

1999 DRAFTING REQUEST

Assembly Amendment (AA-AB133)

Received: **06/5/99**

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Loppnow**

This file may be shown to any legislator: **NO**

Drafter: **champra**

May Contact:

Alt. Drafters:

Subject: **State Finance - miscellaneous**

Extra Copies: **JTK**

Pre Topic:

LFB:.....Loppnow -

Topic:

Reserves for canceled drafts

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	champra 06/5/99	ygeller 06/5/99	jfrantze 06/6/99	_____	lrb_docadmin 06/7/99		
/2	champra 06/8/99	ygeller 06/8/99	ismith 06/8/99	_____	lrb_docadmin 06/8/99		
/3	champra 06/11/99	ygeller 06/11/99	mclark 06/11/99	_____	lrb_docadmin 06/11/99		
/4	champra 06/11/99	gilfokm 06/11/99	mclark 06/11/99	_____	lrb_docadmin 06/12/99		

FE Sent For:

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/3	champra 06/11/99	jgeller 06/11/99	mclark 06/11/99	_____	lrb_docadmin 06/11/99		

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kmq
mrc
6/11
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MRC / KSH 6/11
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/1	champra	1 6/5 JLS	6/6	<table border="1"> <tr> <td>JLS</td> <td>KM</td> </tr> <tr> <td>6</td> <td>6</td> </tr> </table>	JLS	KM	6	6			
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Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 3, 1999

Joint Committee on Finance

Paper #651

Reserves for Cancelled Drafts (Cashflow)

CURRENT LAW

Some of the checks that the state writes to individuals, vendors, contractors and others are not presented for payment. The statutes require that these checks are canceled after the first year and a corresponding amount transfers to canceled draft reserve accounts. These reserves are maintained for an additional five years so that they are available if the original check is presented for payment or if the payee can prove that they are entitled to payment. After six years, the state is no longer liable for these checks, and any monies remaining in the canceled draft reserve accounts after six years lapses to the fund that issued the original check.

GOVERNOR

No provision.

DISCUSSION POINTS

1. The six-year period for persons to present a check for payment is required under the state Constitution. However, the canceled draft reserve account under s.20.912(2) of the statutes is a method of paying for canceled drafts that could be modified statutorily.
2. The Legislative Audit Bureau (LAB), in a letter to the Co-chairpersons of the Joint Legislative Audit Committee dated May 19, 1999, indicates that the current six-year reserve requirement for canceled drafts may be unduly conservative. Annual payments from the canceled draft reserve account have ranged between \$0.7 million and \$1.5 million in the last five years and were only 13% to 24% of the annual beginning balance in the reserve account. The LAB identifies two alternatives relating to the reserve requirement for canceled drafts that could benefit the general fund and certain segregated funds.

3. One alternative identified by the LAB would be to eliminate the reserve requirement and establish GPR and SEG sum sufficient appropriations to pay for canceled drafts. The SEG appropriation would draw its funding from whichever fund had issued the canceled check. Under this alternative, \$1.1 million GPR annually would be appropriated for this purpose. In addition, it is estimated that an additional \$7.8 million would lapse to the general fund, compared to current law amounts, and \$900,000 to the transportation fund in 1999-00. On an ongoing basis, the general fund and each of the segregated funds of the state would have to pay for canceled drafts from the sum sufficient appropriations that would be created for this purpose. However, the LAB indicates that complete elimination of the reserve may not be prudent, because sufficient funds may not be available to easily make payments from the sum sufficient appropriations if a large number of canceled drafts would be presented for payment.

4. A second alternative identified by the LAB would be to reduce the reserve requirement, perhaps to 50% of the value of outstanding canceled drafts. Under this option, GPR and SEG sum sufficient appropriations would need to be created for use if the amount of canceled drafts presented for payment exceeds the amount of monies in the reserve. Based on the balances in the reserve account at the end of 1997-98, it is estimated that an additional \$3.9 million would lapse to the general fund, compared to current law amounts, and an additional \$450,000 would lapse into the transportation fund in 1999-00 under this alternative. The LAB indicates that this may be a preferred option because the continuation of a reserve, even at a reduced level, should allow most if not all canceled drafts to be paid from the reserve balances.

