



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4550/9
JK&RAC:hmh:kjf

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Stays
RM not R

DOA:.....Ziegler - Modify the amounts and funding sources for shared revenue in 2002 and 2003

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

m 1-29-02

TODAY

D-N

Do not gen

- 1 AN ACT ...; relating to: the distribution of shared revenue payments in 2002 and
- 2 2003 and making an appropriation.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law, payments under the shared revenue program, the public utility distribution program, the county mandate relief program, the expenditure restraint program, and the small municipality shared revenue program are paid from the general fund. These programs are collectively referred to as shared revenue programs. Under this bill, in 2002 and 2003, a portion of the payments under the shared revenue programs will be paid from moneys in the permanent endowment fund, which consists of all the proceeds from the sale of the state's right to receive payments under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998, and all investment earnings on the proceeds. In 2002, the amount from the permanent endowment fund to make payments under the shared revenue programs is \$580,000,000 less any amount expended from the permanent endowment fund for purposes relating to the contracting of public debt during the 2001-02 fiscal year. In 2003, the amount from the permanent endowment fund to make such payments is the amount, as determined by DOA, that is not designated for other purposes. In addition, the bill creates a sum sufficient appropriation from the permanent endowment fund, in an amount determined by DOA, to be used for purposes relating to the contracting of public debt.

Under current law, the total amount of the payments that the state will pay to municipalities under the expenditure restraint program is \$57,570,000 in 2002 and \$58,145,700 in 2003 and in each year thereafter. Under the bill, the total amount of payments that the state will pay to municipalities under the expenditure restraint program in 2002 and in each year thereafter is \$57,570,000.

Under current law, the total amount of payments that the state will pay to municipalities under the small municipality shared revenue program is \$11,110,000 in 2002 and \$11,221,100 in 2003 and in each year thereafter. Under the bill, the total amount of payments that the state will pay to municipalities under the small municipality shared revenue program in 2002 and in each year thereafter is \$11,110,000.

Under current law, the total amount of shared revenue payments that the state will pay to municipalities is \$769,092,800 in 2002 and \$776,783,700 in 2003 and in each year thereafter. Under the bill, the total amount of shared revenue payments that the state will pay to municipalities in 2003 and in each year thereafter is \$769,092,800.

Under current law, the total amount of shared revenue payments that the state will pay to counties is \$170,671,600 in 2002 and \$172,378,300 in 2003 and in each year thereafter. Under the bill, the total amount of shared revenue payments that the state will pay to counties is \$170,671,600 in 2003 and in each year thereafter.

Under current law, the total amount of county mandate relief payments that the state will pay to counties is \$20,971,400 in 2002 and \$21,181,100 in 2003 and in each year thereafter. Under the bill, the total amount of county mandate relief payments that the state will pay to counties in 2003 and in each year thereafter is \$20,971,400.

The bill further reduces the total amount of payments under the shared revenue programs in 2002 and 2003. Under the bill, in 2002 and 2003, DOR determines the total amount of payments under the shared revenue programs to be paid to each municipality and county in that year. DOR then reduces the total amount of such payments to each municipality or county by subtracting from the payments an amount based on the municipality's or county's population, so that the total amount of the reduction to all such payments in each year is \$350,000,000.

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.** 16.40 (25) of the statutes is created to read:
- 2 **16.40 (25)** PAYMENTS FROM THE PERMANENT ENDOWMENT FUND RELATING TO PUBLIC
- 3 DEBT. Annually, determine the amount to be paid from the permanent endowment
- 4 fund into one or more sinking funds of the bond security and redemption fund under

1 s. 18.09 (1) and any escrow accounts established under escrow agreements
2 authorized by the secretary of administration that relate to the contracting of public
3 debt.

4 **SECTION 2.** 20.855 (4) (rb) of the statutes is created to read:

5 20.855 (4) (rb) *Shared revenue payment.* From the permanent endowment
6 fund, a sum sufficient to make the payments under s. 79.02 (2) (b) and (c) and (3).

7 **SECTION 3.** 20.855 (4) (rb) of the statutes, as created by 2001 Wisconsin Act
8 (this act), is repealed.

9 **SECTION 4.** 20.855 (4) (rh) of the statutes, as created by 2001 Wisconsin Act 16,
10 is amended to read:

11 20.855 (4) (rh) *Annual transfer from permanent endowment fund to general*
12 *fund.* From the permanent endowment fund, to be transferred to the general fund,
13 a sum sufficient equal to the amount that is required to be transferred to the general
14 fund under s. 13.101 (16).

15 **SECTION 5.** 20.855 (4) (rm) of the statutes is created to read:

16 20.855 (4) (rm) *Payment relating to public debt.* From the permanent
17 endowment fund, a sum sufficient equal to the amount determined by the
18 department of administration under s. 16.40 (25), to be paid into one or more sinking
19 funds of the bond security and redemption fund under s. 18.09 (1) and any escrow
20 accounts established under escrow agreements authorized by the secretary of
21 administration that relate to the contracting of public debt.

22 **SECTION 6.** 25.69 of the statutes, as created by 2001 Wisconsin Act 16, is
23 amended to read:

24 **25.69 Permanent endowment fund.** There is established a separate
25 nonlapsible trust fund designated as the permanent endowment fund, consisting of

1 all of the proceeds from the sale of the state's right to receive payments under the
2 Attorneys General Master Tobacco Settlement Agreement of November 23, 1998,
3 and all investment earnings on the proceeds. Moneys in the permanent endowment
4 fund shall be used only to make the transfers under s. 20.855 (4) (rc), (rh), (rp), and
5 (rv) and to make the appropriations under s. 20.855 (4) (rb) and (rm).

