



2009 ASSEMBLY BILL 937

April 6, 2010 – Introduced by Representatives MEYER, MURSAU, LOTHIAN, TAUCHEN, BROOKS, MURTHA and NYGREN, cosponsored by Senator KAPANKE. Referred to Committee on Education.

1 **AN ACT** *to repeal* 121.07 (10) (a); *to renumber* 121.105 (2) (am); *to renumber*
2 *and amend* 121.105 (1), 121.105 (2) (b), 121.85 (6) (a) and 121.86 (2) (a); *to*
3 *amend* 121.06 (title), 121.06 (1), 121.06 (2), 121.07 (7) (b), 121.07 (10) (title),
4 121.08 (2), 121.08 (3), 121.08 (4) (c), 121.08 (4) (d), 121.105 (3), 121.86 (3), 121.90
5 (2) (bm) 1. and 121.90 (2) (bm) 2.; and *to create* 121.07 (1) (d), 121.07 (7m),
6 121.07 (8m), 121.07 (10) (e) to (g), 121.08 (2g), 121.08 (2r), 121.105 (2g), 121.85
7 (6) (a) 2. and 121.86 (2) (a) 2m. of the statutes; **relating to:** distributing
8 one-half of general school aid using an income equalization formula.

Analysis by the Legislative Reference Bureau

Under the current general school aid formula, the state establishes a guaranteed property tax base, known as the guaranteed valuation. The rate at which a school district's costs are aided through the formula is determined by comparing the school district's per pupil property tax base (or equalized valuation) to the guaranteed valuation. State equalization aids are provided to make up the difference between the school district's actual property tax base and the state guaranteed level. Thus, school districts with low property valuations per pupil receive a larger share of their costs through the formula than school districts with high property valuations per pupil. Currently, the income of school district residents is not a factor in the calculation of general state aid to the district.

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This bill provides for the distribution of 50 percent of the money appropriated for general school aid using an income equalization formula that is based on the structure of the current property tax equalization base formula. (The other 50 percent continues to be distributed using the current property tax base equalization formula.) The guaranteed valuation is based on the net taxable income reported by taxpayers in the school district rather than the district's equalized property valuation.

The bill first applies to the payment of state aid in the 2011–12 school year.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 121.06 (title) of the statutes is amended to read:

2 **121.06 (title) Determination and certification of equalized valuation**
3 **and net taxable income.**

4 **SECTION 2.** 121.06 (1) of the statutes is amended to read:

5 121.06 (1) Annually on or before October 1, the full value of the taxable
6 property in each part of each city, village and town in each school district, and the
7 net taxable income in each school district in the calendar year ending in the previous
8 school year, shall be determined by the department of revenue according to its best
9 judgment from all sources of information available to it and shall be certified by the
10 department of revenue to the state superintendent.

11 **SECTION 3.** 121.06 (2) of the statutes is amended to read:

12 121.06 (2) The state superintendent shall certify to each school district clerk
13 the appropriate full values amounts certified to the state superintendent under sub.
14 (1).

15 **SECTION 4.** 121.07 (1) (d) of the statutes is created to read:

16 121.07 (1) (d) 1. The net taxable income of the school district in the calendar
17 year ending in the previous school year shall be used in computing general aid.

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1 2. For a school district operating only high school grades, the sum of the net
2 taxable incomes of its underlying elementary school districts shall be used in
3 computing general aid.

4 **SECTION 5.** 121.07 (7) (b) of the statutes is amended to read:

5 121.07 (7) (b) The “secondary guaranteed valuation per member” is an amount,
6 rounded to the next lower dollar, that, after subtraction of 50 percent of the payments
7 under ss. 121.09 and 121.85 (6) (b) 2. and 3. and (c), fully distributes an amount equal
8 to 50 percent of the amount remaining in the appropriation under s. 20.255 (2) (ac).

9 **SECTION 6.** 121.07 (7m) of the statutes is created to read:

10 121.07 (7m) GUARANTEED NET TAXABLE INCOME PER MEMBER. (a) The “primary
11 net taxable income per member” is \$300,000.

12 (b) The “secondary net taxable income per member” is an amount, rounded to
13 the next lower dollar, that, after subtraction of 50 percent of the payments under ss.
14 121.09 and 121.85 (6) (b) 2. and 3. and (c), fully distributes 50 percent of the amount
15 remaining in the appropriation under s. 20.255 (2) (ac).

16 (bm) The “tertiary net taxable income per member” is the amount, rounded to
17 the next lower dollar, determined by dividing the net taxable income of the state by
18 the state total membership.

19 (c) For districts operating only high school grades, the amounts in pars. (a) to
20 (bm) shall be multiplied by 3 and rounded to the next lower dollar.

21 (d) For districts operating only elementary grades, the amounts in pars. (a) to
22 (bm) shall be multiplied by 1.5 and rounded to the next lower dollar.

23 (e) 1. For a school district created by a consolidation under s. 117.08 or 117.09,
24 in the school year in which the consolidation takes effect and in each of the

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1 subsequent 4 school years, the amounts under pars. (a) to (bm) shall be multiplied
2 by 1.15 and rounded to the next lower dollar.

