



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4550/5⁶
JK&RAO:hmh:kjf

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

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

m 1-15-02

reconciled with 4462/3
D-N

Do not get

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

Analysis by the Legislative Reference Bureau
LOCAL GOVERNMENT

Under current law, payments under the shared revenue program, the public utility distribution program, the county mandate relief program, the expenditure restraint program, and the small municipality shared revenue program are paid from the general fund. These programs are collectively referred to as shared revenue programs. Under this bill, in 2002 and 2003, a portion of the payments under the shared revenue programs will be paid from moneys in the permanent endowment fund, which consists of all the proceeds from the sale of the state's right to receive payments under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998, and all investment earnings on the proceeds. In 2002, the amount from the permanent endowment fund to make payments under the shared revenue programs is \$545,000,000 less any amount expended from the permanent endowment fund for purposes relating to the contracting of public debt during the 2001-02 fiscal year. In 2003, the amount from the permanent endowment fund to make such payments is the amount, as determined by DOA, that is not designated for other purposes. In addition, the bill creates a sum sufficient appropriation from the permanent endowment fund, in an amount determined by DOA, to be used for purposes relating to the contracting of public debt.

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

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

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

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

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

The bill further reduces the total amount of payments under the shared revenue programs in 2002 and 2003. Under the bill, in 2002 and 2003, DOR determines the total amount of payments under the shared revenue programs to be paid to each municipality and county in that year. DOR then reduces the total amount of such payments to each municipality or county by subtracting from the payments an amount based on the municipality's or county's population, so that the total amount of the reduction to all such payments in each year is \$250,000,000.

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

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

- 1 **SECTION 1.** 16.40 (25) of the statutes is created to read:
- 2 **16.40 (25)** PAYMENTS FROM THE PERMANENT ENDOWMENT FUND RELATING TO PUBLIC
- 3 DEBT. Annually, determine the amount to be paid from the permanent endowment
- 4 fund into one or more sinking funds of the bond security and redemption fund under

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 79.02 (2) (b) Subject to s. 59.605 (4), payments in July shall equal 15% of the
6 municipality's or county's estimated payments under ss. 79.03, 79.04, 79.058, and
7 79.06 and 100% of the municipality's estimated payments under s. 79.05, except that
8 in July 2002, each county and municipality shall receive payments equal to the
9 amount determined under s. 79.085 (1) (b) and (2), multiplied by the July 2002
10 payment factor. In this paragraph, "July 2002 payment factor" means the amount
11 that is equal to \$545,000,000, less any amount expended from the appropriation
12 account under s. 20.855 (4) (rm) during the 2001-02 fiscal year, divided by
13 \$779,415,800. Payments in July 2002 shall be made from the appropriation account
14 under s. 20.855 (4) (rb).

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

16 79.02 (2) (c) Subject to s. 59.605 (4), on June 30, 2003, each county and
17 municipality shall receive payments equal to the amount determined under s. 79.085
18 (1) (b) and (2), multiplied by the June 2003 payment factor. In this paragraph, "June
19 2003 payment factor" means the amount that is equal to the moneys available, as
20 determined by the department of administration, from the appropriation account
21 under s. 20.855 (4) (rb), divided by \$779,415,800. Payments in June 2003 shall be
22 made from the appropriation account under s. 20.855 (4) (rb).

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

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

1 under ss. 79.03, 79.04, 79.05, 79.058, and 79.06 for the current year, minus the
2 amount distributed to the municipality or county in July or, for distributions in 2003,
3 on June 30, 2003. The total amount of the payments in July and November 2002
4 shall be \$779,415,800. The total amount of the payments in June and November
5 2003 shall be \$779,415,800.

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

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

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

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

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

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

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

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

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

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

18 79.058 (3) (e) In 2003, ~~and subsequent years,~~ \$21,181,100, ²\$20,971,400, less
19 reductions under s. 79.085.

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

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

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

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

6 **79.085 Reductions. (1) CALCULATION.** (a) The department of revenue shall
7 determine the amount of the payments under ss. 79.03 (2), (3), and (3c) and 79.05 to
8 be distributed to each municipality in 2002 and the amount of the payments under
9 ss. 79.03 (2) and (3) and 79.058 to be distributed to each county in 2002.