6 **SECTION 7.** 25.69 of the statutes, as affected by 2001 Wisconsin Acts 16 and ...
7 (this act), is repealed and recreated to read:

8 **25.69 Permanent endowment fund.** There is established a separate
9 nonlapsible trust fund designated as the permanent endowment fund, consisting of
10 all of the proceeds from the sale of the state's right to receive payments under the
11 Attorneys General Master Tobacco Settlement Agreement of November 23, 1998,
12 and all investment earnings on the proceeds. Moneys in the permanent endowment
13 fund shall be used only to make the transfers under ss. 13.101 (16) and 20.855 (4) (rh)
14 and to make the appropriation under s. 20.855 (4) (rm).

15 **SECTION 8.** 79.01 (1) of the statutes, as affected by 2001 Wisconsin Act 16, is
16 amended to read:

17 79.01 (1) There is established an account in the general fund entitled the
18 "Expenditure Restraint Program Account." There shall be appropriated to that
19 account \$25,000,000 in 1991, in 1992, and in 1993; \$42,000,000 in 1994; \$48,000,000
20 in each year beginning in 1995 and ending in 1999; \$57,000,000 in the year 2000 and
21 in the year 2001; \$57,570,000 in 2002; and ~~\$58,145,700 in 2003 and in each year~~
22 thereafter, less reductions under s. 79.085.

23 **SECTION 9.** 79.02 (1) of the statutes is amended to read:

24 79.02 (1) The department of administration, upon certification by the
25 department of revenue, shall distribute shared revenue payments to each

1 municipality and county on the 4th Monday in July and the 3rd Monday in
2 November, except that in 2003, shared revenue payments shall be distributed on
3 June 30 and on the 3rd Monday in November.

4 **SECTION 10.** 79.02 (2) (b) of the statutes is amended to read:

5 79.02 (2) (b) Subject to s. 59.605 (4), payments in July shall equal 15% of the
6 municipality's or county's estimated payments under ss. 79.03, 79.04, 79.058, and
7 79.06 and 100% of the municipality's estimated payments under s. 79.05, except that
8 in July 2002, each county and municipality shall receive payments equal to the
9 amount determined under s. 79.085 (1) (b) and (2), multiplied by the July 2002
10 payment factor. In this paragraph, "July 2002 payment factor" means the amount
11 that is equal to \$580,000,000, less any amount expended from the appropriation
12 account under s. 20.855 (4) (rm) during the 2001–02 fiscal year, divided by
13 \$679,415,800. Payments in July 2002 shall be made from the appropriation account
14 under s. 20.855 (4) (rb).

15 **SECTION 11.** 79.02 (2) (c) of the statutes is created to read:

16 79.02 (2) (c) Subject to s. 59.605 (4), on June 30, 2003, each county and
17 municipality shall receive payments equal to the amount determined under s. 79.085
18 (1) (b) and (2), multiplied by the June 2003 payment factor. In this paragraph, "June
19 2003 payment factor" means the amount that is equal to the moneys available, as
20 determined by the department of administration, from the appropriation account
21 under s. 20.855 (4) (rb), divided by \$679,415,800. Payments in June 2003 shall be
22 made from the appropriation account under s. 20.855 (4) (rb).

23 **SECTION 12.** 79.02 (3) of the statutes is amended to read:

24 79.02 (3) Subject to s. 59.605 (4), payments to each municipality and county in
25 November shall equal that municipality's or county's entitlement to shared revenues

1 under ss. 79.03, 79.04, 79.05, 79.058, and 79.06 for the current year, minus the
2 amount distributed to the municipality or county in July or, for distributions in 2003,
3 on June 30, 2003. The total amount of the payments in July and November 2002
4 shall be \$679,415,800. The total amount of the payments in June and November
5 2003 shall be \$679,415,800.

6 **SECTION 13.** 79.03 (3c) (f) of the statutes, as affected by 2001 Wisconsin Act 16,
7 is amended to read:

8 **79.03 (3c) (f) Distribution amount.** If the total amounts calculated under pars.
9 (c) to (e) exceed the total amount to be distributed under this subsection, the amount
10 paid to each eligible municipality shall be paid on a prorated basis. The total amount
11 to be distributed under this subsection from s. 20.835 (1) (b) is \$10,000,000 beginning
12 in 1996 and ending in 1999; \$11,000,000 in the year 2000 and in the year 2001;
13 \$11,110,000 in 2002; and \$11,221,100 in 2003 ~~and in each year thereafter, less~~
14 reductions under s. 79.085.

15 **SECTION 14.** 79.03 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is
16 amended to read:

17 **79.03 (4)** In 1991, the total amount to be distributed under ss. 79.03, 79.04, and
18 79.06 from s. 20.835 (1) (d) is \$869,000,000. In 1992, the total amount to be
19 distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1) (d) is \$885,961,300.
20 In 1993, the total amount to be distributed under ss. 79.03, 79.04, and 79.06 from s.
21 20.835 (1) (d) is \$903,680,500. In 1994, the total amounts to be distributed under this
22 section and ss. 79.04 and 79.06 from s. 20.835 (1) (d) are \$746,547,500 to
23 municipalities and \$168,981,800 to counties. Beginning in 1995 and ending in 2001,
24 the total amounts to be distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835
25 (1) (d) are \$761,478,000 to municipalities and \$168,981,800 to counties. In 2002, the

1 total amounts to be distributed under ss. 79.03, 79.04, and 79.06 from ~~s. ss. 20.835~~
2 (1) (d) and 20.855 (4) (rb) are \$769,092,800 to municipalities, less reductions under
3 s. 79.085, and \$170,671,600 to counties, less reductions under s. 79.085. In 2003 ~~and~~
4 ~~subsequent years~~, the total amounts to be distributed under ss. 79.03, 79.04, and
5 79.06 from ~~s. ss. 20.835 (1) (d) and 20.855 (4) (rb)~~ are ~~\$776,783,700~~ \$769,092,800 to
6 municipalities and ~~\$172,378,300~~ \$170,671,600 to counties, less reductions under s.
7 79.085.

8 **SECTION 15.** 79.03 (5) (a) of the statutes, as affected by 2001 Wisconsin Act 16,
9 is amended to read:

10 79.03 (5) (a) In 2002 ~~and 2003~~, each municipality shall receive a shared
11 revenue payment that is equal to the amount of the payment it received in the
12 previous year, multiplied by 101% and less reductions under s. 79.085.

