

☞ **07hr_sb0299_SC-Ed_pt01**



Details: Public Hearing – November 6, 2007

(FORM UPDATED: 07/12/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2007-08

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Education (SC-Ed)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**
- Record of Comm. Proceedings ... **RCP**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt**
 - Clearinghouse Rules ... **CRule**
 - Hearing Records ... bills and resolutions
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution)
 - Miscellaneous ... **Misc**
- (**ajr** = Assembly Joint Resolution)
(**sjr** = Senate Joint Resolution)

MB

Vote Record Committee on Education

Date: 11/6/2007

Moved by: Grothman

Seconded by: Erpenbach

AB _____ **SB** 299 _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

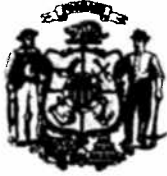
- Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator John Lehman, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Jon Erpenbach	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator David Hansen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Pat Kreitlow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Luther Olsen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Glenn Grothman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Mary Lazich	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>6</u>	<u>1</u>	<u>0</u>	<u>0</u>

Motion Carried

Motion Failed





Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

November 1, 2007

TO: Senator John Lehman
Room 310 South, State Capitol

FROM: Russ Kava, Fiscal Analyst

SUBJECT: Description of Bill Draft LRB-3352/2 Relating to Distribution of the School Levy Tax Credit

SB 299

At your request, I am providing you with a description of LRB-3352/2, which would modify the distribution of the school levy tax credit in 2007-08.

Under Act 20 (the 2007-09 biennial budget act), an additional \$79,350,000 was provided over base level funding of \$593,050,000 for the school levy tax credit for tax year 2007(08). The \$672,400,000 in funding for the credit in 2007(08) will be distributed based on each municipality's share of statewide levies for school purposes during the preceding three years and allocated proportionately to reduce individual owners' property tax bills.

The bill draft would maintain the current law distribution of the school levy tax credit for the \$593,050,000 in base funding, but create a separate mechanism for distribution of the \$79,350,000 increase in 2007-08 provided under Act 20. Under the draft, by December 1, the Department of Public Instruction (DPI) would be required to determine the additional amount of aid that districts would have received in 2007-08 if an additional \$79,350,000 in funding had been provided in the general school aids appropriation for that year. To fully distribute the entire amount of funding intended, the bill would provide direction to DPI on how to treat the interactions between the general school aids funding and funding for the Milwaukee parental choice program and the Milwaukee and Racine charter school programs in making the determination. (This treatment would apply only to this one-time determination made by DPI for the purpose of distributing this levy credit funding. No changes would be made to the actual payments to schools in the choice and charter programs in 2007-08 or in any future year.) DPI would be required to certify the results to the Department of Administration (DOA). DOA would then distribute this portion of the credit to municipalities based on the proportion of equalized value in the municipality in each school district.

You asked how the distribution of property tax relief under the bill draft would compare to

different versions of the 2007-09 biennial budget considered during various stages of the process. Under the budgets of the Governor, Joint Finance and Senate, and under Assembly Bill 506 and Special Session Senate Bill 1, an additional \$79.3 million would have been provided as general school aids in 2007-08. The bill draft would provide for the same distribution of the \$79.3 million in property tax relief as under all of those proposals, except for interactions with the choice and charter per pupil payment amounts. However, because the funding would be provided through the school levy tax credit, it would be distributed to municipalities and result in a higher credit on property tax bills. If it would have been distributed as general aid, it would have reduced the amount school districts could levy under revenue limits. It should be noted that, because revenue limits would not be changed under the draft, the total amount of resources available to school districts would not be affected by the proposed funding shift, assuming that school districts choose to levy to the maximum allowed under revenue limits.

I hope this information is helpful. Please contact me if you have further questions.

RK/sas



SB-299

Stromme, Denise

From: Mraz, Lisa [mraz.lisa@mail.da.state.wi.us]
Sent: Friday, November 02, 2007 2:23 PM
To: Sen.Lehman
Subject: RE: School Budget

Dear Senator Lehman:

As a member of the Southern Door School District, I urge you to continue to work to get the 79 million back into education! Our school district lost \$45,000.00 this year, and will lose approx. \$145,000+ for the 2008-09 school year if the budget is not amended. On the otherhand Gibraltar School District, a land rich community, has benefited gaining \$169,000+ for the 2007-08 school year. Where is the justice. The land rich get richer, and the poor get poorer.

I urge you and other Senators to continue to work toward distributing the \$79 million of school levy credits in 2008 using the equalization aid formula.

Thank you.

Lisa A. Mraz
Adm. Assistant II
Door County District Attorney's Office
1215 S Duluth Avenue
Sturgeon Bay, WI 54235
(920) 746-2388



Stromme, Denise

From: Jean Serum [Jean_Serum@northwood.k12.wi.us]
Sent: Monday, November 05, 2007 2:42 PM
To: Sen.Lehman
Subject: Property Tax Relief

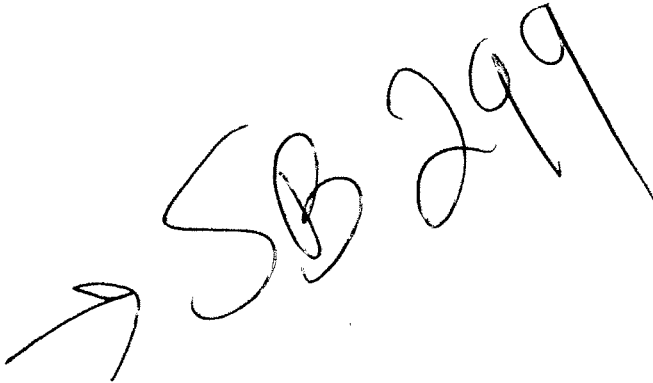
Senator Lehman,

I was informed that you were going to introduce a bill to re-formulate the property tax relief. Please reconsider.

