



State of Wisconsin
2011 - 2012 LEGISLATURE



LRBs0091/1
TKK:cjs:jf

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2011 ASSEMBLY BILL 37**

April 26, 2011 – Offered by COMMITTEE ON EDUCATION.

1 **AN ACT to amend** 119.46 (1), 119.46 (2), 119.60 (1) and 119.60 (2); and **to create**
2 119.60 (2m) and 119.60 (5) of the statutes; **relating to:** authorizing the City of
3 Milwaukee to sell city-owned property used for school purposes.

Analysis by the Legislative Reference Bureau

Currently, the board of school directors of Milwaukee Public Schools (MPS) is vested with authority to purchase, lease, control, and manage the schools and property of the school district. School buildings located in the City of Milwaukee (city), and the sites on which the school buildings sit, however, are the property of the city, and deeds and conveyances of property are made to the city. MPS must adopt a resolution prior to purchasing or leasing a building site or constructing a school house. The city must sell city-owned property used for school purposes if MPS submits a written request to the city and the common council adopts a resolution approving the sale. The board determines whether proceeds of the sale of city-owned property used for school purposes are deposited into the school operations fund or the school construction fund. In general, if the proceeds are deposited into the school operations fund, the moneys must be used to pay the principal and other fees and premiums due on bonds issued for school facilities.

Under this substitute amendment, if the common council finds that city-owned property used for school purposes has been unused or underutilized for at least 12 consecutive months, or if MPS has determined by resolution prior to January 1, 2011,

that any city-owned property used for school purposes is surplus to the needs of MPS, the common council may sell or lease the property. The substitute amendment requires the board to provide the common council and city employees and agents copies of all documents related to the property and access to the property for purposes related to the sale or leasing of the property. Net proceeds from the sale or lease of property, when authorized by the common council as provided in the substitute amendment, are deposited in the school operations fund and are to be applied to pay the principal and other fees and premiums due on bonds. The terms of any lease entered into between the common council and the lessee may provide for the care, operation, and maintenance of the real property that is the subject of the lease. The substitute amendment also permits the common council to adopt a resolution to become party to any lease of city-owned property used for school purposes entered into between MPS and certain charter schools and in effect on January 1, 2011, at the time that lease is modified, extended, or renewed.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 119.46 (1) of the statutes is amended to read:
2 119.46 (1) As part of the budget transmitted annually to the common council
3 under s. 119.16 (8) (b), the board shall report the amount of money required for the
4 ensuing school year to operate all public schools in the city under this chapter, to
5 repair and keep in order school buildings and equipment, to make material
6 improvements to school property, and to purchase necessary additions to school sites.
7 The report shall specify the amount of net proceeds from the sale or lease of
8 city-owned property used for school purposes deposited in the immediately
9 preceding school year into the school operations fund as specified under s. 119.60
10 (2m) (c) or (5). The amount included in the report for the purpose of supporting the
11 Milwaukee Parental Choice Program under s. 119.23 shall be reduced by the amount
12 of aid received by the board under s. 121.136 and by the amount specified in the
13 notice received by the board under s. 121.137 (2). The common council shall levy and
14 collect a tax upon all the property subject to taxation in the city, which shall be equal

1 to the amount of money required by the board for the purposes set forth in this
2 subsection, at the same time and in the same manner as other taxes are levied and
3 collected. Such taxes shall be in addition to all other taxes which the city is
4 authorized to levy. The taxes so levied and collected, any other funds provided by law
5 and placed at the disposal of the city for the same purposes, and the moneys deposited
6 in the school operations fund under s. 119.60 (1), (2m) (c), and (5), shall constitute
7 the school operations fund.

8 **SECTION 2.** 119.46 (2) of the statutes is amended to read:

9 119.46 (2) If moneys specified in s. 119.60 (1), (2m) (c), or (5) are deposited in
10 the school operations fund, the moneys shall be used to pay the principal due on any
11 bonds issued under s. 66.1333 (5r) (b), to make sinking fund payments with respect
12 to such bonds, to purchase or redeem such bonds, to pay any redemption premium
13 required to be paid when such bonds are redeemed prior to maturity, or to establish
14 a defeasance escrow account for such bonds in an amount sufficient to provide for the
15 payment of principal, any redemption premium and interest on such bonds when
16 due, whether at maturity or upon prior redemption, and to pay any fees or expenses
17 associated with the establishment of the defeasance escrow account.

18 **SECTION 3.** 119.60 (1) of the statutes is amended to read:

19 119.60 (1) ~~If Except as provided in sub. (2m) (c), if~~ any real property within the
20 city which is used for school purposes is sold, the board shall determine whether the
21 proceeds of the sale are deposited in the school operations fund under s. 119.46 or are
22 deposited in the school construction fund under s. 119.48.

23 **SECTION 4.** 119.60 (2) of the statutes is amended to read:

24 119.60 (2) ~~City-owned~~ Except as provided in sub. (2m), ~~city-owned~~ property
25 used for school purposes shall be sold by the city upon written request of the board

1 if the common council adopts a resolution approving the sale. If, within 12 months
2 after a written request by the board, the city has not disposed of the property, has
3 failed to obtain a written agreement to dispose of the property or has not provided
4 the board with a written report giving specific reasons, which are not identified by
5 the city attorney as constituting a conflict of interest, for its failure to dispose of the
6 property or to obtain an agreement to dispose of the property, the board may retain
7 a real estate agent to represent the board in its real estate transactions.

8 **SECTION 5.** 119.60 (2m) of the statutes is created to read:

9 119.60 (2m) (a) If the common council finds that city-owned property used for
10 school purposes has been unused or underutilized for at least 12 consecutive months,
11 including the 12 months preceding the effective date of this paragraph [LRB
12 inserts date], or if the board has determined by resolution prior to January 1, 2011,
13 that any city-owned property used for school purposes is surplus to the needs of the
14 school district, the common council may sell or lease that property if it adopts a
15 resolution approving the sale or lease.

16 (b) If a resolution is adopted by the common council as provided under par. (a),
17 the board shall provide the common council and city employees and agents copies of
18 all documents related to the property and access to and entry upon and into the
19 property for purposes related to the sale or leasing of the property.

20 (c) If any real property within the city which is used for school purposes is sold
21 or leased as provided in this subsection, the net proceeds of the sale or lease shall be
22 deposited in the school operations fund under s. 119.46.

23 (d) Notwithstanding s. 119.16 (1m), if any real property within the city which
24 is used for school purposes is leased as provided in this subsection, the common

1 council and the lessee may provide in the lease for the care, operation, and
2 maintenance of the real property and its facilities.

3 **SECTION 6.** 119.60 (5) of the statutes is created to read:

4 119.60 (5) For any lease of city-owned property used for school purposes in
5 effect on January 1, 2011, between the board and a charter school that is not an
6 instrumentality of the school district under s. 118.40 (7), the common council shall
7 be made party to the lease and may negotiate with the charter school to modify the
8 terms of the lease when the lease is modified, extended, or renewed if the common
9 council adopts a resolution to do so. If a lease is modified, extended, or renewed as
10 provided in this subsection, the net proceeds of that lease shall be deposited in the
11 school operations fund under s. 119.46.

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(END)