10 (b) The department of revenue shall reduce the amount of the payments to be
11 distributed to each municipality and county, as determined under par. (a), by
12 subtracting from such payments an amount based on population, as determined by
13 the department, so that the total amount of the reduction to all such payments in
14 2002 is \$250,000,000, except that the reduction applied to any county's or
15 municipality's payment shall not exceed the amount determined under par. (a) to be
16 distributed to the municipality or county in 2002. Notwithstanding s. 79.005 (2), to
17 calculate reductions under this paragraph, the department shall estimate
18 population by using the 2000 federal decennial census.

19 (c) The amount of the payments under ss. 79.03 (2), (3), and (3c) and 79.05 to
20 be distributed to each municipality in 2003 and the amount of the payments under
21 ss. 79.03 (2) and (3) and 79.058 to be distributed to each county in 2003 shall be equal
22 to the amount of such payments distributed to the municipality or county in 2002.

23 **(2) REDUCTION PRIORITY.** (a) For payments to counties in 2002 and 2003, after
24 the department of revenue calculates the total reduction of payments to counties

1 under sub. (1) (b), the department shall reduce the following payments, consistent
2 with the calculation under par. (b), in the following order:

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

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

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

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

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

18 **SECTION 9244. Appropriation changes; revenue.**

19 (1) GENERAL PROGRAM OPERATIONS; SMALL MUNICIPALITIES SHARED REVENUE. In the
20 schedule under section 20.005 (3) of the statutes for the appropriation to the
21 department of revenue under section 20.835 (1) (b) of the statutes, as affected by the
22 acts of 2001, the dollar amount is decreased by \$4,977,300 for fiscal year 2002–03 to
23 decrease funding for the purpose for which the appropriation is made.

24 (2) GENERAL PROGRAM OPERATIONS; EXPENDITURE RESTRAINT PROGRAM. In the
25 schedule under section 20.005 (3) of the statutes for the appropriation to the

1 department of revenue under section 20.835 (1) (c) of the statutes, as affected by the
2 acts of 2001, the dollar amount is decreased by \$25,483,400 for fiscal year 2002–03
3 to decrease funding for the purpose for which the appropriation is made.

4 (3) GENERAL PROGRAM OPERATIONS; SHARED REVENUE. In the schedule under
5 section 20.005 (3) of the statutes for the appropriation to the department of revenue
6 under section 20.835 (1) (d) of the statutes, as affected by the acts of 2001, the dollar
7 amount is decreased by \$543,567,900 for fiscal year 2002–03 to decrease funding for
8 the purpose for which the appropriation is made.

9 (4) GENERAL PROGRAM OPERATIONS; COUNTY MANDATE RELIEF. In the schedule
10 under section 20.005 (3) of the statutes for the appropriation to the department of
11 revenue under section 20.835 (1) (f) of the statutes, as affected by the acts of 2001,
12 the dollar amount is decreased by \$20,971,400 for fiscal year 2002–03 to decrease
13 funding for the purpose for which the appropriation is made.

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

15 (1) PERMANENT ENDOWMENT FUND MONEYS. The repeal of section 20.855 (4) (rb)
16 of the statutes and the repeal and recreation of section 25.69 of the statutes take
17 effect on July 1, 2003.

18 (END)

4550/6 dn

VK hmk

D-N
Date

Paul:

this draft reconciles LRB-4462/3 and

LRB-4550/5.

VK

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

LRB-4550/6dn
JK:hmh:pg

January 15, 2002

Paul:

This draft reconciles LRB-4462/3 and LRB-4550/5.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

Kreye, Joseph

To: Ziegler, Paul
Subject: RE: draft 4550/4

Paul,

1. We, generally, don't draft what amounts to an intent statement. In this case, such language would have no legal effect.
3. The entry on page 3, lines 4 to 10 were put in by mistake in editing. They have subsequently been taken out.
4. I can make the requested change to page 8, line 8.
5. I can also make the change on page 8, line 18.
6. I agree with your assessment of page 9, line 8.
7. With regards to page 9 line 22, I'm not sure similar language is necessary, at least in this bill (it may be appropriate for the table of reestimates)
8. These changes will be removed from the bill and put in the appropriate place with the other reestimates.

Joseph T. Kreye
Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

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

From: Ziegler, Paul
Sent: Tuesday, January 15, 2002 2:47 PM
To: Kreye, Joseph
Subject: draft 4550/4

Joe -- The 2002/2003 Shared Revenue draft looks good.

