



Legislative Fiscal Bureau

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October 15, 2003

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 252 and Assembly Bill 528: Joint Committee on Finance Review of Stewardship Projects

Senate Bill 252 and Assembly Bill 528 are identical bills that would restore the passive review authority of the Joint Committee on Finance over certain projects and activities funded by the Warren Knowles-Gaylord Nelson Stewardship 2000 program. SB 252 was introduced on September 17, 2003, and was referred to the Joint Committee on Finance. AB 528 was introduced on September 18, 2003. On October 8, 2003, the Assembly Committee on Property Rights and Land Management recommended the bill for passage on a vote of six to two.

BACKGROUND

During deliberations on SB 44 (the 2003-05 biennial budget bill), the Legislature proposed lowering the threshold of the Joint Committee on Finance review of stewardship land acquisition and property development projects from \$250,000 to zero. Under Enrolled SB 44, all land acquisition and property development activities under stewardship would have been reviewed by Joint Finance under the 14-day passive review process. The \$250,000 threshold of review by the Committee would have been maintained for local assistance or non-profit conservation (NCO) grants provided under the stewardship program.

The Governor, in his partial vetoes of 2003 Act 33, deleted this provision. Further, the partial veto repealed all passive review requirements for land acquisition, property development, and grant activities supported by funding from the stewardship program. The repeal was accomplished by completely vetoing the sections in SB 44 relating to this item, with the exception of Section 802m, which read: "23.0917 (6)(b) of the statutes is repealed" (this provision would have repealed the \$250,000 threshold on all stewardship projects). The Governor deleted the "(b)", thereby repealing

all of 23.0917 (6), which provided for the review of stewardship projects by the Joint Committee on Finance.

Several review procedures remain in place, however. They are identified below.

Under Department of Natural Resources (DNR) administrative rule, the following land transactions require the approval of the Natural Resources Board: (a) acquisitions where the purchase price is \$150,000 or more; (b) acquisitions where more than 40 acres are outside of an established project boundary; (c) acquisitions where the purchase price exceeds the highest appraised value; (d) acquisitions by condemnation of land; (e) acquisitions by gifts of land to the Department; (f) acquisitions where improvement values exceed 35% of total appraised value; (g) acquisitions of short tenure with substantial increased value; (h) sales of state land that are no longer needed for conservation purposes where the value exceeds \$50,000 or where the acreage exceeds 40 acres. The Natural Resources Board need not approve stewardship grants provided by the Department.

Building projects of over \$500,000 in costs are required to be specifically enumerated in state law. For example, 1999 Act 9 (the 1999-01 biennial budget) enumerates a \$690,000 stewardship project for a nature and conference center at Lapham Peak State Forest under section 9107 (1) f. The Legislature typically enumerates these projects in the state budget. Further, any state-funded development project in excess of \$100,000 but less than \$500,000 must be reviewed by the State Building Commission for approval prior to bidding.

Further, all land acquisition projects, proposals for the sale of any DNR-managed land, and any development projects over \$60,000 are submitted to the Governor for review, and are subject to his approval.

While grants to local governments and NCOs go through an internal DNR review and scoring process, they generally are not subject to review by either the Natural Resource Board or Governor. For grants over \$250,000 the only additional oversight procedure for these expenditures had been the Joint Finance passive review provision.

The heightened review procedure for stewardship projects was enacted in 1995 in order to provide an increased level of legislative scrutiny for major expenditures under the stewardship program. The stewardship program is a considerable commitment of state funds with \$803 million in general obligation bonds authorized. Debt service payments (principal repayment and interest) could total approximately \$1.3 billion over the life of the program bonds (about a 40-year period).

SUMMARY OF BILL

The bill would restore the passive review authority of the Joint Committee on Finance over projects and activities funded by the Warren Knowles-Gaylord Nelson Stewardship 2000 program

to what had been law prior to the passage of 2003 Act 33. The Department of Natural Resources would be required to submit any project or activity (including land acquisition, property development and grants to local governments and NCOs) funded by the Warren Knowles-Gaylord Nelson Stewardship program in excess of \$250,000 in writing to the Joint Committee on Finance. If the Co-chairs of the Committee do not notify DNR within 14 working days that the Committee has scheduled a meeting to review the proposal, the Department may obligate funding for the project or activity. However, if the Committee notifies DNR within 14 working days that it has scheduled a meeting to review the proposal, DNR may only obligate the moneys upon approval of the Committee. The passive review process would also apply to projects for which DNR proposes to obligate an amount for the acquisition of land that is in excess of its current annual bonding allotment, but less than the total bonding authority remaining for that subprogram (such as was used for the Great Addition and Peshtigo River State Forest purchases).

It should be noted that there had been some confusion under the prior provision on whether Joint Finance review applied to DNR development projects under the stewardship program. Although the statute clearly stated the provision applied to all stewardship projects, during the over seven and one-half years the provision was in effect, DNR only submitted one development project (a \$499,000 bridge railing and decking project for the first phase of development of the Badger State Trail in Dane and Green Counties submitted in December, 2002). The bill could be amended to more clearly specify that stewardship development projects are subject to the legislative review procedure (such as a specific reference clarifying that Joint Finance review is in addition to Building Commission review).

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