

2001 DRAFTING REQUEST

Bill

Received: **11/16/2000**

Received By: **champra**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Holden**

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

Drafter: **champra**

May Contact:

Alt. Drafters:

Subject: **State Finance - miscellaneous**

Extra Copies:

Pre Topic:

DOA:.....Holden -

Topic:

Limitations on state appropriations from general purpose revenue

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>
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/2	champra 12/07/2000	jdyer 12/07/2000	rschluet 12/08/2000	_____	lrb_docadmin 12/08/2000		S&L
/3	champra 01/06/2001	wjackson 01/06/2001	martykr 01/06/2001	_____	lrb_docadmin 01/07/2001		S&L
/4	champra 01/30/2001	jdyer 01/31/2001	pgreensl 01/31/2001	_____	lrb_docadmin 01/31/2001		S&L

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Handwritten notes:
 14 1/31 JLS
 1/31 PG
 KF

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Krn 1/6
cmh
Krn 1/6

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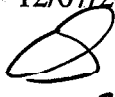
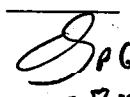
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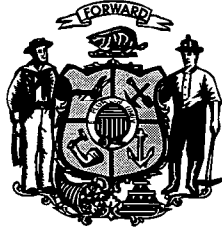
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STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



Division of Executive Budget and Finance
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1736
Fax (608) 267-0372
TTY (608) 267-9629

Date: November 15, 2000
To: Steve Miller, LRB
From: Kerry Holden, DOA *KH*
266-8593
Subject: Rainy Day Fund and Tax Expenditure Limits

The attached document contains broad directions regarding statutory language changes we would like to include in the budget regarding the state's rainy day fund, including provisions for tax expenditure limitations. Please call if you have any questions.

Thanks!

Budget Stabilization Fund Statutory Language Request

1. Section 20.875 provides for a separate budget stabilization fund; however, there is no methodology included in the statutory language regarding how or when revenues are to be deposited into or expended from the fund. There is currently a zero balance in the budget stabilization fund.
2. The primary purpose of this legislation is create a method for depositing funds in to the budget stabilization fund so that it will eventually consist of 5% of the general fund at the end of each fiscal year. This would be accomplished by using unanticipated revenue as a funding source for the budget stabilization fund.
3. "Anticipated revenue" means the amount of revenue estimated to be realized in a fiscal year as general fund resources. The amount to be annually credited to the budget stabilization fund will be equal to 50% of the excess of the amount of actual revenues over anticipated revenues. If actual revenues are below anticipated revenues, then there will be no transfer.
4. If a transfer occurs [*and the balance in the budget stabilization fund is equal to 5%?*], then any additional unanticipated revenues, as certified by either DOA or the Governor, can be made available for either:
 - a) appropriation by the Legislature;
 - b) transfer to the required general fund balance (if it still exists); and/or
 - c) a one-time tax reduction.
5. The budget stabilization fund will serve as a supplemental source of funding during times of emergency, economic downturn, or unforeseen reduction in revenues. There are two methods we could use to expend funds for emergency purposes:
 - a) We could include language requiring the Governor, through an appropriations bill, to recommend expenditures from the budget stabilization fund and then require either a majority or a supermajority vote of each house of the Legislature to expend monies from the budget stabilization fund; or
 - b) We could require DOA to determine a need for expenditures from the budget stabilization fund, and use a 14-day passive review process through JCF.
6. Include the following provisions regarding tax expenditure limitations:
 - Apply the limit to appropriations of state tax revenues.
 - Limit appropriation growth to the greater of the increase in personal income in the state (averaged over the past 3 years) or the increase in inflation, whichever is greater.
 - Make the limitation applicable to all state appropriations and revenues.
 - Require a declaration of emergency and a supermajority vote of the Legislature to exceed the tax expenditure limit.
 - Require any surpluses to go into the rainy day fund.

Champagne, Rick

From: Koskinen, John
Sent: Wednesday, November 29, 2000 2:30 PM
To: Champagne, Rick
Cc: Holden, Kerry
Subject: RE: Stabilization fund transfer draft

Since Kerry is out, let me try to answer.