Here are a few questions and comments:

1. Can we add some language indicating the Governor's intent to restore funding to the permanent endowment fund beginning FY05? (Are such statements "not draftable" since they only indicate intent?)
2. Analysis portion -- re: my phone message yesterday. After reviewing the draft, I now see why you used 2003 rather than 2002 in several cases. The way it is in /4 is OK.
3. Page 3 lines 8 and 9 -- Why do we not put the estimates in rather than zeroes only?
4. Page 8 line 8 -- after the new phrase "except 2002" should we add extra words to read: "except 2002 after the reductions under s.79.085"? My thought here is this: Do we need to clarify that the min/max still applies to the initial calculation of shared revenue for counties in 2002 (before the \$250 million reduction calculation)?
5. Page 8 line 18 -- Is the list of references complete? Do we need to add s.79.03(5)(a)? This was the piece saying municipalities get a 1% increase over 2001 in 2002.
6. Page 9 line 8. I interpret the word "distributed" to mean after the \$250 million reduction. Thus, the draft does as intended, which is to have everyone get the same in 2003 and in 2002. If you agree this is clear, then the draft is OK.
7. Page 9 beginning with line 22 - Should there be a similar piece of language for the sum sufficient for tobacco dollars for shared revenue?
8. Page 10 appropriation changes -- Is this the appropriate construct for putting in the sum sufficient reestimates? Should the language somehow indicate that these are estimates?



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2001 - 2002 LEGISLATURE

LRB-4550/6
JK&RAC:hmb.pg

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 79.02 (2) (b) Subject to s. 59.605 (4), payments in July shall equal 15% of the
6 municipality's or county's estimated payments under ss. 79.03, 79.04, 79.058, and
7 79.06 and 100% of the municipality's estimated payments under s. 79.05, except that
8 in July 2002, each county and municipality shall receive payments equal to the
9 amount determined under s. 79.085 (1) (b) and (2), multiplied by the July 2002
10 payment factor. In this paragraph, "July 2002 payment factor" means the amount
11 that is equal to \$545,000,000, less any amount expended from the appropriation
12 account under s. 20.855 (4) (rm) during the 2001-02 fiscal year, divided by
13 \$779,415,800. Payments in July 2002 shall be made from the appropriation account
14 under s. 20.855 (4) (rb).

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

16 79.02 (2) (c) Subject to s. 59.605 (4), on June 30, 2003, each county and
17 municipality shall receive payments equal to the amount determined under s. 79.085
18 (1) (b) and (2), multiplied by the June 2003 payment factor. In this paragraph, "June
19 2003 payment factor" means the amount that is equal to the moneys available, as
20 determined by the department of administration, from the appropriation account
21 under s. 20.855 (4) (rb), divided by \$779,415,800. Payments in June 2003 shall be
22 made from the appropriation account under s. 20.855 (4) (rb).

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

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

1 under ss. 79.03, 79.04, 79.05, 79.058, and 79.06 for the current year, minus the
2 amount distributed to the municipality or county in July or, for distributions in 2003,
3 on June 30, 2003. The total amount of the payments in July and November 2002
4 shall be \$779,415,800. The total amount of the payments in June and November
5 2003 shall be \$779,415,800.

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

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

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

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

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

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

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

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

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

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

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

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

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

*after the reductions
under s. 79.085 in*

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

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

6 **79.085 Reductions.** (1) CALCULATION. (a) The department of revenue shall
7 determine the amount of the payments under ss. 79.03 (2), (3), and (3c) and 79.05 to
8 be distributed to each municipality in 2002 and the amount of the payments under
9 ss. 79.03 (2) and (3) and 79.058 to be distributed to each county in 2002.

10 (b) The department of revenue shall reduce the amount of the payments to be
11 distributed to each municipality and county, as determined under par. (a), by
12 subtracting from such payments an amount based on population, as determined by
13 the department, so that the total amount of the reduction to all such payments in
14 2002 is \$250,000,000, except that the reduction applied to any county's or
15 municipality's payment shall not exceed the amount determined under par. (a) to be
16 distributed to the municipality or county in 2002. Notwithstanding s. 79.005 (2), to
17 calculate reductions under this paragraph, the department shall estimate
18 population by using the 2000 federal decennial census.

