



2009 ASSEMBLY BILL 127

March 9, 2009 – Introduced by Representatives VUKMIR, DAVIS, KRAMER, LOTHIAN, PETERSEN, ROTH, LEMAHIEU, MURTHA, GUNDERSON, STRACHOTA and KLEEFISCH, cosponsored by Senators KANAVAS, OLSEN, LAZICH, HOPPER, DARLING and LEIBHAM. Referred to Committee on State Affairs and Homeland Security.

1 **AN ACT** *to amend* 16.42 (1) (intro.) and 16.47 (1); and *to create* 13.39, 16.42 (3)
2 and 16.467 of the statutes; **relating to:** preparation of zero-based biennial
3 budget requests by executive branch agencies, preparation and passage of
4 biennial budget bill or bills, state budget deficit, and generally accepted
5 accounting principles.

Analysis by the Legislative Reference Bureau

The bill provides that the Department of Administration (DOA), beginning with the 2011–13 fiscal biennium, must require 20 percent of executive branch agencies to submit their biennial budget requests prepared using the principles of zero-based budgeting for each of their activities, units, and programs. In each fiscal biennium thereafter, DOA must require a different 20 percent of executive branch agencies to submit their biennial budget requests prepared using the principles of zero-based budgeting, except that DOA must require each state agency to do this at least once during any five consecutive fiscal biennia. Under the bill, “zero-based budgeting” is defined as the compilation of a budget in which each component is justified on the basis of cost, need, and relation to the statutory responsibilities of the state agency for which the budget is made.

In addition, under current law, DOA is required to submit, as part of the biennial budget report, a comparison of the state’s budgetary surplus or deficit according to generally accepted accounting principles (GAAP), as reported in any audited financial report prepared by DOA for the most recent fiscal year, and the

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estimated change in the surplus or deficit based on recommendations in the biennial budget bill or bills. GAAP are those principles for state and local governments adopted by the Governmental Accounting Standards Board (GASB). Organized in 1984, GASB is an independent organization founded to establish standards of financial accounting and reporting for state and local governmental entities. Its standards generally guide the preparation of external financial reports of those entities.

This bill provides that the legislature may not pass any biennial budget bill or bills for the 2015–17 and succeeding fiscal biennia that would produce a state budget deficit according to GAAP. The bill further requires that, beginning on January 1, 2011, the executive budget bill or bills must be prepared according to GAAP and that the bill or bills may not contain recommendations for the succeeding biennium that create a state budget deficit, according to GAAP.

Finally, the bill provides that neither house of the legislature may pass the executive budget bill for the 2009–11 fiscal biennium, if that bill appropriates federal economic stimulus funds, unless the governor submits a plan to the legislature to eliminate the state’s structural deficit by the end of the 2015–16 fiscal year. Under the bill, “federal economic stimulus funds” is defined to mean federal moneys received by the state, pursuant to federal legislation enacted during the 111th Congress for the purpose of reviving the economy of the United States.

For further information see the *state* 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.** 13.39 of the statutes is created to read:

2 **13.39 State budget deficit.** The legislature may not pass any biennial budget
3 bill or bills for the 2015–17 and succeeding fiscal biennia that would produce a state
4 budget deficit according to generally accepted accounting principles, as adopted by
5 the governmental accounting standards board or its successor bodies.

6 **SECTION 2.** 16.42 (1) (intro.) of the statutes is amended to read:

7 16.42 (1) (intro.) All agencies, other than the legislature and the courts, no later
8 than September 15 of each even-numbered year, in the form and content prescribed
9 by the department, but subject to the requirements of sub. (3), shall prepare and

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1 forward to the department and to the legislative fiscal bureau the following program
2 and financial information:

3 **SECTION 3.** 16.42 (3) of the statutes is created to read:

4 16.42 (3) (a) In this subsection, “zero-based budgeting” means the compilation
5 of a budget in which each component is justified on the basis of cost, need, and
6 relation to the statutory responsibilities of the state agency for which the budget is
7 made.

8 (b) 1. Except as provided in subd. 2., beginning with the 2011-13 fiscal
9 biennium, the department shall require 20 percent of agencies under sub. (1) to
10 submit their biennial budget requests prepared using the principles of zero-based
11 budgeting for each of its activities, units, and programs. In each fiscal biennium
12 thereafter, the department shall require a different 20 percent of the agencies to
13 submit their biennial budget requests in this form.

14 2. The department shall require each agency to submit its biennial budget
15 request prepared using the principles of zero-based budgeting for each of its
16 activities, units, and programs at least once during any 5 consecutive fiscal biennia.

17 **SECTION 4.** 16.467 of the statutes is created to read:

18 **16.467 Preparation of executive budget bill or bills according to**
19 **generally accepted accounting principles.** Beginning on January 1, 2011, the
20 executive budget bill or bills shall be prepared according to generally accepted
21 accounting principles, as adopted by the governmental accounting standards board
22 or its successor bodies.

23 **SECTION 5.** 16.47 (1) of the statutes is amended to read:

24 16.47 (1) Except as provided in s. 16.529 (2), the executive budget bill or bills
25 shall incorporate the governor’s recommendations for appropriations for the

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1 succeeding biennium. The appropriation method shown in the bill or bills shall in
2 no way affect the amount of detail or manner of presentation which may be requested
3 by the joint committee on finance. Appropriation requests may be divided into 3
4 allotments: personal services, other operating expenses and capital outlay or such
5 other meaningful classifications as may be approved by the joint committee on
6 finance. Beginning on January 1, 2011, no executive budget bill or bills may contain
7 recommendations for the succeeding biennium that create a state budget deficit,
8 according to generally accepted accounting principles, as adopted by the
9 governmental accounting standards board or its successor bodies.

SECTION 6. Nonstatutory provisions.

10
11 (1) Neither house of the legislature may pass the executive budget bill for the
12 2009-11 fiscal biennium, if that bill appropriates federal economic stimulus funds,
13 unless the governor submits a plan to the legislature to eliminate the state's
14 structural deficit by the end of the 2015-16 fiscal year. In this section, "federal
15 economic stimulus funds" means federal moneys received by the state, pursuant to
16 federal legislation enacted during the 111th Congress for the purpose of reviving the
17 economy of the United States.

18 (END)