2007 SENATE BILL 34

February 12, 2007 – Introduced by Senators LASSA, HARSDFOR OLSN, DARLING, LEIBHAM and A. LASEE, cosponsored by Representatives VUKMIR, MOLEPSKE, ZIEGELBAUER, MUSSE HAHN, ALBERS, WASSERMAN, GUNDERSON, ROTH and STRACHOTA. Referred to Joint Committee on Finance.

AN ACT to amend 16.47 (1); and to create 13.39 and 16.467 of the statutes; relating to: preparing the executive budget bill or bills according to generally accepted accounting principles; prohibiting the executive budget bill or bills from increasing the state’s budget deficit; and requiring legislation to reduce 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 bill or bills must be prepared according to GAAP. In addition, the bill provides that no executive budget
bills 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, 2009, 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 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:

SECTION 1. 13.39 of the statutes is created to read:

13.39 Legislation to reduce state budget deficit. Beginning on July 1, 2009, if there is in any fiscal year a state budget deficit according to generally accepted accounting principles, as reported in any audited financial report prepared by the department of administration, the legislature shall pass legislation to reduce the budget deficit by the lesser of $100,000,000 or the entire amount of the deficit.

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

16.467 Preparation of biennial budget bill or bills according to generally accepted accounting principles. For the fiscal biennium that occurs after the fiscal year in which the department determines, in any audited financial report prepared by the department, that the state does not have a budget deficit according to generally accepted accounting principles, as adopted by the governmental accounting standards board or its successor bodies, and each fiscal biennium thereafter, the biennial budget bill or bills shall be prepared according to generally accepted accounting principles.

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

16.47 (1) Except as provided in s. 16.529 (2), the executive budget bill or bills shall incorporate the governor’s recommendations for appropriations for the
succeeding biennium. The appropriation method shown in the bill or bills shall in no way affect the amount of detail or manner of presentation which may be requested by the joint committee on finance. Appropriation requests may be divided into 3 allotments: personal services, other operating expenses and capital outlay or such other meaningful classifications as may be approved by the joint committee on finance. No executive budget bill or bills may increase the state's budget deficit, if any, according to generally accepted accounting principles, as reported in any audited financial report prepared by the department.

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