ALTERNATIVES TO BASE

1. Reduce the reserve requirement for canceled drafts to 50% of the value of outstanding canceled drafts. Create a GPR and a SEG sum sufficient appropriation under miscellaneous appropriations, for use if the amount of canceled drafts presented for payment exceeds the amount of monies in the reserve. Specify that the SEG appropriation would draw its funding from whichever fund had issued the canceled draft. Increase estimated GPR-Earned by \$3,900,000 and SEG-REV for the transportation fund by \$450,000 in 1999-00.

<u>Alternative 1</u>	<u>GPR</u>	<u>SEG</u>
1999-01 REVENUE (Change to Base)	\$3,900,000	\$450,000
[Change to Bill]	\$3,900,000	\$450,000

2. Eliminate the reserve requirement for canceled drafts and establish GPR and SEG sum sufficient appropriations under miscellaneous appropriations to pay for canceled drafts. Specify that the SEG appropriation would draw its funding from whichever fund had issued the canceled draft. Provide \$1.1 million GPR annually for this purpose. Increase estimated GPR-Earned by \$7.8 million and SEG-REV to the transportation fund by \$900,000 in 1999-00.

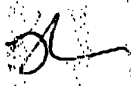
(PR)



State of Wisconsin

LEGISLATIVE AUDIT BUREAU

May 19, 1999


JANICE MUELLER
STATE AUDITOR
SUITE 402
131 WEST WILSON STREET
MADISON, WISCONSIN 53703
(608) 266-2618
FAX (608) 267-0410

Senator Gary R. George and
Representative Carol Kelso, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator George and Representative Kelso:

During the course of our annual audit of the State of Wisconsin's financial statements, we identified four fiscal control and budgetary issues for your attention. The first concerns a statutory requirement to hold funds in reserve for six years to cover cancelled state checks that have not been cashed. If the Legislature were to amend this requirement, the State could both maintain a prudent level of reserves for canceled checks and, on a one-time basis, lapse \$3.6 million from the canceled drafts reserve to the General Fund for appropriation.

The second issue concerns accounting for more than \$1.5 million in federal reimbursements for lost interest earnings related to the administration of federal grants. We had expected these funds to be accounted for as general purpose revenue in the General Fund. However, the Department of Administration accounted for them in a federal program revenue appropriation. The Legislature could direct the Department of Administration to lapse this \$1.5 million, as well as all future federal interest reimbursements, to the General Fund for general appropriation.

The third issue relates to a \$500,000 trust fund established by the Department of Natural Resources (DNR) under a court-ordered plea agreement with Menard, Inc., which DNR has not reported to the Joint Committee on Finance or included in its fiscal year 1999-2001 budget request. Under the plea agreement, DNR is to use the trust fund to support "clean sweep" grants that allow municipalities to establish, operate, or maintain household hazardous waste disposal programs; the State may not use the trust fund to reduce its current funding levels for clean sweep grants; and any money remaining in the trust fund after five years is to be transferred to the Common School Fund, which supports low-interest loans both to schools and to other governments. During budget deliberations, the Legislature could authorize DNR to use the trust fund to expand the clean sweep program. Alternatively, the Legislature could direct DNR not to spend trust fund assets, but instead to allow the trust fund to accumulate interest until the end of calendar year 2002, when the balance may be transferred to the Common School Fund.

Our final issue relates to accounting for the State's building program. We note that \$446,000 has accumulated in the Bond Security and Redemption Fund, apparently as a result of errors in accounting for debt service payments. The Legislature may wish to consider directing the

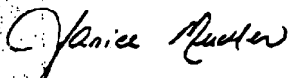
Senator Gary R. George and
Representative Carol Kelso, Co-chairpersons
Page 2
May 19, 1999

Department of Administration to transfer these funds to the General Fund and other funds that originally made the debt service payments.

We also followed up on the status of \$1.9 million in undistributed interest earnings in the Capital Improvement Fund, which we described to the Audit Committee in January 1998. The Building Commission selected one of the options we proposed and, in February 1999, transferred the funds—which then exceeded \$2.1 million—to the State Building Trust Fund.

We hope that you find this information useful. If you have any questions or comments, please contact me.

