



## Luther S. Olsen

State Senator  
14th District

**TO:** Senate Committee on Natural Resources and Energy  
**FROM:** Senator Luther Olsen  
**DATE:** Tuesday, October 22, 2019  
**SUBJECT:** Testimony for Senate Bill 494

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Thank you Chairman Cowles and members of the Senate Committee on Natural Resources and Energy for holding a hearing and allowing me to testify in support of Senate Bill 494 (SB 494).

Current law limits the total amount of revenue per pupil that school districts can receive from school aids and property taxes in a school year to the amount of revenue allowed per pupil in the previous year. However, current law also provides a revenue limit adjustment for the amount a school district spends on projects related to energy efficiency if the school district's school board adopted a resolution before January 1, 2018.

This legislation would modify several provisions related to the energy efficiency revenue limit adjustment. First, it removes the restriction that the school board must have passed a resolution before January 1, 2018 so if school boards adopt a resolution they are able to utilize the energy efficiency revenue limit adjustment. It changes the eligibility requirements so that a qualifying project is a project that purchases or implements energy conservation measures. It also changes the requirement for the term of any debt issued to finance the energy efficiency project so that any debt issued may not be for a term that is longer than 20 years or 80% of the useful life of the energy conservation measures, whichever is shorter.

This bill also has a number of requirements for school boards that wish to utilize the energy efficiency revenue limit adjustment. It requires a resolution, it requires the school board to hold a public hearing on that resolution at least 30 days before holding a vote, it requires them to submit a report on the passed resolution to the Department of Public Instruction, and if the school board issued debt to finance the project the operational cost savings must be used to pay off that debt.

Again, thank you for holding a hearing today. I ask for your support on Senate Bill 494 and I would be more than happy to answer any questions.

# Wisconsin Legislative Council

Anne Sappenfield, Director  
Jessica Karls-Ruplinger, Deputy Director



TO: SENATOR LUTHER OLSEN

FROM: Anna Henning, Senior Staff Attorney

RE: 2019 Senate Bill 494, Relating to the School District Revenue Limit Adjustment for Energy Efficiency Projects

DATE: October 21, 2019

This memorandum responds to your request for a summary of changes made by 2019 Senate Bill 494, relating to the school district revenue limit adjustment for energy efficiency projects, together with relevant background information.

## BACKGROUND

Current law generally prohibits a school district from increasing its revenue<sup>1</sup> by more than an amount determined by a statutory formula. [s. 121.91 (2m) (i), Stats.] However, current law provides two categories of “adjustments” to school district revenue limits: (1) “recurring adjustments,” which permanently affect a school district’s base revenue limit; and (2) “nonrecurring adjustments,” which adjust a school district’s revenue limit in any year in which the adjustment applies but do not permanently adjust the school district’s base limit.<sup>2</sup>

One such nonrecurring revenue limit adjustment is an adjustment for financing energy efficiency projects. The adjustment increases a school district’s revenue limit by the amount spent by the school board on a project to implement energy efficiency measures or to purchase energy efficiency products, including debt service payments for the project, if certain conditions apply. [s. 121.91 (4) (o) 1., Stats.]

However, the budget adjustment is not available for new energy efficiency projects. It applies only to projects approved by a school board resolution adopted before January 1, 2018.<sup>3</sup> [s. 121.91 (4) (o) 4., Stats.]

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<sup>1</sup> In this context, “revenue” means the combination of funds received through state school aid and the tax levy. [s. 121.90 (1m), Stats.]

<sup>2</sup> For a more detailed explanation regarding school district revenue limits, see Legislative Fiscal Bureau, *Local Government Expenditure and Revenue Limits*, Information Paper 12 (Jan. 2019), at 1-10.

<sup>3</sup> The adjustment was created in 2009 Wisconsin Act 28 (the 2009-11 Biennial Budget Act). A partial veto of the provision resulted in a requirement that a school board’s resolution must be adopted either before January 1, 2018 or after December 30, 2018.

## 2019 SENATE BILL 494

2019 Senate Bill 494 generally reinstates the revenue limit adjustment for energy efficiency, described above. The bill also: (1) refines key terms; (2) adds new procedural requirements; (3) expands a provision requiring realized energy savings to be used to retire debt; and (4) requests the Legislative Audit Bureau (LAB) to conduct an audit regarding the use of the adjustment.