Our district is a small, rural district of 426 students. We are a property-rich, income poor district. As such, we get very little state aid. Our transportation bills are high as we cover lots of area. Whenever we have high-needs students, it costs the tax-payers extra to ensure their needs are met. As our poverty rates increase, so do the taxes. Each year the costs go up trying to keep up with the NCLB.

We are expecting property tax relief this year. If you change it, we won't be entitled. Rarely do we get any relief. I know the other small districts in our area have the same needs as us. Please do not take away our tax relief.

Jean A. Serum
District Administrator
Northwood School District
(715) 466-2297

Handwritten signature "SB 299" with an arrow pointing to the left.





KATHLEEN VINEHOUT

STATE SENATOR

Tuesday, November 06, 2007

SB 299
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I urge the members of the Senate Education Committee to favorably consider Senate Bill 199. This bill is critical to low-wealth districts that are adversely impacted by the distribution of the \$79.3 million in school aid as proposed by the budget compromise.

I was pleased to support the Senate version of the budget which provided \$79.3 million in general aids to schools. The increase in school aids is critical to rural schools that are literally struggling to survive.

Unfortunately, the final budget compromise allocates that same \$79.3 million through the School Levy Tax Credit which is distributed under a different formula than the general school aids. The result is a negative impact on nearly every school district in my Senate District.

As I travel around my district and meet with school administrators and staff, I see first hand the severe financial problems they face. Alma Center is a school district facing serious budget cuts. The district already consolidated and last April lost a critically needed referendum to simply maintain current services.

The Alma school district has the largest enrollment loss in the state from 1999 to 2007. Both of these districts are now forced to consider significant cuts on top of previous cutbacks to programs and services. Such cuts threaten education equality and the ability of rural students to achieve.

Last year's annual survey of school district superintendents' reports: 70% of our 425 districts increased class size; 65% increased student fees; over 60% offered fewer courses and reduced programs for gifted and talented students; over 65% laid off teachers and support staff; and over half of the school districts reduced extracurricular programs and programs for at-risk students. Educational opportunities are being limited at the same time schools are trying to meet increasing accountability of student achievement.

Rural students should not be penalized simply because of geography. We need to send Senate Bill 199 to the Governor's desk for his signature.

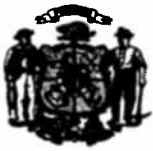
Thank you.

SB 299
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WISCONSIN STATE LEGISLATURE





State of Wisconsin • DEPARTMENT OF REVENUE

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Jim Doyle
Governor

Roger M. Ervin
Secretary of Revenue

Senate Committee on Education Hearing, November 6, 2007

SB 299 – Relating to the Distribution of a Portion of the School Levy Tax Credit -- Senator Lehman

Description of Current Law and Proposed Change

The school levies credit is currently allocated to each municipality based on its share of the prior three years' statewide school levies (for K-8, Union High, K-12 schools plus levies for county-operated schools for children with disabilities). Municipalities are notified by December 1 of the credit payment they will be paid on the fourth Monday in the following July. The credit is allocated to individual taxpayers in proportion to the taxpayer's share of the municipality's total assessed value. The school levies credit appropriation for the 2007/08 tax year (FY09) is \$672,400,000.

The bill creates a one-time adjustment to the school levies credit formula for the 2007/08 tax year only under which \$593,050,000 would be distributed based on the current formula. The other \$79,350,000 would be distributed based on the increase in general school aid, compared to current law, that would have occurred had this amount been distributed through the general school aid formula for FY08. Each school district's increase in general school aid would be allocated to underlying municipalities on the same basis that property tax levies for 2007/08 are allocated (equalized value excluding positive incremental value of tax incremental districts).

Municipalities would be notified by December 1 of the total credit payment they would be paid on the fourth Monday in the following July. The total credit would be allocated to individual taxpayers in proportion to the taxpayer's share of the municipality's total assessed value. Thus, as under current law, the total credit under the bill is effectively distributed through a uniform school credit rate within each municipality.

Fairness/Tax Equity

- Compared to the existing school levy credit formula, the bill's allocation of \$79,350,000 may distribute aid toward lower per pupil value regions of the state. Because school district and municipal boundaries rarely coincide, however, the distributional impact of the bill by value is blurred.

Impact on Economic Development

- This bill has no effect on economic development.

Administrative Impact/Fiscal Effect

- If, however, the intent of the bill was to have the credit be applied uniformly across a municipality, DOR would need to make minor changes in its credit programs to track the amounts generated by the school aid formula. Local governments would probably not need to make any changes in the programs they use to calculate tax bills. In combination, this could lead to minor delays in the issuing of tax bills for the 2007/08 tax year.

Prepared by: Daniel Huegel, (608) 266-5705

November 6, 2007

DH:skr

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