Sincerely,



Janice Mueller
State Auditor

JM/BN/jb

cc: Senator Judith Robson
Senator Brian Burke
Senator Peggy Rosenzweig
Senator Mary Lazich

Representative Stephen Nass
Representative John Gard
Representative Robert Ziegelbauer
Representative David Cullen

Mark D. Bugher, Secretary
Department of Administration

George E. Meyer, Secretary
Department of Natural Resources

Jack C. Voight, State Treasurer
Office of the State Treasurer

FISCAL CONTROL AND BUDGETARY ISSUES

During the course of our annual audit of the State's financial statements, we perform work at the Department of Administration, the Office of the State Treasurer, and many other state agencies. Management letters to agencies include our recommendations for improved accounting and internal control. In this letter, we address fiscal matters that merit legislative attention.

Canceled Drafts Reserve

Each year, some checks the State writes to employees, aid recipients, vendors, contractors, and others are not presented for payment. The State is liable for these checks for six years. Statutes require the State to cancel any checks that have not been cashed after the first year and to transfer a corresponding amount to canceled draft reserve accounts. For the next five years, cancelled checks may be reissued and paid from these reserve accounts if the original checks are presented or if payees can prove they are entitled to payment. After a total of six years, funds for checks that remain uncashed are lapsed from the canceled drafts reserves to the General Fund or the segregated funds that were originally charged for these checks.

Ideally, the State should maintain reserves that are sufficient to pay all reissued checks without unnecessarily restricting funds that could otherwise be available for appropriation. However, a review of balances in the canceled drafts reserve accounts suggests that current statutory accounting requirements for canceled checks may be unduly conservative. The Legislature could amend the statutory accounting requirements to provide a prudent balance in the canceled drafts reserves and, at the same time, make approximately \$3.6 million—on a one-time basis—available to be appropriated for other purposes.

Article VIII, Section 2 of the Wisconsin Constitution obligates the State to pay checks and other claims presented for payment within six years of their date of issue. The Department of Administration (DOA), the Office of the State Treasurer, and the various state agencies share responsibility for accounting for state checks that may be lost, stolen, forgotten, or uncashed for other reasons. DOA and the treasury cancel those checks not presented for payment within one year and, in accordance with s. 20.912(2), Wis. Stats., credit reserves for canceled drafts to the General Fund and each of the State's segregated funds. As of June 30, 1998, the General Fund reserve for canceled drafts totaled \$7.3 million; other funds' reserves were substantially less than that amount.

Statutes are written to ensure that sufficient funds are set aside to pay potential claims against all outstanding canceled drafts. However, only about 60 percent of drafts that have been canceled are later presented for payment, and the vast majority of these are presented within two years of cancellation. Table 1 shows a five-year history of the canceled drafts reserve account for the General Fund. As shown in Table 1, newly canceled drafts typically offset the amounts of reissued checks.

Table 1
General Fund
Canceled Drafts Reserve Account

	<u>FY 1993-94</u>	<u>FY 1994-95</u>	<u>FY 1995-96</u>	<u>FY 1996-97</u>	<u>FY 1997-98</u>
Balance:					
Beginning of the Year	\$5,431,692	\$5,839,738	\$6,417,745	\$5,399,041	\$6,268,574
Add: Canceled Checks	2,299,501	2,674,583	2,178,210	2,548,078	2,969,103
Less: Checks Reissued	<u>1,120,098</u>	<u>1,186,525</u>	<u>1,023,207</u>	<u>711,333</u>	<u>1,526,949</u>
	6,611,095	7,327,796	7,572,748	7,235,786	7,710,728
Lapse	<u>771,357</u>	<u>910,051</u>	<u>2,173,707</u>	<u>967,212</u>	<u>383,900*</u>
Balance at End of the Year	\$5,839,738	\$6,417,745	\$5,399,041	\$6,268,574	\$7,326,828

* Lapse adjusted to correct for prior years' errors.

The State earns interest on balances in the cancelled draft reserves. However, because current statutes require cancelled draft reserve funds be set aside for the entire six-year period, even though there is little likelihood all reserve funds will be needed to pay reissued checks, these funds are not available for appropriation until the entire six-year period has elapsed.

Statutes could be amended to reduce the level of the canceled check reserves while still continuing to fulfill the State's constitutional obligation to pay any checks presented within six years. Two options could be considered.