### Key Terms and Conditions

As described above, **current law** (applicable to school district resolutions approved before January 1, 2018), provides a nonrecurring revenue limit adjustment for projects to implement “energy efficiency measures” or to purchase “energy efficiency products,” if the following conditions are satisfied:

- The project results in the avoidance of, or reduction in, energy costs or operational costs.
- The project is governed by an energy savings performance contract entered into with a qualified provider for an evaluation of energy conservation and facility improvement measures.<sup>4</sup>
- The bond, note, or loan obtained to finance the project is used for a term not exceeding 20 years.

[s. 121.91 (4) (o) 1., Stats.]

Current law does not specifically define “energy efficiency measures” or “energy efficiency products” for purposes of the revenue limit adjustment.

Instead, **the bill** increases a school district’s revenue limit for projects to purchase or implement “energy conservation measures,” if similar conditions as apply under current law are satisfied.<sup>5</sup> The bill incorporates the definition of “energy conservation measures” set forth in an existing state statute authorizing energy savings performance contracting.<sup>6</sup> That statute generally defines “energy conservation measure” as a “facility alteration or training, service, or operations program designed to reduce energy consumption or operating costs, conserve water resources, improve metering accuracy, or ensure state or local building code compliance.” The statute also enumerates specific examples of such measures. [s. 66.0133 (1) (a) and (11), Stats.]

As described above, current law, retained by the bill, requires an energy efficiency project to be governed by an energy savings performance contract. Thus, the revised term under the bill arguably merely clarifies the scope of eligible projects authorized under current law.

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<sup>4</sup> Current law incorporates performance contracting requirements set forth under s. 66.0133, Stats.

<sup>5</sup> Under the bill, the same conditions apply as under current law, except that the bill modifies the third condition listed above to require that “the bond, note, or loan obtained to finance the project is used for a term not exceeding 20 years, **80 percent of the useful life of the energy conservation measures, or 80 percent of the useful life of the facility at which the project is implemented, whichever is later.**”

<sup>6</sup> All 50 states authorize energy savings performance contracting in some form. Wisconsin law authorizes a local unit of government, broadly defined, to enter into a performance contract with a company experienced in the design, implementation, and installation of energy conservation and facility improvement measures, and who has the ability to provide labor and material payment and performance bonds that satisfy certain criteria, to take certain actions relating to energy and operating savings or ensuring code compliance. The law establishes certain procedural requirements relating to procurement, reporting, and contract terms. [s. 66.0133, Stats.]

## **New Procedural Requirements**

**Current law** does not impose a public hearing or reporting requirement relating to the revenue limit adjustment.

**The bill** requires a school board to hold a public hearing on a resolution to exceed the school district's revenue limit for purposes of energy conservation measures. The hearing must be held at least 30 days before the school board votes on the resolution. At least 10 days before the public hearing, the bill requires the school board to publish a Class 1 notice that includes a detailed description of the project and specified other information relating to the cost, anticipated utility and operational cost savings.

In addition, the bill requires a school board that utilizes the revenue limit adjustment to submit a report to the Department of Public Instruction (DPI). The report must include all of the following:

- The school board's vote on the resolution to exceed the school district's revenue limit for spending on energy conservation measures.
- Certain information relating to the bond, note, or state trust fund loan obtained to finance the project.
- Each facility impacted by the project.
- The total cost, projected principle cost, and project debt service cost of the energy conservation measures.
- The projected amount of time for the total energy or operational savings and avoided costs to exceed the total cost of the energy conservation measures.
- The projected useful life of the energy conservation measures.
- The projected useful life of each facility at which energy conservation measures will be made or installed.
- The utility cost savings and operational cost savings attributable to the energy conservation measures.
- Certain avoided costs attributable to the energy conservation measures.
- A certified statement, signed by the school board president and school district administrator, stating that the school board considered and made a good faith effort to comply with state law requirements relating to the revenue limit adjustment.

## **Use of Realized Savings to Retire Debt**

Under **current law**, if a school district obtains a bond, note, or state trust fund loan to finance an energy efficiency project eligible for the revenue limit adjustment, and the school district's **utility costs** are measurably reduced as a result of the project, then the school board must use the savings to retire the bond, note, or state trust fund loan. [s. 121.91 (4) (o) 3., Stats.]

