

**2001 DRAFTING REQUEST**

**Bill**

Received: **11/29/2001**

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Geisler**

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

Drafter: **champra**

May Contact:

Addl. Drafters:

Subject: **State Finance - bud generally**  
**State Finance - miscellaneous**

Extra Copies:

Submit via email: **NO**

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**Pre Topic:**

DOA:.....Geisler -

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**Topic:**

Governor's recision authority

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**Instructions:**

See Attached.

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**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 12/06/2001	chanaman 12/06/2001	pgreensl 12/06/2001	_____	lrb_docadmin 12/06/2001		
/2	champra 12/13/2001	jdye 12/13/2001	pgreensl 12/13/2001	_____	lrb_docadmin 12/13/2001		State
/3	champra 01/16/2002	csicilia 01/16/2002	haueca 01/16/2002	_____	lrb_docadmin 01/17/2002		State
/4	champra 01/17/2002	csicilia 01/17/2002	kfollet 01/17/2002	_____	lrb_docadmin 01/17/2002		State

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/6	champra 01/18/2002	csicilia 01/18/2002	rschluet 01/18/2002	_____	lrb_docadmin 01/18/2002		State

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16 cjs 1/18/01

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/4	champra 01/17/2002	csicilia 01/17/2002	kfollet 01/17/2002	_____	lrb_docadmin 01/17/2002		State

15 jjs 1/17/02  
 8/11/17  
 8/11/17

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**<END>**

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/3	champra 01/16/2002	csicilia 01/16/2002	haugeca 01/16/2002	_____	lrb_docadmin 01/17/2002		State

FE Sent For:

*Handwritten notes:*  
/4 cjs @ 1/17/02  
Kyl 8/15/f  
1/17 <END> 1/17

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Received: **11/29/2001**

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Wanted: **Soon**

Identical to LRB:

For: **Administration**

By/Representing: **Jeff Geisler**

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

Drafter: **champra**

May Contact:

Addl. Drafters:

Subject: **State Finance - bud generally**  
**State Finance - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email: **jeffrey.geisler@doa.state.wi.us**

Carbon copy (CC:) to: **rick.champagne@legis.state.wi.us**

---

**Pre Topic:**

No specific pre topic given

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**Topic:**

Governor's recision authority

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**Instructions:**

See Attached.

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/2	champra 12/13/2001	jdyer 12/13/2001	pgreensl 12/13/2001	_____	lrb_docadmin 12/13/2001		State

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CHK 1-16-02  
KEL-16-02



12/13/2001 01:23:42 PM

Page 2

FE Sent For:

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**State Finance - miscellaneous**

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*12/13 pg*  
*pg*

<END>

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By/Representing: Jeff Geisler

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Drafter: champra

May Contact:

Addl. Drafters:

Subject: State Finance - bud generally  
State Finance - miscellaneous

Extra Copies:

Submit via email: YES

Requester's email: jeffrey.geisler@doa.state.wi.us

Carbon copy (CC:) to: rick.champagne@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Governor's rescision authority

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		12/16 pg	12/16 P8/KJF			

FE Sent For:

<END>

## Champagne, Rick

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**From:** Miller, Steve  
**Sent:** Thursday, November 29, 2001 2:16 PM  
**To:** Champagne, Rick  
**Cc:** Koskinen, John; Geisler, Jeffrey  
**Subject:** RE: Request for LRB Drafting Services

-----Original Message-----

**From:** Geisler, Jeffrey  
**Sent:** Thursday, November 29, 2001 2:03 PM  
**To:** Miller, Steve  
**Cc:** Koskinen, John  
**Subject:** Request for LRB Drafting Services

Steve,  
We would like the attached proposal drafted.

<< File: draftexecutivecuts2.doc >>

Please call me with any questions.  
thanks.

Jeffrey A. Geisler  
DOA State Budget Office  
266-1805

## **Enhancing the Governor's Recision Authority Drafting Instructions**

### *Problem*

The state's process for addressing severe and surprising revenue shortfalls may be too slow to prevent major disruptions to state services and programs.

### *Proposal*

Require the Legislature Fiscal Bureau to prepare a revenue and expenditure forecast for the current biennium in January of even-numbered years.

If this forecast shows that there will be a projected budget deficit of greater than 2% of estimated GPR appropriations then the legislature must pass legislation to correct the imbalance. If such legislation is not passed by the end of March, then the DOA Secretary may take the following actions to offset the projected deficit.

With the exception of the legislature and the judiciary, the DOA Secretary may

1. reduce any agency's budget allotments to withhold funds and
2. shift cash balances from PR and SEG appropriations to the general fund.

Also, allow the Governor to declare a fiscal emergency if the Departments of Administration and Revenue jointly prepare a revenue and expenditure forecast that shows there will be a projected budget deficit of greater than 4% of estimated GPR appropriations in any fiscal year of the current biennium. Upon declaration of the fiscal emergency, the Governor shall send the forecast to the Joint Committee on Finance which shall have 10 calendar day to passively approve the forecast. At any time during the 10 days, the JFC can vote to disagree with that forecast. Upon approval of the forecast, the DOA Secretary may take the same actions described under points 1 and 2 above.

These actions of the DOA Secretary must not:

- produce an amount in excess of the projected deficit.
- conflict with the state constitution or the federal constitution or statutes.

These actions will take effect when formally ordered by the Secretary and shall last for only the current biennium.

These actions require the following changes to chapter 20:

- Retitle s. 20.875 "Budget Stabilization Fund" to "Budget Stabilization and Emergency Cash Management Fund".
- Create s. 20.875 (3) "Transfers to the Fund from Program Revenue and Segregated Revenue Cash Balances" as a GPR sum sufficient appropriation. This appropriation would provide the means to move PR and SEG cash balances to the budget stabilization fund.

## Champagne, Rick

---

**From:** Champagne, Rick  
**Sent:** Friday, November 30, 2001 1:58 PM  
**To:** Geisler, Jeffrey; Koskinen, John

Jeff/John:

Just a couple of questions on the drafting request for enhancing the governor's recision authority:

1. Do you want to keep the current process under s. 16.50 (7)? The process under s. 16.50 (7) and the first process you propose are at odds. S. 16.50 (7) requires the governor to submit legislation correcting the imbalance whenever the shortfall is over 1/2 percent, but your first process authorizes the secretary to make the necessary cuts, lapses and transfers to cover the imbalance whenever the shortfall is over 2 percent. You should consider repealing s. 16.50 (7) or amend it to specify that it applies to when the shortfall is between 1/2 and 2 percent.
2. There is the same issue for your second process -- the fiscal emergency process. S. 16.50 (7) requires the governor to submit legislation correcting the imbalance whenever the shortfall is over 1/2 percent, but your second process authorizes the secretary to make the necessary cuts, lapses and transfers to cover the imbalance whenever the shortfall is over 4 percent.
3. I'm unclear about the intent behind proposed s. 20.875 (3). I thought that the PR and SEG cash balances are to be transferred to the general fund. (See item 2. in your instructions.) Here, you wish to have moneys transferred to the budget stabilization fund. How are you going to get these moneys out of the budget stabilization fund? The only way to do so is through a current law sum certain appropriation. Also, what is the mechanism for getting the moneys into the budget stabilization fund? Simply saying a "sum sufficient" will not do it; you need to specify a process to determine how much PR and SEG moneys are going to be transferred to the budget stabilization fund and who will be deciding how much money will be transferred. See how this is handled in s. 16.518 (3) for an example, which was created in the 2001 budget act.

Rick Champagne  
Senior Staff Counsel  
Legal Section  
Wisconsin Legislative Reference Bureau  
100 N. Hamilton St.  
P.O. Box 2037  
Madison, WI 53701-2037  
(608) 266-9930  
FAX (608) 264-6948  
rick.champagne@legis.state.wi.us

Repeal and recreate 16.50 (7).

Require the Legislative Fiscal Bureau to prepare a revenue and expenditure forecast for the current biennium in January of even-numbered years. The Departments of Administration and Revenue may jointly prepare a revenue and expenditure forecast at any time.

If such a forecast shows that there will be a projected budget deficit of greater than 2% of estimated GPR, the Governor must declare a fiscal emergency and submit legislation to correct the imbalance. If legislation to correct the imbalance is not passed within 45 calendar days from the date the emergency is declared, then the DOA Secretary may take the following actions to offset the projected deficit.

With the exception of the legislature and the judiciary, the DOA Secretary may

1. reduce any agency's budget allotments to withhold funds and
2. shift cash balances from PR and SEG appropriations to the general fund.

If such a forecast shows that there will be a projected budget deficit of 2% or less then the Secretary may take either or both of these actions unilaterally.

If the Secretary acts unilaterally, (either because the legislature fails to pass legislation or because the deficit will be less than 2%), these unilateral actions will

- take effect when formally ordered by the Secretary;
- last for only the current biennium;
- not produce an amount in excess of the projected deficit and
- not conflict with the state constitution or the federal constitution or statutes.

Also, if the Secretary acts unilaterally to shift cash balances from PR and SEG appropriations to the general fund, the secretary shall not include any of the following:

1. An appropriation that is funded from federal revenues.
2. An appropriation for principal repayment and interest payments on public debt, as defined in section 18.01 (4) of the statutes, or operating notes, as defined in section 18.71 (4) of the statutes.
3. An appropriation for lease rental payments.
4. An appropriation to the department of transportation for the purpose of undertaking construction projects.
5. An appropriation for the operation of any state institution established for the care or custody of individuals.
6. An appropriation funded from gifts, grants, or bequests.
7. An appropriation containing moneys whose lapse or transfer to the general fund would violate a condition imposed by the federal government on the expenditure of the moneys.

These actions require the following changes to chapter 20:

- Create s. 20.875 (3) "Transfers to the General Fund from Program Revenue and Segregated Revenue Cash Balances" as a PR continuing appropriation. This appropriation would provide the means to move PR and SEG cash balances to the general fund.

The language of this new appropriation should allow the Secretary to lapse or transfer to the general fund an amount determined under s. 16.50 (7) from appropriations made to state agencies from program revenue or segregated revenue.

The intent of this new appropriation is to ensure that any amounts transferred clearly affect the ending balance of the general fund condition statement and explicitly contribute to the correction of any projected deficit.