3 2. For a school district from which territory was detached to create a school
4 district under s. 117.105, in each of the 3 school years beginning on the July 1
5 following the effective date of the reorganization under s. 117.105, the amounts
6 under pars. (a) to (bm) shall be multiplied by 1.05 and rounded to the next lower
7 dollar.

8 **SECTION 7.** 121.07 (8m) of the statutes is created to read:

9 121.07 **(8m)** GUARANTEED NET TAXABLE INCOME. A school district's primary,
10 secondary, and tertiary net taxable incomes are determined by multiplying the
11 amounts in sub. (7m) by the district's membership.

12 **SECTION 8.** 121.07 (10) (title) of the statutes is amended to read:

13 121.07 **(10)** (title) REQUIRED LEVY RATE AND INCOME RATES.

14 **SECTION 9.** 121.07 (10) (a) of the statutes is repealed.

15 **SECTION 10.** 121.07 (10) (e) to (g) of the statutes are created to read:

16 121.07 **(10)** (e) The "primary required income rate" is the primary shared cost
17 divided by the primary net taxable income.

18 (f) The "secondary required income rate" is the secondary shared cost divided
19 by the secondary net taxable income.

20 (g) The "tertiary required income rate" is the tertiary shared cost divided by the
21 tertiary net taxable income.

22 **SECTION 11.** 121.08 (2) of the statutes is amended to read:

23 121.08 **(2)** The aid computed under sub. (1) shall be reduced by the sum of the
24 amount by which the school district equalized valuation exceeds the secondary
25 guaranteed valuation, multiplied by the secondary required levy rate, and the

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1 amount by which the school district equalized valuation exceeds the tertiary
2 guaranteed valuation, multiplied by the tertiary required levy rate. In no case may
3 the aid distributed under sub. (1) and this section subsection be less than the amount
4 under sub. (1) (a).

5 **SECTION 12.** 121.08 (2g) of the statutes is created to read:

6 121.08 (2g) The state shall pay to the school district the sum of the following
7 amounts:

8 (a) The amount by which the primary net taxable income exceeds the school
9 district net taxable income, multiplied by the primary required income rate.

10 (b) The amount by which the secondary net taxable income exceeds the school
11 district net taxable income, multiplied by the secondary required income rate.

12 (c) The amount by which the tertiary net taxable income exceeds the school
13 district net taxable income, multiplied by the tertiary required income rate.

14 **SECTION 13.** 121.08 (2r) of the statutes is created to read:

15 121.08 (2r) The aid computed under sub. (2g) shall be reduced by the sum of
16 the amount by which the school district net taxable income exceeds the secondary net
17 taxable income, multiplied by the secondary required income rate, and the amount
18 by which the school district net taxable income exceeds the tertiary net taxable
19 income, multiplied by the tertiary required income rate. In no case may the aid
20 distributed under sub. (2g) and this subsection be less than the amount under sub.
21 (2g) (a).

22 **SECTION 14.** 121.08 (3) of the statutes is amended to read:

23 121.08 (3) The aid computed under sub. (1) and the aid computed under sub.
24 (2g) shall each be reduced by 50 percent of the amount by which the aid that the
25 school district is receiving under sub. (1) as a result of the number of pupils reported

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1 as enrolled in the school district under s. 121.05 (1) (a) 7. exceeds the amount paid
2 by the school district for tuition for those pupils.

3 **SECTION 15.** 121.08 (4) (c) of the statutes is amended to read:

4 121.08 (4) (c) The amount of state aid that a school district is eligible to be paid
5 from the appropriation under s. 20.255 (2) (ac) shall also be reduced by an amount
6 equal to the amount paid to the Second Chance Partnership under s. 115.28 (54) for
7 pupils enrolled in the school district. The department shall ensure that the amount
8 of the aid reduction ~~lapses to the general fund and that it~~ does not affect the amount
9 determined to be received by a school district as state aid under this section for any
10 other purpose.

11 **SECTION 16.** 121.08 (4) (d) of the statutes is amended to read:

12 121.08 (4) (d) The state superintendent shall ensure that the total amount of
13 aid reduction reductions under ~~pars. (a) and (b)~~ this subsection lapses to the general
14 fund and that 50 percent of the aid reductions are made to the computations under
15 subs. (1) and (2) and 50 percent of the aid reductions are made to the computations
16 under subs. (2g) and (2r).

17 **SECTION 17.** 121.105 (1) of the statutes is renumbered 121.105 (1) (a) and
18 amended to read:

19 121.105 (1) (a) In this ~~section~~ subsection, “state aid” means the sum of the
20 payments provided to a school district under this ~~section~~ subsection and ss. 121.08
21 (1) and (2), 121.85 (6) (a) 1., and 121.86 (2) (a) 1.

22 **SECTION 18.** 121.105 (2) (am) of the statutes is renumbered 121.105 (1) (b).