**The bill** expands that provision to require a school district to also use savings resulting from a reduction in **operational costs** to retire the bond, note, or state trust fund loan.

## **LAB Audit**

Under **current law**, an audit of the revenue limit adjustment could be conducted at the initiative of the Joint Legislative Audit Committee or LAB, pursuant to general authority under s. 13.94, Stats., but an audit has not been specifically requested.

**The bill** requests LAB to conduct a performance evaluation audit regarding school districts' use of the revenue limit adjustment during the 2020-21 and 2021-22 school years.

If you have any questions, please feel free to contact me directly at the Legislative Council staff offices.

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# ROBERT WITTKE

STATE REPRESENTATIVE • 62<sup>nd</sup> ASSEMBLY DISTRICT

**Testimony of State Representative Robert Wittke  
Senate Bill 494  
Senate Committee on Natural Resources and Energy**

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Dear Chairman Cowles and Committee Members:

Thank you for holding a public hearing on Senate Bill 494 (SB494). I regret I'm unable to testify in person today due to the death of my mother and her funeral scheduled for today.

Senate Bill 494 would allow school districts to adjust revenue limits for energy efficiency projects. I support this legislation because as a former school board member and past president, my experience with contracting for energy efficiency projects in the Racine Unified School District are good examples of why this change in law would be valuable to schools across the state.

During my three year Board tenure, we completed three projects utilizing the energy efficiency revenue adjustment option available to school districts. With each project, we successfully maintained a stable tax rate for taxpayers in the district, and the projects completed will extend the useful life of existing facilities and help keep facility costs under control for the district.

Accountability is a necessary component for these projects, and as drafted, Senate Bill 494 puts in to place safeguards for taxpayers and uniform accountability measures for all who choose to use this tool for their school district projects.

Rural Wisconsin school districts could use this tool to extend the usual life of their facilities and enhance energy efficiency within their buildings. On Monday this week I visited with a school administrator of a small school in rural Racine County where about 150 students attend. The school needs a boiler replaced and, without prompting, the administrator told me she wished the energy efficiency revenue increase option were still available. Her district manages their budget carefully, works to keep the tax rate stable, and they just don't know where the funds will come from for this much needed project. This school district students meet or exceed academic standards and I believe we should encourage their success and offer as many tools as possible to help them maintain and extend the life of their school facility and academic success.

You'll hear from others today about how these projects really work to benefit aging school facilities, and I'm confident any questions you have will be addressed sufficiently by the stakeholders who will testify in support of SB 494. I appreciate the opportunity to present my written testimony for your consideration. This is an important bill that will help schools across the state.

Thank you again for holding a public hearing on Senate Bill 494. I'm available to answer questions after the hearing.



## **School Administrators Alliance**

*Representing the Interests of Wisconsin School Children*

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**TO:** Senate Committee on Natural Resources and Energy  
**FROM:** John Forester, Executive Director  
**DATE:** October 22, 2019  
**RE:** SB 494 – School District Revenue Limit Adjustment for Energy Efficiency Projects

The School Administrators Alliance (SAA) supports Senate Bill 494, relating to the school district revenue limit adjustment for energy efficiency projects. We greatly appreciate this opportunity to share the following thoughts regarding the bill.

The SAA believes SB 494, if passed, will allow school districts to undertake deferred projects to reduce energy consumption, upgrade critical energy systems and improve the learning environment for students. We also believe that the contracting, performance and accountability requirements currently in statute and administrative rule, along with the new requirements in this bill, provide significant transparency for district taxpayers to judge the appropriateness of the energy efficiency expenditures. SB 494 is also likely to reduce the need for referendums in some districts.

In anticipation of this hearing, I sought input from a broad cross-section of SAA members. I'd like to focus my testimony on the comments I received from four school districts.

### **School District of Janesville**

The School District of Janesville has 19 facilities. The buildings range in age from 21-140 years old. Of these 19 buildings, 16 range in age from 49-91 years old. All buildings were constructed to have more than 100-year life expectancies. All buildings can be expected to serve the next generation of students if they are properly maintained. The district has historically spent \$2-3 million annually to maintain facilities.

