



## Fiscal Estimate Narratives

DPI 6/16/2019

LRB Number	19-3128/1	Introduction Number	AB-0292	Estimate Type	Original
<b>Description</b> the school district revenue limit adjustment for energy efficiency projects					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, 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 is restricted 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 adopts a resolution 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, beginning on the date on which the bill becomes law, a school district may increase its revenue limit by the amount the school district spends on an energy efficiency project by adopting a resolution to do so.

### Local Fiscal Effect:

Since the energy efficiency revenue limit exemption has come into existence for school districts in FY10, a total number of 197 school districts have, at some point, used the exemption at least once, creating a total of \$399,731,343 in additional revenue authority for energy efficiency projects between FY10 and FY19. 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 total exemption amount  
FY 2011: 25 school districts, \$7,092,895 total exemption amount  
FY 2012: 32 school districts, \$8,876,287 total exemption amount  
FY 2013: 33 school districts, \$8,754,950 total exemption amount  
FY 2014: 53 school districts, \$21,705,080 total exemption amount  
FY 2015: 81 school districts, \$37,137,019 total exemption amount  
FY 2016: 105 school districts, \$48,874,284 total exemption amount  
FY 2017: 120 school districts, \$79,772,427 total exemption amount  
FY 2018: 147 school districts, \$92,313,399 total exemption amount  
FY 2019: 140 school districts, \$90,156,760 total exemption amount  
Total: 197 school districts, \$399,731,343 total exemption amount

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 Fiscal Effect:

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**

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.