- (1) We know one legislature cannot bind a subsequent legislature. We anticipate only for an affirmative act by a subsequent legislature to overturn it. But since inertia is a powerful force, we are aiming to set at least initial presumption of an allocation.
- (2) We refer specifically to the amount in 20.005 (1) reported as general fund taxes as approved by Joint Finance under 20.004 (2).
- (3) (a) Let's start with 5% of general fund expenditures of the fiscal year just concluded (June 30). Determination is made at the time of the publication of the Annual Fiscal Report under s.16.40 (3). DOA makes the determination in the Annual Fiscal Report with verification by the LAB under s.13,94 (1) (c). When the 5% limit is reached, there are no further transfers into the stabilization fund. [Of course, as expenditures increase, the 5% limit increases along with it.] I don't see a need for Joint Finance participation. This is intended as a simple after-the-fact accounting, not a before the fact estimation.
- (4) The expenditure limit applies only to GPR expenditures. Debt service should be excluded from the limit.
- (5) Limit the transfers into the stabilization fund to the 50% of unanticipated tax revenues. Anything else remains in the general fund balance.
- (6) The transfers from the general fund into the stabilization fund should be done via a sum-sufficient appropriation. [Too much: pay in] There should be an accompanying sum-sufficient appropriation from the stabilization fund into the general fund to cover a revenue shortfall. [Too little: take out].

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

From: Champagne, Rick
Sent: Wednesday, November 29, 2000 10:23 AM
To: Holden, Kerry
Cc: Koskinen, John
Subject:

Kerry:

I've begun working on the budget stabilization fund transfer proposal and have a number of questions.

1. As a general matter, you should be aware that the mechanism that you are creating constitutes a "rule of procedure" under article IV, section 8, of the Wisconsin Constitution and is not legally enforceable in a court of law. See, *State ex rel. La Follette v. Stitt*, 114 Wis. 2d 358, 363-369 (1983). The legislature is free to ignore any of the provisions in the draft relating to its powers of appropriation, and can exceed the expenditure caps and appropriate any "unanticipated revenues". Also, the legislature can, at any time, enact legislation that transfers monies from the budget stabilization fund to the general fund. Having said this, I should also point out that the legislature may certainly choose to follow this law and the law will be effective in governing the internal procedures of the legislature.

2. By "anticipated revenue" I assume that you mean the estimated amounts that appear in s. 20.005 (1) of the schedule in the budget bill? What about other monies that flow to the general fund during the course of a fiscal year, such as transfers from other funds or, say, the tobacco settlement monies? In other words, are you after tax dollars that are deposited in the general fund or all monies that are deposited in the general fund? We need clarification; your proposed definition can be read in a number of ways.

3. I need clarification on this 5% issue. First of all, 5% of what and as of what date. As you are aware, because of cash flow issues the state coffers will vary in their balances at different times during the fiscal year. Because of intergovernmental transfers, 5% of the general fund balance on August 15 will be very different from 5% of the general fund balance on December 1. Perhaps, you mean 5% of the estimated net general fund balance at the end of a fiscal year, as estimated in the schedule summary in the budget bill? Second, when this 5% amount is reached, however it is determined, do transfers of "unanticipated revenues" to the budget stabilization fund cease? Third, who makes the estimates for the purpose of transfer and who decides when 5% is reached: DOA, LFB? If you want joint finance committee participation, how do you want it? The instructions are entirely silent on procedure and process. If you want me to work it out, let me know.

4. Some of your instructions regarding the revenue transfer to the budget stabilization fund are in brackets with italics and with a question mark after them. How am I to read these? Help!

5. There is no need to talk about what the legislature can do with "any additional unanticipated revenues" in Item 4. Since these monies are not being transferred to the budget stabilization fund, they are already in the general fund awaiting appropriation. You are simply stating what the legislature already has the power to do. Also, what does the statement in parenthesis "(if it still exists)" mean. Do you contemplate repealing the required statutory general fund balance provision? Please let me know.

6. In Item 5, you talk about what we "could" do. Please decide which method you want. Also, as I discussed above, the legislature could legally ignore either method and do whatever it wishes with the monies in the fund. Once you have chosen the method, I will have a couple of questions. In deciding the details of your method, please keep in mind that the legislature is the only branch that has the power to appropriate monies from the state treasury. In order to get at these monies in the budget stabilization fund, the monies must be appropriated in some way, either directly or indirectly through a transfer to another fund which already has appropriations that will use those transferred monies.

7. In Item 6, you propose tax expenditure limitations. There is a key ambiguity in the coverage of these expenditures. At one point, you state that the limit is applied to "appropriations of state tax revenues". But in another place you state that the limit applies to "all state appropriations and revenues". What is the coverage of the provisions: all appropriations or only appropriations funded with tax revenues? I would advise that the limitation apply only to GPR appropriations, unless you also want to get at SEG appropriations funded with, say, gas tax revenues.

8. The only exception you have to exceeding the caps is a "declaration of emergency and a supermajority vote of the Legislature". Who declares an emergency, what is the standard for declaring an emergency, and what is a supermajority vote? Also, you may wish to speak with the Capital Finance Office at DOA about the consequences of a GPR cap for the payment of principal and interest on general obligation bonds and on bonds for which the state has made a moral obligation pledge. Generally, expenditure caps will exempt such items.