First, the Legislature could eliminate the reserve requirement completely, and instead authorize sum-sufficient appropriations to pay for the reissuance of previously canceled drafts. Since sum-sufficient appropriations provide budget authority to expend any amount necessary to fulfill their purpose, this option would allow DOA and the treasury to reissue any previously canceled drafts that are presented for payment within six years of issuance. This option would also provide for the largest one-time lapse to the General Fund and segregated funds. However, complete elimination of the reserves may not be prudent because sufficient funds may not be readily available if a higher-than-expected number of canceled drafts is presented for payment.

A preferred option may be to reduce—rather than eliminate—the reserve requirement. For example, the Legislature could amend s. 20.912(2), Wis. Stats., to require that the balance in the reserve for canceled drafts at the end of each fiscal year equal a specified percentage, such as

50 percent, of the value of outstanding canceled drafts. Had this requirement been in place at the end of fiscal year (FY) 1997-98, \$3.6 million would have lapsed from the reserve for canceled drafts to the General Fund and would have been available, on a one-time basis, for appropriation. Smaller amounts would have lapsed to the State's segregated funds. For example, on a one-time basis, \$450,000 would have lapsed to the Transportation Fund, \$95,000 to the Patients Compensation Fund, and \$83,000 to the Fixed Retirement Trust Fund.

If the preferred option is implemented, the Legislature will need to create sum-sufficient appropriations for use in the event the amount of canceled drafts actually presented for payment exceeds the funds available in the reserves.

Federal Interest Reimbursements

Each year, the State seeks more than \$4 billion from the federal government as reimbursement for federal grant program expenditures paid by the State. DOA is responsible for requesting federal reimbursement on behalf of most state agencies, and federal rules provide that the State may be paid interest if reimbursements are received after grant-related checks clear the State's bank. We are concerned because DOA accounted for more than \$1.5 million in federal interest reimbursements using a federal program revenue appropriation rather than the General Fund. As a result, these funds are not available for general appropriation by the Legislature.

Federal rules require the State to minimize the period between the time it incurs federal grant expenditures and the time it receives, or draws down, federal reimbursements. The federal Cash Management Improvement Act requires the State and the federal government to agree on draw-down patterns for 28 of the largest federal grant programs that ensure neither party will earn interest at the expense of the other. If the State receives federal reimbursement before the agreed-upon date, the State earns excess interest that it is required to return to the federal government. It is more common, however, for the State to receive federal reimbursement after the agreed-upon date and thus lose potential interest earnings.

Statutes do not specifically address how DOA is to account for federal interest reimbursements. Therefore, s. 20.906, Wis. Stats., requires these funds to be accounted for as general purpose revenue of the General Fund and made available for general appropriation by the Legislature. However, DOA has instead used the federal program revenue appropriation authorized under s. 20.505(1)(ma), Wis. Stats., to account for federal interest reimbursements.

DOA makes annual calculations of the effect that differences between the agreed-upon pattern and the actual reimbursement date have on interest earnings. Based on these calculations, DOA received interest reimbursement from the federal government for four of the past five years. As shown in Table 2, the General Fund received more than \$1.5 million in federal interest reimbursements from FY 1994-95 through FY 1998-99.

Table 2

**General Fund
Federal Interest Reimbursements**

<u>Fiscal Year</u>	<u>Interest Reimbursements Received</u>
1994-95	\$ 380,350
1995-96	319,855
1996-97	(6,474)
1997-98*	259,710
1998-99	<u>605,076</u>
Total	\$1,558,517

* Includes \$5,260 received from the Wisconsin Transportation Fund.

We believe DOA's accounting treatment is inappropriate because the federal program revenue appropriation it uses was authorized for specific federal grants and contracts awarded to DOA and did not provide for the crediting of interest reimbursements. DOA argues that interest credits should remain in the federal accounts in case the State must pay interest to the federal government.

We also note that in FY 1995-96, without requesting permission from the Joint Committee on Finance, DOA transferred \$250,000 in interest reimbursements to the appropriation authorized in s. 20.505(1)(kj), Wis. Stats., to partially fund financial services provided by the State Controller's Office. However, we believe this is an unauthorized use of the interest reimbursements and that DOA should have recovered the full costs of operations through user charges to state agencies.

If it wished to do so, the Legislature could direct that the remaining \$1,308,517 in federal interest credits, as well as any future credits, be lapsed to the General Fund for general appropriation. In addition, the Legislature could create a sum-sufficient appropriation for use in the event the State is required to pay the federal government interest credits, and it could direct DOA to request authority from the Joint Committee on Finance before making such payment.

