AN ACT to amend 121.91 (2m) (i) (intro.), 121.91 (3) (c) and 121.91 (7); and to create 121.93 of the statutes; relating to: creating a general school aid penalty for increasing a school district’s revenue limit by referendum and allowing school boards to rescind revenue limit increases that have been approved by referendum.

Analysis by the Legislative Reference Bureau

Current law generally limits the total amount of revenue a school district may receive from general school aids and property taxes in a school year. However, there are several exceptions to the revenue limit. One exception is for excess revenue approved by referendum for recurring and nonrecurring purposes. This type of referendum is often referred to as an operating referendum. If the operating referendum is for a nonrecurring purpose, a school district’s authority to raise excess revenue is approved only for specific school years. If the operating referendum is for a recurring purpose, the school district’s authority to raise excess revenue is permanent.

Under this bill, a school district’s general school aid payment is reduced by a percentage of the excess revenue approved by operating referenda. The reduction in general school aid is 20 percent of the excess revenue approved by operating referenda approved after the date of the bill. Under the bill, the question presented for an operating referendum must include an estimate of any reduction in general school aid that will occur if the referendum is approved. The bill also allows a school
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board to reduce its revenue limit by adopting a resolution to rescind a portion or all of its authority to raise excess revenue that has been granted under an operating referendum.

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:

SECTION 1. 121.91 (2m) (i) (intro.) of the statutes is amended to read:

121.91 (2m) (i) (intro.) Except as provided in subs. (3), (4), and (8) and subject to any reduction approved under s. 121.93 (5), no school district may increase its revenues for the 2015–16 school year or for any school year thereafter to an amount that exceeds the amount calculated as follows:

SECTION 2. 121.91 (3) (c) of the statutes is amended to read:

121.91 (3) (c) The referendum shall be held in accordance with chs. 5 to 12. The school district clerk shall provide the election officials with all necessary election supplies. The form of the ballot shall correspond substantially with the standard form for referendum ballots prescribed by the elections commission under ss. 5.64 (2) and 7.08 (1) (a). The question submitted shall be whether the limit under sub. (2m) may be exceeded by a specified amount and shall indicate the estimated reduction to state aid under s. 121.93 if the referendum is approved. If the resolution provides that any of the excess revenue will be used for a nonrecurring purpose, the ballot in the election shall so state and shall specify the amount that will be used for a nonrecurring purpose. The limit otherwise applicable to the school district under sub. (2m) is increased by the amount approved by a majority of those voting on the question.

SECTION 3. 121.91 (7) of the statutes is amended to read:
121.91 (7) Except as provided in subs. (4) (f) 2. and (n) to (qe) and (8), if an excess revenue is approved under sub. (3) for a recurring purpose or allowed under sub. (4), the excess revenue shall be included in the base for determining the limit for the next school year for purposes of this section, unless the excess revenue has been rescinded under s. 121.93 (5). If an excess revenue is approved under sub. (3) for a nonrecurring purpose, the excess revenue shall not be included in the base for determining the limit for the next school year for purposes of this section.

**SECTION 4.** 121.93 of the statutes is created to read:

**121.93 Penalty for increasing revenue limit by referendum.** (1) In this section:

(a) “Excess levy authority” means the sum of the total amount that a school district was authorized to exceed its revenue limit in the prior school year due to operating referenda approved after the effective date of this paragraph .... [LRB inserts date].

(b) “Operating referendum” means a referendum under s. 121.91 (3) to exceed a school district’s revenue limit for a recurring or nonrecurring purpose or for both recurring and nonrecurring purposes.

(c) “Revenue limit” means a school district’s limit under s. 121.91 (2m).

(2) (a) If a school district has excess levy authority, the state superintendent shall decrease the school district’s state aid payment under s. 121.08 by an amount determined by multiplying the amount of the school district’s excess levy authority by 0.20.

(b) If, after making state aid adjustments under s. 118.51 (16) and (17) and all of the reductions under ss. 115.7915 (4m) (f) 1., 118.40 (2r) (g) 1. and (2x) (f) 1., and 118.60 (4d) (b) 1., the state aid payment to a school district under s. 121.08 is
insufficient to cover the reduction under par. (a), the state superintendent shall
decrease other state aid payments made by the state superintendent to the school
district by the remaining amount.

(3) The state superintendent shall make reductions under sub. (2) after
making state aid adjustments under s. 118.51 (16) and (17) and the reductions to
state aid under ss. 115.7915 (4m) (f) 1., 118.40 (2r) (g) 1. and (2x) (f) 1., and 118.60
(4d) (b) 1.

(4) If a school district does not have excess levy authority, the state
superintendent shall increase the amount of state aid that the school district is
eligible to receive under s. 121.08 by an amount determined as follows:

(a) Sum the amounts determined under sub. (2) (a) for all school districts in the
current school year.

(b) Calculate the total amount of state aid that all school districts that did not
have excess authority in the current year are eligible to be paid from the
appropriation under s. 20.255 (2) (ac).

(c) Divide the amount determined under par. (a) by the amount determined
under par. (b).

(d) Multiply the amount of state aid under par. (a) by the quotient under par.
(c).

(5) A school board may reduce its revenue limit by adopting a resolution to
rescind a portion or all of any increase to the school district’s revenue limit approved
by an operating referendum. A school board shall include in a resolution under this
subsection the first school year for which the school district’s revenue limit will be
reduced. A school board shall notify the department of any resolution adopted under this subsection.