9. You state that any surplus will "go into a rainy day fund". I assume that you mean the budget stabilization fund. But I have a couple of questions. First, if all surpluses are going into the budget stabilization fund, why have the first half of your proposal relating to having 50% of the "unanticipated revenues" transferred to the budget stabilization fund? If the caps are in place at then time the budget is enacted, then all "unanticipated revenue" will be surplus and the whole amount will be transferred to the budget stabilization fund. In other words, if you have the expenditure caps, then there is no need for the first 4 items of your proposal. Second, what about the 5% budget stabilization fund issue? If all of the surplus is being transferred to the budget stabilization fund, then the 5% issue has no effect. Third, if all of the surplus is to be transferred to the budget stabilization fund, on what date is the transfer to be made. As mentioned above, cash flow will vary during different parts of the year. If too much of the surplus is transferred at one time, then the state will have to increase its issuance of operating notes to fund temporary shortages in the general fund. Fourth, there is no mention of procedure or process for making the determinations required to make the expenditure cap work. Who certifies the amount of the surplus and how is the amount transferred to the budget stabilization fund? Finally, what about the required statutory balance in the general fund? Because you wish for all of the surplus to be transferred to the budget stabilization fund, there will be no monies left in the general fund.

Once you have had an opportunity to think through these issues, please call me and I can begin drafting the proposal. In particular, please consider the relationship between Item 6 and Items 1 to 5 of your proposal.

Rick Champagne
Senior Staff Counsel
Legal Section
Wisconsin Legislative Reference Bureau
100 N. Hamilton St.

P.O. Box 2037
Madison, WI 53701-2037
Tel: (608) 266-9930
Fax: (608) 264-8522
Email: rick.champagne@legis.state.wi.us

→ general fund condition statement, prepared according to standards adopted by the Governmental Accounting Standards Board

2003-05

→ 20.004(c)

(16.46 estimate the cap, has printed in the schedule - DOA determine the cap amt.)

(The cap. does pertain to general income taxes as reported by DCR for the prior year)



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1063/1

RAC:.....

jld

SOON

DOA:.....Holden – Limitations on state appropriations from general purpose revenue

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

do not gen

1

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

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT ✓

STATE FINANCE ✓

This bill limits the aggregate amount of general purpose revenue (GPR) that may be appropriated in any fiscal biennium. Under the bill, the limit is calculated in the following way. First, a base year amount is established that equals the amount of GPR appropriated in the second year of the prior fiscal biennium. For the new fiscal biennium, the base year amount is multiplied by the sum of 1.0 and the annual percentage change in state aggregate personal income for the calendar year preceding the fiscal biennium. Then this amount is multiplied by the sum of 1.0 and the annual percentage change in state aggregate personal income for the calendar year following the calendar year immediately preceding the fiscal biennium. The sum of these two amounts is the aggregate amount of GPR that may be appropriated during the fiscal biennium. Under the bill, DOA is required to make the determination of amount that may be appropriated during the fiscal biennium.

Under the bill, however, certain GPR appropriations are excluded from the limit. These are appropriations for debt service or operating notes; appropriations to honor a moral obligation pledge that the state has taken with respect to certain revenue bonds; appropriations to refund certain earnings to the federal government

relating to state bond issues; and any appropriation contained in a bill that is enacted subsequent to a separate roll call vote in each house of the legislature in which the question before each house is whether to exceed the expenditure limitation for the purpose of making that appropriation.

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

1 SECTION 1. 13.40[✓] of the statutes is created to read:

2 13.40 Limitation on state appropriations from general purpose
3 revenue. (1) In this[✓] section:

4 (a) "Fiscal biennium" means a 2-year[✓] period beginning on July 1 of an
5 odd-numbered year.

6 (b) "General purpose revenue" has the meaning given for "general purpose
7 revenues" in s. 20.001 (2) (a).

8 (2) Except as provided in sub. (3)[✓], the amount appropriated from general
9 purpose revenue for each fiscal biennium, excluding any amount under an
10 appropriation specified in sub. (3) (a) to (d), as determined under sub. (4)[✓], may not
11 exceed the sum of:

12 (a) The amount appropriated from general purpose revenue, excluding any
13 amount under an appropriation specified in sub. (3)[✓], for the 2nd fiscal year of the
14 prior fiscal biennium as determined under sub. (4), multiplied by the sum of 1.0 and
15 the annual percentage change in this state's aggregate personal income, expressed
16 as a decimal, as reported by the federal department of commerce[✓] for the calendar
17 year prior to the calendar year[✓] immediately preceding the fiscal biennium.