(D-Nate)  
State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-4337/1

RAC:.....

FRI

cm#

2001 BILL

1 AN ACT <sup>reinsert</sup>; relating to: authorizing the secretary of administration to reduce  
2 state agency expenditure estimates and to lapse or transfer moneys to the  
3 general fund, requiring the governor to submit legislation correcting a  
4 budgetary imbalance, and making an appropriation.

*Analysis by the Legislative Reference Bureau*

Under current law, if the secretary of administration (secretary) determines that previously authorized expenditures will exceed revenues in the current or forthcoming fiscal year by more than 0.5% of the estimated general purpose revenue appropriations for that fiscal year, the secretary must immediately notify the governor, the presiding officers of each house of the legislature, and the joint committee on finance. After the notification, the governor must submit a bill with his or her recommendations for correcting the imbalance between projected revenues and authorized expenditures. If the legislature is not in a floorperiod at the time of the secretary's notification, the governor must call a special session of the legislature and must submit the bill for consideration at that session.

This bill revises the process by which the secretary and the governor may correct budgetary imbalances. Under the bill, in each even-numbered year, the legislative fiscal bureau (LFB) must prepare an estimate of general purpose revenue receipts and expenditures for the current fiscal biennium. In addition, at any time during a fiscal biennium, the departments of administration (DOA) and revenue (DOR) may prepare an estimate of general purpose revenue receipts and expenditures for the current fiscal biennium.

stet. no change



**BILL**

*F*  
*=*  
*the*  
*-2-*  
*estimate*

Under the bill, if the LRB or DOA and DOR estimate concludes that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount less than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the secretary may do either or both of the following to correct the imbalance: reduce any state agency expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

In addition, if either estimate concludes that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount equal to or greater than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the governor must declare a fiscal emergency and submit a bill to the legislature containing his or her recommendations for correcting the imbalance. If the legislature has not passed a bill to correct the imbalance within 45 days after the date on which the governor declared the fiscal emergency, the secretary may do either or both of the following to correct the imbalance: reduce any state agency expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

Under the bill, however, the secretary may not lapse or transfer money to the general fund from any of the following: an appropriation that is funded from federal revenues; an appropriation for principal repayment and interest payments on public debt or operating notes; an appropriation for lease rental payments; an appropriation to the department of transportation for the purpose of undertaking construction projects; an appropriation for the operation of any state institution established for the care or custody of individuals; an appropriation funded from gifts, grants, or bequests; an appropriation containing moneys whose lapse or transfer would violate a condition imposed by the federal government on the expenditure of the moneys; ~~and~~ an appropriation containing moneys whose lapse or transfer would violate the federal or state constitution.

*or*

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.** 13.95 (1) (h) of the statutes is created to read:
- 2           13.95 (1) (h) In each even-numbered year, no later than January 31, prepare
- 3           an estimate of general purpose revenue receipts and expenditures for the current
- 4           fiscal biennium. The legislative fiscal bureau shall submit a copy of the estimate to

**BILL**

1 the governor, the secretary of administration, the co-chairpersons of the joint  
2 committee on finance, and the presiding officer of each house of the legislature.

3 **SECTION 2.** 16.50 (5) of the statutes is amended to read:

4 **16.50 (5) DISBURSEMENTS.** The secretary may not draw a warrant for payment  
5 of any expenditures incurred by any department nor may any department make any  
6 expenditure for which the approval of the secretary or the governor is necessary  
7 under this section, including any expenditure under s. 20.867, unless the  
8 expenditure was made in accordance with an estimate submitted to and approved  
9 by the secretary or by the governor. In the event that the secretary determines that  
10 previously authorized expenditures will exceed revenues in the current or  
11 forthcoming fiscal year by more than 0.5% of the estimated general purpose revenue  
12 appropriations for that fiscal year, he or she may not decline to approve an estimate  
13 or to draw a warrant under this subsection, but shall instead proceed under sub. (7).

History: 1971 c. 270; 1973 c. 333; 1975 c. 39; 1977 c. 29, 196, 418; 1979 c. 32, 34; 1981 c. 20, 27, 30, 314; 1983 a. 27 ss. 70, 71a, 2202 (42); 1985 a. 332 s. 251 (6); 1987  
a. 4, 27; 1989 a. 31, 336; 1991 a. 316; 1993 a. 16; 1995 a. 27; 1997 a. 27; 1999 a. 9; 2001 a. 16.

14 **SECTION 3.** 16.50 (6m) of the statutes is created to read:

15 **16.50 (6m) ESTIMATES OF EXPENDITURES AND REVENUES.** At any time during a  
16 fiscal biennium, the departments of administration and revenue may jointly prepare  
17 an estimate of general purpose revenue receipts and expenditures for that fiscal  
18 biennium. The departments of administration and revenue shall submit a copy of  
19 any estimate to the governor, the co-chairpersons of the joint committee on finance,  
20 and the presiding officer of each house of the legislature.

21 **SECTION 4.** 16.50 (7) of the statutes, as affected by 2001 Wisconsin Act 16,  
is repealed and recreated to read:

22 **16.50 (7) REVENUE SHORTFALL.** (a) If the legislative fiscal bureau, under s. 13.95  
23 (1) (h), or the departments of administration and revenue, under sub. (6m),  
24 determine that previously authorized general purpose revenue expenditures will

## BILL

1 exceed general purpose revenue receipts by an amount <sup>that is</sup> less than 2% of the previously  
 2 authorized general purpose revenue appropriations for that fiscal biennium, the  
 3 secretary, subject to pars. (c) and (d), may do any of the following to correct the  
 4 imbalance for that fiscal biennium:

5 1. Reduce any expenditure estimate previously approved under sub. (2).

6 2. Lapse or transfer moneys to the general fund, whichever is appropriate, from  
 7 program revenue or segregated revenue appropriations.

8 (b) If the legislative fiscal bureau, under s. 13.95 (1) (h), or the departments of  
 9 administration and revenue, under sub. (6m), determine that previously authorized  
 10 general purpose revenue expenditures will exceed general purpose revenue receipts  
 11 by an amount <sup>that is</sup> equal to or greater than 2% of the previously authorized general  
 12 purpose revenue appropriations for that fiscal biennium, the governor shall declare  
 13 a fiscal emergency and shall submit a bill to the legislature containing his or her  
 14 recommendations for correcting the imbalance. If the legislature has not passed a  
 15 bill to correct the imbalance within 45 days after the date on which the governor  
 16 declared the fiscal emergency, the secretary, subject to pars. (c) and (d), may do any  
 17 of the following to correct the imbalance for that fiscal biennium:

18 1. Reduce any expenditure estimate previously approved under sub. (2).

19 2. Lapse or transfer moneys to the general fund, whichever is appropriate, from  
 20 program revenue or segregated revenue appropriations.

21 (c) The secretary may not reduce any expenditure estimate under par. (a) 1.

22 <sup>or</sup> (b) 1. if the reduction would violate the federal or state constitution.

23 (d) The secretary may not lapse or transfer money to the general fund under  
 24 par. (a) 2. <sup>or</sup> (b) 2. from any of the following:

25 1. An appropriation that is funded from federal revenues.



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

LRB-4337/1dn  
RAC:.....

*cm*

*date*

Jeff Geisler:

Per your request, I have created an appropriation to transfer segregated revenue moneys to the general fund. While such an appropriation is not legally necessary, because money is not being appropriated for a specific purpose, there are many precedents in ch. 20 for creating an appropriation to transfer moneys between funds. However, please note that there is no reason to create an appropriation for lapsing PR moneys to the general fund.

Rick A. Champagne  
Senior Legislative Attorney  
Phone: (608) 266-9930  
E-mail: rick.champagne@legis.state.wi.us

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

LRB-4337/1dn  
RAC:cmh:pg

December 6, 2001

Jeff Geisler:

Per your request, I have created an appropriation to transfer segregated revenue moneys to the general fund. While such an appropriation is not legally necessary, because money is not being appropriated for a specific purpose, there are many precedents in ch. 20 for creating an appropriation to transfer moneys between funds. However, please note that there is no reason to create an appropriation for lapsing PR moneys to the general fund.

Rick A. Champagne  
Senior Legislative Attorney  
Phone: (608) 266-9930  
E-mail: rick.champagne@legis.state.wi.us

**Champagne, Rick**

---

**From:** Geisler, Jeffrey  
**Sent:** Wednesday, December 12, 2001 8:38 AM  
**To:** Champagne, Rick  
**Cc:** Koskinen, John  
**Subject:** LRB-4337/1 Topic: Governor's recision authority

16.97(7)

Rick  
Please make the following changes to the draft:

1. Limit the Governor's authority to reduce local assistance expenditures by requiring that any such reductions be achieved by applying a uniform percentage reduction to all recipients of any local assistance program that will be reduced.
2. Ensure that the Governor has the authority to reduce any appropriation (subject to the restrictions already in the draft) or lapse/transfer moneys in the 2nd year of the biennium.
3. ~~Provide for a sunset of this new procedure/authority at the end of the 2001-2003 (FY02 & FY03) biennium.~~

Jeffrey A. Geisler  
DOA State Budget Office  
266-1805

3. Keep current law for shortfalls 0.5 or less.



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-4337/1/2

RAC:cmh:pg

FRI

RMR + jld

2001 BILL

— regen. ext.

1 **AN ACT** to amend 16.50 (5); to repeal and recreate 16.50 (7); and to create  
2 13.95 (1) (h), 16.50 (6m) and 20.855 (2) of the statutes; relating to: authorizing  
3 the secretary of administration to reduce state agency expenditure estimates  
4 and to lapse or transfer moneys to the general fund, requiring the governor to  
5 submit legislation correcting a budgetary imbalance, and making an  
6 appropriation.

---

***Analysis by the Legislative Reference Bureau***

Under current law, if the secretary of administration (secretary) determines that previously authorized expenditures will exceed revenues in the current or forthcoming fiscal year by more than 0.5% of the estimated general purpose revenue appropriations for that fiscal year, the secretary must immediately notify the governor, the presiding officers of each house of the legislature, and the joint committee on finance. After the notification, the governor must submit a bill with his or her recommendations for correcting the imbalance between projected revenues and authorized expenditures. If the legislature is not in a floorperiod at the time of the secretary's notification, the governor must call a special session of the legislature and must submit the bill for consideration at that session.

