

Fiscal Estimate - 2025 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 25-1974/1	Introduction Number SB-0061
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Description
 excluding expenditures funded by referenda from shared costs for the purpose of determining equalization aid for school districts

Fiscal Effect

State:

- | | | |
|---|--|---|
| <input type="checkbox"/> No State Fiscal Effect
<input type="checkbox"/> Indeterminate
<input type="checkbox"/> Increase Existing Appropriations
<input type="checkbox"/> Decrease Existing Appropriations
<input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues
<input type="checkbox"/> Decrease Existing Revenues | <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Costs |
|---|--|---|

Local:

- | | | |
|---|--|--|
| <input type="checkbox"/> No Local Government Costs
<input checked="" type="checkbox"/> Indeterminate
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 | 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 | 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 |
|---|--|--|

Fund Sources Affected

Affected Ch. 20 Appropriations

- GPR FED PRO PRS SEG SEGS

Agency/Prepared By	Authorized Signature	Date
DPI/ Erin Fath (608) 266-2804	Erin Fath (608) 266-2804	3/4/2025

Fiscal Estimate Narratives
DPI 3/4/2025

LRB Number	25-1974/1	Introduction Number	SB-0061	Estimate Type	Original
Description excluding expenditures funded by referenda from shared costs for the purpose of determining equalization aid for school districts					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a school district's shared cost is one of the factors used to calculate a school district's equalization aid. Generally, under current law, a school district's shared cost is the sum of its net cost of the general fund and the net cost of the debt service fund (with a few exceptions) that are paid for from state general aid and the district's property tax revenue. Shared costs may also be referred to as "aidable costs". Under this bill, certain expenditures would be excluded from shared costs – those costs are:

1. For the net cost of the [school district's] general fund: the amount [of property taxes] "levied by a school district or levied for school purposes in the previous school year that was approved by a referendum held under s. 121.91 (3) after the effective date of this paragraph [LRB inserts date], to exceed the limit under s. 121.91 (2m) by at least \$50,000,000, unless, in the previous school year, the school district's equalized valuation exceeded the tertiary guaranteed valuation per member."
2. For the net cost of the [school district's] debt service fund: the amount "excludes debt service on debt authorized by a referendum held after the effective date of this paragraph [LRB inserts date], to borrow at least \$50,000,000, unless, in the previous school year, the school district's equalized valuation exceeded the tertiary guaranteed valuation per member" (i.e., a "negative tertiary school district" in the equalization aid formula).

Local Fiscal Impact: indeterminate

The bill would have the effect of redistributing equalization aid to school districts. The general impacts would that for positively aided districts that pass referenda meeting the criteria under the bill, aid eligibility would likely be reduced (compared to current law).

The bill's provisions do not apply to negative tertiary districts; thus, those districts would essentially be treated the same as under current law. However, the aid formula, being sum certain, would redistribute aid away from the positively aided districts that pass referenda meeting the criteria under the bill to all other school districts, including negative tertiary districts.

To the extent that the bill draws equalization aid away from a district that passed a referendum meeting the criteria under the bill, the share of the district's controlled revenue authority (revenue limit) borne by taxpayers would increase.

To the extent that the bill results in fewer school districts holding referenda for significant increases in revenue authority, the bill could result in lower property taxes.

DPI cannot project future behavior of schools, thus the estimate fiscal impact is indeterminate.

Long-Range Fiscal Implications