



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #147

### **Program Revenue Lapse (Agriculture, Trade and Consumer Protection)**

[LFB 2005-07 Budget Summary: Page 65, #15]

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#### **CURRENT LAW**

DATCP's sale of supplies PR appropriation account funds the publication of food safety and consumer protection informational materials, and collects revenues related to the sale of these materials. The appropriation account is expected to have a July 1, 2005, balance of approximately \$20,000.

DATCP's weights and measures PR appropriation account receives revenue from a variety of weights and measures inspection related fees, including fertilizer, commercial feed, retail food establishment, vehicle scale and petroleum meter fees, and uses these revenues for testing and enforcement. The account is expected to have a July 1, 2005, balance of approximately \$670,000.

#### **GOVERNOR**

Lapse \$250,000 in 2005-06 from DATCP's sale of supplies PR appropriation account to the state's general fund.

#### **ANALYSIS**

1. While the Governor's intent was to direct the lapse from the weights and measures inspection appropriation account, an error in the bill would require the \$250,000 lapse from the Department's sale of supplies appropriation account. Under the bill, DATCP's supplies and services appropriation account could have a June 30, 2007, deficit of approximately \$200,000.

2. If the \$250,000 lapse is taken from DATCP's weights and measures appropriation

account, as intended, the account would be projected to have a July 1, 2007, balance of approximately \$190,000.

3. Given the weights and measures appropriation account balance, it could be argued that the Committee could lapse an additional \$150,000 from the account, for a total lapse of \$400,000 in 2005-06. This would be expected to leave a July 1, 2007, balance of approximately \$40,000.

4. However, DATCP's weights and measures appropriation account could have a structural imbalance (expenditures exceed revenues) of approximately \$100,000 in 2006-07. Therefore, were \$400,000 to be lapsed from the account, fees that are deposited into the account may need to be increased, or expenditures reduced, in the 2007-09 biennium in order to prevent the account from running a negative balance.

5. Revenue deposited into this account comes from a variety of weights and measures inspection related fees, including fertilizer, commercial feed, retail food establishment, vehicle scale and petroleum meter fees. DATCP uses these revenues for testing and enforcement activities. Some of these fees are set statutorily (meaning a statutory modification would be required to change them) and others are set by administrative rule (DATCP could propose revised rules to modify the fees).

6. If \$325,000 were to be lapsed from DATCP's weights and measures appropriation account, the account could be expected to have a July 1, 2007, balance of approximately \$115,000. Depending on actual revenues and expenditure levels over the next several years, this alternative may require increased fees or reduced expenditures as early as 2008-09.

7. Expenditures from DATCP's sale of supplies appropriation have totaled between \$5,200 and \$24,700 over the past four years, while revenues have averaged \$18,000 annually. Expenditures from this appropriation tend to fluctuate from year to year based on the release of a landlord/tenant booklet published by the Department (that is updated about every three years). In 2004-05, DATCP is once again releasing a new landlord/tenant booklet. As a result, DATCP officials indicate expenditures from this appropriation could approach \$30,000 in 2004-05. Therefore, the Committee could consider reducing expenditure authority for this appropriation from \$42,000 under the bill to \$30,000 PR annually to more accurately reflect expenditure estimates and available revenues.

## **ALTERNATIVES**

### **A. Program Revenue Lapse to General Fund**

1. Lapse \$250,000 in 2005-06 from DATCP's weights and measures inspection appropriation account (instead of from DATCP's sale of supplies appropriation account) to the state's general fund to reflect the Governor's intent.

2. Lapse \$325,000 in 2005-06 from DATCP's weights and measures inspection appropriation account to the state's general fund.

<u>Alternative A2</u>	<u>GPR-REV</u>
<b>2005-07 REVENUE</b> (Change to Bill)	\$75,000

3. Lapse \$400,000 in 2005-06 from DATCP's weights and measures inspection appropriation account to the state's general fund.

<u>Alternative A3</u>	<u>GPR-REV</u>
<b>2005-07 REVENUE</b> (Change to Bill)	\$150,000

4. Take no action.

<u>Alternative A4</u>	<u>GPR-REV</u>
<b>2005-07 REVENUE</b> (Change to Bill)	- \$250,000

## **B. Sale of Supplies Expenditures**

1. Delete \$12,000 annually to reestimate DATCP's sale of supplies appropriation expenditures at \$30,000 PR annually to more accurately reflect historical expenditures levels and available revenues.

<u>Alternative B1</u>	<u>PR</u>
<b>2005-07 FUNDING</b> (Change to Bill)	- \$24,000

2. Take no action.

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