In the spring of 2017, a consultant conducted a comprehensive assessment of district facilities to detail maintenance needs of district buildings. Currently, recommended maintenance work still in need of completion, along with the consultant's priority classification, includes:

- Danger – None
- Alarm – \$27.4 million
- Alert – \$50.4 million
- Caution – \$41.3 million
- Acceptable – \$1.2 million

In the summer of 2018, the energy efficiency exemption was used for a \$13.5 million project, largely to perform comprehensive energy updates at Edison Middle School, along with less comprehensive updates at several other buildings. During the 2018-19 school year, electricity usage fell by 26% at Edison Middle School and natural gas usage dropped by 14% compared to the prior year, while the learning and teaching environment for students and staff was dramatically improved with better lighting and more comfortable room temperatures.

The School District of Janesville has per pupil spending below the state average and was locked in as a low revenue district when revenue limits went into place in 1993. The district is also a declining enrollment district. Therefore, even with recent state funding increases, the district continues to have decreasing revenue authority annually. Unfortunately, this results in high-level unmet needs being pitted against each other (i.e., instructional materials vs. building maintenance) in the annual budget decision-making process.

The district believes the passage of SB 494 would provide an effective solution to maintaining their buildings as much of the work yet to be completed are energy efficiency projects, such as replacing old windows, old lighting, old water heaters, old boilers, etc.

### **Oak Creek-Franklin School District**

Oak Creek High School, a school of about 2,100 students, operates from 6:00am to 10:00pm, six days a week. That is 96 hours a week. District middle schools are not far behind that level of usage; and the elementary schools are not too far behind the middle schools. That means that boilers, air exchangers, water heaters and pumps, variable speed drives, lights and many other energy systems, machines and devices are being run for long periods of time and, of course, are critical to the operation of the learning environment for children.

Unfortunately for Oak Creek-Franklin, and many other districts in the state of Wisconsin, paying for large-cost projects that can reduce district energy usage from the district operating budget is not a feasible option unless the district is willing to push elementary class sizes above 24, middle and high school class sizes above 28, forego curriculum or technology updates, freeze staff compensation, or cut any number of other normal district operating costs.

The ability to utilize a revenue limit exemption to fund large projects allows school districts to focus on the long-term efficiency of district facilities, provide a higher quality learning environment (by improving air quality, lighting, temperature and humidity) and to increase the life of existing buildings through proactive measures.

### **Clinton Community School District**

The Clinton Community School District provides a classic example of how effective the energy efficiency exemption can be for a school district. Two years ago, the district completed an LED lighting project for slightly more than \$600,000. Since then, the district has witnessed a 66% savings from those lighting units. The district has been fiscally responsible over the years. They no longer carry any debt. Two of the district's three buildings were built in the 1950s and have serious deficiencies, while the 20-year-old high school has the typical capital maintenance needs of a twenty-year-old building.



This past April, district voters rejected a \$42 million bond referendum for one new school and critical capital maintenance needs for the high school. The ability to utilize a revenue cap exemption for needed energy upgrades will improve the district's energy efficiency, the learning and teaching environment for students and staff and will reduce the amount needed for a future referendum attempt.

### **Green Bay Area Public Schools**

The school district has used the revenue limit adjustment for energy efficiency projects several times in the past to replace inefficient and outdated heating and air conditioning equipment, windows in poor condition and poor lighting. These projects could not be completed within the regular operating budget. These projects not only reduced energy usage significantly, they also improved the learning environment in schools by providing better heating and cooling comfort and improved lighting. GBAPS has 40 buildings. There is still a large amount of HVAC equipment, windows and lighting that need upgrading. It simply cannot be accomplished within the existing operating budget. Much of this equipment is long past its designed life.

Thank you for your consideration of our views. If you should have any questions on our thoughts on SB 494, please call me at 608-242-1370.

## SB 494 Testimony

Chairman Cowles and members of the committee, my name is Tracy Stefanski and I am here to testify against SB 494. I am a resident of West Allis and would rather not be here today, but I felt this was important enough that I took vacation to be here. Several people I know are also opposed to this bill but could not make it to Madison today.

In 2017, the West Allis/West Milwaukee school district put a \$12.5 million referendum on the April ballot. It lost by over a thousand votes, a margin of 11.3%. When word got out that the state was going to close the energy efficiency loophole that allowed borrowing money without going to a referendum, the school board rushed to approve a \$12.8 million dollar package under this program that SB 494 seeks to reinstitute.