This bill revises the process by which the secretary and the governor may correct budgetary imbalances. Under the bill, in each even-numbered year, the legislative fiscal bureau (LFB) must prepare an estimate of general purpose revenue



**BILL**

receipts and expenditures for the current fiscal biennium. In addition, at any time during a fiscal biennium, the departments of administration (DOA) and revenue (DOR) may prepare an estimate of general purpose revenue receipts and expenditures for the current fiscal biennium.

Under the bill, if the LFB estimate or the DOA and DOR estimate concludes that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount less than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the secretary may do either or both of the following to correct the imbalance: reduce any state agency expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

In addition, if either estimate concludes that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount equal to or greater than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the governor must declare a fiscal emergency and submit a bill to the legislature containing his or her recommendations for correcting the imbalance. If the legislature has not passed a bill to correct the imbalance within 45 days after the date on which the governor declared the fiscal emergency, the secretary may do either or both of the following to correct the imbalance: reduce any state agency expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

Handwritten note: "that is more than 0.5% but" with a circled percentage symbol and an arrow pointing to the "less than 2%" text in the previous paragraph.

Under the bill, however, the secretary may not lapse or transfer money to the general fund from any of the following: an appropriation that is funded from federal revenues; an appropriation for principal repayment and interest payments on public debt or operating notes; an appropriation for lease rental payments; an appropriation to the department of transportation for the purpose of undertaking construction projects; an appropriation for the operation of any state institution established for the care or custody of individuals; an appropriation funded from gifts, grants, or bequests; an appropriation containing moneys whose lapse or transfer would violate a condition imposed by the federal government on the expenditure of the moneys; or an appropriation containing moneys whose lapse or transfer would violate the federal or state constitution.

Handwritten note: "Insert Analysis" with a checkmark and an arrow pointing to the text in the previous paragraph.

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. 13.95 (1) (h)** of the statutes is created to read:

**BILL**

1           13.95 (1) (h) In each even-numbered year, no later than January 31, prepare  
2 an estimate of general purpose revenue receipts and expenditures for the current  
3 fiscal biennium. The legislative fiscal bureau shall submit a copy of the estimate to  
4 the governor, the secretary of administration, the co-chairpersons of the joint  
5 committee on finance, and the presiding officer of each house of the legislature.

6           **SECTION 2.** 16.50 (5) of the statutes is amended to read:

7           ~~16.50 (5) DISBURSEMENTS. The secretary may not draw a warrant for payment  
8 of any expenditures incurred by any department nor may any department make any  
9 expenditure for which the approval of the secretary or the governor is necessary  
10 under this section, including any expenditure under s. 20.867, unless the  
11 expenditure was made in accordance with an estimate submitted to and approved  
12 by the secretary or by the governor. In the event that the secretary determines that  
13 previously authorized expenditures will exceed revenues in the current or  
14 forthcoming fiscal year by more than 0.5% of the estimated general purpose revenue  
15 appropriations for that fiscal year, he or she may not decline to approve an estimate  
16 or to draw a warrant under this subsection, but shall instead proceed under sub. (7).~~

17           **SECTION 3.** 16.50 (6m) <sup>✓</sup> of the statutes is created to read:

18           16.50 (6m) ESTIMATES OF EXPENDITURES AND REVENUES. At any time during a  
19 fiscal biennium, the departments of administration and revenue may jointly prepare  
20 an estimate of general purpose revenue receipts and expenditures for that fiscal  
21 biennium. The departments of administration and revenue shall submit a copy of  
22 any estimate to the governor, the co-chairpersons of the joint committee on finance,  
23 and the presiding officer of each house of the legislature.

24           **SECTION 4.** 16.50 (7) <sup>✓</sup> of the statutes, as affected by 2001 Wisconsin Act 16, is  
25 repealed and recreated to read:

**BILL**

1           16.50 (7) REVENUE SHORTFALL. (a) If the legislative fiscal bureau, under s. 13.95  
 2 (1) (h), or the departments of administration and revenue, under sub. (6m),  
 3 determine that previously authorized general purpose revenue expenditures will  
 4 exceed general purpose revenue receipts by an amount that is <sup>more than</sup> less than 2% of the  
 5 previously authorized general purpose revenue appropriations for that fiscal  
 6 biennium, the secretary, subject to pars. (c) <sup>to (e)</sup> and ~~(d)~~, may do any of the following to  
 7 correct the imbalance for that fiscal biennium:

8           1. Reduce any expenditure estimate previously approved under sub. (2).

9           2. Lapse or transfer moneys to the general fund, whichever is appropriate, from  
 10 program revenue or segregated revenue appropriations.

11           (b) If the legislative fiscal bureau, under s. 13.95 (1) (h), or the departments of  
 12 administration and revenue, under sub. (6m), determine that previously authorized  
 13 general purpose revenue expenditures will exceed general purpose revenue receipts  
 14 by an amount that is equal to or greater than 2% of the previously authorized general  
 15 purpose revenue appropriations for that fiscal biennium, the governor shall declare  
 16 a fiscal emergency and shall submit a bill to the legislature containing his or her  
 17 recommendations for correcting the imbalance. If the legislature has not passed a  
 18 bill to correct the imbalance within 45 days after the date on which the governor  
 19 declared the fiscal emergency, the secretary, subject to pars. (c) <sup>to (e)</sup> and ~~(d)~~, may do any  
 20 of the following to correct the imbalance for that fiscal biennium:

21           1. Reduce any expenditure estimate previously approved under sub. (2).

22           2. Lapse or transfer moneys to the general fund, whichever is appropriate, from  
 23 program revenue or segregated revenue appropriations.

24           (c) The secretary may not reduce any expenditure estimate under par. (a) 1. or  
 25 (b) 1. if the reduction would violate the federal or state constitution.

7%  
 ↓  
 0.5% but

**BILL**

1 (d) The secretary may not lapse or transfer money to the general fund under  
2 par. (a) 2. or (b) 2. from any of the following:

3 1. An appropriation that is funded from federal revenues.

4 2. An appropriation for principal repayment and interest payments on public  
5 debt, as defined in s. 18.01 (4), or operating notes, as defined in s. 18.71 (4).

6 3. An appropriation for lease rental payments.

7 4. An appropriation to the department of transportation for the purpose of  
8 undertaking construction projects.

9 5. An appropriation for the operation of any state institution established for the  
10 care or custody of individuals.

11 6. An appropriation funded from gifts, grants, or bequests.

12 7. An appropriation containing moneys whose lapse or transfer would violate  
13 a condition imposed by the federal government on the expenditure of the moneys.

14 8. An appropriation containing moneys whose lapse or transfer would violate  
15 the federal or state constitution.

16 SECTION 5. 20.855 (2) of the statutes is created to read:

17 20.855 (2) TRANSFERS TO GENERAL FUND. (s) *Segregated fund transfers to the*  
18 *general fund.* From the appropriate segregated funds, a sum sufficient equal to the  
19 amount of moneys from segregated revenue appropriations that are required to be  
20 transferred to the general fund under s. 16.50 (7) (a) 2. and (b) 2.

21 (END)

Insert  
5-16

**2001-2002 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-4337/2ins  
RAC::

**Insert Analysis:**

Finally, the bill provides that, if the secretary reduces an expenditure estimate, or lapses or transfers money to the general fund, from any appropriation that is made to provide money to more than one local governmental unit, with the result that less money is provided to the local governmental units, the secretary shall ensure that each local governmental unit receives the same percentage reduction in money paid from that appropriation. \*

**Insert 5-16:**

(e) 1. In this paragraph, "local governmental unit" means a political subdivision of the state, a special purpose district of the state, an instrumentality or corporation of such a political subdivision or special purpose district, a combination or subunit of any of the foregoing, or an instrumentality of the state and any of the foregoing.

2. If the secretary reduces an expenditure estimate under par. (a) 1. or (b) 1., or lapses or transfers money to the general fund under par. (a) 2. or (b) 2., from any appropriation that is made to provide money to more than one local governmental unit, with the result that less money is provided to the local governmental units, the secretary shall ensure that each local governmental unit receives the same percentage reduction in money paid from that appropriation.

	<b>Current Law</b>	<b>Recession Authority</b>
<b>Determining the Shortfall</b>	DOA Secretary determines.	Joint determination by DOA and DOR or LFB in January of even-numbered years
<b>Threshold</b>	0.5% of expenditures	2.0% of expenditures
<b>Shortfall Actions Required</b>	<p><b><u>Greater than threshold</u></b> DOA Secretary notifies the Governor, the legislature and the JCF.</p> <p>The Governor must submit a bill to address the shortfall.</p> <p>Special session required if the legislature is not in a floor period.</p> <hr/> <p><b><u>Failure to Pass</u></b> No recourse</p>	<p><b><u>Greater than threshold</u></b> The Governor must declare a fiscal emergency.</p> <p>The Governor must submit a corrective bill if legislature is in regular session.</p> <p>A special session bill is not required.</p> <hr/> <p><b><u>Failure to Pass or Not In Session</u></b> Failure to pass a corrective bill or fiscal emergency when legislature is out of session, triggers a grant of temporary authority to DOA Secretary to reduce appropriations.</p>
<b>Secretary's Authority</b>	<p><b><u>Below threshold</u></b> DOA secretary may reduce state operations appropriations.</p> <hr/> <p><b><u>Above Threshold</u></b> None</p>	<p><b><u>Below threshold</u></b> DOA secretary may reduce state operations appropriations.</p> <hr/> <p><b><u>Above Threshold</u></b> Secretary may</p> <ul style="list-style-type: none"> <li>• reduce any appropriation</li> <li>• lapse or transfer moneys to the general fund from PR or SEG appropriations.</li> </ul>
<b>Restrictions on the Authority</b>	State operations reductions must "implement legislative or Governor's budgetary intent to the fullest extent possible within the concepts of proper management."	<p>The Secretary may not lapse or transfer from any of the following:</p> <ul style="list-style-type: none"> <li>• PRF appropriations;</li> <li>• Debt service appropriations</li> <li>• DOT construction projects;</li> <li>• appropriations for state institutions caring for individuals;</li> <li>• a gifts and grants appropriations;</li> <li>• lapses or transfers that would violate federal requirements.</li> <li>• lapses or transfers that would violate the federal or state constitution.</li> <li>• local assistance appropriations may only be reduced by applying a uniform percentage reduction to all recipients.</li> </ul>
<b>Appropriations</b>	NA	Add a new SEG appropriation to transfer SEG moneys to the general fund.



