility for providing a service transferred to it from another school board and less the amount of any revenue limit increase under s. 121.91 (4) (a) 3.~~

SECTION 12. 121.91 (4) (c) 4. of the statutes is created to read:

121.91 (4) (c) 4. Funds needed for the payment of any general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding municipal obligations, interest on outstanding municipal obligations or the payment of related issuance costs or redemption premiums, authorized on or after the effective date of this subdivision [revisor inserts date], by a resolution of the school board and secured by the full faith and credit of the school district if the issuance of the debt was not subject to a referendum as a result of s. 67.05 (6a) (be) or 67.12 (12) (e) 2i.

SECTION 13. 121.92 (2) (c) of the statutes is amended to read:

~~121.92 (2) (c) If the amount of the deductions under pars. (a) and (b) is insufficient to cover the excess revenue, order the school board to reduce the property tax obligations of its taxpayers by an amount that represents the remainder of the excess revenue. The school district's refunds to taxpayers who have already paid their taxes shall be increased by interest at the rate of 0.5% per month. If the school board violates the order, any resident of the school district may seek injunctive relief.~~

~~This paragraph does not apply to property taxes levied for the purpose of paying the principal and interest on valid bonds or notes issued by the school board.~~

SECTION 14. Initial applicability.

BILL

1 ~~(1) The treatment of section 121.07 (6) (a) (intro.) of the statutes first applies~~
2 ~~to the payment of state aid in the second school year beginning after publication.~~

3 (1) The treatment of sections 67.05 (6a) (a) 2. (intro.), (b) (intro.), (be) and (d)
4 and 67.12 (12) (e) 2., 2g. (intro.), 2i. and 2w. of the statutes first applies to ~~initial~~
5 resolutions adopted on the effective date of this subsection.

6 SECTION 15. Effective date.

7 (1) This act takes effect on the July 1 after publication.

8 (END)

by a school board

to borrow money that are



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
5TH FLOOR
MADISON, WI 53701-2037

STEPHEN R. MILLER
CHIEF

LEGAL SECTION: (608) 266-3561
LEGAL FAX: (608) 264-6948

February 28, 2001

MEMORANDUM

To: Representative Miller

From: Peter R. Grant, Managing Attorney

Re: LRB-2648 School district bonds, notes, and revenue limits

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

_____ JACKET FOR ASSEMBLY _____ JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 267-3362 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.