



State of Wisconsin
2005 - 2006 LEGISLATURE

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ASSEMBLY SUBSTITUTE AMENDMENT 2,
TO 2005 ASSEMBLY JOINT RESOLUTION 77

April 27, 2006 – Offered by Representative WIECKERT.

- 1 **To create** section 35 of article IV and section 11 of article VIII of the constitution;
2 **relating to:** limiting state expenditures from general purpose revenue and
3 requiring funding for laws that impose state mandates on local units of
4 government (first consideration).

Analysis by the Legislative Reference Bureau

This proposed constitutional amendment, proposed to the 2005 legislature on first consideration, limits the aggregate amount of state general purpose revenue (GPR) that may be expended in any fiscal biennium, beginning in the 2007-09 biennium. Under the proposal, the limit is the greater of:

1. The amount expended from GPR for the previous fiscal biennium; or
2. The amount expended from GPR for the previous fiscal biennium, multiplied by the sum of 0.99 and the percentage change in this state's aggregate personal income, expressed as a decimal, for the previous fiscal biennium.

Under the proposal, however, certain GPR appropriations are excluded from the limit and the calculation of the limit. These are expenditures for debt service or operating notes; expenditures to honor a moral obligation pledge that the state has taken with respect to certain revenue bonds; and expenditures to refund certain earnings to the federal government relating to state bond issues.

Finally, under the proposed constitutional amendment, the legislature is prohibited from enacting any law that places a requirement on any local

governmental unit unless the law contains an appropriation that reimburses the local governmental unit for the full cost of complying with the requirement.

A proposed constitutional amendment requires adoption by 2 successive legislatures, and ratification by the people, before it can become effective.

Resolved by the assembly, the senate concurring, That:

SECTION 1. Section 35 of article IV of the constitution is created to read:

[Article IV] Section 35. The legislature is prohibited from enacting any law that places a requirement on any of the following entities unless the law contains an appropriation that reimburses the entity for the full cost of complying with the requirement, as determined by law by the legislature:

(1) A political subdivision of this state.

(2) A special purpose district in this state.

(3) An instrumentality or a corporation of any entity under sub. (1) or (2).

(4) A combination or subunit of any entity under sub. (1) or (2).

(5) A combination or subunit of any entity under sub. (1) or (2) and an instrumentality of the state.

SECTION 2. Section 11 of article VIII of the constitution is created to read:

[Article VIII] Section 11 (1) Except as provided in sub. (3), beginning with the fiscal biennium beginning on July 1, 2007, the state may not expend from general purpose revenue, in any fiscal biennium, an amount in excess of the state spending limit under sub. (2).

(2) The amount expended from general purpose revenue for each fiscal biennium, excluding any amount for an expenditure specified in sub. (3) (a) to (c), may not exceed the greater of:

1 (a) The amount expended from general purpose revenue, excluding any
2 amount for an expenditure specified in sub. (3) (a) to (c), for the previous fiscal
3 biennium.

4 (b) The amount expended from general purpose revenue, excluding any
5 amount for an expenditure specified in sub. (3) (a) to (c), for the previous fiscal
6 biennium, multiplied by the sum of 0.99 and the percentage change in this state's
7 aggregate personal income, expressed as a decimal, for the previous fiscal biennium.

8 (3) The limitation under sub. (2) does not apply to any of the following:

9 (a) An expenditure for principal repayment and interest payments on public
10 debt or operating notes.

11 (b) An expenditure to honor a moral obligation undertaken by the legislature
12 by statute to make an appropriation supplying a deficiency in income pledged to the
13 payment of the principal and interest of revenue obligations.

14 (c) An expenditure to make a payment to the United States that the state
15 determines to be payable so that public debt, revenue obligations, and operating
16 notes issued pursuant to statute will not be treated as arbitrage bonds for the
17 purpose of exclusion from gross income under the federal Internal Revenue Code.

18 **SECTION 3. Numbering of new provisions.** (1) The new section 35 of article
19 IV of the constitution created in this joint resolution shall be designated by the next
20 higher open whole section number in that article if, before the ratification by the
21 people of the amendment proposed in this joint resolution, any other ratified
22 amendment has created a section 35 of article IV of the constitution of this state. If
23 one or more joint resolutions create a section 35 of article IV simultaneously with the
24 ratification by the people of the amendment proposed in this joint resolution, the
25 sections created shall be numbered and placed in a sequence so that the sections

1 created by the joint resolution having the lowest enrolled joint resolution number
2 have the numbers designated in that joint resolution and the sections created by the
3 other joint resolutions have numbers that are in the same ascending order as are the
4 numbers of the enrolled joint resolutions creating the sections.

5 (2) The new section 11 of article VIII of the constitution created in this joint
6 resolution shall be designated by the next higher open whole section number in that
7 article if, before the ratification by the people of the amendment proposed in this joint
8 resolution, any other ratified amendment has created a section 11 of article VIII of
9 the constitution of this state. If one or more joint resolutions create a section 11 of
10 article VIII simultaneously with the ratification by the people of the amendment
11 proposed in this joint resolution, the sections created shall be numbered and placed
12 in a sequence so that the sections created by the joint resolution having the lowest
13 enrolled joint resolution number have the numbers designated in that joint
14 resolution and the sections created by the other joint resolutions have numbers that
15 are in the same ascending order as are the numbers of the enrolled joint resolutions
16 creating the sections.

17 ***Be it further resolved, That*** this proposed amendment be referred to the
18 legislature to be chosen at the next general election and that it be published for 3
19 months previous to the time of holding such election.

20 (END)