

BUILDING COMMISSION

Budget Summary							
Fund	2018-19 Base Year Doubled	2019-21 Governor	2019-21 Jt. Finance	Joint Finance Change to:			
				Governor		Base	
				Amount	Percent	Amount	Percent
GPR	\$87,720,000	\$65,488,800	\$65,264,600	-\$224,200	- 0.3%	-\$22,455,400	- 25.6%
PR	3,392,200	3,273,400	3,273,400	0	0.0	- 118,800	- 3.5
SEG	<u>2,048,400</u>	<u>2,048,400</u>	<u>2,048,400</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$93,160,600	\$70,810,600	\$70,586,400	-\$224,200	- 0.3%	-\$22,574,200	- 24.2%

FTE Position Summary
There are no full time positions authorized for the Building Commission.

Budget Change Items

1. DEBT SERVICE REESTIMATE [LFB Papers 176 and 177]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	-\$22,231,200	-\$224,200	-\$22,455,400
PR	<u>- 118,800</u>	<u>0</u>	<u>- 118,800</u>
Total	-\$22,350,000	-\$224,200	-\$22,574,200
GPR-Lapse	\$0	-\$5,400,000	-\$5,400,000

Governor: Decrease funding by \$13,223,200 GPR in 2019-20 and by \$9,008,000 GPR in 2020-21 to reflect the reestimate of GPR debt service costs on state general obligation bonds and commercial paper debt issued for GPR-supported bonds as shown in the following table. Modify funding by -\$768,600 PR in 2019-20 and \$649,800 PR in 2020-21 for debt service on PR-supported bonds.

Joint Finance: Decrease estimated GPR debt service in 2020-21 by \$224,200. The

reduction is due to the Committee's decision to decrease from \$45,000,000 to \$10,000,000 the Governor's recommended bonding authority for passenger rail projects. Estimate GPR-lapses of \$300,000 annually attributable to the use of interest earnings on the bond security and redemption fund to pay GPR debt service. Also, estimate GPR-lapses of \$2,400,000 annually to reflect GPR debt service savings on interest costs due to prepaying \$56,200,000 of outstanding general obligation debt.

2. TRANSFER FROM THE GENERAL FUND TO THE STATE BUILDING TRUST FUND [LFB Paper 122]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Transfer	\$10,000,000	- \$10,000,000	\$0
PR-Transfer	\$0	\$10,000,000	\$10,000,000

Governor: Transfer \$10,000,000 GPR in the 2019-21 fiscal biennium from the general fund to the state building trust fund. The state building trust fund is a segregated, nonlapsible fund that is used to finance advanced planning activities for projects enumerated in the state building program.

Joint Finance: Delete the Governor's recommendation. Instead, transfer \$10,000,000 PR from the capital planning and building construction services appropriation to the building trust fund in 2019-20. Revenues to the capital planning and building construction services appropriation are primarily from a 4% fee the Department of Administration Division of Facilities Development and Management assesses on state building projects. Unused funds remaining in the appropriation can be utilized in subsequent years, subject to expenditure authority and the available balance. In recent years, the appropriation developed a cash balance that allows for a \$10,000,000 transfer from the appropriation to the building trust fund.

3. USE OF PROCEEDS FROM THE LEASE OR SALE OF STATE-OWNED REAL PROPERTY [LFB Paper 175]

Governor: Modify current law procedures under which the Department of Administration (DOA) or the State Building Commission may lease or sell state-owned real property to allow the proceeds from the lease or sale of such property to be used in lieu of bonding for state building projects.

Authorize DOA or the Building Commission to deposit some or all of the net proceeds from the lease or sale of state-owned real property, not to exceed the amount that would have been deposited in the bond and security and redemption fund under current law, into the capital improvement fund for use as a substitute source of funding for a project enumerated under the authorized state building program that is within the same statutory bond purpose as the property leased or sold. Specify that DOA or the Building Commission would be responsible for determining which projects to fund and would authorize expenditures for those projects. Modify the current factors considered by DOA or the Building Commission to also consider the costs of

establishing an escrow needed to redeem the outstanding debt and the costs of maintaining federal tax law compliance in the selection of the project financed with the lease or sale proceeds. Specify that if DOA or the Building Commission deposits lease or sale proceeds into the capital improvement fund for use as a substitute source of funding, the amount of public debt that may be contracted under the statutory bond purpose for which the amount deposited is used as a substitute funding source would be reduced by the amount used as a substitute source of funding.

Require that if there are any outstanding revenue obligations used to finance the acquisition, construction, or improvement of any property that is leased or sold, DOA and the Building Commission must adhere to any restrictions in the authorizing resolution governing the use of the lease or sale proceeds. To the extent the authorizing resolution does not restrict the use of such proceeds, authorize DOA or the Building Commission to deposit an amount in the appropriate revenue obligation fund or apply the amount for a purpose for which similar revenue obligations may be issued under current law. Specify that if the net proceeds exceed the amount required to be deposited, paid, or used for another purpose, then in addition to paying debt service, the net proceeds or the remaining net proceeds could be used for a purpose for which similar revenue obligations may be issued under current law. Specify that if DOA or the Building Commission deposits net proceeds from a property leased or sold into an appropriate fund or applies net proceeds for a purpose for which revenue obligations may be issued, the amount of revenue obligations authorized under current law would be reduced by the amount deposited or applied.

Specify that these exceptions do not apply to bonds issued for the Milwaukee Initiative, the Wisconsin Initiative for State Technology and Applied Research Program, the HealthStar Program, the BioStar Initiative, amounts allocated for the repair and renovation of University of Wisconsin System facilities, and for the Bradley Center Sports and Entertainment Corporation.

Under current law, if there is any outstanding public debt used to finance the acquisition, construction, or improvement of property leased or sold by the state, DOA or the Building Commission must deposit the net proceeds from the lease or sale into the bond security and redemption fund to repay the principal and to pay the interest on the debt and to pay any premium due upon refunding any of that debt. DOA or the Building Commission must also allocate an amount from the net proceeds to pay for the costs of maintaining federal tax law compliance applicable to the debt. If the property was acquired, constructed, or improved with federal financial assistance, DOA or the Building Commission must pay to the federal government any of the proceeds required by federal law. If the property was acquired by gift or grant or with gift or grant funds, DOA or the Building Commission must adhere to any restriction governing use of the proceeds. If there is no debt outstanding on the property, there are no moneys payable to the federal government, and there is no restriction governing use of the proceeds, and if the net proceeds exceed the amount required to be deposited, paid, or used for another purpose, DOA or the Building Commission must use the net proceeds (or remaining net proceeds) to pay principal and interest costs on outstanding public debt issued to finance the acquisition, construction, or improvement of other state property. If any net proceeds remain thereafter, DOA or the Building Commission must use the net proceeds to pay principal and interest costs on other outstanding public debt.

Joint Finance: Delete provision.