13 **SECTION 16.** 79.058 (3) (d) of the statutes, as created by 2001 Wisconsin Act 16,
14 is amended to read:

15 79.058 (3) (d) In 2002, \$20,971,400, less reductions under s. 79.085.

16 **SECTION 17.** 79.058 (3) (e) of the statutes, as created by 2001 Wisconsin Act 16,
17 is amended to read:

18 79.058 (3) (e) In 2003 ~~and subsequent years~~ \$21,181,100, \$20,971,400, less
19 reductions under s. 79.085.

20 **SECTION 18.** 79.06 (1) (b) of the statutes is amended to read:

21 79.06 (1) (b) If the payments to any municipality or county under s. 79.03,
22 excluding payments under s. 79.03 (3c), in 1986 or any year thereafter, except after
23 the reductions under s. 79.085 in 2002, are less than 95% of the combined payments
24 to the municipality or county under this section and s. 79.03, excluding payments
25 under s. 79.03 (3c), for the previous year, the municipality or county has an aids

1 deficiency. The amount of the aids deficiency is the amount by which 95% of the
2 combined payments to the municipality or county under this section and s. 79.03,
3 excluding payments under s. 79.03 (3c), in the previous year exceeds the payments
4 to the municipality or county under s. 79.03, excluding payments under s. 79.03 (3c),
5 in the current year.

6 SECTION 19. 79.085 of the statutes is created to read:

7 79.085 Reductions. (1) CALCULATION. (a) The department of revenue shall

8 determine the amount of the payments under ss. 79.03 (2), (3), (3c), and (5) (a) ~~and~~
9 79.05 ^{and 79.06} to be distributed to each municipality in 2002 and the amount of the payments
10 under ss. 79.03 (2) and (3) ^{79.04} ~~and~~ 79.058 ^{and 79.06} to be distributed to each county in 2002.

11 (b) The department of revenue shall reduce the amount of the payments to be
12 distributed to each municipality and county, as determined under par. (a), by
13 subtracting from such payments an amount based on population, as determined by
14 the department, so that the total amount of the reduction to all such payments in
15 2002 is \$350,000,000, except that the reduction applied to any county's or
16 municipality's payment shall not exceed the amount determined under par. (a) to be
17 distributed to the municipality or county in 2002. Notwithstanding s. 79.005 (2), to
18 calculate reductions under this paragraph, the department shall estimate
19 population by using the 2000 federal decennial census.

20 (c) The amount of the payments under ss. 79.03 (2), (3), and (3c) ^{79.04} ~~and~~ 79.05 ^{and 79.06} to
21 be distributed to each municipality in 2003 and the amount of the payments under
22 ss. 79.03 (2) and (3) ^{79.04} ~~and~~ 79.058 ^{and 79.06} to be distributed to each county in 2003 shall be equal
23 to the amount of such payments distributed to the municipality or county in 2002 as
24 calculated under par. (b).

79.04,

79.04, and 79.06

1 **(2) REDUCTION PRIORITY.** (a) For payments to counties in 2002 and 2003, after
2 the department of revenue calculates the total reduction of payments to counties
3 under sub. (1) (b), the department shall reduce the following payments, consistent
4 with the calculation under par. (b), in the following order:

- 5 1. Payments from the appropriation account under s. 20.835 (1) (f).
- 6 2. Payments from the appropriation account under s. 20.835 (1) (d).

7 (b) For payments to municipalities in 2002 and 2003, after the department of
8 revenue calculates the total reduction of payments to municipalities under sub. (1)
9 (b), the department shall reduce the following payments, consistent with the
10 calculation under par. (b), in the following order:

- 11 1. Payments from the appropriation account under s. 20.835 (1) (d).
- 12 2. Payments from the appropriation account under s. 20.835 (1) (b).
- 13 3. Payments from the appropriation account under s. 20.835 (1) (c).

14 **SECTION 9101. Nonstatutory provisions; administration.**

15 (1) **PAYMENTS FROM PERMANENT ENDOWMENT FUND RELATING TO PUBLIC DEBT.** When
16 amending the schedule under section 20.004 (2) of the statutes, the department of
17 administration shall insert the amount of \$200,000,000 as the estimated
18 expenditure amount for the appropriation under section 20.855 (4) (rm) of the
19 statutes, as created by this act, in the 2001-02 fiscal year.

20 **SECTION 9459. Effective dates; other.**

21 (1) **PERMANENT ENDOWMENT FUND MONEYS.** The repeal of section 20.855 (4) (rb)
22 of the statutes and the repeal and recreation of section 25.69 of the statutes take
23 effect on July 1, 2003.

24

(END)

4550/10dn
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DATE

Paul:

This draft adds references to ss. 79.04 and 79.06 related to the calculation and distribution of reductions under s. 79.085, as created by the bill.

JK

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4550/10dn
JK:hmh:ch

January 29, 2002

Paul:

This draft adds references to ss. 79.04 and 79.06 related to the calculation and distribution of reductions under s. 79.085, as created by the bill.

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2001 - 2002 LEGISLATURE

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page 3, line 6

Do not go

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LOCAL GOVERNMENT

Under current law, payments under the shared revenue program, the public utility distribution program, the county mandate relief program, the expenditure restraint program, and the small municipality shared revenue program are paid from the general fund. These programs are collectively referred to as shared revenue programs. Under this bill, in 2002 and 2003, a portion of the payments under the shared revenue programs will be paid from moneys in the permanent endowment fund, which consists of all the proceeds from the sale of the state's right to receive payments under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998, and all investment earnings on the proceeds. In 2002, the amount from the permanent endowment fund to make payments under the shared revenue programs is \$580,000,000 less any amount expended from the permanent endowment fund for purposes relating to the contracting of public debt during the 2001-02 fiscal year. In 2003, the amount from the permanent endowment fund to make such payments is the amount, as determined by DOA, that is not designated for other purposes. In addition, the bill creates a sum sufficient appropriation from the permanent endowment fund, in an amount determined by DOA, to be used for purposes relating to the contracting of public debt.