Clean Sweep Grants

State agencies are authorized to administer various programs through the state budget process, under which the Legislature appropriates program funding. Occasionally, state agencies also receive gifts, grants, and other unexpected funding. To ensure that these funds are taken into account when the State's budget is developed, s. 20.907, Wis. Stats., requires the Joint Committee on Finance to approve their receipt and requires state agencies to report to both the Joint Legislative Committee on Finance and DOA on their expenditure. We are concerned that over the next four years, the Department of Natural Resources (DNR) may use funds it received through a legal settlement—but has not reported to the Joint Committee on Finance or included in its current budget request—to significantly expand the "clean sweep" grants it makes available to local governments through the Household Hazardous Wastes Grant Program.

Since the 1991-93 biennium, the Legislature has appropriated \$150,000 annually from the Environmental Fund to DNR for the Household Hazardous Wastes Grant Program. This appropriation, which is currently authorized under s. 20.370(6)(bs), Wis. Stats., is intended to assist municipalities in funding programs for the collection and disposal of household hazardous waste materials. DNR awards each qualifying municipality a clean sweep grant of up to \$15,000 annually under a competitive application process.

In December 1997, the State entered into a plea agreement with Menard, Inc., to resolve a charge of unlicensed transportation of hazardous waste. As part of this agreement, Menard, Inc., was required to pay \$500,000 to a trust fund that DNR was to establish for funding the same clean sweep grants for which the Legislature appropriates funding. The plea agreement stipulates that trust fund money may be used only if the State maintains its current funding for these programs. Any money remaining in the trust fund as of December 2002 is to be paid to the Common School Fund, which supports low-interest loans to schools and to other governments.

In late January 1998, DNR received a check for \$500,000 from Menard, Inc., which could not be commingled with other state funds under the terms of the plea agreement. However, DNR failed to establish the required trust fund until eight months later, in August 1998. Depositing the check at that time resulted in a loss of at least \$12,500 in potential interest earnings (assuming a 5 percent return) during 1998.

More significantly, DNR has not directly informed the Joint Committee on Finance of its receipt of the \$500,000, nor has it sought legislative approval to spend the money on clean sweep programs or disclosed these funds in its biennial budget request. In the proposed FY 1999-2001 budget that the Legislature is now considering, DNR again requests \$150,000 annually for clean sweep grants.

DNR has already awarded the majority of its \$150,000 appropriation for FY 1998-99, as well as an additional \$30,000 of trust fund assets. However, as shown in Table 3, DNR allowed funds appropriated for clean sweep grants to lapse to the Environmental Fund from FY 1994-95 through FY 1997-98.

Table 3

**Department of Natural Resources
Household Hazardous Wastes Grant Program
Lapsed Spending Authority**

<u>Fiscal Year</u>	<u>Amount Lapsed</u>
1997-98	\$22,163
1996-97	14,999
1995-96	6,682
1994-95	10,409

Because DNR had not expended its full appropriation for clean sweep grants in recent years, it would appear that \$150,000 annually may be sufficient to fulfill program objectives. The Legislature may therefore wish to direct DNR not to expend assets in the trust fund, but rather to allow them to accumulate interest until the end of calendar year 2002, when they may be transferred to the Common School Fund.

Alternatively, the Legislature could either allow DNR to spend all available trust fund assets but direct it to seek approval for the trust fund from the Joint Committee on Finance and to report expenditures annually, or it could direct DNR to seek specific legislative approval, through the budget process, before expending all or any portion of the \$500,000 available in the trust fund.

Accounting for the State's Building Program

Statutes require the Legislative Audit Bureau to calculate and certify the State's net indebtedness and to audit the Bond Security and Redemption Fund and the Capital Improvement Fund as of January 1 of each year. We also audit the State Building Trust Fund, which accounts for a portion of the State's building program. During our current audit of the State's building program, we identified a balance of \$446,084 in the Bond Security and Redemption Fund that has accumulated because of errors in billing state agencies for debt service payment.

The State issues general obligation bonds to fund state agency building projects, home loans administered by the Department of Veterans Affairs, and pollution abatement and other grant programs administered by DNR. To pay the debt service costs, including interest, on these general obligation bonds, the Legislature authorizes various sum-sufficient appropriations that are funded by general purpose revenue, program revenue, and segregated fund revenue. The State Controller's Office within DOA is responsible for maintaining accounts for each bond issue.