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-4337/3

RAC:cmh&jld:pg

Today

RMR

stamp

DOA:.....Geisler - Governor's recision authority

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

do not gen.

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2  
3  
4  
5

AN ACT to repeal and recreate 16.50 (7); and to create 13.95 (1) (h), 16.50 (6m) and 20.855 (2) of the statutes; relating to: authorizing the secretary of administration to reduce state agency expenditure estimates and to lapse or transfer moneys to the general fund, requiring the governor to submit legislation correcting a budgetary imbalance, and making an appropriation.

Analysis by the Legislative Reference Bureau

Under current law, if the secretary of administration (secretary) determines that previously authorized expenditures will exceed revenues in the current or forthcoming fiscal year by more than 0.5% of the estimated general purpose revenue appropriations for that fiscal year, the secretary must immediately notify the governor, the presiding officers of each house of the legislature, and the joint committee on finance. After the notification, the governor must submit a bill with his or her recommendations for correcting the imbalance between projected revenues and authorized expenditures. If the legislature is not in a floorperiod at the time of the secretary's notification, the governor must call a special session of the legislature and must submit the bill for consideration at that session.

This bill revises the process by which the secretary and the governor may correct budgetary imbalances. Under the bill, in each even-numbered year, the legislative fiscal bureau (LFB) must prepare an estimate of general purpose revenue

Head  
Sub  
STATE GOVERNMENT  
STATE FINANCE

receipts and expenditures for the current fiscal biennium. In addition, at any time during a fiscal biennium, the departments of administration (DOA) and revenue (DOR) may prepare an estimate of general purpose revenue receipts and expenditures for the current fiscal biennium.

Under the bill, if the LFB estimate or the DOA and DOR estimate concludes that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount that is more than 0.5% but less than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the secretary may do either or both of the following to correct the imbalance: reduce any state agency expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

In addition, if either estimate concludes that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount equal to or greater than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the governor must declare a fiscal emergency and submit a bill to the legislature containing his or her recommendations for correcting the imbalance. If the legislature has not passed a bill to correct the imbalance within 45 days after the date on which the governor declared the fiscal emergency, the secretary may do either or both of the following to correct the imbalance: reduce any state agency expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

Under the bill, however, the secretary may not lapse or transfer money to the general fund from any of the following: an appropriation that is funded from federal revenues; an appropriation for principal repayment and interest payments on public debt or operating notes; an appropriation for lease rental payments; an appropriation to the department of transportation for the purpose of undertaking construction projects; an appropriation for the operation of any state institution established for the care or custody of individuals; an appropriation funded from gifts, grants, or bequests; an appropriation containing moneys whose lapse or transfer would violate a condition imposed by the federal government on the expenditure of the moneys; or an appropriation containing moneys whose lapse or transfer would violate the federal or state constitution.

Finally, the bill provides that, if the secretary reduces an expenditure estimate, or lapses or transfers money to the general fund, from any appropriation that is made to provide money to more than one local governmental unit, with the result that less money is provided to the local governmental units, the secretary shall ensure that each local governmental unit receives the same percentage reduction in money paid from that appropriation.

Before the June 1 justification occurs

SUM certain appropriation or any



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.** 13.95 (1) (h) of the statutes is created to read:

2           13.95 (1) (h) In each even-numbered year, no later than January 31, prepare  
3 an estimate of general purpose revenue receipts and expenditures for the current  
4 fiscal biennium. The legislative fiscal bureau shall submit a copy of the estimate to  
5 the governor, the secretary of administration, the co-chairpersons of the joint  
6 committee on finance, and the presiding officer of each house of the legislature.

7           **SECTION 2.** 16.50 (6m) of the statutes is created to read:

8           **16.50 (6m) ESTIMATES OF EXPENDITURES AND REVENUES.** At any time during a  
9 fiscal biennium, the departments of administration and revenue may jointly prepare  
10 an estimate of general purpose revenue receipts and expenditures for that fiscal  
11 biennium. The departments of administration and revenue shall submit a copy of  
12 any estimate to the governor, the co-chairpersons of the joint committee on finance,  
13 and the presiding officer of each house of the legislature.

14           **SECTION 3.** 16.50 (7) of the statutes, as affected by 2001 Wisconsin Act 16, is  
15 repealed and recreated to read:

16           **16.50 (7) REVENUE SHORTFALL.** (a) If the legislative fiscal bureau, under s. 13.95  
17 ~~(1) (h), or the departments of administration and revenue, under sub. (6m),~~  
18 ~~determine that previously authorized general purpose revenue expenditures will~~  
19 ~~exceed general purpose revenue receipts by an amount that is more than 0.5% but~~  
20 ~~less than 2% of the previously authorized general purpose revenue appropriations~~

Insert 3-6

1 for that fiscal biennium, the secretary, subject to pars. (c) to (e), may do any of the  
2 following to correct the imbalance for that fiscal biennium:

- 3 1. Reduce any expenditure estimate previously approved under sub. (2).
- 4 2. Lapse or transfer moneys to the general fund, whichever is appropriate, from
- 5 program revenue or segregated revenue appropriations.

6 (b) <sup>not</sup> If the legislative fiscal bureau, under s. 13.95 (1) (h), or the departments of  
7 administration and revenue, under sub. (6m), determine that previously authorized  
8 general purpose revenue expenditures will exceed general purpose revenue receipts  
9 by an amount that is ~~equal to~~ <sup>greater than</sup> or greater than 2% of the previously authorized general  
10 purpose revenue appropriations for that fiscal biennium, the governor shall declare  
11 a fiscal emergency and shall submit a bill to the legislature containing his or her  
12 recommendations for correcting the imbalance. If the legislature has not passed a  
13 bill to correct the imbalance ~~within 45 days~~ after the date on which the governor  
14 declared the fiscal emergency, the secretary, subject to pars. ~~(a)~~ <sup>(b)</sup> to ~~(e)~~ <sup>(d)</sup>, may do any of  
15 the following to correct the imbalance for that fiscal biennium:

- 16 1. Reduce any <sup>SUM certain appropriation or any</sup> expenditure estimate previously approved under sub. (2).
- 17 2. Lapse or transfer moneys to the general fund, whichever is appropriate, from
- 18 program revenue or segregated revenue appropriations.

19 ~~(b)~~ <sup>(b)</sup> The secretary may not reduce any <sup>SUM certain appropriation or any</sup> expenditure estimate under par. (a) 1. ~~or~~  
20 ~~(b)~~ <sup>(c)</sup> if the reduction would violate the federal or state constitution.

21 ~~(b)~~ <sup>(c)</sup> The secretary may not lapse or transfer money to the general fund under  
22 par. (a) 2. ~~or (b) 2.~~ from any of the following:

- 23 1. An appropriation that is funded from federal revenues.
- 24 2. An appropriation for principal repayment and interest payments on public
- 25 debt, as defined in s. 18.01 (4), or operating notes, as defined in s. 18.71 (4).

before the June 1 that immediately occurs

1

~~3. An appropriation for lease rental payments.~~

2

~~4. An appropriation to the department of transportation for the purpose of undertaking construction projects.~~

3

4

~~5. An appropriation for the operation of any state institution established for the care or custody of individuals.~~

5

6

~~6. An appropriation funded from gifts, grants, or bequests.~~

7

~~7. An appropriation containing moneys whose lapse or transfer would violate a condition imposed by the federal government on the expenditure of the moneys.~~

8

9

~~8. An appropriation containing moneys whose lapse or transfer would violate the federal or state constitution.~~

10

11

~~(d)~~  
~~1. In this paragraph, "local governmental unit" means a political subdivision of the state, a special purpose district of the state, an instrumentality or corporation of such a political subdivision or special purpose district, a combination or subunit of any of the foregoing, or an instrumentality of the state and any of the foregoing.~~

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14

15

2. If the secretary reduces <sup>a sum certain appropriation or</sup> an expenditure estimate under par. (a) 1. ~~or (b) 1.~~,  
or lapses or transfers money to the general fund under par. (a) 2. ~~or (b) 2.~~, from any  
appropriation that is made to provide money to more than one local governmental  
unit, with the result that less money is provided to the local governmental units, the  
secretary shall ensure that each local governmental unit receives the same  
percentage reduction in money paid from that appropriation.

16

17

18

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20

21

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

22

23

20.855 (2) TRANSFERS TO GENERAL FUND. (s) *Segregated fund transfers to the general fund.* From the appropriate segregated funds, a sum sufficient equal to the

1 amount of moneys from segregated revenue appropriations that are ~~required to be~~  
2 transferred to the general fund under s. 16.50 (7) (a) 2. ~~and (b) 1.~~

3 (END)

x3-6

Section #. 16.50 (5) of the statutes is amended to read:

16.50 (5) DISBURSEMENTS. The secretary may not draw a warrant for payment of any expenditures incurred by any department nor may any department make any expenditure for which the approval of the secretary or the governor is necessary under this section, including any expenditure under s. 20.867, unless the expenditure was made in accordance with an estimate submitted to and approved by the secretary or by the governor. In the event that the secretary determines that previously authorized expenditures will exceed revenues in the current or forthcoming fiscal year by more than ~~0.5%~~  $\frac{2.0\%}{}$  of the estimated general purpose revenue appropriations for that fiscal year, he or she may not decline to approve an estimate or to draw a warrant under this subsection, but shall instead proceed under sub. (7).

History: 1971 c. 270; 1973 c. 333; 1975 c. 39; 1977 c. 29, 196, 418; 1979 c. 32, 34; 1981 c. 20, 27, 30, 314; 1983 a. 27 ss. 70, 71a, 2202 (42); 1985 a. 332 s. 251 (6); 1987 a. 4, 27; 1989 a. 31, 336; 1991 a. 316; 1993 a. 16; 1995 a. 27; 1997 a. 27; 1999 a. 9; 2001 a. 16.

