

Fiscal Estimate Narratives

DOA 5/10/2006

LRB Number	05-4953/1	Introduction Number	SB-716	Estimate Type	Original
Description Limitation on state appropriations from general purpose revenue					

Assumptions Used in Arriving at Fiscal Estimate

Under current law (Wis. Stats. s. 13.40), the amount of GPR that can be appropriated in a given biennium is determined by a calculation using estimates from the Legislative Fiscal Bureau and the Department of Revenue. The calculation for year 1 of the upcoming biennium takes the base year GPR amount (year 2 of the current biennium) and multiplies it by the sum of 1.0 and the annual percentage change in state aggregate personal income for the previous calendar year. Similarly, the calculation for year 2 of the upcoming biennium uses the above amount multiplied by the sum of 1.0 and the annual percentage change in state aggregate personal income in the calendar year preceding year 2. The sum of these two amounts is the aggregate amount of GPR that may be appropriated during the fiscal biennium. Certain GPR appropriations are excluded from this calculation, including (but not limited to) appropriations for debt service, revenue bonds, payments to the federal government related to state bond issues, legal expenses and the costs of judgements and settlements, and appropriations to the Higher Educational Aids Board (HEAB), the Department of Public Instruction (DPI) and the Board of Regents of the University of Wisconsin System.

If enacted, this bill makes changes to excluded appropriations and entities when calculating the limits on GPR available for appropriation in a fiscal biennium. Specifically, it eliminates the exclusions for appropriations to the Higher Educational Aids Board, the Department of Public Instruction, and the Board of Regents of the University of Wisconsin System.

If enacted, this bill has no direct fiscal impact on the Department of Administration. It may, however, cause reductions in the amounts appropriated to these entities. Those reductions could result in requests for increased tuition charges at the UW System, and increased local property tax levies if school aids to localities are decreased.

Long-Range Fiscal Implications