Under current law, the total amount of the payments that the state will pay to municipalities under the expenditure restraint program is \$57,570,000 in 2002 and \$58,145,700 in 2003 and in each year thereafter. Under the bill, the total amount of payments that the state will pay to municipalities under the expenditure restraint program in 2002 and in each year thereafter is \$57,570,000.

Under current law, the total amount of payments that the state will pay to municipalities under the small municipality shared revenue program is \$11,110,000 in 2002 and \$11,221,100 in 2003 and in each year thereafter. Under the bill, the total amount of payments that the state will pay to municipalities under the small municipality shared revenue program in 2002 and in each year thereafter is \$11,110,000.

Under current law, the total amount of shared revenue payments that the state will pay to municipalities is \$769,092,800 in 2002 and \$776,783,700 in 2003 and in each year thereafter. Under the bill, the total amount of shared revenue payments that the state will pay to municipalities in 2003 and in each year thereafter is \$769,092,800.

Under current law, the total amount of shared revenue payments that the state will pay to counties is \$170,671,600 in 2002 and \$172,378,300 in 2003 and in each year thereafter. Under the bill, the total amount of shared revenue payments that the state will pay to counties is \$170,671,600 in 2003 and in each year thereafter.

Under current law, the total amount of county mandate relief payments that the state will pay to counties is \$20,971,400 in 2002 and \$21,181,100 in 2003 and in each year thereafter. Under the bill, the total amount of county mandate relief payments that the state will pay to counties in 2003 and in each year thereafter is \$20,971,400.

The bill further reduces the total amount of payments under the shared revenue programs in 2002 and 2003. Under the bill, in 2002 and 2003, DOR determines the total amount of payments under the shared revenue programs to be paid to each municipality and county in that year. DOR then reduces the total amount of such payments to each municipality or county by subtracting from the payments an amount based on the municipality's or county's population, so that the total amount of the reduction to all such payments in each year is \$350,000,000.

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- 4 fund into one or more sinking funds of the bond security and redemption fund under

1 s. 18.09 (1) and any escrow accounts established under escrow agreements
2 authorized by the secretary of administration that relate to the contracting of public
3 debt.

4 **SECTION 2.** 20.855 (4) (rb) of the statutes is created to read:

5 20.855 (4) (rb) *Shared revenue payment.* From the permanent endowment
6 fund, a sum sufficient to make the payments under s. 79.02 (2) (b) and (c) and (3).

7 **SECTION 3.** 20.855 (4) (rb) of the statutes, as created by 2001 Wisconsin Act ...
8 (this act), is repealed.

9 **SECTION 4.** 20.855 (4) (rh) of the statutes, as created by 2001 Wisconsin Act 16,
10 is amended to read:

11 20.855 (4) (rh) *Annual transfer from permanent endowment fund to general*
12 *fund.* From the permanent endowment fund, to be transferred to the general fund,
13 a sum sufficient equal to the amount that is required to be transferred to the general
14 fund under s. 13.101 (16).

15 **SECTION 5.** 20.855 (4) (rm) of the statutes is created to read:

16 20.855 (4) (rm) *Payment relating to public debt.* From the permanent
17 endowment fund, a sum sufficient equal to the amount determined by the
18 department of administration under s. 16.40 (25), to be paid into one or more sinking
19 funds of the bond security and redemption fund under s. 18.09 (1) and any escrow
20 accounts established under escrow agreements authorized by the secretary of
21 administration that relate to the contracting of public debt.

22 **SECTION 6.** 25.69 of the statutes, as created by 2001 Wisconsin Act 16, is
23 amended to read:

24 **25.69 Permanent endowment fund.** There is established a separate
25 nonlapsible trust fund designated as the permanent endowment fund, consisting of

1 all of the proceeds from the sale of the state's right to receive payments under the
2 Attorneys General Master Tobacco Settlement Agreement of November 23, 1998,
3 and all investment earnings on the proceeds. Moneys in the permanent endowment
4 fund shall be used only to make the transfers under s. 20.855 (4) (rc), (rh), (rp), and
5 (rv) and to make the appropriations under s. 20.855 (4) (rb) and (rm).

6 **SECTION 7.** 25.69 of the statutes, as affected by 2001 Wisconsin Acts 16 and
7 (this act), is repealed and recreated to read:

8 **25.69 Permanent endowment fund.** There is established a separate
9 nonlapsible trust fund designated as the permanent endowment fund, consisting of
10 all of the proceeds from the sale of the state's right to receive payments under the
11 Attorneys General Master Tobacco Settlement Agreement of November 23, 1998,
12 and all investment earnings on the proceeds. Moneys in the permanent endowment
13 fund shall be used only to make the transfers under ss. 13.101 (16) and 20.855 (4) (rh)
14 and to make the appropriation under s. 20.855 (4) (rm).

15 **SECTION 8.** 79.01 (1) of the statutes, as affected by 2001 Wisconsin Act 16, is
16 amended to read:

17 79.01 (1) There is established an account in the general fund entitled the
18 "Expenditure Restraint Program Account." There shall be appropriated to that
19 account \$25,000,000 in 1991, in 1992, and in 1993; \$42,000,000 in 1994; \$48,000,000
20 in each year beginning in 1995 and ending in 1999; \$57,000,000 in the year 2000 and
21 in the year 2001; \$57,570,000 in 2002; and ~~\$58,145,700 in 2003 and in each year~~
22 thereafter, less reductions under s. 79.085.

23 **SECTION 9.** 79.02 (1) of the statutes is amended to read:

24 79.02 (1) The department of administration, upon certification by the
25 department of revenue, shall distribute shared revenue payments to each

1 municipality and county on the 4th Monday in July and the 3rd Monday in
2 November, except that in 2003, shared revenue payments shall be distributed on
3 June 30 and on the 3rd Monday in November.