Per John Koskuen

- In a floor period, 15 days to submit  
bill & legislature must act before  
end of last floor period

- If not in a floor period, gov. need not to  
bill & DWA can begin making cuts



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-4337/3-4  
RAC:cmh&jld:ch

Today

RMR

DOA:.....Geisler - Governor's recision authority

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

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Do NOT GEN

- 1 AN ACT/...; relating to: authorizing the secretary of administration to reduce
- 2 state agency sum certain appropriations and expenditure estimates and to
- 3 lapse or transfer moneys to the general fund, requiring the governor to submit
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**Analysis by the Legislative Reference Bureau  
STATE GOVERNMENT**

**STATE FINANCE**

Under current law, if the secretary of administration (secretary) determines that previously authorized expenditures will exceed revenues in the current or forthcoming fiscal year by more than 0.5% of the estimated general purpose revenue appropriations for that fiscal year, the secretary must immediately notify the governor, the presiding officers of each house of the legislature, and the joint committee on finance. After the notification, the governor must submit a bill with his or her recommendations for correcting the imbalance between projected revenues and authorized expenditures. If the legislature is not in a floorperiod at the time of the secretary's notification, the governor must call a special session of the legislature and must submit the bill for consideration at that session.

This bill revises the process by which the secretary and the governor may correct budgetary imbalances. Under the bill, in each even-numbered year, the

legislative fiscal bureau (LFB) must prepare an estimate of general purpose revenue receipts and expenditures for the current fiscal biennium. In addition, at any time during a fiscal biennium, the departments of administration (DOA) and revenue (DOR) may prepare an estimate of general purpose revenue receipts and expenditures for the current fiscal biennium.

~~Under the bill, if the LFB estimate or the DOA and DOR estimate concludes that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount greater than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the governor must declare a fiscal emergency and submit a bill to the legislature containing his or her recommendations for correcting the imbalance. If the legislature has not passed a bill to correct the imbalance before the June 1 that occurs immediately after the date on which the governor declared the fiscal emergency, the secretary may do either or both of the following to correct the imbalance: reduce any sum certain appropriation or any expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.~~

Insert  
Analysis

Under the bill, however, the secretary may not lapse or transfer money to the general fund from any of the following: an appropriation that is funded from federal revenues; an appropriation for principal repayment and interest payments on public debt or operating notes; an appropriation to the department of transportation for the purpose of undertaking construction projects; an appropriation for the operation of any state institution established for the care or custody of individuals; an appropriation funded from gifts, grants, or bequests; an appropriation containing moneys whose lapse or transfer would violate a condition imposed by the federal government on the expenditure of the moneys; or an appropriation containing moneys whose lapse or transfer would violate the federal or state constitution.

Finally, the bill provides that, if the secretary reduces a sum certain appropriation or an expenditure estimate, or lapses or transfers money to the general fund, from any appropriation that is made to provide money to more than one local governmental unit, with the result that less money is provided to the local governmental units, the secretary shall ensure that each local governmental unit receives the same percentage reduction in money paid from that appropriation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

- 1           **SECTION 1.** 13.95 (1) (h) of the statutes is created to read:
- 2           13.95 (1) (h) In each even-numbered year, no later than January 31, prepare
- 3           an estimate of general purpose revenue receipts and expenditures for the current



1 fiscal biennium. The legislative fiscal bureau shall submit a copy of the estimate to  
2 the governor, the secretary of administration, the co-chairpersons of the joint  
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5 16.50 (5) DISBURSEMENTS. The secretary may not draw a warrant for payment  
6 of any expenditures incurred by any department nor may any department make any  
7 expenditure for which the approval of the secretary or the governor is necessary  
8 under this section, including any expenditure under s. 20.867, unless the  
9 expenditure was made in accordance with an estimate submitted to and approved  
10 by the secretary or by the governor. In the event that the secretary determines that  
11 previously authorized expenditures will exceed revenues in the current or  
12 forthcoming fiscal year by more than ~~0.5%~~ 2.0% of the estimated general purpose  
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17 16.50 (6m) ESTIMATES OF EXPENDITURES AND REVENUES. At any time during a  
18 fiscal biennium, the departments of administration and revenue may jointly prepare  
19 an estimate of general purpose revenue receipts and expenditures for that fiscal  
20 biennium. The departments of administration and revenue shall submit a copy of  
21 any estimate to the governor, the co-chairpersons of the joint committee on finance,  
22 and the presiding officer of each house of the legislature.

23 **SECTION 4.** 16.50 (7) of the statutes, as affected by 2001 Wisconsin Act 16, is  
24 repealed and recreated to read:

1 16.50 (7) REVENUE SHORTFALL. (a) If the legislative fiscal bureau, under s. 13.95  
 2 (1) (b), or the departments of administration and revenue, under sub. (6m),  
 3 determine that previously authorized general purpose revenue expenditures will  
 4 exceed general purpose revenue receipts by an amount that is greater than 2% of the  
 5 previously authorized general purpose revenue appropriations for that fiscal  
 6 biennium, the governor shall declare a fiscal emergency and shall submit a bill to the  
 7 legislature containing his or her recommendations for correcting the imbalance. If  
 8 the legislature has not passed a bill to correct the imbalance before the June 1 that  
 9 occurs immediately after the date on which the governor declared the fiscal  
 10 emergency, the secretary, subject to pars. (b) to (d), may do any of the following to  
 11 correct the imbalance for that fiscal biennium:

12 1. Reduce any sum certain appropriation or any expenditure estimate  
 13 previously approved under sub. (2).

14 2. Lapse or transfer moneys to the general fund, whichever is appropriate, from  
 15 program revenue or segregated revenue appropriations.

16 (b) The secretary may not reduce any sum certain appropriation or any  
 17 expenditure estimate under par. (a) 1. if the reduction would violate the federal or  
 18 state constitution. or (b) 1.

19 (d) The secretary may not lapse or transfer money to the general fund under  
 20 par. (a) 2. from any of the following: or (b) 2.

21 1. An appropriation that is funded from federal revenues.

22 2. An appropriation for principal repayment and interest payments on public  
 23 debt, as defined in s. 18.01 (4), or operating notes, as defined in s. 18.71 (4).

24 3. An appropriation to the department of transportation for the purpose of  
 25 undertaking construction projects.

Insert 4-11

Insert 4-15

1           4. An appropriation for the operation of any state institution established for the  
2 care or custody of individuals.

3           5. An appropriation funded from gifts, grants, or bequests.

4           6. An appropriation containing moneys whose lapse or transfer would violate  
5 a condition imposed by the federal government on the expenditure of the moneys.

6           7. An appropriation containing moneys whose lapse or transfer would violate  
7 the federal or state constitution.

8           <sup>(d)</sup> 1. In this paragraph, "local governmental unit" means a political  
9 subdivision of the state, a special purpose district of the state, an instrumentality or  
10 corporation of such a political subdivision or special purpose district, a combination  
11 or subunit of any of the foregoing, or an instrumentality of the state and any of the  
12 foregoing.

13           2. If the secretary reduces a sum certain appropriation or an expenditure  
14 estimate under par. (a) 1. <sup>or (b) 1.</sup> or lapses or transfers money to the general fund under par.  
15 (a) 2. <sup>or (b) 2.</sup> from any appropriation that is made to provide money to more than one local  
16 governmental unit, with the result that less money is provided to the local  
17 governmental units, the secretary shall ensure that each local governmental unit  
18 receives the same percentage reduction in money paid from that appropriation.

19           **SECTION 5.** 20.855 (2) of the statutes is created to read:

20           20.855 (2) TRANSFERS TO GENERAL FUND. (s) *Segregated fund transfers to the*  
21 *general fund.* From the appropriate segregated funds, a sum sufficient equal to the  
22 amount of moneys from segregated revenue appropriations that are transferred to  
23 the general fund under s. 16.50 (7) (a) 2. <sup>or (b) 2.</sup>

24           (END)

**2001-2002 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-4337/4ins  
RAC::

**Insert Analysis:**

Under the bill, if the LFB estimate or the DOA and DOR estimate concludes that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount greater than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the governor must declare a fiscal emergency no later than 15 days after the date on which the LFB or DOA and DOR makes the determination. If the legislature is in a floorperiod on the date on which the governor declares a fiscal emergency, the governor, no later than 15 days after the date on which the governor declared a fiscal emergency, shall submit a bill to the legislature containing his or her recommendations for correcting the imbalance. If the legislature has not passed a bill to correct the imbalance before the close of the last regular floorperiod of the legislative session, the secretary may do either or both of the following to correct the imbalance: reduce any sum certain appropriation or any expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

In addition, under the bill, if the legislature is not in a floorperiod on the date on which the governor declares a fiscal emergency, the governor is not required to submit a bill to the legislature and the secretary may do either or both of the following to correct the imbalance: reduce any sum certain appropriation or any expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

**Insert 4-11:**

16.50 (7) REVENUE SHORTFALL. (a) If the legislative fiscal bureau, under s. 13.95 (1) (h), or the departments of administration and revenue, under sub. (6m), determine that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount that is greater than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the governor shall declare a fiscal emergency no later than 15 days after the date on which the legislative fiscal bureau or the departments of administration and revenue makes the determination. If the legislature is in a floorperiod on the date on which the governor declares a fiscal emergency, the governor, no later than

15 days after the date on which the governor declared a fiscal emergency, shall submit a bill to the legislature containing his or her recommendations for correcting the imbalance. If the legislature has not passed a bill to correct the imbalance before the close of the last regular floorperiod of the legislature, the secretary, subject to pars. (c) to (e), may do any of the following to correct the imbalance for that fiscal biennium:

**Insert 4-15:**

(b) If the legislative fiscal bureau, under s. 13.95 (1) (h), or the departments of administration and revenue, under sub. (6m), determine that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount that is greater than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the governor shall declare a fiscal emergency no later than 15 days after the date on which the legislative fiscal bureau or the departments of administration and revenue makes the determination. If the legislature is not in a floorperiod on the date on which the governor declares a fiscal emergency, the secretary, subject to pars. (c) to (e), may do any of the following to correct the imbalance for that fiscal biennium:

1. Reduce any sum certain appropriation or any expenditure estimate previously approved under sub. (2).
2. Lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-4337/4-5

RAC:cmh/jld/cs:kjf

NOW

stage RMR

DOA:.....Geisler – Governor’s recision authority

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

Do NOT GEN

1 AN ACT ~~relating to~~; relating to: authorizing the secretary of administration to reduce  
2 state agency sum certain appropriations and expenditure estimates and to  
3 lapse or transfer moneys to the general fund, requiring the governor to submit  
4 legislation correcting a budgetary imbalance, and making an appropriation.