I sought to mobilize a petition drive, but state law sets the standards so high, that to for a referendum on essentially the same proposal that was defeated 5100 to 4000 that April, state law required me to gather 5000 signatures in an incredibly short time. Everyone knew that would not happen in reality, and the 700 signatures we did get in a couple weeks to show the school board were greeted with annoyance and then ignored. I feel my efforts were representative of the opinion of West Allis residents, because I have since been elected to the Common Council.

I opened with that story to put a face on how the referendum loophole SB 494 seeks to allow can and has been used against taxpayers. Some of you may say, "if you don't like your school board, vote them out of office." That approach works for most decisions of a school board. Personnel can be hired or fired, budgets can be grown or shrunk, and curriculum can be changed. You can't un-issue a 20-year bond. Debt encumbered is a permanent decision that boxes in future elected officials.

The reason we ask for voter approval on taking on debt is because of its long-term fiscal implications and the irreversible nature of it. SB 494 seems to be saying one of two things: either 1) energy efficiency projects are so critical and urgent that harm would come with the short delay necessary for a referendum or 2) energy efficiency projects are so universally good and obvious that only misinformed or ignorant people would vote against them, and we can't allow that.

I think the first proposition is clearly not true because of school district behavior. All the school districts that rushed to utilize this loophole in 2017 before the state law change are clear proof. If the projects were so critical, they would have already been done or in the process and there would have been no need to rush them. Energy efficiency upgrades have been included in referendums since the start of 2018. Can proponents point to where the current process has failed?

The second proposition is deeply offensive to taxpayers and voters. Referendums are passing at a high rate in Wisconsin. Voters make far more complicated and impactful decisions at the ballot box. Are they capable of weighing all the factors to pick a governor or senator but not borrowing money to replace a roof? If a proposal is truly a win-win that will save operational funds, what is the school board afraid of? There are circumstances where a responsible electorate would, or in West Allis 2017 did, say no. The only "problem" was the school board, or companies trying to make money selling things to the school board, didn't like the answer. Democracy can be messy that way. Sometimes you lose a vote and have to accept it.

I see no reason why the energy efficiency loophole needs to return, and I have seen firsthand how it can and has been used to circumvent or outright defy public opinion. I'm

obviously a passionate person to take time to drive out here to present this opinion but believe me a lot of people feel the same way I do. I ask you consider those opinions when you think about SB 494.

Thank you.

Tracy Stefanski

**Senate Committee on Natural Resources and Energy**  
**October 22, 2019**

### **Information on Senate Bill 494**

The Department of Public Instruction (DPI) supports Senate Bill 494 (SB 494) and appreciates the opportunity to provide information regarding the school district revenue limit adjustment for energy efficiency projects.

Under 2017 Wisconsin Act 59, school districts that passed a resolution to exceed revenue limits for energy efficiency projects before January 1, 2018, continue to have the authority to raise additional authority to pay debt service on the bonds or notes used to finance such projects after the effective date of Act 59. After the January 1, 2018 initial applicability date, however, no school district is able to use this exemption for new projects until December 30, 2018. Thus, future energy efficiency projects have to be funded either within a school district's base budget (revenue limit) or by putting the question to voters under a referendum to exceed the district's revenue limit for operating costs.

Under this bill, prior law would be restored, permitting school boards to adopt a resolution to make use of the revenue limit exemption. The bill does make changes to what is considered an eligible project under the revenue limit exemption and to school district operations in making use of the exemption.

First, the bill requires qualifying projects to apply energy conservation measures to an energy savings performance contract in order to be eligible for the revenue limit exemption. The bill incorporates the definition of "energy conservation measure" that applies to an energy savings performance contract.

The bill also provides that any debt issued to finance the project may not be for a term that is longer than 20 years (as given in current law), 80 percent of the useful life of the energy conservation measure, or 80 percent of the useful life of the facility at which the project is implemented, whichever is shorter. Further, if the school district issued debt to finance the project, the operational cost savings must be used to retire the debt in addition to any utility cost savings as under current law.

