

Senate Committee on Economic Development, Commerce and Local Government
May 30, 2017

Department of Public Instruction Testimony
Senate Bill 187

Thank you Chairman Feyen and members for your time today. I am Dee Pettack, Legislative Liaison for the Department of Public Instruction (Department), and with me today is Carey Bradley, Assistant Director of the School Financial Services Team. We are here to offer information on SB 187, as currently drafted and answer questions you may have.

Senate Bill 187

The bill requires a school board to include in its resolution, and in the referendum question, the total amount of debt to be issued; the total amount of interest and related debt service costs to be incurred; and the sum of the principal, interest, and related debt service costs; in addition to the information required in the resolution and referendum question under current law. The bill applies only to debt-related referenda for building projects.

Barring those concerns, specific information concerning the total interest and related debt service costs may not be readily available in advance of the actual debt issuance when the debt resolution is passed and the referendum question is put before voters. The bill may affect a district's ability to manage fluctuations in bond markets or manage debt due to what is strictly specified in the debt resolution. SB 187 may put school districts in a potentially unfavorable legal situation should someone challenge the board on the actual debt costs compared to what had been specified in the resolution or referendum question.

The bill, as drafted, only affects sections of statute which address instances when school boards go to referenda for exceeding the revenue limit to cover debt service cost. School boards seeking authorization to issue bonds for debt service projects, such as construction, would be required to pass an initial resolution and go to referenda using the procedures laid out in Wis. Stat. §67.05 (3) and (6a), this would be levied outside of a school district's revenue limit. Therefore, if the intent behind the legislation is to increase transparency in school district borrowing, the bill needs to be amended to address debt referenda under Wis. Stat. § 67.

It is the Department's understanding there is a substitute amendment forthcoming which may address some of the drafting issues. At this time, the Department has not had an opportunity to fully analyze that amendment.