AN ACT to amend 16.42 (1) (intro.) and 16.45; and to create 13.102, 13.39, 13.95 (1r), 16.42 (1m) and 16.465 of the statutes; relating to: preparation and legislative consideration of a biennial budget bill.

Analysis by the Legislative Reference Bureau

This bill makes all of the following changes relating to the preparation and consideration of biennial budget bills:

State agency budget requests

Currently, state agencies in every even-numbered year must submit certain program and financial information to the Department of Administration and the Legislative Fiscal Bureau (LFB) that is used by the governor in preparing the executive budget bill. Among the required information that state agencies must submit is proposed legislation to implement programmatic and financial plans.

This bill prohibits state agencies from submitting a proposal for an earmark or a nonfiscal policy item. Under the bill, an earmark is a provision that authorizes or requires the payment of state moneys to a specific beneficiary or beneficiaries in a manner not determined by laws of general applicability for the selection of the beneficiary or beneficiaries. Similarly, a nonfiscal policy item is a provision that does not appropriate money, provide for revenue, or relate to taxation.

Biennial state agency budget modification report

Currently, the secretary of administration must prepare a biennial budget report for distribution to the legislature on the same day that the governor delivers his budget message to the legislature. The report contains a variety of information
relating to the state's finances, state expenditures, and state revenues. This bill requires the secretary of administration to also prepare a biennial state agency budget modification report that includes the following information: a statement identifying each proposal in the executive budget bill that was requested by a state agency, but that was altered by the governor; a statement identifying each proposal in the executive budget bill that was not requested by a state agency; and a statement specifying the costs of each of these two proposals, the policy reasons for including each proposal in the executive budget bill, and the intended beneficiary or beneficiaries of each proposal.

**Earmark transparency report**

The bill requires LFB to prepare an earmark transparency report on each biennial budget bill and on each amendment thereto. The report must contain all of the following: a list of all earmarks and nonfiscal policy items; the cost of each earmark and nonfiscal policy item; and the beneficiary of each earmark and nonfiscal policy item. If the beneficiary is an individual, LFB must identify the assembly and senate district in which the beneficiary resides. If the beneficiary is an entity, LFB must identify the assembly and senate district in which the beneficiary is located, incorporated, or organized. With respect to an amendment to a biennial budget bill, LFB must identify the representative to the assembly or senator who proposed the earmark or nonfiscal policy item.

**Joint Committee on Finance consideration of biennial budget bill**

The bill provides that the Joint Committee on Finance may not vote to recommend passage of a biennial budget bill or an amendment thereto until LFB has distributed a copy of the earmark transparency report to each member of the legislature and at least 48 hours have passed from the time when LFB has distributed the report to all of the members.

**Senate and assembly consideration of biennial budget bill**

The bill provides that neither house of the legislature may pass a biennial budget bill until LFB has distributed a copy of an earmark transparency report on the biennial budget bill, as amended, to each member of the legislature and at least 48 hours have passed from the time when LFB has distributed the report to all of the members. The bill further provides that, if a committee of conference is convened on a biennial budget bill, a conference report may not contain any earmark or nonfiscal policy item that was not included in the executive budget bill or an amendment thereto that was passed by either house of the legislature.

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

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

1. **SECTION 1.** 13.102 of the statutes is created to read:
13.102 Joint committee on finance; consideration of biennial budget

bill. (1) The joint committee on finance may not vote to recommend passage of a
biennial budget bill or an amendment thereto until the legislative fiscal bureau has
distributed a copy of an earmark transparency report on the biennial budget bill, as
amended, prepared under s. 13.95 (1r) (b), to each member of the legislature and at
least 48 hours have passed from the time when the legislative fiscal bureau has
distributed the report to all of the members.

(2) If a member of the joint committee on finance makes a motion during
committee deliberations on a biennial budget bill to remove an earmark or nonfiscal
policy item from a biennial budget bill, the motion shall prevail on either a majority
or a tie vote.

Section 2. 13.39 of the statutes is created to read:

13.39 Legislative consideration of biennial budget bill. (1) Neither
house of the legislature may pass a biennial budget bill until the legislative fiscal
bureau has distributed a copy of an earmark transparency report on the biennial
budget bill, as amended, prepared under s. 13.95 (1r) (b), to each member of the
legislature and at least 48 hours have passed from the time when the legislative
fiscal bureau has distributed the report to all of the members.