The bill requires a school board resolution to utilize the revenue limit exemption to include a statement that the school board has considered and made a good faith effort to comply with the legal requirements for the revenue limit exemption and to hold a public hearing on the resolution at least 30 days before voting on the resolution with public

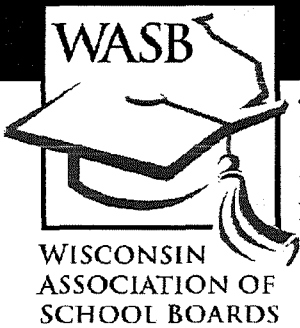
notice of the hearing to be provided at least 10 days before the hearing. The bill establishes several requirements to be included in the agenda for the public hearing to consider the resolution, including: 1) a detailed description of the project and the facilities impacted by the project; 2) the projected principle and debt service costs of the energy conservation measures; 3) the projected amount of time for the total energy or operational savings and avoided costs to exceed the costs of the energy conservation measures; 4) the projected useful life of the energy conservation measures and each facility at which those measures will be installed; and 5) the avoided inflationary costs and operational productivity costs attributable to the energy conservation measures.

Finally, a school board that passes a resolution must submit a report to the DPI containing the following information: the board vote on the resolution, the information required on the public hearing agenda, the projected savings incurred as a result of the project, and a statement signed by the school board president and the school district administrator that the school board has considered and made a good faith effort to comply with the legal requirements for the revenue limit exemption.

Use of the energy efficiency revenue limit exemption depends largely on school district decisions. Since inception of the energy efficiency revenue limit exemption, 197 school districts have at some point used the exemption at least once, creating a total of \$399,731,343 in additional revenue authority for energy efficiency projects from fiscal year 2010 to fiscal year 2019.

Under the bill (as under prior law), the revenue limit exemption for energy efficiency measures is for nonrecurring purposes; therefore, the revenue authority generated by the exemption would not be included in the base for determining a school district's base revenues for the following school year. Thus, a school board would be required to adopt a resolution to use the energy efficiency exemption each year in which it would use the exemption.

Thank you for the opportunity to provide this information. If you have any questions, please let us know.



"Leadership in Public School Governance"

JOHN H. ASHLEY, EXECUTIVE DIRECTOR

122 W. WASHINGTON AVENUE, MADISON, WI 53703  
PHONE: 608-257-2622 FAX: 608-257-8386

TO: Members, Senate Committee on Natural Resources and Energy  
FROM: Dan Rossmiller, WASB Government Relations Director  
DATE: October 22, 2019  
RE: SUPPORT for SENATE BILL 494, relating to the school district revenue limit adjustment for energy efficiency projects.

Thank you for the opportunity to share written comments in support of Senate Bill 494, which effectively reinstates a revenue limit adjustment for energy efficiency projects that was available to school districts from the 2009-10 school year until January 1, 2018. I regret that I am unable to appear before you today due to a prior commitment.

Under revenue limits, the amount of revenue a district can raise from general school aids, computer aid, and property taxes is restricted.

Each school district has its own unique per pupil revenue limit, which is based largely on its per pupil spending patterns in the 1992-93 school year and changes in district enrollment since that time.

Revenue limits have the effect of limiting how much a district can spend. Because energy costs are included in spending subject to revenue limits, as energy costs rise school districts have less money available to spend on other things, such as instruction.

The Wisconsin Association of School Boards (WASB) and its 421 member school boards have long been concerned about the impact of energy costs on school budgets, and in particular, how under revenue limits rising energy costs can erode, or take away from, the resources available to support children in classrooms.

That is why, as early as 1998, WASB member school boards adopted a permanent resolution in support of exempting from revenue limits the expenses for energy savings audits as a way to help schools look for and find ways to reduce energy consumption. In 2007, WASB member school boards adopted a permanent resolution in support of a revenue limit adjustment for the costs for energy conservation efforts, including those which involve capital maintenance (i.e., like the energy efficiency adjustment restored by SB 494).

The 2009-11 state budget (2009 Act 28) created a nonrecurring adjustment for energy efficiency measures, beginning in the 2009-10 school year. Under this adjustment, a school district's revenue limit was increased by the amount spent by the district in that school year on energy efficiency measures and renewable energy products that result in avoidance of, or reduction in, energy costs. A school board was required to adopt a resolution to use this adjustment.