19 (c) The amount of the payments under ss. 79.03 (2), (3), and (3c) and 79.05 to
20 be distributed to each municipality in 2003 and the amount of the payments under
21 ss. 79.03 (2) and (3) and 79.058 to be distributed to each county in 2003 shall be equal
22 to the amount of such payments distributed to the municipality or county in 2002.

23 **(2) REDUCTION PRIORITY.** (a) For payments to counties in 2002 and 2003, after
24 the department of revenue calculates the total reduction of payments to counties

as calculated
under par. (b)

1 under sub. (1) (b), the department shall reduce the following payments, consistent
2 with the calculation under par. (b), in the following order:

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

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

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

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

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

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

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

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

18 ~~**SECTION 9244. Appropriation changes; revenue.**~~

19 ~~(1) GENERAL PROGRAM OPERATIONS; SMALL MUNICIPALITIES SHARED REVENUE. In the~~
20 ~~schedule under section 20.005 (3) of the statutes for the appropriation to the~~
21 ~~department of revenue under section 20.835 (1) (b) of the statutes, as affected by the~~
22 ~~acts of 2001, the dollar amount is decreased by \$4,977,300 for fiscal year 2002-03 to~~
23 ~~decrease funding for the purpose for which the appropriation is made.~~

24 ~~(2) GENERAL PROGRAM OPERATIONS; EXPENDITURE RESTRAINT PROGRAM. In the~~
25 ~~schedule under section 20.005 (3) of the statutes for the appropriation to the~~

1 ~~department of revenue under section 20.835 (1) (e) of the statutes, as affected by the~~
2 ~~acts of 2001, the dollar amount is decreased by \$25,483,400 for fiscal year 2002-03~~
3 ~~to decrease funding for the purpose for which the appropriation is made.~~

4 (3) GENERAL PROGRAM OPERATIONS; SHARED REVENUE. In the schedule under
5 section 20.005 (3) of the statutes for the appropriation to the department of revenue
6 under section 20.835 (1) (d) of the statutes, as affected by the acts of 2001, the dollar
7 amount is decreased by \$543,567,900 for fiscal year 2002-03 to decrease funding for
8 the purpose for which the appropriation is made.

9 (4) GENERAL PROGRAM OPERATIONS; COUNTY MANDATE RELIEF. In the schedule
10 under section 20.005 (3) of the statutes for the appropriation to the department of
11 revenue under section 20.835 (1) (f) of the statutes, as affected by the acts of 2001,
12 the dollar amount is decreased by \$20,971,400 for fiscal year 2002-03 to decrease
13 funding for the purpose for which the appropriation is made.

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

15 (1) PERMANENT ENDOWMENT FUND MONEYS. The repeal of section 20.855 (4) (rb)
16 of the statutes and the repeal and recreation of section 25.69 of the statutes take
17 effect on July 1, 2003.

18 (END)

4550/7

D-N

JK hmk

Paul:

Dak

This draft is based on the comments and questions in your e-mail of January 15, 2002.

JK

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

LRB-4550/7dn
JK:hmh:kjf

January 16, 2002

Paul:

This draft is based on the comments and questions in your e-mail of January 15, 2002.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
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State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4550/7
JK&RAQ:hmh/kjf

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

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

in 1-17-02 (500w)

- 1 AN ACT ^{Do not gen} ...; relating to: the distribution of shared revenue payments in 2002 and
- 2 2003 and making an appropriation.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law, payments under the shared revenue program, the public utility distribution program, the county mandate relief program, the expenditure restraint program, and the small municipality shared revenue program are paid from the general fund. These programs are collectively referred to as shared revenue programs. Under this bill, in 2002 and 2003, a portion of the payments under the shared revenue programs will be paid from moneys in the permanent endowment fund, which consists of all the proceeds from the sale of the state's right to receive payments under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998, and all investment earnings on the proceeds. In 2002, the amount from the permanent endowment fund to make payments under the shared revenue programs is ~~\$547,000,000~~ less any amount expended from the permanent endowment fund for purposes relating to the contracting of public debt during the 2001-02 fiscal year. In 2003, the amount from the permanent endowment fund to make such payments is the amount, as determined by DOA, that is not designated for other purposes. In addition, the bill creates a sum sufficient appropriation from the permanent endowment fund, in an amount determined by DOA, to be used for purposes relating to the contracting of public debt.