(2) If a committee of conference is convened on a biennial budget bill, a
conference report may not contain any earmark, as defined in s. 13.95 (1r) (a) 1., or
nonfiscal policy item, as defined in s. 13.95 (1r) (a) 2., that was not included in the
executive budget bill or an amendment thereto that was passed by either house of
the legislature.

Section 3. 13.95 (1r) of the statutes is created to read:

13.95 (1r) (a) In this subsection:
“Earmark” means a provision in a bill or amendment that authorizes or requires the payment of state moneys to a specific beneficiary or beneficiaries in a manner not determined by laws of general applicability for the selection of the beneficiary or beneficiaries.

2. “Nonfiscal policy item” means a provision in a bill or amendment that does not appropriate money, provide for revenue, or relate to taxation.

(b) The legislative fiscal bureau shall prepare an earmark transparency report on each biennial budget bill and on each amendment thereto. The report shall contain all of the following:

1. A list of all earmarks and nonfiscal policy items.

2. The cost of each earmark and nonfiscal policy item.

3. The beneficiary of each earmark and nonfiscal policy item. If the beneficiary is an individual, the legislative fiscal bureau shall identify the assembly and senate district in which the beneficiary resides. If the beneficiary is an entity, the legislative fiscal bureau shall identify the assembly and senate district in which the beneficiary is located, incorporated, or organized. If the legislative fiscal bureau cannot determine the identity of a beneficiary, the legislative fiscal bureau shall note that fact in the report. If the earmark is a tax deduction, credit, exclusion, or exemption, all of the following shall apply:

   a. All businesses and associations that are members of the same controlled group of corporations shall be treated as a single beneficiary.

   b. All shareholders of a corporation, partners of a partnership, members of an association or organization, or beneficiaries of a trust or estate, respectively, shall be treated as a single beneficiary.

   c. All employees of a single employer shall be treated as a single beneficiary.
d. All health or other benefit plans of an employer that are qualified under the federal Internal Revenue Code shall by treated as a single beneficiary.

e. All contributors to a charitable organization shall be treated as a single beneficiary.

f. All holders of the same bond or note issue shall be treated as a single beneficiary.

g. If a corporation, partnership, association or organization, or trust estate is the beneficiary, the shareholders of the corporation, the partners of the partnership, the members of the association or organization, or the beneficiaries of the trust or estate shall not be considered beneficiaries.

4. If an amendment, the name of the representative to the assembly or senator who proposed the earmark or nonfiscal policy item.

SECTION 4. 16.42 (1) (intro.) of the statutes is amended to read:

16.42 (1) (intro.) All agencies, other than the legislature and the courts, no later than September 15 of each even-numbered year, in the form and content prescribed by the department, shall, subject to sub. (1m), prepare and forward to the department and to the legislative fiscal bureau the following program and financial information:

SECTION 5. 16.42 (1m) of the statutes is created to read:

16.42 (1m) An agency may not include in the program and financial information provided to the department and the legislative fiscal bureau under sub. (1) a proposal for an earmark, as defined in s. 13.95 (1r) (a) 1., or a nonfiscal policy item, as defined in s. 13.95 (1r) (a) 2.

SECTION 6. 16.45 of the statutes is amended to read:
**16.45 Budget message to legislature.** In each regular session of the legislature, the governor shall deliver the budget message to the 2 houses in joint session assembled. Unless a later date is requested by the governor and approved by the legislature in the form of a joint resolution, the budget message shall be delivered on or before the last Tuesday in January of the odd-numbered year. With the message the governor shall transmit to the legislature, as provided in ss. 16.46 and to 16.47, the biennial state budget report, the biennial state agency budget modification report, and the executive budget bill or bills together with suggestions for the best methods for raising the needed revenues. The governor may distribute the biennial state budget report in printed or optical disk format.

**SECTION 7.** 16.465 of the statutes is created to read:

**16.465 Biennial state agency budget modification report.** A biennial state agency budget modification report shall be prepared by the secretary, under the direction of the governor, and a copy of the report shall be furnished to each member of the legislature on the day of the delivery of the budget message. The biennial state agency budget modification report shall be furnished to each member of the legislature on the same day and shall contain the following information:

(a) A statement identifying each proposal in the executive budget bill that was requested by an agency under s. 16.42 (1), but that was altered by the governor.

(b) A statement identifying each proposal in the executive budget bill that was not requested by an agency under s. 16.42 (1).

(c) A statement specifying the costs of each proposal under pars. (a) and (b), the policy reasons for including each proposal in the executive budget bill, and the intended beneficiaries of each proposal.

(END)