The bill before you today restores the availability of this valuable tool for schools while also improving the process for approving energy efficiency projects by adding several protections for taxpayers that were not previously included in the law. For example, under the bill:

- A qualifying project is a project to purchase or implement energy conservation measures. The bill incorporates the definition of “energy conservation measure” that applies to an energy savings performance contract. (A qualifying project must result in energy or operational cost savings and must be governed by an energy savings performance contract.)
- Any debt issued to finance the project may not be for a term that is longer than 20 years, 80 percent of the useful life of the energy conservation measures, or 80 percent of the useful life of the facility at which the project is implemented, whichever is shorter. (Current law limits the term of the debt to 20 years.)
- In order to utilize the revenue limit adjustment, a school board must adopt a resolution that includes a statement that the school board has considered and made a good faith effort to comply with the legal requirements for the revenue limit adjustment.
- A school board must hold a public hearing on the resolution at least 30 days before voting on the resolution and must provide public notice of the public hearing at least 10 days before the public hearing. The bill includes a list of specific items that must be in the agenda for the public hearing.
- A school board that passes a resolution to submit a report to the DPI that includes: a) the board vote on the resolution, b) the information required to be in the public hearing agenda, c) information about projected savings, and d) a statement signed by the school board president and the school district administrator stating that the school board has considered and made a good faith effort to comply with the legal requirements for the revenue limit adjustment. Under the bill, DPI must post the information in these reports on its website.
- Requires that if the school district issued debt to finance the project, the operational cost savings must be used to retire the debt. (Current law only requires that utility costs savings be used to retire the debt.)
- The bill requests the Legislative Audit Bureau to audit how school boards use the energy efficiency revenue limit adjustment during the two school years following the date on which the bill becomes law.

Senate Bill 494 will thus provide taxpayers greater assurances and protections that were missing in the prior law and will allow school districts to make expenditures on energy efficiency projects that will generate savings. This will help to ensure that taxpayers dollars generated under the revenue limits are ultimately spent on classroom instruction rather than on energy costs.

We encourage your support for Senate Bill 494.



**Submitted testimony of Carly Michiels  
Government Affairs Director, Clean Wisconsin  
Senate Committee on Natural Resources and Energy  
Senate Bill 494 – school district revenue limit adjustment for energy efficiency projects  
October 22, 2019**

Thank you for the opportunity to submit testimony on Senate Bill 494 relating to school district revenue limit adjustment for energy efficiency projects.

Clean Wisconsin is a non-profit environmental advocacy group focused on clean water, clean air, and clean energy issues. We were founded almost fifty years ago and have 20,000 members and supporters around the state. We've been working on clean energy issues in Wisconsin since our founding, and while some of the particulars have changed, Wisconsin remains a state with abundant opportunity for renewable resource growth, electrification, and increased energy efficiency. Clean Wisconsin employs scientists, policy experts, and legal staff to bring all the tools at our disposal to protect and improve our air and clean energy resources.

Clean Wisconsin supports strong energy efficiency initiatives to help all people and businesses consume less energy and save more on their bills. The goal of energy efficiency is to get the same or better services (like well-lit rooms, hot showers, and cold beverages) than before, while using less energy. It is generally the cheapest energy resource and saves money while reducing the pollution that comes from burning fossil fuels. Making Wisconsin more energy efficient will help clean our air and water, reduce electricity bills, create jobs, and foster energy independence.

Installing cost-effective energy efficiency and renewable energy projects creates jobs and upgrades local infrastructure. Wisconsin already spends billions of dollars annually importing fossil fuels. Money invested in energy efficiency to reduce consumption and shift when energy consumption occurs are cost effective alternatives which reduce the need for unnecessary investments. These energy efficiency investments can be made at a far lower cost, reducing waste, and can help avoid the need for more expensive power plants in the future.

Energy efficiency keeps money from being sent out of state to import fossil fuels, reinvests that money in local businesses and schools, and cuts expenses for people statewide. Bottom-line, investing in energy efficiency saves money, reduces demand, and cuts energy bills.

According to Focus on Energy, Wisconsin schools spend more than \$175 million a year in energy costs. We know that energy efficiency is one of the easiest and most cost-effective ways to combat climate change, clean the air we breathe, improve the competitiveness of our businesses, and reduce energy costs for consumers.

Clean Wisconsin supports this and all initiatives to increase investments in energy efficiency in our state. We appreciate this proposal from the legislators who introduced and support this bill.

Thank you.