4 **SECTION 10.** 79.02 (2) (b) of the statutes is amended to read:

5 79.02 (2) (b) Subject to s. 59.605 (4), payments in July shall equal 15% of the
6 municipality's or county's estimated payments under ss. 79.03, 79.04, 79.058, and
7 79.06 and 100% of the municipality's estimated payments under s. 79.05, except that
8 in July 2002, each county and municipality shall receive payments equal to the
9 amount determined under s. 79.085 (1) (b) and (2), multiplied by the July 2002
10 payment factor. In this paragraph, "July 2002 payment factor" means the amount
11 that is equal to \$580,000,000, less any amount expended from the appropriation
12 account under s. 20.855 (4) (rm) during the 2001-02 fiscal year, divided by
13 \$679,415,800. Payments in July 2002 shall be made from the appropriation account
14 under s. 20.855 (4) (rb).

15 **SECTION 11.** 79.02 (2) (c) of the statutes is created to read:

16 79.02 (2) (c) Subject to s. 59.605 (4), on June 30, 2003, each county and
17 municipality shall receive payments equal to the amount determined under s. 79.085
18 (1) (b) and (2), multiplied by the June 2003 payment factor. In this paragraph, "June
19 2003 payment factor" means the amount that is equal to the moneys available, as
20 determined by the department of administration, from the appropriation account
21 under s. 20.855 (4) (rb), divided by \$679,415,800. Payments in June 2003 shall be
22 made from the appropriation account under s. 20.855 (4) (rb).

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25 November shall equal that municipality's or county's entitlement to shared revenues

1 under ss. 79.03, 79.04, 79.05, 79.058, and 79.06 for the current year, minus the
2 amount distributed to the municipality or county in July or, for distributions in 2003,
3 on June 30, 2003. The total amount of the payments in July and November 2002
4 shall be \$679,415,800. The total amount of the payments in June and November
5 2003 shall be \$679,415,800.

6 **SECTION 13.** 79.03 (3c) (f) of the statutes, as affected by 2001 Wisconsin Act 16,
7 is amended to read:

8 **79.03 (3c) (f) Distribution amount.** If the total amounts calculated under pars.
9 (c) to (e) exceed the total amount to be distributed under this subsection, the amount
10 paid to each eligible municipality shall be paid on a prorated basis. The total amount
11 to be distributed under this subsection from s. 20.835 (1) (b) is \$10,000,000 beginning
12 in 1996 and ending in 1999; \$11,000,000 in the year 2000 and in the year 2001;
13 \$11,110,000 in 2002; and \$11,221,100 in 2003 ~~and in each year thereafter, less~~
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15 **SECTION 14.** 79.03 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is
16 amended to read:

17 **79.03 (4)** In 1991, the total amount to be distributed under ss. 79.03, 79.04, and
18 79.06 from s. 20.835 (1) (d) is \$869,000,000. In 1992, the total amount to be
19 distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1) (d) is \$885,961,300.
20 In 1993, the total amount to be distributed under ss. 79.03, 79.04, and 79.06 from s.
21 20.835 (1) (d) is \$903,680,500. In 1994, the total amounts to be distributed under this
22 section and ss. 79.04 and 79.06 from s. 20.835 (1) (d) are \$746,547,500 to
23 municipalities and \$168,981,800 to counties. Beginning in 1995 and ending in 2001,
24 the total amounts to be distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835
25 (1) (d) are \$761,478,000 to municipalities and \$168,981,800 to counties. In 2002, the

1 total amounts to be distributed under ss. 79.03, 79.04, and 79.06 from ~~s. ss. 20.835~~
2 (1) (d) and 20.855 (4) (rb) are \$769,092,800 to municipalities, less reductions under
3 s. 79.085, and \$170,671,600 to counties, less reductions under s. 79.085. In 2003 and
4 subsequent years, the total amounts to be distributed under ss. 79.03, 79.04, and
5 79.06 from ~~s. ss. 20.835 (1) (d) and 20.855 (4) (rb)~~ are ~~\$776,783,700~~ \$769,092,800 to
6 municipalities and ~~\$172,378,300~~ \$170,671,600 to counties, less reductions under s.
7 79.085.

8 **SECTION 15.** 79.03 (5) (a) of the statutes, as affected by 2001 Wisconsin Act 16,
9 is amended to read:

10 79.03 (5) (a) In 2002 and 2003, each municipality shall receive a shared
11 revenue payment that is equal to the amount of the payment it received in the
12 previous year, multiplied by 101% and less reductions under s. 79.085.

13 **SECTION 16.** 79.058 (3) (d) of the statutes, as created by 2001 Wisconsin Act 16,
14 is amended to read:

15 79.058 (3) (d) In 2002, \$20,971,400, less reductions under s. 79.085.

16 **SECTION 17.** 79.058 (3) (e) of the statutes, as created by 2001 Wisconsin Act 16,
17 is amended to read:

18 79.058 (3) (e) In 2003 and ~~subsequent years~~ \$21,181,100, \$20,971,400, less
19 reductions under s. 79.085.

20 **SECTION 18.** 79.06 (1) (b) of the statutes is amended to read:

21 79.06 (1) (b) If the payments to any municipality or county under s. 79.03,
22 excluding payments under s. 79.03 (3c), in 1986 or any year thereafter, except after
23 the reductions under s. 79.085 in 2002, are less than 95% of the combined payments
24 to the municipality or county under this section and s. 79.03, excluding payments
25 under s. 79.03 (3c), for the previous year, the municipality or county has an aids

1 deficiency. The amount of the aids deficiency is the amount by which 95% of the
2 combined payments to the municipality or county under this section and s. 79.03,
3 excluding payments under s. 79.03 (3c), in the previous year exceeds the payments
4 to the municipality or county under s. 79.03, excluding payments under s. 79.03 (3c),
5 in the current year.