\$580,000,000

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

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

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

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

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

The bill further reduces the total amount of payments under the shared revenue programs in 2002 and 2003. Under the bill, in 2002 and 2003, DOR determines the total amount of payments under the shared revenue programs to be paid to each municipality and county in that year. DOR then reduces the total amount of such payments to each municipality or county by subtracting from the payments an amount based on the municipality's or county's population, so that the total amount of the reduction to all such payments in each year is ~~\$250,000,000~~.

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

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

- 1 SECTION 1. 16.40 (25) of the statutes is created to read:
- 2 16.40 (25) PAYMENTS FROM THE PERMANENT ENDOWMENT FUND RELATING TO PUBLIC
- 3 DEBT. Annually, determine the amount to be paid from the permanent endowment
- 4 fund into one or more sinking funds of the bond security and redemption fund under

\$300,000,000

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

\$ 580,000,000

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

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

5 79.02 (2) (b) Subject to s. 59.605 (4), payments in July shall equal 15% of the
6 municipality's or county's estimated payments under ss. 79.03, 79.04, 79.058, and
7 79.06 and 100% of the municipality's estimated payments under s. 79.05, except that
8 in July 2002, each county and municipality shall receive payments equal to the
9 amount determined under s. 79.085 (1) (b) and (2), multiplied by the July 2002
10 payment factor. In this paragraph, "July 2002 payment factor" means the amount

11 that is equal to ~~\$580,000,000~~ less any amount expended from the appropriation
12 account under s. 20.855 (4) (rm) during the 2001-02 fiscal year, divided by

13 ~~\$719,415,800~~ Payments in July 2002 shall be made from the appropriation account
14 under s. 20.855 (4) (rb).

\$ 729,415,800

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

16 79.02 (2) (c) Subject to s. 59.605 (4), on June 30, 2003, each county and
17 municipality shall receive payments equal to the amount determined under s. 79.085
18 (1) (b) and (2), multiplied by the June 2003 payment factor. In this paragraph, "June
19 2003 payment factor" means the amount that is equal to the moneys available, as
20 determined by the department of administration, from the appropriation account
21 under s. 20.855 (4) (rb), divided by ~~\$719,415,800~~ Payments in June 2003 shall be

22 made from the appropriation account under s. 20.855 (4) (rb).

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

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

\$ 729,415,800

1 under ss. 79.03, 79.04, 79.05, 79.058, and 79.06 for the current year, minus the
2 amount distributed to the municipality or county in July or, for distributions in 2003,
3 on June 30, 2003. The total amount of the payments in July and November 2002
4 shall be ~~\$779,415,800~~. The total amount of the payments in June and November
5 2003 shall be ~~\$779,415,800~~ \$729,415,800

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (b) The department of revenue shall reduce the amount of the payments to be
12 distributed to each municipality and county, as determined under par. (a), by
13 subtracting from such payments an amount based on population, as determined by
14 the department, so that the total amount of the reduction to all such payments in
15 2002 is ~~\$250,000,000~~ except that the reduction applied to any county's or
16 municipality's payment shall not exceed the amount determined under par. (a) to be
17 distributed to the municipality or county in 2002. Notwithstanding s. 79.005 (2), to
18 calculate reductions under this paragraph, the department shall estimate
19 population by using the 2000 federal decennial census.

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

\$300,000,000

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

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

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

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

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

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

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

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

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

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

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

24 (END)

4550/8
JK:hmh

D-N
Date

Paul:

This draft increases the reduction amount in 2002 and 2003 to \$300,000,000 and increases the amount to be paid from the permanent endowment fund in July 2002 to \$580,000,000.

JK

Kreye, Joseph

From: Ziegler, Paul
Sent: Wednesday, January 16, 2002 10:17 PM
To: Kreye, Joseph
Subject: draft 4550/7 -- shared revenue 2002 and 2003

Joe -- Draft 4550/7 needs to be changed to reflect the following:

1. The reduction in shared revenue will be \$300 million in both CY02 and CY03 (rather than \$250 million).
2. The contribution of tobacco to the July 2002 payment will be \$580 million less what is used for debt service (rather than \$545 million).

From looking through the draft, the following specific changes need to be made:

\$545 million needs to be changed to \$580 million throughout
\$250 million needs to be changed to \$300 million throughout
\$779,415,800 needs to be changed to \$729,415,800 throughout

This requires (based on my quick review)
2 changes to the analysis
and changes at
page 5 line 11
page 5 line 13
page 5 line 21
page 6 lines 4 and 5
page 8 line 15

I could have missed a few.

