

2001 DRAFTING REQUEST

Bill

Received: 10/19/2000

Received By: fasttn

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Etzler

This file may be shown to any legislator: NO

Drafter: fasttn

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Alt. Drafters:

Subject: **Transportation - highways**

Extra Copies: **PJH, DOT - 1**

Pre Topic:

DOA:.....Etzler -

Topic:

T060, Damage Claims Appropriation

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>
/?	fasttn 11/06/2000	gilfokm 11/06/2000					State
/1			martykr 11/07/2000		lrb_docadmin 11/07/2000		

FE Sent For:

<END>

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FE Sent For:

<END>

T060
B036

**Department of Transportation
2001-2003 Biennial Budget Request
STATUTORY MODIFICATIONS**

DIN NUMBER:

TOPIC: Damage Claims Appropriation

DESCRIPTION OF CHANGE:

The Department requests creation of a damage claims appropriation for purposes of accounting for the receipts and disbursements related to repair of damages to signs and structures.

JUSTIFICATION:

The department has historically treated payment of damage claims as a refund of expenditure rather than recording repairs as an expenditure and damage claim payments as a revenue. In April of 1999, the DOA State Controller issued an opinion that receipts related to repair of damages to signs and structures could no longer be treated as a refund of expenditure. DOA recommended the establishing a continuing appropriation for damage claims as the most appropriate method of accounting for these funds.

We request a department-wide continuing SEG-S appropriation be established to account for damage claim revenues and expenditures. Although the vast majority of the damage claims that will be handled through this new appropriation will be related to highway infrastructure (such as, signs, bridges, guardrails), it may also be used to record other reimbursements from damages to WisDOT-owned buildings or Division of State Patrol towers.

**Department of Transportation
2001-2003 Biennial Budget Request
ISSUE PAPER**

PROGRAM::

DIN NUMBER:: Damage Claims Appropriation

ISSUE TITLE:

REQUEST:

The Department requests creation of a SEG-S damage claims appropriation for purposes of accounting for the receipts and disbursements related to repair of damages to signs and structures. The Department recommends establishing the base-level for expenditure authority in the new SEG-S appropriation at \$1,850,000 for both FY 2002 and FY 2003.

SUMMARY:

The department has historically treated payment of damage claims as a refund of expenditure rather than recording repairs as an expenditure and damage claim payments as a revenue. In April of 1999, the DOA State Controller issued an opinion that receipts related to repair of damages to signs and structures could no longer be treated as a refund of expenditure. DOA recommended the establishing a continuing appropriation for damage claims as the most appropriate method of accounting for these funds.

JUSTIFICATION:

The Department is responsible for highway maintenance and repair, including structures and signs. Budget authority for state-funded highway maintenance, repair and traffic operations is found in s. 20.395(3)(eq), which is a sum certain appropriation. When structures, such as bridges and guardrails, and signs or signaling devices are damaged as a result of an accident, WisDOT is responsible for restoration. This is a critical function and often, driver safety is at stake.

If damage to signs and structures resulting from accidents is not reported to authorities, the cost of their replacement must be paid for from 20.395(3)(eq) Highway maintenance, repair and traffic operations, state funds. Often, however, the individuals responsible for the accident, or their insurance companies, will reimburse WisDOT for the costs associated with replacing the sign or repairing the structure. Approximately \$1,850,000 was collected in FY 99 for repair and replacement of signs and structures along Wisconsin's state trunk highways. Since it is not possible to anticipate 1) which types of signs and structures will be damaged; 2) the amount that will be required for repair; and 3) how much of that will be recoverable; the historical treatment of the receipts as a refund of expenditure mitigated the financial effect of these unanticipated repairs on the Highway maintenance, repair and traffic operations, state funds appropriation. This appropriation is already susceptible to uncertainties because of the unpredictability of Wisconsin's winter weather.

However, in the opinion of the DOA State Controller, receipts related to repair of damages to signs and structures do not meet the statutory requirements for recognition as a refund of expenditure. The reason is that two entirely separate events occur related to damage claim receipts. The first is that an asset has been damaged rendering it unusable and, the second is that a new asset is purchased to replace it. In their opinion, both events need to be recognized as an accounting transaction. The most appropriate method for accounting for these receipts and related expenditures is to recognize revenues and expenditures in a "program-revenue-type" continuing appropriation.