6 **SECTION 19.** 79.085 of the statutes is created to read:

7 **79.085 Reductions.** (1) **CALCULATION.** (a) The department of revenue shall
8 determine the amount of the payments under ss. 79.03 (2), (3), (3c), and (5) (a), 79.04,
9 79.05, and 79.06 to be distributed to each municipality in 2002 and the amount of the
10 payments under ss. 79.03 (2) and (3), 79.04, 79.058, and 79.06 to be distributed to
11 each county in 2002.

12 (b) The department of revenue shall reduce the amount of the payments to be
13 distributed to each municipality and county, as determined under par. (a), by
14 subtracting from such payments an amount based on population, as determined by
15 the department, so that the total amount of the reduction to all such payments in
16 2002 is \$350,000,000, except that the reduction applied to any county's or
17 municipality's payment shall not exceed the amount determined under par. (a) to be
18 distributed to the municipality or county in 2002. Notwithstanding s. 79.005 (2), to
19 calculate reductions under this paragraph, the department shall estimate
20 population by using the 2000 federal decennial census.

21 (c) The amount of the payments under ss. 79.03 (2), (3), and (3c), 79.04, 79.05,
22 and 79.06 to be distributed to each municipality in 2003 and the amount of the
23 payments under ss. 79.03 (2) and (3), 79.04, 79.058, and 79.06 to be distributed to
24 each county in 2003 shall be equal to the amount of such payments distributed to the
25 municipality or county in 2002 as calculated under par. (b).



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4550/11
JK&RAC:hmh:pg

DOA:.....Ziegler - Modify the amounts and funding sources for shared revenue in 2002 and 2003

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

- 1 **AN ACT ...; relating to:** the distribution of shared revenue payments in 2002 and
2 2003 and making an appropriation.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law, payments under the shared revenue program, the public utility distribution program, the county mandate relief program, the expenditure restraint program, and the small municipality shared revenue program are paid from the general fund. These programs are collectively referred to as shared revenue programs. Under this bill, in 2002 and 2003, a portion of the payments under the shared revenue programs will be paid from moneys in the permanent endowment fund, which consists of all the proceeds from the sale of the state's right to receive payments under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998, and all investment earnings on the proceeds. In 2002, the amount from the permanent endowment fund to make payments under the shared revenue programs is \$580,000,000 less any amount expended from the permanent endowment fund for purposes relating to the contracting of public debt during the 2001-02 fiscal year. In 2003, the amount from the permanent endowment fund to make such payments is the amount, as determined by DOA, that is not designated for other purposes. In addition, the bill creates a sum sufficient appropriation from the permanent endowment fund, in an amount determined by DOA, to be used for purposes relating to the contracting of public debt.

Under current law, the total amount of the payments that the state will pay to municipalities under the expenditure restraint program is \$57,570,000 in 2002 and \$58,145,700 in 2003 and in each year thereafter. Under the bill, the total amount of payments that the state will pay to municipalities under the expenditure restraint program in 2002 and in each year thereafter is \$57,570,000.

Under current law, the total amount of payments that the state will pay to municipalities under the small municipality shared revenue program is \$11,110,000 in 2002 and \$11,221,100 in 2003 and in each year thereafter. Under the bill, the total amount of payments that the state will pay to municipalities under the small municipality shared revenue program in 2002 and in each year thereafter is \$11,110,000.

Under current law, the total amount of shared revenue payments that the state will pay to municipalities is \$769,092,800 in 2002 and \$776,783,700 in 2003 and in each year thereafter. Under the bill, the total amount of shared revenue payments that the state will pay to municipalities in 2003 and in each year thereafter is \$769,092,800.

Under current law, the total amount of shared revenue payments that the state will pay to counties is \$170,671,600 in 2002 and \$172,378,300 in 2003 and in each year thereafter. Under the bill, the total amount of shared revenue payments that the state will pay to counties is \$170,671,600 in 2003 and in each year thereafter.

Under current law, the total amount of county mandate relief payments that the state will pay to counties is \$20,971,400 in 2002 and \$21,181,100 in 2003 and in each year thereafter. Under the bill, the total amount of county mandate relief payments that the state will pay to counties in 2003 and in each year thereafter is \$20,971,400.

The bill further reduces the total amount of payments under the shared revenue programs in 2002 and 2003. Under the bill, in 2002 and 2003, DOR determines the total amount of payments under the shared revenue programs to be paid to each municipality and county in that year. DOR then reduces the total amount of such payments to each municipality or county by subtracting from the payments an amount based on the municipality's or county's population, so that the total amount of the reduction to all such payments in each year is \$350,000,000.

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.** 16.40 (25) of the statutes is created to read:
- 2 **16.40 (25) PAYMENTS FROM THE PERMANENT ENDOWMENT FUND RELATING TO PUBLIC**
- 3 **DEBT.** Annually, determine the amount to be paid from the permanent endowment
- 4 fund into one or more sinking funds of the bond security and redemption fund under

1 s. 18.09 (1) and any escrow accounts established under escrow agreements
2 authorized by the secretary of administration that relate to the contracting of public
3 debt.

4 **SECTION 2.** 20.855 (4) (rb) of the statutes is created to read:

5 20.855 (4) (rb) *Shared revenue payment.* From the permanent endowment
6 fund, a sum sufficient to make the payments under s. 79.02 (2) (b) and (c).

7 **SECTION 3.** 20.855 (4) (rb) of the statutes, as created by 2001 Wisconsin Act
8 (this act), is repealed.

9 **SECTION 4.** 20.855 (4) (rh) of the statutes, as created by 2001 Wisconsin Act 16,
10 is amended to read:

11 20.855 (4) (rh) *Annual transfer from permanent endowment fund to general*
12 *fund.* From the permanent endowment fund, to be transferred to the general fund,
13 a sum sufficient equal to the amount that is required to be transferred to the general
14 fund under s. 13.101 (16).