*Analysis by the Legislative Reference Bureau*

**STATE GOVERNMENT**

**STATE FINANCE**

Under current law, if the secretary of administration (secretary) determines that previously authorized expenditures will exceed revenues in the current or forthcoming fiscal year by more than 0.5% of the estimated general purpose revenue appropriations for that fiscal year, the secretary must immediately notify the governor, the presiding officers of each house of the legislature, and the joint committee on finance. After the notification, the governor must submit a bill with his or her recommendations for correcting the imbalance between projected revenues and authorized expenditures. If the legislature is not in a floorperiod at the time of the secretary’s notification, the governor must call a special session of the legislature and must submit the bill for consideration at that session.

This bill revises the process by which the secretary and the governor may correct budgetary imbalances. Under the bill, in each even-numbered year, the

legislative fiscal bureau (LFB) must prepare an estimate of general purpose revenue receipts and expenditures for the current fiscal biennium. In addition, at any time during a fiscal biennium, the departments of administration (DOA) and revenue (DOR) may prepare an estimate of general purpose revenue receipts and expenditures for the current fiscal biennium.

Under the bill, if the LFB estimate or the DOA and DOR estimate concludes that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount greater than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the governor must declare a fiscal emergency no later than 15 days after the date on which the LFB or DOA and DOR makes the determination. If the legislature is in a floorperiod on the date on which the governor declares a fiscal emergency, the governor, no later than 15 days after the date on which the governor declared a fiscal emergency, shall submit a bill to the legislature containing his or her recommendations for correcting the imbalance. If the legislature has not passed a bill to correct the imbalance before the close of the last regular floorperiod of the legislative session, the secretary may do either or both of the following to correct the imbalance: reduce any sum certain appropriation or any expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

In addition, under the bill, if the legislature is not in a floorperiod on the date on which the governor declares a fiscal emergency, the governor is not required to submit a bill to the legislature and the secretary may do either or both of the following to correct the imbalance: reduce any sum certain appropriation or any expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

Under the bill, however, the secretary may not lapse or transfer money to the general fund from any of the following: an appropriation that is funded from federal revenues; an appropriation for principal repayment and interest payments on public debt or operating notes; an appropriation to the department of transportation for the purpose of undertaking construction projects; an appropriation for the operation of any state institution established for the care or custody of individuals; an appropriation funded from gifts, grants, or bequests; an appropriation containing moneys whose lapse or transfer would violate a condition imposed by the federal government on the expenditure of the moneys; or an appropriation containing moneys whose lapse or transfer would violate the federal or state constitution.

Finally, the bill provides that, if the secretary reduces a sum certain appropriation or an expenditure estimate, or lapses or transfers money to the general fund, from any appropriation that is made to provide money to more than one local governmental unit, with the result that less money is provided to the local governmental units, the secretary shall ensure that each local governmental unit receives the same percentage reduction in money paid from that appropriation.

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.** 13.95 (1) (h) of the statutes is created to read:

2           13.95 (1) (h) In each even-numbered year, no later than January 31, prepare  
3 an estimate of general purpose revenue receipts and expenditures for the current  
4 fiscal biennium. The legislative fiscal bureau shall submit a copy of the estimate to  
5 the governor, the secretary of administration, the co-chairpersons of the joint  
6 committee on finance, and the presiding officer of each house of the legislature.

7           **SECTION 2.** 16.50 (5) of the statutes is amended to read:

8           16.50 (5) **DISBURSEMENTS.** The secretary may not draw a warrant for payment  
9 of any expenditures incurred by any department nor may any department make any  
10 expenditure for which the approval of the secretary or the governor is necessary  
11 under this section, including any expenditure under s. 20.867, unless the  
12 expenditure was made in accordance with an estimate submitted to and approved  
13 by the secretary or by the governor. In the event that the secretary determines that  
14 previously authorized expenditures will exceed revenues in the current or  
15 forthcoming fiscal year by more than 0.5% 2.0% of the estimated general purpose  
16 revenue appropriations for that fiscal year, he or she may not decline to approve an  
17 estimate or to draw a warrant under this subsection, but shall instead proceed under  
18 sub. (7).

19           **SECTION 3.** 16.50 (6m) of the statutes is created to read:

20           16.50 (6m) **ESTIMATES OF EXPENDITURES AND REVENUES.** At any time during a  
21 fiscal biennium, the departments of administration and revenue may jointly prepare



1 an estimate of general purpose revenue receipts and expenditures for that fiscal  
2 biennium. The departments of administration and revenue shall submit a copy of  
3 any estimate to the governor, the co-chairpersons of the joint committee on finance,  
4 and the presiding officer of each house of the legislature.

5 SECTION 4. 16.50 (7) of the statutes, as affected by 2001 Wisconsin Act 16, is  
6 repealed and recreated to read:

7 16.50 (7) REVENUE SHORTFALL. (a) If the legislative fiscal bureau, under s. 13.95  
8 (1) (h), or the departments of administration and revenue, under sub. (6m),  
9 determine that previously authorized general purpose revenue expenditures will  
10 exceed general purpose revenue receipts by an amount that is greater than 2% of the  
11 previously authorized general purpose revenue appropriations for that fiscal  
12 biennium, the governor shall declare a fiscal emergency no later than 15 days after  
13 the date on which the legislative fiscal bureau or the departments of administration  
14 and revenue makes the determination. <sup>¶ (b)</sup> If the legislature is in a floorperiod on the  
15 date on which the governor declares a fiscal emergency, <sup>under par. (a) ✓</sup> the governor, no later than  
16 15 days after the date on which the governor declared a fiscal emergency, shall  
17 submit a bill to the legislature containing his or her recommendations for correcting  
18 the imbalance. If the legislature has not passed a bill to correct the imbalance before  
19 the close of the last regular floorperiod of the legislature, the secretary, subject to  
20 pars. <sup>d</sup> (d) to <sup>e</sup> (e), may do any of the following to correct the imbalance for that fiscal  
21 biennium: ✓

22 1. Reduce any sum certain appropriation or any expenditure estimate  
23 previously approved under sub. (2).

24 2. Lapse or transfer moneys to the general fund, whichever is appropriate, from  
25 program revenue or segregated revenue appropriations.

1 <sup>c</sup> (b) If the legislative fiscal bureau, under s. 13.95 (1) (h), or the departments of  
 2 administration and revenue, under sub. (6m), determine that previously authorized  
 3 general purpose revenue expenditures will exceed general purpose revenue receipts  
 4 by an amount that is greater than 2% of the previously authorized general purpose  
 5 revenue appropriations for that fiscal biennium, the governor shall declare a fiscal  
 6 emergency no later than 15 days after the date on which the legislative fiscal bureau  
 7 or the departments of administration and revenue makes the determination. If the

8 legislature is not in a floorperiod on the date on which the governor declares a fiscal  
 9 emergency, <sup>under par. (a) ✓</sup> the secretary, subject to pars. ~~(a)~~ <sup>(d) ✓ (f) ✓</sup> to ~~(e)~~ <sup>(e)</sup> may do any of the following to  
 10 correct the imbalance for that fiscal biennium: ✓

11 1. Reduce any sum certain appropriation or any expenditure estimate  
 12 previously approved under sub. (2).

13 2. Lapse or transfer moneys to the general fund, whichever is appropriate, from  
 14 program revenue or segregated revenue appropriations.

15 <sup>d</sup> (d) The secretary may not reduce any sum certain appropriation or any  
 16 expenditure estimate under par. <sup>b</sup> (a) 1. or <sup>c</sup> (b) 1. if the reduction would violate the  
 17 federal or state constitution. ✓

18 <sup>e</sup> (e) The secretary may not lapse or transfer money to the general fund under  
 19 par. <sup>b</sup> (a) 2. or <sup>c</sup> (b) 2. from any of the following: ✓

- 20 1. An appropriation that is funded from federal revenues.  
 21 2. An appropriation for principal repayment and interest payments on public  
 22 debt, as defined in s. 18.01 (4), or operating notes, as defined in s. 18.71 (4).

23 3. An appropriation to the department of transportation for the purpose of  
 24 undertaking construction projects.

1           4. An appropriation for the operation of any state institution established for the  
2 care or custody of individuals.

3           5. An appropriation funded from gifts, grants, or bequests.

4           6. An appropriation containing moneys whose lapse or transfer would violate  
5 a condition imposed by the federal government on the expenditure of the moneys.

6           7. An appropriation containing moneys whose lapse or transfer would violate  
7 the federal or state constitution.

8           <sup>f</sup>~~(a)~~ 1. In this paragraph, "local governmental unit" means a political subdivision  
9 of the state, a special purpose district of the state, an instrumentality or corporation  
10 of such a political subdivision or special purpose district, a combination or subunit  
11 of any of the foregoing, or an instrumentality of the state and any of the foregoing.

12           2. If the secretary reduces a sum certain appropriation or an expenditure  
13 estimate under par. <sup>b</sup>~~(a)~~ 1. or <sup>c</sup>~~(b)~~ 1., or lapses or transfers money to the general fund  
14 under par. <sup>b</sup>~~(a)~~ 2. or <sup>c</sup>~~(b)~~ 2., from any appropriation that is made to provide money to  
15 more than one local governmental unit, with the result that less money is provided  
16 to the local governmental units, the secretary shall ensure that each local  
17 governmental unit receives the same percentage reduction in money paid from that  
18 appropriation.

