

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-3440/1	Introduction Number SB-337
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Description
 School district revenue limit adjustment for energy efficiency projects

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations
 Decrease Existing Revenues
 Yes No
 Create New Appropriations
 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	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
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<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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Fiscal Estimate Narratives

DPI 10/28/2015

LRB Number	15-3440/1	Introduction Number	SB-337	Estimate Type	Original
Description School district revenue limit adjustment for energy efficiency projects					

Assumptions Used in Arriving at Fiscal Estimate

This bill limits the school district revenue limit adjustment (“exemptions”) for projects to implement energy efficiency measures or to purchase energy efficiency products (energy efficiency projects) to school districts that adopted a resolution before the effective date of the bill (January 1, 2016).

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, plus the per pupil adjustment dictate by state law (\$0 for FY16 and FY17). However, there are several exceptions (“exemptions”) to the revenue limit under current law. Once such exemption is for energy efficiency projects or products. Under current law, a school district’s revenue limit is increased, via the “energy efficiency exemption” by the amount the school district spends on the energy efficiency project (or products) in a school year, including amounts spent for debt service on a bond, note, or state trust fund loan used to finance an energy efficiency project. This bill limits this energy efficiency exemption to school districts that adopted a resolution to exceed their revenue limit to pay for an energy efficiency project (or products) before the effective date of the bill.

Local: Since the energy efficiency revenue limit exemption has come into existence for school districts in FY10, a total number of 125 school districts have, at some point, used the exemption at least once, creating a total of \$89,548,038 in additional revenue authority for energy efficiency projects. The number of districts, with the total available revenue limit exemption authority statewide, is broken out by fiscal year below.

Fiscal Year	Number of Districts	Total Exemption Amount
FY 2010	35	\$5,048,242
FY 2011	25	\$7,092,895
FY 2012	32	\$8,876,287
FY 2013	33	\$8,754,950
FY 2014	53	\$21,705,080
FY 2015	84	\$38,070,584
Total	125	\$89,548,038

This bill provides that school districts that have passed a resolution to exceed their revenue limits for energy efficiency projects 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 effective date, no school district will be able to use this exemption for new projects 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, the total revenue limit authority associated with this exemption would decrease annually, as districts that had previously passed 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. 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 eliminating the energy efficiency revenue limit exemption. Therefore, the local fiscal impact cannot be accurately calculated at this time.

State: Because this revenue limit exemption is borne by the local property tax levy, there is no fiscal impact to the state as a result of this bill.

Long-Range Fiscal Implications