Thank you for all your help.

Paul

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

LRB-4550/8dn
JK:hmh:jf

January 17, 2002

Paul:

This draft increases the reduction amount in 2002 and 2003 to \$300,000,000 and increases the amount to be paid from the permanent endowment fund in July 2002 to \$580,000,000.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

Kreye, Joseph

From: Ziegler, Paul
Sent: Friday, January 18, 2002 11:11 AM
To: Kreye, Joseph
Subject: Increase reduction to \$350 million

Joe -- Draft 4550/8 needs to be changed to reflect the following:

The reduction in shared revenue will be \$350 million in both CY02 and CY03 (rather than \$300 million).

To put this change in the draft, please make the following changes:

\$300 million needs to be changed to \$350 million throughout the draft.
\$729,415,800 needs to be changed to \$679,415,800 throughout the draft

This requires changes at:
end of the analysis - 1 change
page 5 line 13
page 5 line 21
page 6 lines 4 and 5
page 8 line 15

Please note that the tobacco figures are not changing.

Thank you.

Paul



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4550/8
JK&RAC:hmh:jf

RM nAR
Stays

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

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

in 1-18-02
500W

- 1 AN ACT ^{Do not gen} ...; relating to the distribution of shared revenue payments in 2002 and
- 2 2003 and making an appropriation.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

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

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

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

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

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

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

The bill further reduces the total amount of payments under the shared revenue programs in 2002 and 2003. Under the bill, in 2002 and 2003, DOR determines the total amount of payments under the shared revenue programs to be paid to each municipality and county in that year. DOR then reduces the total amount of such payments to each municipality or county by subtracting from the payments an amount based on the municipality's or county's population, so that the total amount of the reduction to all such payments in each year is ~~\$300,000,000~~.

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

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

- 1 **SECTION 1.** 16.40 (25) of the statutes is created to read:
- 2 **16.40 (25)** PAYMENTS FROM THE PERMANENT ENDOWMENT FUND RELATING TO PUBLIC
- 3 DEBT. Annually, determine the amount to be paid from the permanent endowment
- 4 fund into one or more sinking funds of the bond security and redemption fund under

\$350,000,000

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 ~~\$729,415,800~~ Payments in July 2002 shall be made from the appropriation account
14 under s. 20.855 (4) (rb). \$ 679,415,800

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

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

21 under s. 20.855 (4) (rb), divided by ~~\$729,415,800~~ Payments in June 2003 shall be
22 made from the appropriation account under s. 20.855 (4) (rb). \$ 679,415,800

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

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

1 under ss. 79.03, 79.04, 79.05, 79.058, and 79.06 for the current year, minus the
 2 amount distributed to the municipality or county in July or, for distributions in 2003,
 3 on June 30, 2003. The total amount of the payments in July and November 2002
 4 shall be ~~\$729,415,800~~ The total amount of the payments in June and November
 5 2003 shall be ~~\$729,415,800~~ \$679,415,800

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (b) The department of revenue shall reduce the amount of the payments to be
12 distributed to each municipality and county, as determined under par. (a), by
13 subtracting from such payments an amount based on population, as determined by
14 the department, so that the total amount of the reduction to all such payments in
15 2002 is ~~\$300,000,000~~ except that the reduction applied to any county's or
16 municipality's payment shall not exceed the amount determined under par. (a) to be
17 distributed to the municipality or county in 2002. Notwithstanding s. 79.005 (2), to
18 calculate reductions under this paragraph, the department shall estimate
19 population by using the 2000 federal decennial census.

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

\$ 350,000,000

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

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

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

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

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

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

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

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

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

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

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

24 **(END)**

Kreye, Joseph

From: Miller, Steve
Sent: Monday, January 28, 2002 10:56 PM
To: Aaron Gary; Becky Tradewell; Debora Kennedy; Gordon Malaise; Jeffery Kuesel; Joseph Kreye; Madelon Lief; Marc Shovers; Mark Kunkel; Mary Glass; Michael Dsida; Pam Kahler; Peggy Hurley; Peter Dykman; Peter Grant; Peter Herman; Rick Champagne; Robert Marchant; Robert Nelson; Robin Kite; Robin Ryan; Steve Miller; Timothy Fast
Subject: Update on State Budget Office communications

Dear LRB Attorneys: The following is for your information only. These changes, if drafted, could go into a /3 version of the Governor's bill, or possibly into a technical amendment. We still do not have the jacket back for the /2. I will let you know more as soon as I get more information. SRM

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

From: Johnston, James
Sent: Monday, January 28, 2002 4:58 PM
To: Miller, Steve
Cc: Schmiedicke, David
Subject: Reversions for Slash 3



errata lrb.DOC

Steve,
Attached are the changes we want to incorporate into a slash three version of LRB # 4695/2. Please prepare the new draft with these changes.

