

### Fiscal Estimate - 2013 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>13-3404/1</b>	<b>Introduction Number</b> <b>SB-001 (OC3)</b>	
<b>Description</b> School district budgets and making an appropriation		
<b>Fiscal Effect</b>		
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.255 (2) (ac)		
<b>Agency/Prepared By</b> DPI/ Donald Smith (608) 267-2003	<b>Authorized Signature</b> Michael Bornett (608) 266-2804	<b>Date</b> 10/15/2013

## Fiscal Estimate Narratives

DPI 10/15/2013

LRB Number	<b>13-3404/1</b>	Introduction Number	<b>SB-001</b>	Estimate Type	<b>Original</b>
		(OC3)			
<b>Description</b> School district budgets and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

This bill increases the amount appropriated as general school aid in the 2013–14 and 2014–15 school years. The bill also delays the dates by which school districts must determine the amount of property tax levies necessary to be raised to operate and maintain the schools in 2013 from November 1 to November 6.

This bill requires the superintendent of public instruction to calculate the total amount of state aid that each school district will receive in the 2013–14 school year by October 31, 2013, instead of on October 15, 2013. However, the bill has not passed prior to October 15, 2013 and the superintendent must calculate this amount on October 15, 2013 as required under current law. This bill would thus require the superintendent to calculate general school aid a second time upon passage of the bill.

#### State Fiscal Effect:

This bill would increase general equalization aids in FY14 by \$40,000,000 GPR and by \$60,000,000 GPR in FY15.

#### Local Fiscal Effect:

This bill would provide \$40,000,000 GPR in additional general equalization aids to school districts in FY14 and \$60,000,000 GPR in additional general equalization aids to school districts in FY15. As the bill does not affect school district revenue limits, any increase in general equalization aids will reduce the property tax levy limit available to most school districts. This will result in a corresponding reduction in local property taxes unless individual school districts had chosen not to levy the full amount available to the district prior to this bill.

The overall fiscal effect on school districts is an increase of \$100,000,000 in general equalization aids over the biennium and up to a corresponding \$100,000,000 decrease in local property taxes.

The increase in general equalization aids will affect distribution of the school aid formula. The department did not have sufficient time to re-run the school aid formula for FY13-14 for this fiscal estimate.

The impact on local property tax levies will vary by school district based on the amount of general school aid they receive in the formula under this bill.

Most school districts will realize a reduction in their property tax levy that corresponds to their increase in general equalization aid in the school aid formula.

A school district that receives no general equalization aid will receive increase in general equalization aids and no change to the property tax levy limit available to the district under this bill.

A school district that receives general equalization aid and was planning on levying the full amount of property taxes will have a decrease in local property taxes equal to the increase in general equalization aids.

A school district that receives general equalization aid in the school aid formula and was not planning on levying the full amount of property taxes may have a change in local property taxes based on the local school board's decision. School boards may choose to:

- \* Reduce property taxes to match the increase in general equalization aid.
- \* Reduce property taxes by less than the amount of the increase in general equalization aid, resulting in an

increase in the total funds available to the district.

\* Keep property taxes the same resulting in an increase in the total funds available to the district.

The property tax levy intentions of individual school districts under current law is unknown. In addition, it is unknown how individual school districts that were planning on under-levying under current law will change their property tax levy under this bill.

### **Long-Range Fiscal Implications**