15 **SECTION 5.** 20.855 (4) (rm) of the statutes is created to read:

16 20.855 (4) (rm) *Payment relating to public debt.* From the permanent
17 endowment fund, a sum sufficient equal to the amount determined by the
18 department of administration under s. 16.40 (25), to be paid into one or more sinking
19 funds of the bond security and redemption fund under s. 18.09 (1) and any escrow
20 accounts established under escrow agreements authorized by the secretary of
21 administration that relate to the contracting of public debt.

22 **SECTION 6.** 25.69 of the statutes, as created by 2001 Wisconsin Act 16, is
23 amended to read:

24 **25.69 Permanent endowment fund.** There is established a separate
25 nonlapsible trust fund designated as the permanent endowment fund, consisting of

1 all of the proceeds from the sale of the state's right to receive payments under the
2 Attorneys General Master Tobacco Settlement Agreement of November 23, 1998,
3 and all investment earnings on the proceeds. Moneys in the permanent endowment
4 fund shall be used only to make the transfers under s. 20.855 (4) (rc), (rh), (rp), and
5 (rv) and to make the appropriations under s. 20.855 (4) (rb) and (rm).

6 **SECTION 7.** 25.69 of the statutes, as affected by 2001 Wisconsin Acts 16 and
7 (this act), is repealed and recreated to read:

8 **25.69 Permanent endowment fund.** There is established a separate
9 nonlapsible trust fund designated as the permanent endowment fund, consisting of
10 all of the proceeds from the sale of the state's right to receive payments under the
11 Attorneys General Master Tobacco Settlement Agreement of November 23, 1998,
12 and all investment earnings on the proceeds. Moneys in the permanent endowment
13 fund shall be used only to make the transfers under ss. 13.101 (16) and 20.855 (4) (rh)
14 and to make the appropriation under s. 20.855 (4) (rm).

15 **SECTION 8.** 79.01 (1) of the statutes, as affected by 2001 Wisconsin Act 16, is
16 amended to read:

17 79.01 (1) There is established an account in the general fund entitled the
18 "Expenditure Restraint Program Account." There shall be appropriated to that
19 account \$25,000,000 in 1991, in 1992, and in 1993; \$42,000,000 in 1994; \$48,000,000
20 in each year beginning in 1995 and ending in 1999; \$57,000,000 in the year 2000 and
21 in the year 2001; \$57,570,000 in 2002; and ~~\$58,145,700 in 2003 and in each year~~
22 thereafter, less reductions under s. 79.085.

23 **SECTION 9.** 79.02 (1) of the statutes is amended to read:

24 79.02 (1) The department of administration, upon certification by the
25 department of revenue, shall distribute shared revenue payments to each

1 municipality and county on the 4th Monday in July and the 3rd Monday in
2 November, except that in 2003, shared revenue payments shall be distributed on
3 June 30 and on the 3rd Monday in November.

4 **SECTION 10.** 79.02 (2) (b) of the statutes is amended to read:

5 79.02 (2) (b) Subject to s. 59.605 (4), payments in July shall equal 15% of the
6 municipality's or county's estimated payments under ss. 79.03, 79.04, 79.058, and
7 79.06 and 100% of the municipality's estimated payments under s. 79.05, except that
8 in July 2002, each county and municipality shall receive payments equal to the
9 amount determined under s. 79.085 (1) (b) and (2), multiplied by the July 2002
10 payment factor. In this paragraph, "July 2002 payment factor" means the amount
11 that is equal to \$580,000,000, less any amount expended from the appropriation
12 account under s. 20.855 (4) (rm) during the 2001-02 fiscal year, divided by
13 \$679,415,800. Payments in July 2002 shall be made from the appropriation account
14 under s. 20.855 (4) (rb).

15 **SECTION 11.** 79.02 (2) (c) of the statutes is created to read:

16 79.02 (2) (c) Subject to s. 59.605 (4), on June 30, 2003, each county and
17 municipality shall receive payments equal to the amount determined under s. 79.085
18 (1) (b) and (2), multiplied by the June 2003 payment factor. In this paragraph, "June
19 2003 payment factor" means the amount that is equal to the moneys available, as
20 determined by the department of administration, from the appropriation account
21 under s. 20.855 (4) (rb), divided by \$679,415,800. Payments in June 2003 shall be
22 made from the appropriation account under s. 20.855 (4) (rb).

23 **SECTION 12.** 79.02 (3) of the statutes is amended to read:

24 79.02 (3) Subject to s. 59.605 (4), payments to each municipality and county in
25 November shall equal that municipality's or county's entitlement to shared revenues

1 under ss. 79.03, 79.04, 79.05, 79.058, and 79.06 for the current year, minus the
2 amount distributed to the municipality or county in July or, for distributions in 2003,
3 on June 30, 2003. The total amount of the payments in July and November 2002
4 shall be \$679,415,800. The total amount of the payments in June and November
5 2003 shall be \$679,415,800.

6 **SECTION 13.** 79.03 (3c) (f) of the statutes, as affected by 2001 Wisconsin Act 16,
7 is amended to read:

8 79.03 (3c) (f) *Distribution amount.* If the total amounts calculated under pars.
9 (c) to (e) exceed the total amount to be distributed under this subsection, the amount
10 paid to each eligible municipality shall be paid on a prorated basis. The total amount
11 to be distributed under this subsection from s. 20.835 (1) (b) is \$10,000,000 beginning
12 in 1996 and ending in 1999; \$11,000,000 in the year 2000 and in the year 2001;
13 \$11,110,000 in 2002; and \$11,221,100 in 2003 ~~and in each year thereafter, less~~
14 reductions under s. 79.085.