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0529/1

RAC:.....

Sam

JG

LFB:.....Loppnow - Reserves for cancelled drafts

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 1. Page 480, line 2: after that line insert:

3 "SECTION 644[✓]e. 20.912 (2) of the statutes is repealed. ^X

4 SECTION 644^P~~f~~. 20.912 (3) of the statutes is amended to read: ^X

5 20.912 (3) REISSUE OF CANCELED CHECKS, SHARE DRAFTS AND OTHER DRAFTS. When

6 the payee or person entitled to any check, share draft or other draft canceled under

7 sub. (1) by the state treasurer, or the payee or person entitled to any warrant so

8 canceled by the department of administration, demands such check, share draft,

9 other draft or warrant or payment thereof, the department of administration shall

10 issue a new warrant therefor, to be paid out of the proper fund by the state treasurer

11 from the appropriate appropriation account under s. 20.855¹² (bm), (gm) or (rm)."

REISSUE AS US



(D-Note)
State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb05294-2
RAC;jlg:jf

jean

RM has been
run

LFB:.....Loppnow - Reserves for cancelled drafts

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 1. Page 471, line 10: after that line insert:

3 "SECTION 613e. 20.855 (1) (bm) of the statutes is created to read:

4 20.855 (1) (bm) *Payment of cancelled drafts.* A sum sufficient to pay demands
5 under s. 20.912 (3).

6 SECTION 613h. 20.855 (1) (gm) of the statutes is created to read:

7 20.855 (1) (gm) *Payment of cancelled drafts; program revenues.* From the
8 appropriate program revenue and program revenue-service accounts, a sum
9 sufficient to pay demands under s. 20.912 (3).

10 SECTION 613p. 20.855 (1) (rm) of the statutes is created to read:

11 20.855 (1) (rm) *Payment of cancelled drafts; segregated revenues.* From the
12 appropriate segregated funds, a sum sufficient to pay demands under s. 20.912 (3)."

1 **2.** Page 480, line 2: after that line insert:

2 “SECTION 644e. 20.912 (2) of the statutes is repealed.

3 **SECTION 644p.** 20.912 (3) of the statutes is amended to read:

4 20.912 (3) REISSUE OF CANCELED CHECKS, SHARE DRAFTS AND OTHER DRAFTS. When
5 the payee or person entitled to any check, share draft or other draft canceled under
6 sub. (1) by the state treasurer, or the payee or person entitled to any warrant so
7 canceled by the department of administration, demands such check, share draft,
8 other draft or warrant or payment thereof, the department of administration shall
9 issue a new warrant therefor, to be paid out of the proper fund by the state treasurer
10 from the appropriate appropriation account under s. 20.855 (1) (bm), (gm) or (rm).”.

11 **3.** Page 1439, line 10: after that line insert:

12 “(2b) RESERVE FOR CANCELLED DRAFTS. On the effective date of this subsection,
13 all moneys that are reserved under section 20.912 (2), 1997 stats., for the payment
14 of cancelled checks, share drafts and other drafts under section 20.912 (3) of the
15 statutes shall revert to the fund from which the cancelled checks, share drafts and
16 other drafts were drawn and shall be made available for appropriation.” ✓

(END)

are

D-Note

*In this draft ⁽³⁾ I changed with the words on
page 2, line 16. Otherwise, everything is the same as
~~LRBb0529/1~~ LRBb0529/1.*

RAC

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

LRBb0529/2dn
RAC;jlg:ijs

June 8, 1999

In this draft, all I changed were the words on page 2, line 16. Otherwise, everything is the same as LRBb0529/1.

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State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0529/2 3
RAC:jlg:ijs

Jan

RM has been
run

LFB:.....Loppnow - Reserves for cancelled drafts

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 1. Page 471, line 10: after that line insert:

3 "SECTION 613e. 20.855 (1) (bm) of the statutes is created to read:

4 20.855 (1) (bm) *Payment of cancelled drafts.* A sum sufficient to pay demands
5 under s. 20.912 (3).

6 SECTION 613h. 20.855 (1) (gm) of the statutes is created to read:

7 20.855 (1) (gm) *Payment of cancelled drafts; program revenues.* From the
8 appropriate program revenue and program revenue-service accounts, a sum
9 sufficient to pay demands under s. 20.912 (3).