18 (b) The amount determined under par. (a)[✓] multiplied by the sum of 1.0 and the
19 annual percentage change in this state's aggregate personal income, expressed as a
20 decimal, as estimated by the department of revenue[✓] for the calendar year following

1 the calendar year immediately preceding the fiscal biennium no later than December
2 5 of each even-numbered year, except as provided in sub. (8).

3 (3) The limitation under sub. (2) does not apply to any of the following:

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

6 (b) An appropriation to honor a moral obligation undertaken pursuant to ss.
7 18.61 (5), 85.25 (5), 101.143 (9m) (i), 229.50 (7), 229.74 (7), 229.830 (7), 234.15 (4),
8 234.42 (4), 234.54 (4) (b), 234.626 (7), 234.93 (6), 234.932 (6), 234.933 (6), and 281.59
9 (13m).

10 (c) An appropriation to make a payment to the United States that the building
11 commission determines to be payable under s. 13.488 (1) (m).

12 (d) An appropriation contained in a bill that is enacted subsequent to a separate
13 roll call vote in each house of the legislature in which the question before each house
14 is whether to exceed the expenditure limitation under sub. (2) for the purpose of
15 making that appropriation.

16 (4) For purposes of sub. (2), the department of administration shall determine
17 the amount appropriated from general purpose revenue for any fiscal biennium to
18 which sub. (2) applies. The department of administration shall make this
19 determination no later than December 31 of each even-numbered year and shall
20 include a statement of the determination in the biennial state budget report
21 prepared under s. 16.46.

22 SECTION 2. 16.46 (9) of the statutes is created to read:

23 16.46 (9) The determination of the department under s. 13.40 (4).

24 SECTION 9301. Initial applicability; administration.



Gen

RMR

DOA:.....Holden – Limitations on state appropriations from general purpose revenue

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

Don't
Gen

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

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STATE FINANCE

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Under the bill, however, certain GPR appropriations are excluded from the limit. These are appropriations for debt service or operating notes; appropriations to honor a moral obligation pledge that the state has taken with respect to certain revenue bonds; appropriations to refund certain earnings to the federal government

of
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for
each

relating to state bond issues; and any appropriation contained in a bill that is enacted subsequent to a separate roll call vote in each house of the legislature in which the question before each house is whether to exceed the expenditure limitation for the purpose of making that appropriation.

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. 13.40 of the statutes is created to read:

2 **13.40 Limitation on state appropriations from general purpose**
3 **revenue. (1) In this section:**

4 (a) "Fiscal biennium" means a 2-year period beginning on July 1 of an
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6 (b) "General purpose revenue" has the meaning given for "general purpose
7 revenues" in s. 20.001 (2) (a).

8 (2) Except as provided in sub. (3), the amount appropriated from general
9 purpose revenue for each fiscal biennium, excluding any amount under an
10 appropriation specified in sub. (3) (a) to (d), as determined under sub. (4), may not
11 exceed the sum of:

12 (a) The amount appropriated from general purpose revenue, excluding any
13 amount under an appropriation specified in sub. (3), for the 2nd fiscal year of the
14 prior fiscal biennium as determined under sub. (4), multiplied by the sum of 1.0 and
15 the annual percentage change in this state's aggregate personal income, expressed
16 as a decimal, as reported by the federal department of commerce for the calendar
17 year immediately preceding the fiscal biennium.

18 (b) The amount determined under par. (a) multiplied by the sum of 1.0 and the
19 annual percentage change in this state's aggregate personal income, expressed as a

1 decimal, (as estimated by the department of revenue) for the calendar year following
2 the calendar year immediately preceding the fiscal biennium, no later than December
3 5 of each even-numbered year, except as provided in sub. (8).

4 (3) The limitation under sub. (2) does not apply to any of the following:

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

7 (b) An appropriation to honor a moral obligation undertaken pursuant to ss.
8 18.61 (5), 85.25 (5), 101.143 (9m) (i), 229.50 (7), 229.74 (7), 229.830 (7), 234.15 (4),
9 234.42 (4), 234.54 (4) (b), 234.626 (7), 234.93 (6), 234.932 (6), 234.933 (6), and 281.59
10 (13m).

11 (c) An appropriation to make a payment to the United States that the building
12 commission determines to be payable under s. 13.488 (1) (m).

13 (d) An appropriation contained in a bill that is enacted subsequent to a separate
14 roll call vote in each house of the legislature in which the question before each house
15 is whether to exceed the expenditure limitation under sub. (2) for the purpose of
16 making that appropriation.