23 **SECTION 19.** 121.105 (2) (b) of the statutes is renumbered 121.105 (2r) and
24 amended to read:

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1 121.105 **(2r)** A school district is eligible to receive additional aid under ~~par. (am)~~
2 subs. (1) and (2g) only if the aggregate additional aid does not result in a state aid
3 payment greater than the school district's shared cost. In this subsection, "state aid"
4 means the sum of payments provided to a school district under this section and ss.
5 121.08, 121.85, and 121.86.

6 **SECTION 20.** 121.105 (2g) of the statutes is created to read:

7 121.105 **(2g)** (a) In this subsection, "state aid" means the sum of the payments
8 provided to a school district under this subsection and ss. 121.08 (2g) and (2r), 121.85
9 (6) (a) 2., and 121.86 (2) (a) 2m.

10 (b) 1. Except as provided in subd. 2., if a school district would receive less in
11 state aid in the current school year before any adjustment is made under s. 121.15
12 (4) (b) than an amount equal to 85% of the amount of state aid that it received in the
13 previous school year, as adjusted under s. 121.15 (4) (b) in the current school year,
14 its state aid for the current school year shall be increased to an amount equal to 85%
15 of the state aid received in the previous school year.

16 2. If a school district from which territory was detached to create a new school
17 district under s. 117.105 would receive in state aid in the school year beginning on
18 the first July 1 following the effective date of the reorganization less than 85 percent
19 of the amount determined as follows, its state aid in the school year beginning on the
20 first July 1 following the effective date of the reorganization shall be increased to an
21 amount equal to 85 percent of the amount determined as follows:

22 a. Divide the school district's membership in the preceding school year by the
23 school district's membership in the 2nd preceding school year.

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1 b. Multiply the amount of state aid received by the school district in the
2 preceding school year, as adjusted under s. 121.15 (4) (b) in the current school year,
3 by the quotient under subd. 2. a.

4 **SECTION 21.** 121.105 (3) of the statutes is amended to read:

5 121.105 (3) In the school year in which a school district consolidation takes
6 effect under s. 117.08 or 117.09 and in each of the subsequent 4 school years, the
7 consolidated school district's state aid shall be an amount that is not less than the
8 aggregate state aid to which the consolidating school districts were eligible in the
9 school year prior to the school year in which the consolidation takes effect. The
10 additional state aid shall be paid from the appropriation under s. 20.255 (2) (ac). In
11 this subsection, "state aid" has the meaning given in sub. (2r).

12 **SECTION 22.** 121.85 (6) (a) of the statutes is renumbered 121.85 (6) (a) 1., and
13 121.85 (6) (a) 1. a. and c., as renumbered, are amended to read:

14 121.85 (6) (a) 1. a. Divide the state aid received in the current school year under
15 s. 121.08 (1) and (2) by the membership used to compute state aid to the school
16 district for the current school year.

17 c. Multiply the quotient under subd. 1. a. by the product under subd. 2 1. b.

18 **SECTION 23.** 121.85 (6) (a) 2. of the statutes is created to read:

19 121.85 (6) (a) 2. Except as provided under pars. (am) and (ar), the school district
20 of attendance of pupils transferring from one attendance area to another under subs.
21 (3) (b) and (4) shall be entitled to an amount determined as follows:

22 a. Divide the state aid received in the current school year under s. 121.08 (2g)
23 and (2r) by the membership used to compute state aid to the school district for the
24 current school year.

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1 b. Multiply the number of transfer pupils, as counted for membership purposes
2 under s. 121.004 (7), by 0.25.

3 c. Multiply the quotient under subd. 2. a. by the product under subd. 2. b.

4 **SECTION 24.** 121.86 (2) (a) of the statutes is renumbered 121.86 (2) (a) 1., and
5 121.86 (2) (a) 1. a. and c., as renumbered, are amended to read:

6 121.86 (2) (a) 1. a. Divide the state aid received in the current school year under
7 s. 121.08 (1) and (2) by the membership used to compute state aid to the school
8 district for the current school year.

9 c. Multiply the quotient under subd. 1. a. by the product under subd. 2 1. b.

10 **SECTION 25.** 121.86 (2) (a) 2m. of the statutes is created to read:

11 121.86 (2) (a) 2m. Except as provided under sub. (3), if a school board
12 establishes a merged attendance area after January 1, 1984, for the purpose of
13 reducing racial imbalance in the school district, the school district shall be entitled
14 to an amount determined as follows:

15 a. Divide the state aid received in the current school year under s. 121.08 (2g)
16 and (2r) by the membership used to compute state aid to the school district for the
17 current school year.

18 b. Multiply the number of pupils enumerated under pars. (b) and (c) by 0.25.

19 c. Multiply the quotient under subd. 2m. a. by the product under subd. 2m. b.

20 **SECTION 26.** 121.86 (3) of the statutes is amended to read:

21 121.86 (3) STATE AID EXCEPTION. Pupils under sub. (2) (b) and (c) who are
22 enrolled in a kindergarten program or in a preschool program under subch. V of ch.
23 115 shall be multiplied under sub. (2) (a) ~~2.~~ 1. b. and 2m. b. by a number equal to the
24 result obtained by multiplying 0.25 by the appropriate fraction under s. 121.004 (7)
25 (c), (cm) or (d).