We request a department-wide continuing SEG-S appropriation be established to account for damage claim revenues and expenditures. Although the vast majority of the damage claims that will be handled through this new appropriation will be related to highway infrastructure (such as, signs, bridges, guardrails), it may also be used to record reimbursements from damages to WisDOT-owned buildings, Division of State Patrol towers. Since the amount of damage claims recovered varies from year to year, the Department recommends that expenditure authority be established based on FY1999 receipts, which was \$1,850,000.

SUMMARY: The Department requests creation of a SEG-S damage claims appropriation for purposes of accounting for the receipts and disbursements related to repair of damages to signs and structures. The Department recommends establishing the base-level for expenditure authority in the new SEG-S appropriation at \$1,850,000 for both FY 2002 and FY 2003.

DISCUSSION: The department has historically treated payment of damage claims as a refund of expenditure rather than recording repairs as an expenditure and damage claim payments as a revenue. In April of 1999, the DOA State Controller issued an opinion that receipts related to repair of damages to signs and structures could no longer be treated as a refund of expenditure. DOA recommended the establishing a continuing appropriation for damage claims as the most appropriate method of accounting for these funds.

2001

Date (time) needed

SOON D-NOTE/

(turned in 11/6/00)

LRB 0768, 1

DOA BUDGET DRAFT

TNF: Kmg

Use the appropriate components and routines developed for bills.

>>FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION<<

AN ACT ... [DO NOT generate catalog]; relating to: the budget.

Analysis by the Legislative Reference Bureau

If titles are needed in the analysis, in the component bar:

For the main heading, execute: create -> anal: -> title: -> head

For the subheading, execute: create -> anal: -> title: -> sub

For the sub-subheading, execute: create -> anal: -> title: -> sub-sub

For the analysis text, in the component bar:

For the text paragraph, execute: create -> anal: -> text

head TRANSPORTATION
sub OTHER TRANSPORTATION

This bill creates a program revenue appropriation for payments for losses of and damage to state property for costs associated with repair or replacement of such property.

FE-S

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

SECTION #. CR; 20.395(3)(jj)

20.395 (3)(jj) ^(B) ^(I) Damage claims. From the general fund, all moneys received as payment for losses of and damage to state property for costs associated with repair or replacement of such property; for such purposes.
→ NOTE: Bud

SECTION #. CR; 25.40 (1)(a) 21.

25.40 ^(B) (1)(a) 21. Moneys received as payment for losses of and damage to state property for costs associated with repair or replacement of such property that are deposited in the general fund and credited to the appropriation account under s. 20.395 (3)(jj). ✓

(END)

D-NOTE

LRB-0768/1an
TNF: Km

DRAFTER'S NOTE

You requested the creation of a segregated fund
revenues, ^m service (SEG-S) appropriation relating to
damage claims. A SEG-S appropriation is inappropriate
because these revenues are not "transferred between or
within state agencies or miscellaneous appropriations".

See s. 20.001(2)(da), stats.

TNF

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0768/1dn
TNF:kmg:kui

November 7, 2000

You requested the creation of a segregated fund revenues — service (SEG-S) appropriation relating to damage claims. A SEG-S appropriation is inappropriated because these revenues are not “transferred between or within state agencies or miscellaneous appropriations.” See s. 20.001 (2) (da), stats.

Timothy N. Fast
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State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-0768/1
TNF:kmg:km

DOA:.....Etzler - T060, Damage Claims Appropriation

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TRANSPORTATION

OTHER TRANSPORTATION

This bill creates a program revenue appropriation for payments for losses of and damage to state property for costs associated with repair or replacement of such property.

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:

2 SECTION 1. 20.395 (3) (jj) of the statutes is created to read:

3 20.395 (3) (jj) *Damage claims.* From the general fund, all moneys received as
4 payment for losses of and damage to state property for costs associated with repair
5 or replacement of such property, for such purposes.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

1 **SECTION 2.** 25.40 (1) (a) 21. of the statutes is created to read:
2 25.40 (1) (a) 21. Moneys received as payment for losses of and damage to state
3 property for costs associated with repair or replacement of such property that are
4 deposited in the general fund and credited to the appropriation account under s.
5 20.395 (3) (jj).

6

(END)