17 (4) For purposes of sub. (2), the department of administration shall determine
18 the amount appropriated from general purpose revenue for any fiscal biennium to
19 which sub. (2) applies. The department of administration shall make this
20 determination no later than December 31 of each even-numbered year and shall
21 include a statement of the determination in the biennial state budget report
22 prepared under s. 16.46.

23 SECTION 2. 16.46 (9) of the statutes is created to read:

24 16.46 (9) The determination of the department under s. 13.40 (4).

25 SECTION 9301. Initial applicability; administration.

question adopted by

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1052/1dm
RAC:jld:jf

November 20, 2000

new date

CRB-1063/2dm
RAC:jld

This draft clarifies the wording in s. 13.40(3)(d). Also, as I mentioned earlier, ^{NO} ~~it~~ ^{is} ~~not~~ ^{to} ~~be~~ ^{changed} ~~in~~ ^{the} ~~draft~~ ^{proposal}.

This draft is virtually identical to 1999 Assembly Bill 190. I have made a couple of minor, technical changes and I have included the moral obligation pledges under ss. 101.143 (9m) (i) and 229.830 (7) under proposed s. 13.40 (3) (b). These two moral obligation pledges were enacted into law during the 1999-2000 legislative session. Per your request, I have also changed the dates in the proposal to first apply to appropriations made for the 2003-05 biennium.

Please note that this bill creates a rule of procedure under article IV, section 8, of the constitution. The Wisconsin supreme court has held that the remedy for noncompliance with this type of provision lies exclusively within the legislative branch. See *State ex rel. La Follette v. Stitt*, 114 Wis. 2d 358, 363-369 (1983). In other words, while this type of provision may be effective to govern internal legislative procedure, the courts will not enforce this type of provision and this provision does not affect the validity of any enactment resulting from a procedure that may be viewed as contravening the provision.

As we discussed on the phone, I am also preparing for your office the version of 1999 Assembly Bill 190 that eventually passed the assembly. The LRB number for that proposal is 2001 LRB-1053.

If I can be of any assistance, please do not hesitate to contact me.

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

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1063/2dn
RAC:jld:rs

December 7, 2000

This draft clarifies the wording in s. 13.40 (3) (d). Also, as I mentioned earlier, this bill creates a rule of procedure under article IV, section 8, of the constitution. The Wisconsin supreme court has held that the remedy for noncompliance with this type of provision lies exclusively within the legislative branch. See *State ex rel. La Follette v. Stitt*, 114 Wis. 2d 358, 363-369 (1983). In other words, while this type of provision may be effective to govern internal legislative procedure, the courts will not enforce this type of provision and this provision does not affect the validity of any enactment resulting from a procedure that may be viewed as contravening the provision.

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

Champagne, Rick

From: Koskinen, John
Sent: Friday, January 05, 2001 6:33 PM
To: Champagne, Rick
Subject: LRB 1063/2--Limitations on state appropriations from general purpose

After Governor's decisions, we need to modify the draft.

s.13.40 (3) (d) the vote to override should be changed from a simple majority to an extraordinary majority (two-thirds). I know the constitutional problem and it was raised with the Governor. Nonetheless, that is how it should be drafted.

Thanks

John Koskinen
266-2081



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1063/2 3

RAC:jld/rs

WJ
RMR

SOON

DOA:.....Holden – Limitations on state appropriations from general purpose revenue

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

DO NOT GEN

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

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

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Under the bill, however, certain GPR appropriations are excluded from the limit. These are appropriations for debt service or operating notes; appropriations to honor a moral obligation pledge that the state has taken with respect to certain revenue bonds; appropriations to refund certain earnings to the federal government

*Insert
Appendix*

relating to state bond issues; and any appropriation contained in a bill that is enacted subsequent to a separate question adopted by roll call vote in each house of the legislature in which the question before each house is whether to exceed the expenditure limitation for the purpose of making that appropriation.

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. 13.40 of the statutes is created to read:

2 13.40 Limitation on state appropriations from general purpose
3 revenue. (1) In this section:

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5 odd-numbered year.

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15 the annual percentage change in this state's aggregate personal income, expressed
16 as a decimal, as reported by the federal department of commerce for the calendar
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19 annual percentage change in this state's aggregate personal income, expressed as a

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11 (c) An appropriation to make a payment to the United States that the building
12 commission determines to be payable under s. 13.488 (1) (m).

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21 include a statement of the determination in the biennial state budget report
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23 SECTION 2. 16.46 (9) of the statutes is created to read:

24 16.46 (9) The determination of the department under s. 13.40 (4).