19           **SECTION 5.** 20.855 (2) of the statutes is created to read:

20           20.855 (2) TRANSFERS TO GENERAL FUND. (s) *Segregated fund transfers to the*  
21 *general fund.* From the appropriate segregated funds, a sum sufficient equal to the  
22 amount of moneys from segregated revenue appropriations that are transferred to  
23 the general fund under s. 16.50 (7) <sup>b</sup>~~(a)~~ 2. or <sup>c</sup>~~(b)~~ 2.

24           (END)

Discussed w/ John Restman the constitutional issues surrounding the delegation of authority to reduce appropriations. I indicated that the grant of power is not entirely standardless in that (1) a fiscal emergency must be declared and (2) the reduction in appropriations is only up to an amount to correct the imbalance. I nonetheless indicated that this is a novel issue to grant blanket authority to reduce appropriations over that currently authorized under current law/practice to reduce state agency operation budgets.

RAC 1/18/02

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

LRB-4337/6dn  
RAC:

CS

John Koskinen:

This version of the draft makes certain that the secretary of administration can reduce estimates for shared revenue and school aid sum sufficient appropriations. The earlier versions of the draft, under the two *Lindner* decisions, would not have allowed the secretary to make these reductions. Also, as we discussed earlier today, there may be an issue as to whether this grant of authority to the governor constitutes an unconstitutional delegation of legislative authority. Although, the secretary currently has rescission authority under s. 16.50, neither *Lindner* decision specifically addressed the grant of power by the legislature under s. 16.50. Please note that the delegation of legislative power under this draft is not entirely standardless. The governor must first declare a fiscal emergency and the secretary may only reduce appropriations up to an amount to correct the imbalance. If this grant of authority is challenged, a court would have to determine whether these standards are sufficient to permit the delegation of authority. ✓

Rick A. Champagne  
Senior Legislative Attorney  
Phone: (608) 266-9930  
E-mail: rick.champagne@legis.state.wi.us

✓



*D-Note*  
**State of Wisconsin**  
**2001 - 2002 LEGISLATURE**

LRB-4337/5  
RAC:cmh/jld/cs:kjf

6

*now*

*RMP*

DOA:.....Geisler – Governor’s recision authority

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

*Do NOT GEN*

1 **AN ACT**...; relating to: authorizing the secretary of administration to reduce  
2 state agency sum certain appropriations and expenditure estimates and to  
3 lapse or transfer moneys to the general fund, requiring the governor to submit  
4 legislation correcting a budgetary imbalance, and making an appropriation.

*Analysis by the Legislative Reference Bureau*

**STATE GOVERNMENT**

**STATE FINANCE**

Under current law, if the secretary of administration (secretary) determines that previously authorized expenditures will exceed revenues in the current or forthcoming fiscal year by more than 0.5% of the estimated general purpose revenue appropriations for that fiscal year, the secretary must immediately notify the governor, the presiding officers of each house of the legislature, and the joint committee on finance. After the notification, the governor must submit a bill with his or her recommendations for correcting the imbalance between projected revenues and authorized expenditures. If the legislature is not in a floorperiod at the time of the secretary’s notification, the governor must call a special session of the legislature and must submit the bill for consideration at that session.

This bill revises the process by which the secretary and the governor may correct budgetary imbalances. Under the bill, in each even-numbered year, the

legislative fiscal bureau (LFB) must prepare an estimate of general purpose revenue receipts and expenditures for the current fiscal biennium. In addition, at any time during a fiscal biennium, the departments of administration (DOA) and revenue (DOR) may prepare an estimate of general purpose revenue receipts and expenditures for the current fiscal biennium.

Under the bill, if the LFB estimate or the DOA and DOR estimate concludes that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount greater than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the governor must declare a fiscal emergency no later than 15 days after the date on which the LFB or DOA and DOR makes the determination. If the legislature is in a floorperiod on the date on which the governor declares a fiscal emergency, the governor, no later than 15 days after the date on which the governor declared a fiscal emergency, shall submit a bill to the legislature containing his or her recommendations for correcting the imbalance. If the legislature has not passed a bill to correct the imbalance before the close of the last regular floorperiod of the legislative session, the secretary may do either or both of the following to correct the imbalance: reduce any sum certain appropriation or any expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

In addition, under the bill, if the legislature is not in a floorperiod on the date on which the governor declares a fiscal emergency, the governor is not required to submit a bill to the legislature and the secretary may do either or both of the following to correct the imbalance: reduce any sum certain appropriation or any expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

Under the bill, however, the secretary may not lapse or transfer money to the general fund from any of the following: an appropriation that is funded from federal revenues; an appropriation for principal repayment and interest payments on public debt or operating notes; an appropriation to the department of transportation for the purpose of undertaking construction projects; an appropriation for the operation of any state institution established for the care or custody of individuals; an appropriation funded from gifts, grants, or bequests; an appropriation containing moneys whose lapse or transfer would violate a condition imposed by the federal government on the expenditure of the moneys; or an appropriation containing moneys whose lapse or transfer would violate the federal or state constitution.

Finally, the bill provides that, if the secretary reduces a sum certain appropriation or an expenditure estimate, or lapses or transfers money to the general fund, from any appropriation that is made to provide money to more than one local governmental unit, with the result that less money is provided to the local governmental units, the secretary shall ensure that each local governmental unit receives the same percentage reduction in money paid from that appropriation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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2           13.95 (1) (h) In each even-numbered year, no later than January 31, prepare  
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4 fiscal biennium. The legislative fiscal bureau shall submit a copy of the estimate to  
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6 committee on finance, and the presiding officer of each house of the legislature.

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8           16.50 (5) **DISBURSEMENTS.** The secretary may not draw a warrant for payment  
9 of any expenditures incurred by any department nor may any department make any  
10 expenditure for which the approval of the secretary or the governor is necessary  
11 under this section, including any expenditure under s. 20.867, unless the  
12 expenditure was made in accordance with an estimate submitted to and approved  
13 by the secretary or by the governor. In the event that the secretary determines that  
14 previously authorized expenditures will exceed revenues in the current or  
15 forthcoming fiscal year by more than ~~0.5%~~ 2.0% of the estimated general purpose  
16 revenue appropriations for that fiscal year, he or she may not decline to approve an  
17 estimate or to draw a warrant under this subsection, but shall instead proceed under  
18 sub. (7).

19           **SECTION 3.** 16.50 (6m) of the statutes is created to read:

20           16.50 (6m) **ESTIMATES OF EXPENDITURES AND REVENUES.** At any time during a  
21 fiscal biennium, the departments of administration and revenue may jointly prepare



**SECTION 3**

1 an estimate of general purpose revenue receipts and expenditures for that fiscal  
2 biennium. The departments of administration and revenue shall submit a copy of  
3 any estimate to the governor, the co-chairpersons of the joint committee on finance,  
4 and the presiding officer of each house of the legislature.

5 **SECTION 4.** 16.50 (7) of the statutes, as affected by 2001 Wisconsin Act 16, is  
6 repealed and recreated to read:

7 16.50 (7) REVENUE SHORTFALL. (a) If the legislative fiscal bureau, under s. 13.95  
8 (1) (h), or the departments of administration and revenue, under sub. (6m),  
9 determine that previously authorized general purpose revenue expenditures will  
10 exceed general purpose revenue receipts by an amount that is greater than 2% of the  
11 previously authorized general purpose revenue appropriations for that fiscal  
12 biennium, the governor shall declare a fiscal emergency no later than 15 days after  
13 the date on which the legislative fiscal bureau or the departments of administration  
14 and revenue makes the determination.

15 (b) If the legislature is in a floorperiod on the date on which the governor  
16 declares a fiscal emergency under par. (a), the governor, no later than 15 days after  
17 the date on which the governor declared a fiscal emergency, shall submit a bill to the  
18 legislature containing his or her recommendations for correcting the imbalance. If  
19 the legislature has not passed a bill to correct the imbalance before the close of the  
20 last regular floorperiod of the legislature, the secretary, subject to pars. (d) to (f), may  
21 do any of the following to correct the imbalance for that fiscal biennium:

- 22 1. Reduce any sum certain appropriation ~~or~~ any expenditure estimate  
23 previously approved under sub. (2)
- 24 2. Lapse or transfer moneys to the general fund, whichever is appropriate, from  
25 program revenue or segregated revenue appropriations.

*and expenditure estimate for an appropriation  
under ss. 20.255 (2) (a-c), (f), and (g) and 20.835 (1)  
(b), (c), (d), (e), and (f)*

*(use twice)*  
*then next par*

*prog page*

1 (c) If the legislature is not in a floor period on the date on which the governor  
2 declares a fiscal emergency under par. (a), the secretary, subject to pars. (d) to (f), may  
3 do any of the following to correct the imbalance for that fiscal biennium:

4 1. Reduce any sum certain appropriation ~~for~~ any expenditure estimate  
5 previously approved under sub. (2).

6 2. Lapse or transfer moneys to the general fund, whichever is appropriate, from  
7 program revenue or segregated revenue appropriations.

8 (d) The secretary may not reduce any sum certain appropriation or any  
9 expenditure estimate under par. (b) 1. or (c) 1. if the reduction would violate the  
10 federal or state constitution.

11 (e) The secretary may not lapse or transfer money to the general fund under  
12 par. (b) 2. or (c) 2. from any of the following:

13 1. An appropriation that is funded from federal revenues.

14 2. An appropriation for principal repayment and interest payments on public  
15 debt, as defined in s. 18.01 (4), or operating notes, as defined in s. 18.71 (4).

16 3. An appropriation to the department of transportation for the purpose of  
17 undertaking construction projects.

18 4. An appropriation for the operation of any state institution established for the  
19 care or custody of individuals.

20 5. An appropriation funded from gifts, grants, or bequests.

21 6. An appropriation containing moneys whose lapse or transfer would violate  
22 a condition imposed by the federal government on the expenditure of the moneys.

23 7. An appropriation containing moneys whose lapse or transfer would violate  
24 the federal or state constitution.

1 (f) 1. In this paragraph, "local governmental unit" means a political subdivision  
2 of the state, a special purpose district of the state, an instrumentality or corporation  
3 of such a political subdivision or special purpose district, a combination or subunit  
4 of any of the foregoing, or an instrumentality of the state and any of the foregoing.