15 **SECTION 14.** 79.03 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is
16 amended to read:

17 79.03 (4) In 1991, the total amount to be distributed under ss. 79.03, 79.04, and
18 79.06 from s. 20.835 (1) (d) is \$869,000,000. In 1992, the total amount to be
19 distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1) (d) is \$885,961,300.
20 In 1993, the total amount to be distributed under ss. 79.03, 79.04, and 79.06 from s.
21 20.835 (1) (d) is \$903,680,500. In 1994, the total amounts to be distributed under this
22 section and ss. 79.04 and 79.06 from s. 20.835 (1) (d) are \$746,547,500 to
23 municipalities and \$168,981,800 to counties. Beginning in 1995 and ending in 2001,
24 the total amounts to be distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835
25 (1) (d) are \$761,478,000 to municipalities and \$168,981,800 to counties. In 2002, the

1 total amounts to be distributed under ss. 79.03, 79.04, and 79.06 from ~~s. ss. 20.835~~
2 (1) (d) and 20.855 (4) (rb) are \$769,092,800 to municipalities, less reductions under
3 s. 79.085, and \$170,671,600 to counties, less reductions under s. 79.085. In 2003 ~~and~~
4 ~~subsequent years~~, the total amounts to be distributed under ss. 79.03, 79.04, and
5 79.06 from ~~s. ss. 20.835 (1) (d) and 20.855 (4) (rb)~~ are ~~\$776,783,700~~ \$769,092,800 to
6 municipalities and ~~\$172,378,300~~ \$170,671,600 to counties, less reductions under s.
7 79.085.

8 **SECTION 15.** 79.03 (5) (a) of the statutes, as affected by 2001 Wisconsin Act 16,
9 is amended to read:

10 79.03 (5) (a) In 2002 ~~and 2003~~, each municipality shall receive a shared
11 revenue payment that is equal to the amount of the payment it received in the
12 previous year, multiplied by 101% and less reductions under s. 79.085.

13 **SECTION 16.** 79.058 (3) (d) of the statutes, as created by 2001 Wisconsin Act 16,
14 is amended to read:

15 79.058 (3) (d) In 2002, \$20,971,400, less reductions under s. 79.085.

16 **SECTION 17.** 79.058 (3) (e) of the statutes, as created by 2001 Wisconsin Act 16,
17 is amended to read:

18 79.058 (3) (e) In 2003 ~~and subsequent years~~ ~~\$21,181,100~~, \$20,971,400, less
19 reductions under s. 79.085.

20 **SECTION 18.** 79.06 (1) (b) of the statutes is amended to read:

21 79.06 (1) (b) If the payments to any municipality or county under s. 79.03,
22 excluding payments under s. 79.03 (3c), in 1986 or any year thereafter, except after
23 the reductions under s. 79.085 in 2002, are less than 95% of the combined payments
24 to the municipality or county under this section and s. 79.03, excluding payments
25 under s. 79.03 (3c), for the previous year, the municipality or county has an aids

1 deficiency. The amount of the aids deficiency is the amount by which 95% of the
2 combined payments to the municipality or county under this section and s. 79.03,
3 excluding payments under s. 79.03 (3c), in the previous year exceeds the payments
4 to the municipality or county under s. 79.03, excluding payments under s. 79.03 (3c),
5 in the current year.

6 **SECTION 19.** 79.085 of the statutes is created to read:

7 **79.085 Reductions.** (1) **CALCULATION.** (a) The department of revenue shall
8 determine the amount of the payments under ss. 79.03 (2), (3), (3c), and (5) (a), 79.04,
9 79.05, and 79.06 to be distributed to each municipality in 2002 and the amount of the
10 payments under ss. 79.03 (2) and (3), 79.04, 79.058, and 79.06 to be distributed to
11 each county in 2002.

12 (b) The department of revenue shall reduce the amount of the payments to be
13 distributed to each municipality and county, as determined under par. (a), by
14 subtracting from such payments an amount based on population, as determined by
15 the department, so that the total amount of the reduction to all such payments in
16 2002 is \$350,000,000, except that the reduction applied to any county's or
17 municipality's payment shall not exceed the amount determined under par. (a) to be
18 distributed to the municipality or county in 2002. Notwithstanding s. 79.005 (2), to
19 calculate reductions under this paragraph, the department shall estimate
20 population by using the 2000 federal decennial census.

21 (c) The amount of the payments under ss. 79.03 (2), (3), and (3c), 79.04, 79.05,
22 and 79.06 to be distributed to each municipality in 2003 and the amount of the
23 payments under ss. 79.03 (2) and (3), 79.04, 79.058, and 79.06 to be distributed to
24 each county in 2003 shall be equal to the amount of such payments distributed to the
25 municipality or county in 2002 as calculated under par. (b).

1 **(2) REDUCTION PRIORITY.** (a) For payments to counties in 2002 and 2003, after
2 the department of revenue calculates the total reduction of payments to counties
3 under sub. (1) (b), the department shall reduce the following payments, consistent
4 with the calculation under par. (b), in the following order:

5 1. Payments from the appropriation account under s. 20.835 (1) (f).

6 2. Payments from the appropriation account under s. 20.835 (1) (d).

7 (b) For payments to municipalities in 2002 and 2003, after the department of
8 revenue calculates the total reduction of payments to municipalities under sub. (1)
9 (b), the department shall reduce the following payments, consistent with the
10 calculation under par. (b), in the following order:

11 1. Payments from the appropriation account under s. 20.835 (1) (d).

12 2. Payments from the appropriation account under s. 20.835 (1) (b).

13 3. Payments from the appropriation account under s. 20.835 (1) (c).

14 **SECTION 9101. Nonstatutory provisions; administration.**

15 (1) **PAYMENTS FROM PERMANENT ENDOWMENT FUND RELATING TO PUBLIC DEBT.** When
16 amending the schedule under section 20.004 (2) of the statutes, the department of
17 administration shall insert the amount of \$200,000,000 as the estimated
18 expenditure amount for the appropriation under section 20.855 (4) (rm) of the
19 statutes, as created by this act, in the 2001–02 fiscal year.

20 **SECTION 9459. Effective dates; other.**

21 (1) **PERMANENT ENDOWMENT FUND MONEYS.** The repeal of section 20.855 (4) (rb)
22 of the statutes and the repeal and recreation of section 25.69 of the statutes take
23 effect on July 1, 2003.

24 **(END)**