Thanks,
Jim

Date: January 28, 2002
To: Steve Miller, Director
Legislative Reference Bureau
From: David Schmiedicke
State Budget Director
Subject: Revisions to the Budget Reform Bill

As we have reviewed the LRB draft of the Governor's proposed budget reform bill (LRB 4695/2), there are several provisions we would like to have modified to correct errors or to clarify the Governor's intent in preparing the budget reform bill. A list of these items by agency is provided below. Please draft these items into a new version of the budget reform bill. For each item I have indicated the budget office analyst responsible for the provisions and drafting attorneys should contact the analysts directly to resolve any issues or answer questions. I have also been in contact with the Legislative Fiscal Bureau to notify them of these minor technical changes that we have requested be made to the bill.

1. Revenue

Levy Limits - The budget reform bill contains a levy limit for counties and municipalities. The intent of this provision is to limit operating levies. The bill as drafted in LRB 4695/2 inadvertently applies the limit to the levy "rate" not the levy itself. This correction can be

implemented by removing the word "rate" from section 152 of the bill. Specifically to conform the draft with the Governor's intent, the following changes need to be:

Page 77

Line 13 remove the word "rate"
Line 22 remove the word "rate"
Line 23 remove the word "rate"

Page 78

Line 9 remove the word "rate"
Lines 9 and 10 remove the phrase "per \$1,000 of equalized value"
Line 14 remove the word "rate" and the phrase "per \$1,000 of equalized value"
Line 23 remove the word "rate"
Line 24 substitute the phrase "operating levy" for the word "rate"

Analyst: John Koskinen 266-2081

Cross-References for CY02 and CY03 Shared Revenue Reduction - The intent of the Governor's \$350 million reduction to CY02 and CY03 shared revenue is to apply the per capita reduction to all components of shared revenue - including expenditure restraint, county mandate relief, small municipality shared revenue and all portions of the shared revenue account.

To ensure this intent is reflected in the bill, additional cross-references are needed to include the utility and minimum/maximum components of the shared revenue account (s. 79.04 and s. 79.06 respectively).

These additional cross-references should be added in four locations:

line 25 of page 169
line 2 of page 170
line 12 of page 170
line 14 of page 170

redraft 4550

Analyst: Paul Ziegler 266-5468

2. University of Wisconsin

Limit on Tuition Increases - As currently worded, this section would limit aggregate academic fee increases for 2002-03 to ten percent, including enrollment increases. The intent was to exclude enrollment increases from the calculation of the ten percent limit. Amend Section 9156 (1) to limit the weighted average tuition increase per FTE resident undergraduate student in 2002-03 to ten percent.

Definition of Differential Tuition - As currently worded, this section exempts academic fee increases due to differential tuition under s. 36.27 (1) (am) 6 from the ten percent limit. The intent was to exempt only those campus-specific tuition increases approved by a vote of students, or their elected representatives. As currently worded, section 36.27 (1) (am) 6 does not limit differential tuition to increases approved by students or their representatives. Amend s. 36.27 (1) (am) 6 to define differential tuition as tuition increases approved by a vote of students or their elected representatives.

Analyst: R.J. Binau 266-2843

3. Public Instruction

Primary Guaranteed Value Analysis - Amend the LRB analysis to reflect that the primary guaranteed value per member is reduced to \$1,930,000, not \$1,500,000 as stated on page 17 (last number in paragraph 2, under Education).

School Aid Amount - Amend Section 31 to change the aid number to \$4,200,945,900.

Analyst Bob Hanle 266-1037

4. Wisconsin Technical College System

Levy Limit - The intent was to only allow the CPI revenue limit to be exceeded. Amend Section 97 to authorize district boards to call for a referendum to exceed the revenue limit under s. 38.16 (1) (b) 1 only. Section 97 authorizes WTCS district boards to call a special referendum to exceed either the CPI limit on property tax levy increases and the 1.5 mill rate limit under Section 96 [s. 38.16 (1) (b)].