25 SECTION 9301. Initial applicability; administration.

Insert 3-13

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1063/3ins
RAC:jld.rs

NOT

Insert Analysis:

contained in a bill that is enacted with approval of at least two-thirds of the members of each house of the legislature.

Insert 3-13:

An appropriation contained in a bill that is enacted with approval of at least two-thirds of the members of each house of the legislature.

(2) 50 p 2

~~Other~~ legal expenses incurred by the state and the costs of judgments, orders & settlements of actions and appeals in which the state is a party. Transfers from general purpose revenue to the tax relief fund and transfers to the tax refunds or tax rebates.

per JTK

20.8

An appropriation to make a payment for tax relief under 0.20.835 (2) per MES



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1063/3 4
RAC:jld&wlj:km

John

RMR

DOA:.....Holden – Limitations on state appropriations from general purpose revenue

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

DO not gen

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

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

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Insert
Analysis ✓

relating to state bond issues; and any appropriation contained in a bill that is enacted with approval of at least two-thirds of the members of each house of the legislature. For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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5 odd-numbered year.

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7 revenues" in s. 20.001 (2) (a).

8 (2) Except as provided in sub. (3), the amount appropriated from general
9 purpose revenue for each fiscal biennium, excluding any amount under an
10 appropriation specified in sub. (3) (a) to ~~(d)~~, as determined under sub. (4), may not
11 exceed the sum of:

(h)

12 (a) The amount appropriated from general purpose revenue, excluding any
13 amount under an appropriation specified in sub. (3), for the 2nd fiscal year of the
14 prior fiscal biennium as determined under sub. (4), multiplied by the sum of 1.0 and
15 the annual percentage change in this state's aggregate personal income, expressed
16 as a decimal, as reported by the federal department of commerce for the calendar
17 year immediately preceding the fiscal biennium.

18 (b) The amount determined under par. (a) multiplied by the sum of 1.0 and the
19 annual percentage change in this state's aggregate personal income, expressed as a
20 decimal, for the calendar year following the calendar year immediately preceding the

1 fiscal biennium as estimated by the department of revenue no later than December
2 5 of each even-numbered year, except as provided in sub. (8).

3 (3) The limitation under sub. (2) does not apply to any of the following:

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

6 (b) An appropriation to honor a moral obligation undertaken pursuant to ss.
7 18.61 (5), 85.25 (5), 101.143 (9m) (i), 229.50 (7), 229.74 (7), 229.830 (7), 234.15 (4),
8 234.42 (4), 234.54 (4) (b), 234.626 (7), 234.93 (6), 234.932 (6), 234.933 (6), and 281.59
9 (13m).

10 (c) An appropriation to make a payment to the United States that the building
11 commission determines to be payable under s. 13.488 (1) (m).

12 (d) An appropriation contained in a bill that is enacted with approval of at least
13 two-thirds of the members of each house of the legislature.

14 (4) For purposes of sub. (2), the department of administration shall determine
15 the amount appropriated from general purpose revenue for any fiscal biennium to
16 which sub. (2) applies. The department of administration shall make this
17 determination no later than December 31 of each even-numbered year and shall
18 include a statement of the determination in the biennial state budget report
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21 16.46 (9) The determination of the department under s. 13.40 (4).

22 SECTION 9301. Initial applicability; administration.

23 (1) EXPENDITURE LIMITS FOR GENERAL PURPOSE REVENUE. The treatment of section
24 13.40 of the statutes first applies to appropriations made for the 2003-05 biennium.

25 (END)

Insert 3-13

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1063/4ins
RAC:jld&wlj:km

Insert Analysis:

~~23~~ an appropriation for legal expenses and the costs of judgments, orders, and settlements of actions and appeals incurred by the state; an appropriation to make a payment for tax relief; an appropriation to make a transfer from the general fund to the budget stabilization fund; an appropriation to make a transfer from the general fund to the tax relief fund; ~~NO~~


Insert 3-13:

(e) An appropriation for legal expenses and the costs of judgments, orders, and settlements of actions and appeals incurred by the state. ✓

(f) An appropriation to make a payment for tax relief under s. 20.835 (2). ✓

(g) An appropriation to make a transfer from the general fund to the budget stabilization fund under s. 20.875 (1) (a). ✓

~~(g)~~ An appropriation to make a transfer from the general fund to the tax relief fund under s. 20.876 (1) (a).

****NOTE: This paragraph assumes the inclusion in the budget bill of either LRB 
-2271 or -1256.

LRB

Champagne, Rick

From: Koskinen, John
Sent: Wednesday, February 07, 2001 1:57 PM
To: Champagne, Rick
Subject: Spending Limits--LRB 2326/1 and LRB 1063/5

As I read the jacketed copy, I noticed a what may be a technical error of my part I had not caught before.