5 2. If the secretary reduces a sum certain appropriation or an expenditure  
6 estimate under par. (b) 1. or (c) 1., or lapses or transfers money to the general fund  
7 under par. (b) 2. or (c) 2., from any appropriation that is made to provide money to  
8 more than one local governmental unit, with the result that less money is provided  
9 to the local governmental units, the secretary shall ensure that each local  
10 governmental unit receives the same percentage reduction in money paid from that  
11 appropriation.

12 SECTION 5. 20.855 (2) of the statutes is created to read:

13 20.855 (2) TRANSFERS TO GENERAL FUND. (s) *Segregated fund transfers to the*  
14 *general fund.* From the appropriate segregated funds, a sum sufficient equal to the  
15 amount of moneys from segregated revenue appropriations that are transferred to  
16 the general fund under s. 16.50 (7) (b) 2. or (c) 2.

17 (END)

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

LRB-4337/6dn  
RAC:cjs:rs

January 18, 2002

John Koskinen:

This version of the draft makes certain that the secretary of administration can reduce estimates for shared revenue and school aid sum sufficient appropriations. The earlier versions of the draft, under the two *Lindner* decisions, would not have allowed the secretary to make these reductions. Also, as we discussed earlier today, there may be an issue as to whether this grant of authority to the governor constitutes an unconstitutional delegation of legislative authority. Although, the secretary currently has rescission authority under s. 16.50, neither *Lindner* decision specifically addressed the grant of power by the legislature under s. 16.50. Please note that the delegation of legislative power under this draft is not entirely standardless. The governor must first declare a fiscal emergency and the secretary may only reduce appropriations up to an amount to correct the imbalance. If this grant of authority is challenged, a court would have to determine whether these standards are sufficient to permit the delegation of authority.

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State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-4337/6  
RAC:cmh/jld/cs:rs

DOA:.....Geisler – Governor’s recision authority

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

1     **AN ACT ...; relating to:** authorizing the secretary of administration to reduce  
2             state agency sum certain appropriations and expenditure estimates and to  
3             lapse or transfer moneys to the general fund, requiring the governor to submit  
4             legislation correcting a budgetary imbalance, and making an appropriation.

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*Analysis by the Legislative Reference Bureau*

**STATE GOVERNMENT**

**STATE FINANCE**

Under current law, if the secretary of administration (secretary) determines that previously authorized expenditures will exceed revenues in the current or forthcoming fiscal year by more than 0.5% of the estimated general purpose revenue appropriations for that fiscal year, the secretary must immediately notify the governor, the presiding officers of each house of the legislature, and the joint committee on finance. After the notification, the governor must submit a bill with his or her recommendations for correcting the imbalance between projected revenues and authorized expenditures. If the legislature is not in a floorperiod at the time of the secretary’s notification, the governor must call a special session of the legislature and must submit the bill for consideration at that session.

This bill revises the process by which the secretary and the governor may correct budgetary imbalances. Under the bill, in each even-numbered year, the

legislative fiscal bureau (LFB) must prepare an estimate of general purpose revenue receipts and expenditures for the current fiscal biennium. In addition, at any time during a fiscal biennium, the departments of administration (DOA) and revenue (DOR) may prepare an estimate of general purpose revenue receipts and expenditures for the current fiscal biennium.

Under the bill, if the LFB estimate or the DOA and DOR estimate concludes that previously authorized general purpose revenue expenditures will exceed general purpose revenue receipts by an amount greater than 2% of the previously authorized general purpose revenue appropriations for that fiscal biennium, the governor must declare a fiscal emergency no later than 15 days after the date on which the LFB or DOA and DOR makes the determination. If the legislature is in a floorperiod on the date on which the governor declares a fiscal emergency, the governor, no later than 15 days after the date on which the governor declared a fiscal emergency, shall submit a bill to the legislature containing his or her recommendations for correcting the imbalance. If the legislature has not passed a bill to correct the imbalance before the close of the last regular floorperiod of the legislative session, the secretary may do either or both of the following to correct the imbalance: reduce any sum certain appropriation or any expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

In addition, under the bill, if the legislature is not in a floorperiod on the date on which the governor declares a fiscal emergency, the governor is not required to submit a bill to the legislature and the secretary may do either or both of the following to correct the imbalance: reduce any sum certain appropriation or any expenditure estimate that was previously approved by the secretary during the fiscal biennium or lapse or transfer moneys to the general fund, whichever is appropriate, from program revenue or segregated revenue appropriations.

Under the bill, however, the secretary may not lapse or transfer money to the general fund from any of the following: an appropriation that is funded from federal revenues; an appropriation for principal repayment and interest payments on public debt or operating notes; an appropriation to the department of transportation for the purpose of undertaking construction projects; an appropriation for the operation of any state institution established for the care or custody of individuals; an appropriation funded from gifts, grants, or bequests; an appropriation containing moneys whose lapse or transfer would violate a condition imposed by the federal government on the expenditure of the moneys; or an appropriation containing moneys whose lapse or transfer would violate the federal or state constitution.

Finally, the bill provides that, if the secretary reduces a sum certain appropriation or an expenditure estimate, or lapses or transfers money to the general fund, from any appropriation that is made to provide money to more than one local governmental unit, with the result that less money is provided to the local governmental units, the secretary shall ensure that each local governmental unit receives the same percentage reduction in money paid from that appropriation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 13.95 (1) (h) of the statutes is created to read:

2           13.95 (1) (h) In each even-numbered year, no later than January 31, prepare  
3 an estimate of general purpose revenue receipts and expenditures for the current  
4 fiscal biennium. The legislative fiscal bureau shall submit a copy of the estimate to  
5 the governor, the secretary of administration, the co-chairpersons of the joint  
6 committee on finance, and the presiding officer of each house of the legislature.

7           **SECTION 2.** 16.50 (5) of the statutes is amended to read:

8           16.50 (5) **DISBURSEMENTS.** The secretary may not draw a warrant for payment  
9 of any expenditures incurred by any department nor may any department make any  
10 expenditure for which the approval of the secretary or the governor is necessary  
11 under this section, including any expenditure under s. 20.867, unless the  
12 expenditure was made in accordance with an estimate submitted to and approved  
13 by the secretary or by the governor. In the event that the secretary determines that  
14 previously authorized expenditures will exceed revenues in the current or  
15 forthcoming fiscal year by more than ~~0.5%~~ 2.0% of the estimated general purpose  
16 revenue appropriations for that fiscal year, he or she may not decline to approve an  
17 estimate or to draw a warrant under this subsection, but shall instead proceed under  
18 sub. (7).

19           **SECTION 3.** 16.50 (6m) of the statutes is created to read:

20           16.50 (6m) **ESTIMATES OF EXPENDITURES AND REVENUES.** At any time during a  
21 fiscal biennium, the departments of administration and revenue may jointly prepare

1 an estimate of general purpose revenue receipts and expenditures for that fiscal  
2 biennium. The departments of administration and revenue shall submit a copy of  
3 any estimate to the governor, the co-chairpersons of the joint committee on finance,  
4 and the presiding officer of each house of the legislature.

5 **SECTION 4.** 16.50 (7) of the statutes, as affected by 2001 Wisconsin Act 16, is  
6 repealed and recreated to read:

7 **16.50 (7) REVENUE SHORTFALL.** (a) If the legislative fiscal bureau, under s. 13.95  
8 (1) (h), or the departments of administration and revenue, under sub. (6m),  
9 determine that previously authorized general purpose revenue expenditures will  
10 exceed general purpose revenue receipts by an amount that is greater than 2% of the  
11 previously authorized general purpose revenue appropriations for that fiscal  
12 biennium, the governor shall declare a fiscal emergency no later than 15 days after  
13 the date on which the legislative fiscal bureau or the departments of administration  
14 and revenue makes the determination.

15 (b) If the legislature is in a floorperiod on the date on which the governor  
16 declares a fiscal emergency under par. (a), the governor, no later than 15 days after  
17 the date on which the governor declared a fiscal emergency, shall submit a bill to the  
18 legislature containing his or her recommendations for correcting the imbalance. If  
19 the legislature has not passed a bill to correct the imbalance before the close of the  
20 last regular floorperiod of the legislature, the secretary, subject to pars. (d) to (f), may  
21 do any of the following to correct the imbalance for that fiscal biennium:

22 1. Reduce any sum certain appropriation, any expenditure estimate previously  
23 approved under sub. (2), and any expenditure estimate for an appropriation under  
24 ss. 20.255 (2) (ac), (fm), and (fu) and 20.835 (1) (b), (c), (d), (e), and (f).



1           2. Lapse or transfer moneys to the general fund, whichever is appropriate, from  
2 program revenue or segregated revenue appropriations.

3           (c) If the legislature is not in a floorperiod on the date on which the governor  
4 declares a fiscal emergency under par. (a), the secretary, subject to pars. (d) to (f), may  
5 do any of the following to correct the imbalance for that fiscal biennium:

6           1. Reduce any sum certain appropriation, any expenditure estimate previously  
7 approved under sub. (2), and any expenditure estimate for an appropriation under  
8 ss. 20.255 (2) (ac), (fm), and (fu) and 20.835 (1) (b), (c), (d), (e), and (f).

9           2. Lapse or transfer moneys to the general fund, whichever is appropriate, from  
10 program revenue or segregated revenue appropriations.

11           (d) The secretary may not reduce any sum certain appropriation or any  
12 expenditure estimate under par. (b) 1. or (c) 1. if the reduction would violate the  
13 federal or state constitution.

14           (e) The secretary may not lapse or transfer money to the general fund under  
15 par. (b) 2. or (c) 2. from any of the following:

16           1. An appropriation that is funded from federal revenues.

17           2. An appropriation for principal repayment and interest payments on public  
18 debt, as defined in s. 18.01 (4), or operating notes, as defined in s. 18.71 (4).

19           3. An appropriation to the department of transportation for the purpose of  
20 undertaking construction projects.

21           4. An appropriation for the operation of any state institution established for the  
22 care or custody of individuals.

23           5. An appropriation funded from gifts, grants, or bequests.

24           6. An appropriation containing moneys whose lapse or transfer would violate  
25 a condition imposed by the federal government on the expenditure of the moneys.