Analyst: Josh Hummert 264-8259

5. Corrections

The intent of s. 9211 (20), adult corrections, services for community corrections, was to remove probation and parole staff authorized in 2001 Act 16. In the budget reform bill, 56.5 FTE GPR probation and parole staff were removed from s. 20.410(1)(b) services for community corrections in FY03. The number should be 55.5 FTE GPR from s. 20.410(1)(b) services for community corrections and 1.0 FTE GPR from s. 20.410(1)(a) general program operations. Corrective action: Subtract 1.0 FTE GPR probation and parole staff and \$37,200 GPR from s. 9211(20) adult corrections, services for community corrections in FY03 and add 1.0 FTE GPR program assistant and \$37,200 GPR to s. 9211(19) adult corrections, general program operations.

Create a new appropriation section under s. 9211 to increase program revenue expenditure authority under s. 20.410(1)(gi) general operations by \$1,635,500 to reflect increased room and board and medical and dental copayments. Increase program revenue expenditure authority under s. 20.410(1)(gf) probation, parole and extended supervision by \$5,884,800 to reflect increased probation, parole and extended supervision fees.

In s. 9211(3) general program operations, \$7,400,000 was removed in FY03. The amount should be \$2,534,800. In s. 9211(5) corrections contracts and agreements \$1,380,800 was added in FY03. The amount should be a reduction of \$2,225,400. In s. 9211(6) services for community corrections \$6,094,000 was removed in FY03. The amount should be \$7,293,000. In s. 9211(7) purchased services for offenders \$617,000 was removed in FY03. The amount should be \$677,000. Corrective action: Subtract \$4,865,200 from s. 9211(3) and add \$1,199,000 to s. 9211 (6) services for community corrections in FY03 and add \$3,606,200 to s. 9211(5) corrections contracts and agreements in FY03 and \$60,000 to s. 9211(7) purchased services for offenders in FY03.

Summary of Changes:

Budget Reform Bill	Revisions	
	FY03	FY03
9211 (3)	-7,400,000	-2,534,800
9211(5)	1,380,800	-2,225,400
9211(6)	-6,094,000	-7,293,000
9211(7)	-617,000	-677,000
Total	-12,730,200	-12,730,200

Analyst: Jana Steinmetz 266-2213

6. Security

The security package defines acts of terrorism that are felonies as defined under s. 939.648 (2) (a) and (b), which define felony penalties for acts of terrorism. LFB found that the truth-in-sentencing language completely repeals s. 939.648.

Several sections need to be reconciled.

Section 22 (s. 16.964 (9)) defines acts of terrorism and makes reference to s.939.648 (2) (a) and (b). I don't know if there is new penalty language for an act of terrorism elsewhere in the bill or how that penalty would now be established. At a minimum, this section should contain the proper reference to the penalty for terrorist acts, wherever it is in the bill. Also in this section, a governmental unit is defined with a reference to s. 939.648 (1). This is deleted through the repeal of the entire section. At least this subsection should be restored.

Section 327 (s. 146.50 (1) (ag)) refers to s. 939.648 (2) (a) and (b). This should be fixed as described above by putting in the correct reference to wherever the new penalty is now under truth-in-sentencing.

Section 580 repeals all of s. 939.648 including the penalties and the definition of a governmental unit.

If these changes are made to retain part of s. 939.648, then the initial applicability sections and effective dates need to be changed as well.

Analyst: Sue Jablonsky 267-9546

7. Agriculture, Trade and Consumer Protection

Livestock Breeders - Section 9204 (6) (appropriation changes; agriculture, trade and consumer protection / aid to Wisconsin livestock breeders association) reduces the appropriation under s. 20.115 (4) (a) by \$1,400 in fiscal year 2001-02.

Because the department has fully expended funds under that appropriation, the reduction should instead be taken from the appropriation under s. 20.115 (4) (c).

Thus, section 9204 (8) of the bill should decrease the appropriation under s. 20.115 (4) (c) by \$15,400 in fiscal year 2001-02 (which is \$1,400 more than the decrease of \$14,000 shown in the bill).

Section 9204 (6) of the bill should decrease the dollar amount in the appropriation under s. 20.115 (4) (a) by zero in fiscal year 2001-02 and by \$2,000 in fiscal year 2002-03

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