Page 2 Lines 8 to 17 reads:

(2) Except as provided in sub. (3), the amount appropriated from general purpose revenue for each fiscal biennium, excluding any amount under an appropriation specified in sub. (3) (a) to (h), as determined under sub. (4), may not exceed the sum of:

(a) The amount appropriated from general purpose revenue, excluding any amount under an appropriation specified in sub. (3), for the 2nd fiscal year of the prior fiscal biennium as determined under sub. (4), multiplied by the sum of 1.0 and the annual percentage change in this state's aggregate personal income, expressed as a decimal, as reported by the federal department of commerce for the calendar year immediately preceding the fiscal biennium.

Here is how I read this. The fiscal biennium starts July 1, 2001. Thus, the calendar year immediately preceding the fiscal biennium would be CY2000. Then calendar year 2000 income growth because the limit for FY2001-02.

The object was to link the calendar year income with the fiscal year spending. CY2000 income taxes are reconciled in FY2001. The limit should follow that pattern. CY2001 Income should be the basis for the limit in FY2001-02. The growth rate in a given calendar year should be the basis for the limit in the fiscal year that begins during that same calendar year.

In any case, the Bureau of Economic Analysis will not release the CY 2000 income estimates until April 2001. This would be too late for a Governor's submission.

Therefore, section 1 should be revised to have DOR provide the income growth estimates for both calendar years.

John Koskinen

266-2081



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

LRB-1063/A 5
RAC:jld&wlj:pg

Scan

RMK

DOA:.....Holden – Limitations on state appropriations from general purpose revenue

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

Do not gen

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

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

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relating to state bond issues; an appropriation for legal expenses and the costs of judgments, orders, and settlements of actions and appeals incurred by the state; an appropriation to make a payment for tax relief; an appropriation to make a transfer from the general fund to the budget stabilization fund; an appropriation to make a transfer from the general fund to the tax relief fund; and any appropriation contained in a bill that is enacted with approval of at least two-thirds of the members of each house of the legislature.

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

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7 revenues” in s. 20.001 (2) (a).

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15 the annual percentage change in this state’s aggregate personal income, expressed
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17 year immediately preceding the fiscal biennium.

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15 (d) An appropriation contained in a bill that is enacted with approval of at least
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18 settlements of actions and appeals incurred by the state.

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23 fund under s. 20.876 (1) (a).

****NOTE: This paragraph assumes the inclusion in the budget bill of either
LRB-2271 or LRB-1256.

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10 (1) EXPENDITURE LIMITS FOR GENERAL PURPOSE REVENUE. The treatment of section
11 13.40 of the statutes first applies to appropriations made for the 2003-05 biennium.

12 (END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1063/5dn
RAC:jld:~~WMA~~:pg

Kerry Holden:

For reconciliation purposes, this version of the draft simply changes s. 16.46 (9) to s. 16.46 (10). Everything else remains the same.

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

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1063/5dn
RAC:jld:pg

February 6, 2001

Kerry Holden:

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



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1063/5
RAC:jld&wlj:pg

Today

RMR
Sis

DOA:.....Holden - Limitations on state appropriations from general purpose revenue

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

that begins on the
January 1 which
precedes the ~~2nd~~
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do not gen

that begins on the January
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~~2nd~~ ~~year~~ of ~~the~~
first

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

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that begins on the January 1 which precedes the year of the

as estimated by the department of revenue no later than December 5 of each even-numbered year

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(b) The amount determined under par. (a) multiplied by the sum of 1.0 and the annual percentage change in this state's aggregate personal income, expressed as a decimal, for the calendar year following the calendar year immediately preceding the fiscal biennium as estimated by the department of revenue no later than December 5 of each even-numbered year, except as provided in sub (e).

(3) The limitation under sub. (2) does not apply to any of the following:

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

(b) An appropriation to honor a moral obligation undertaken pursuant to ss. 18.61 (5), 85.25 (5), 101.143 (9m) (i), 229.50 (7), 229.74 (7), 229.830 (7), 234.15 (4), 234.42 (4), 234.54 (4) (b), 234.626 (7), 234.93 (6), 234.932 (6), 234.933 (6), and 281.59 (13m).

(c) An appropriation to make a payment to the United States that the building commission determines to be payable under s. 13.488 (1) (m).

(d) An appropriation contained in a bill that is enacted with approval of at least two-thirds of the members of each house of the legislature.

(e) An appropriation for legal expenses and the costs of judgments, orders, and settlements of actions and appeals incurred by the state.