10 SECTION 613p. 20.855 (1) (rm) of the statutes is created to read:

11 20.855 (1) (rm) *Payment of cancelled drafts; segregated revenues.* From the
12 appropriate segregated funds, a sum sufficient to pay demands under s. 20.912 (3).".

Insert 2-2

Subject to sub. (2),
when

1 **2.** Page 480, line 2: after that line insert:

2 ~~SECTION 644e. 20.912 (2) of the statutes is repealed.~~

3 **SECTION 644p.** 20.912 (3) of the statutes is amended to read:

4 20.912 (3) REISSUE OF CANCELED CHECKS, SHARE DRAFTS AND OTHER DRAFTS. ~~When~~
5 the payee or person entitled to any check, share draft or other draft canceled under
6 sub. (1) by the state treasurer, or the payee or person entitled to any warrant so
7 canceled by the department of administration, demands such check, share draft,
8 other draft or warrant or payment thereof, the department of administration shall
9 issue a new warrant therefor, to be paid out of the proper fund by the state treasurer
10 from the appropriate appropriation account under s. 20.855 (1) (bm), (gm) or (rm)."

11 **3.** Page 1439, line 10: after that line insert:

12 “(2b) RESERVE FOR CANCELLED DRAFTS. On the effective date of this subsection,
13 all moneys that are reserved under section 20.912 (2), 1997 stats., for the payment
14 of cancelled checks, share drafts and other drafts under section 20.912 (3) of the
15 statutes shall revert to the fund from which the cancelled checks, share drafts and
16 other drafts were drawn and are available for appropriation.”

17

(END)

644
6442 ← (B) 2-2

Section # 20.912 (2) of the statutes is amended to read:

PAYMENT OF

20.912 (2) ~~RESERVE FOR~~ CANCELED DRAFTS. ~~All amounts credited pursuant to sub. (1) shall be credited by the department of administration to a continuing reserve for checks, share drafts and other drafts canceled of the fund concerned, to be used for the payment of demands under sub. (3). Any check, share draft or other draft canceled on which demand for payment has not been presented within 6 years from date of issue shall be reverted from the reserve for canceled checks, share drafts and other drafts to the general revenues of the fund concerned by the department of administration.~~

History: 1973 c. 243; 1977 c. 29; 1983 a. 27, 368, 538; 1987 a. 399; 1991 a. 221, 299; 1995 a. 27.

ending

shall not be paid under sub. (3) ✓



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0529/2 4
RAC:jlg:mrc

SOA

RM has been run
King's

LFB:.....Loppnow - Reserves for cancelled drafts

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

wpo:
fix request sheet

1 At the locations indicated, amend the bill as follows:

2 1. Page 471, line 10: after that line insert:

3 "SECTION 613e. 20.855 (1) (bm) of the statutes is created to read:

4 20.855 (1) (bm) *Payment of cancelled drafts*. A sum sufficient to pay demands
5 under s. 20.912 (3).

6 SECTION 613h. 20.855 (1) (gm) of the statutes is created to read:

7 20.855 (1) (gm) *Payment of cancelled drafts; program revenues*. From the
8 appropriate program revenue and program revenue-service accounts, a sum
9 sufficient to pay demands under s. 20.912 (3).

10 SECTION 613p. 20.855 (1) (rm) of the statutes is created to read:

11 20.855 (1) (rm) *Payment of cancelled drafts; segregated revenues*. From the
12 appropriate segregated funds, a sum sufficient to pay demands under s. 20.912 (3)."

1 **2.** Page 480, line 2: after that line insert:

2 “**SECTION 644e.** 20.912 (2) of the statutes is amended to read:

3 20.912 (2) ~~RESERVE FOR PAYMENT OF CANCELED DRAFTS. All amounts credited~~
4 ~~pursuant to sub. (1) shall be credited by the department of administration to a~~
5 ~~continuing reserve for checks, share drafts and other drafts canceled of the fund~~
6 ~~concerned, to be used for the payment of demands under sub. (3). Any check, share~~
7 ~~draft or other draft canceled on which demand for payment has not been presented~~
8 ~~within 6 years from date of issue shall be reverted from the reserve for canceled~~
9 ~~checks, share drafts and other drafts to the general revenues of the fund concerned~~
10 ~~by the department of administration not be paid under sub. (3).~~

