

2007 DRAFTING REQUEST

Bill

Received: 12/08/2006

Received By: rchampag

Wanted: As time permits

Identical to LRB:

For: Julie Lassa (608) 266-3123

By/Representing: Jessica

This file may be shown to any legislator: NO

Drafter: rchampag

May Contact:

Addl. Drafters:

Subject: State Finance - bud generally

Extra Copies:

Submit via email: YES

Requester's email: Sen.Lassa@legis.wisconsin.gov

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

GAAP and preparation of executive budget bills

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>
/?	rchampag 12/11/2006	jdye 12/12/2006					S&L
/1			rschluet 12/12/2006		sbasford 12/12/2006	cdurst 01/12/2007	

FE Sent For:

<END>

↪ At Intro.

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/?	rchampag	1/12 12/16					
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FE Sent For:

12/26
<END>

Champagne, Rick

From: Kelly, Jessica
Sent: Thursday, December 07, 2006 4:46 PM
To: Champagne, Rick
Subject: 2005 LRB-4316/1 SB 672

Can you please have this redrafted? Thank you.

Jessica Ford Kelly
Office of Senator Julie Lassa
State Capitol, Room 109 - South
P.O. Box 7882
Madison, WI 53707-7882
608-266-3123
1-800-925-7491 toll-free
608-267-6797



2005 SENATE BILL 672 LPS- RAC:jld
2007 PWF please
LRB-1068/1

March 21, 2006 - Introduced by Senator LASSA, cosponsored by Representatives ZIEGELBAUER, STRACHOTA and ALBERS. Referred to Joint Committee on Finance.

- gen. cat.

- 1 AN ACT *to amend* 16.47 (1); and *to create* 13.39 and 16.467 of the statutes;
- 2 **relating to:** preparing the executive budget bill or bills according to generally
- 3 accepted accounting principles; prohibiting the executive budget bill or bills
- 4 from increasing the state's budget deficit; and requiring legislation to reduce
- 5 the state's budget deficit.

Analysis by the Legislative Reference Bureau

Under current law, the Department of Administration (DOA) is required to submit, as part of the biennial budget report, a comparison of the state's budgetary surplus or deficit according to generally accepted accounting principles (GAAP), as reported in any audited financial report prepared by DOA for the most recent fiscal year, and the estimated change in the surplus or deficit based on recommendations in the biennial budget bill or bills. GAAP are those principles for state and local governments adopted by the Governmental Accounting Standards Board (GASB). Organized in 1984, GASB is an independent organization founded to establish standards of financial accounting and reporting for state and local governmental entities. Its standards generally guide the preparation of external financial reports of those entities.

This bill provides that, for the fiscal biennium occurring after the fiscal year in which DOA determines that the state does not have a budget deficit according to GAAP, and each fiscal biennium thereafter, the biennial budget or bills must be prepared according to GAAP. In addition, the bill provides that no executive budget

SENATE BILL 672

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2009

bill or bills may increase the state's budget deficit, if any, according to GAAP, as reported in any audited financial report prepared by DOA.

Finally, under the bill, beginning on July 1, ~~2007~~, if there is in any fiscal year a state budget deficit according to GAAP, as reported in any audited financial report prepared by DOA, each house of the legislature must pass legislation ~~in that fiscal year~~ to reduce the budget deficit by the lesser of \$100,000,000 or the entire amount of the deficit.

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. 13.39 of the statutes is created to read:

2 **13.39 Legislation to reduce state budget deficit.** Beginning on July 1,

3 ~~2007~~ ²⁰⁰⁹, if there is in any fiscal year a state budget deficit according to generally

4 accepted accounting principles, as reported in any audited financial report prepared

5 by the department of administration, the legislature shall pass legislation ~~in that~~

6 ~~fiscal year~~ to reduce the budget deficit by the lesser of \$100,000,000 or the entire

7 amount of the deficit.

8 SECTION 2. 16.467 of the statutes is created to read:

9 **16.467 Preparation of biennial budget bill or bills according to**

10 **generally accepted accounting principles.** For the fiscal biennium that occurs

11 after the fiscal year in which the department determines, in any audited financial

12 report prepared by the department, that the state does not have a budget deficit

13 according to generally accepted accounting principles, as adopted by the

14 governmental accounting standards board or its successor bodies, and each fiscal

15 biennium thereafter, the biennial budget bill or bills shall be prepared according to

16 generally accepted accounting principles.

17 SECTION 3. 16.47 (1) of the statutes is amended to read:

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1068/1dn

RAC:.....

date

Jld

Please note that any law requiring the governor to limit the amount of his recommended appropriations in the executive biennial budget bill may very well be unconstitutional. In *State ex rel. Warren v. Nusbaum*, 59 Wis. 2d 391, 449-450 (1973), the court stated clearly that "Whatever recommendations the governor chooses to make to the legislature relating to appropriations are constitutionally committed to his discretion." In other words, the legislature by law cannot direct the governor as to what total amount of appropriations he or she can recommend in the budget bill.

Please note that s. 13.39 is not legally enforceable, but rather is a rule of proceeding under article IV, section 8, of the Wisconsin Constitution. The 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 if the legislature does not follow it.

Finally, please note that I took out the requirement that the legislature has to pass a bill in the same fiscal year as the year in which the deficit occurs. The reason I did this is that the Department of Administration does not publish its report until after the close of the fiscal year. Instead, I simply required the legislature simply to pass a bill to reduce the deficit for that fiscal year.

no to reduce the deficit

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

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1068/1dn
RAC:jld:rs

December 12, 2006

Please note that any law requiring the governor to limit the amount of his recommended appropriations in the executive biennial budget bill may very well be unconstitutional. In *State ex rel. Warren v. Nusbaum*, 59 Wis. 2d 391, 449-450 (1973), the court stated clearly that "Whatever recommendations the governor chooses to make to the legislature relating to appropriations are constitutionally committed to his discretion." In other words, the legislature by law cannot direct the governor as to what total amount of appropriations he or she can recommend in the budget bill.

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

Duerst, Christina

From: Kelly, Jessica
Sent: Friday, January 12, 2007 4:16 PM
To: LRB.Legal
Subject: Draft Review: LRB 07-1068/1 Topic: GAAP and preparation of executive budget bills

Please Jacket LRB 07-1068/1 for the SENATE.