(f) An appropriation to make a payment for tax relief under s. 20.835 (2).

(g) An appropriation to make a transfer from the general fund to the budget stabilization fund under s. 20.875 (1) (a).

(h) An appropriation to make a transfer from the general fund to the tax relief fund under s. 20.876 (1) (a).

***NOTE: This paragraph assumes the inclusion in the budget bill of either LRB-2271 or LRB-1256.



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1063/6
RAC:jld/wlj/cjs:jf

DOA:.....Holden – Limitations on state appropriations from general purpose
revenue

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

This bill limits the aggregate amount of general purpose revenue (GPR) that may be appropriated in any fiscal biennium. Under the bill, the limit is calculated in the following way. First, a base year amount is established that equals the amount of GPR appropriated in the second year of the prior fiscal biennium. For the new fiscal biennium, the base year amount is multiplied by the sum of 1.0 and the annual percentage change in state aggregate personal income for the calendar year that begins on the January 1 which precedes the first year of the fiscal biennium. Then this amount is multiplied by the sum of 1.0 and the annual percentage change in state aggregate personal income for the calendar year that begins on the January 1 which precedes the second year of the fiscal biennium. The sum of these two amounts is the aggregate amount of GPR that may be appropriated during the fiscal biennium. Under the bill, DOA is required to make the determination of amount of GPR that may be appropriated for each fiscal biennium.

Under the bill, however, certain GPR appropriations are excluded from the limit. These are appropriations for debt service or operating notes; appropriations to honor a moral obligation pledge that the state has taken with respect to certain

revenue bonds; appropriations to refund certain earnings to the federal government relating to state bond issues; an appropriation for legal expenses and the costs of judgments, orders, and settlements of actions and appeals incurred by the state; an appropriation to make a payment for tax relief; an appropriation to make a transfer from the general fund to the budget stabilization fund; an appropriation to make a transfer from the general fund to the tax relief fund; and any appropriation contained in a bill that is enacted with approval of at least two-thirds of the members of each house of the legislature.

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.** 13.40 of the statutes is created to read:

2 **13.40 Limitation on state appropriations from general purpose**
3 **revenue. (1)** In this section:

4 (a) “Fiscal biennium” means a 2-year period beginning on July 1 of an
5 odd-numbered year.

6 (b) “General purpose revenue” has the meaning given for “general purpose
7 revenues” in s. 20.001 (2) (a).

8 **(2)** Except as provided in sub. (3), the amount appropriated from general
9 purpose revenue for each fiscal biennium, excluding any amount under an
10 appropriation specified in sub. (3) (a) to (h), as determined under sub. (4), may not
11 exceed the sum of:

12 (a) The amount appropriated from general purpose revenue, excluding any
13 amount under an appropriation specified in sub. (3), for the 2nd fiscal year of the
14 prior fiscal biennium as determined under sub. (4), multiplied by the sum of 1.0 and
15 the annual percentage change in this state’s aggregate personal income, expressed
16 as a decimal, for the calendar year that begins on the January 1 which immediately

1 precedes the first year of the fiscal biennium, as estimated by the department of
2 revenue no later than December 5 of each even-numbered year.

3 (b) The amount determined under par. (a) multiplied by the sum of 1.0 and the
4 annual percentage change in this state's aggregate personal income, expressed as a
5 decimal, for the calendar year that begins on the January 1 which immediately
6 precedes the 2nd year of the fiscal biennium, as estimated by the department of
7 revenue no later than December 5 of each even-numbered year.

8 (3) The limitation under sub. (2) does not apply to any of the following:

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

11 (b) An appropriation to honor a moral obligation undertaken pursuant to ss.
12 18.61 (5), 85.25 (5), 101.143 (9m) (i), 229.50 (7), 229.74 (7), 229.830 (7), 234.15 (4),
13 234.42 (4), 234.54 (4) (b), 234.626 (7), 234.93 (6), 234.932 (6), 234.933 (6), and 281.59
14 (13m).

15 (c) An appropriation to make a payment to the United States that the building
16 commission determines to be payable under s. 13.488 (1) (m).

17 (d) An appropriation contained in a bill that is enacted with approval of at least
18 two-thirds of the members of each house of the legislature.

19 (e) An appropriation for legal expenses and the costs of judgments, orders, and
20 settlements of actions and appeals incurred by the state.

21 (f) An appropriation to make a payment for tax relief under s. 20.835 (2).

22 (g) An appropriation to make a transfer from the general fund to the budget
23 stabilization fund under s. 20.875 (1) (a).

24 (h) An appropriation to make a transfer from the general fund to the tax relief
25 fund under s. 20.876 (1) (a).