11 **SECTION 644p.** 20.912 (3) of the statutes is amended to read:

12 20.912 (3) REISSUE OF CANCELED CHECKS, SHARE DRAFTS AND OTHER DRAFTS. ~~When~~
13 subject to sub. (2), when the payee or person entitled to any check, share draft or
14 other draft canceled under sub. (1) by the state treasurer, or the payee or person
15 entitled to any warrant so canceled by the department of administration, demands
16 such check, share draft, other draft or warrant or payment thereof, the department
17 of administration shall issue a new warrant therefor, to be paid out of the proper fund
18 by the state treasurer from the appropriate appropriation account under s. 20.855
19 (1) (bm), (gm) or (rm).”

20 **3.** Page 1439, line 10: after that line insert:

21 “(2b) ~~RESERVE FOR CANCELED~~ ^eDRAFTS. On the effective date of this subsection,
22 all moneys that are reserved under section 20.912 (2), 1997 stats., for the payment
23 of ~~canceled~~ ^echecks, share drafts and other drafts under section 20.912 (3) of the

① statutes shall revert to the fund from which the cancelled checks, share drafts and
2 other drafts were drawn and are available for appropriation.”

3

(END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0529/4
RAC:kmg&jlg:mrc

LFB:.....Loppnow - Reserves for canceled drafts

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 471, line 10: after that line insert:

3 “**SECTION 613e.** 20.855 (1) (bm) of the statutes is created to read:

4 20.855 (1) (bm) *Payment of canceled drafts.* A sum sufficient to pay demands
5 under s. 20.912 (3).

6 **SECTION 613h.** 20.855 (1) (gm) of the statutes is created to read:

7 20.855 (1) (gm) *Payment of canceled drafts; program revenues.* From the
8 appropriate program revenue and program revenue-service accounts, a sum
9 sufficient to pay demands under s. 20.912 (3).

10 **SECTION 613p.** 20.855 (1) (rm) of the statutes is created to read:

11 20.855 (1) (rm) *Payment of canceled drafts; segregated revenues.* From the
12 appropriate segregated funds, a sum sufficient to pay demands under s. 20.912 (3).”.

1 **2.** Page 480, line 2: after that line insert:

2 “**SECTION 644c.** 20.912 (2) of the statutes is amended to read:

3 20.912 (2) ~~RESERVE FOR PAYMENT OF CANCELED DRAFTS. All amounts credited~~
4 ~~pursuant to sub. (1) shall be credited by the department of administration to a~~
5 ~~continuing reserve for checks, share drafts and other drafts canceled of the fund~~
6 ~~concerned, to be used for the payment of demands under sub. (3). Any check, share~~
7 ~~draft or other draft canceled on which demand for payment has not been presented~~
8 ~~within 6 years from date of issue shall be reverted from the reserve for canceled~~
9 ~~checks, share drafts and other drafts to the general revenues of the fund concerned~~
10 ~~by the department of administration not be paid under sub. (3).~~

11 **SECTION 644p.** 20.912 (3) of the statutes is amended to read:

12 20.912 (3) REISSUE OF CANCELED CHECKS, SHARE DRAFTS AND OTHER DRAFTS. ~~When~~
13 ~~Subject to sub. (2), when~~ the payee or person entitled to any check, share draft or
14 other draft canceled under sub. (1) by the state treasurer, or the payee or person
15 entitled to any warrant so canceled by the department of administration, demands
16 such check, share draft, other draft or warrant or payment thereof, the department
17 of administration shall issue a new warrant therefor, to be paid ~~out of the proper fund~~
18 ~~by the state treasurer from the appropriate appropriation account under s. 20.855~~
19 ~~(1) (bm), (gm) or (rm).”.~~

20 **3.** Page 1439, line 10: after that line insert:

21 “(2b) RESERVE FOR CANCELED DRAFTS. On the effective date of this subsection,
22 all moneys that are reserved under section 20.912 (2), 1997 stats., for the payment
23 of canceled checks, share drafts and other drafts under section 20.912 (3) of the

1 statutes shall revert to the fund from which the canceled checks, share drafts and
2 other drafts were drawn and are available for appropriation.”.

3 (END)