

Wisconsin Governor Suspends Revenue Limit Exemption for Millennium

Governor Scott Walker (R-WI), vetoed the provision in the budget bill that would have suspended the Revenue Limit Exemption (RLE) for one year, replacing it with the suspension of the RLE for a millennium, until December 3018. The text of the Governor's Veto Message is excerpted below:

PUBLIC INSTRUCTION

32. Energy Efficiency Revenue Limit Adjustment

I am partially vetoing this section to limit adoption of such resolutions to before January 1, 2018 or after December 3018. I object to the temporary suspension of this revenue limit adjustment because I believe school districts should be required to use referenda to bypass revenue limits. Many of the recently adopted resolutions for energy efficiency measures allowed school districts to exceed revenue limits by a significant amount. Taxpayers should have a direct voice when large property tax increases are under consideration. This veto will maintain the ability for school districts to ask taxpayers if they wish to exceed revenue limits and eliminate an exemption that has been viewed as a loophole to revenue limits.

The Governor's veto applied to a provision that had been negotiated in the legislature that would have suspended the RLE for one year, starting in January 2018, which is described below in an excerpt from the Legislative Fiscal Bureau's "Comparative Summary of Budget Recommendations."

3. REVENUE LIMIT ADJUSTMENT FOR ENERGY EFFICIENCY MEASURES

[LFB Paper 492]

Governor: *Specify that school districts would not be able to adopt a school board resolution to utilize the energy efficient adjustment under revenue limits after the effective date of the bill. Under this provision, school districts could still fund this type of project within their revenue limit, or seek voter approval through a referendum to exceed revenue limits.*

The 2009-11 budget act created a nonrecurring adjustment for energy efficiency measures. Under the adjustment, a school district's revenue limit is increased by the amount spent by the district in that year on a project to implement energy efficiency measures or to purchase energy efficient products. The project must result in the avoidance of, or reduction in, energy costs or operational costs, and be governed by a performance contract entered into under statutory municipal law provisions. A school board must adopt a resolution to use this adjustment.

The adjustment may be used for the payment of debt service on bonds and notes issued or state trust fund loans obtained to finance the project. Such bonds or notes may not be issued or loans be obtained for a period exceeding 20 years, and the resolution adopted by a school board is valid for each year in which the board pays debt service on the bond, note, or state trust fund loan.

In 2016-17, 120 school districts were eligible for energy efficiency adjustments totaling \$79.8 million.

Joint Finance: *Modify the Governor's recommendation by prohibiting districts from adopting a resolution to utilize the adjustment between January 1, 2018 and December 31, 2018.*

The budget further specifies that referenda to approve revenue limit exemptions can only be held on regularly-scheduled election days, eliminating the potential for special elections except in the case of natural disasters.

7. SCHEDULING OF SCHOOL DISTRICT REFERENDA

Joint Finance: *Limit school district referenda to exceed revenue limits or issue bonds to being held only on regularly-scheduled election days (spring primary or election or partisan primary or general election) or on the second Tuesday of November in odd-numbered years. Specify that districts would be restricted to holding referenda on two dates per year. Specify that, for a school district that has experienced a natural disaster, including a fire, that causes the school district's costs to increase, a district could call a special referendum to be held within the six-month period immediately following the natural disaster, provided the special referendum would be held not*

sooner than 70 days after the adoption of the initial resolution. Specify that a referendum held after a natural disaster would not count towards the two-date limit or be limited to the dates specified above. Specify that these provisions would apply to school board resolutions to exceed revenue limits or issue bonds that are adopted after January 1, 2018.