



State of Wisconsin
2025 - 2026 LEGISLATURE

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SENATE SUBSTITUTE AMENDMENT 2,
TO SENATE BILL 56

May 15, 2025 - Offered by Senators LARSON, CARPENTER and SPREITZER.

AN ACT *to create* 13.40 of the statutes; **relating to:** requiring the legislature to
convene an extraordinary session if an executive order of the president of the
United States freezes federal aid to the state.

Analysis by the Legislative Reference Bureau

This bill requires the legislature to convene an extraordinary session if the president of the United States issues an executive order under which federal aid to Wisconsin that was previously authorized under an act of Congress is frozen. The extraordinary session must be called for legislative consideration of a bill that does all of the following:

1. Establishes a procedure to estimate the amounts of federal aid that each state agency, eligible local governmental unit, and eligible nonprofit organization is likely to be deprived of as a result of the executive order. Only those local governmental units and nonprofit organizations that receive federal moneys under a state appropriation qualify as eligible.
2. Provides for payments from the budget stabilization fund to state agencies, eligible local governmental units, and eligible nonprofit organizations to offset estimated deprivation amounts.

3. Prioritizes payments to offset deprivation amounts of federal aid that fund essential services.

4. Limits payments to eligible local governmental units and eligible nonprofit organizations to no more than the amounts the eligible local governmental unit or eligible nonprofit organization would have received under a state appropriation of federal moneys but for the executive order.

5. To the extent allowed under federal law, provides for reimbursement to the budget stabilization fund for the payments specified in item 2 whenever the state receives a back payment of federal aid moneys that were previously frozen by executive order of the president.

6. Provides that if, in lieu of reimbursement to the budget stabilization fund, federal aid moneys received by the state as a back payment are paid to a state agency, eligible local governmental unit, or eligible nonprofit organization, the state agency, eligible local governmental unit, or eligible nonprofit organization must remit to the state for deposit in the budget stabilization fund an amount equal to the back payment amount received.

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

SECTION 1. 13.40 of the statutes is created to read:

13.40 Frozen federal aid. (1) DEFINITIONS. In this section:

(a) “Eligible local governmental unit” means a political subdivision, a special purpose district, an agency or corporation of a political subdivision or special purpose district, a school district, or a combination or subunit of any of the foregoing, in this state that receives funding under an appropriation of federal moneys made under ch. 20.

(b) “Eligible nonprofit organization” means an organization or association not organized or conducted for pecuniary profit that is exempt from taxation under section 501 (c) of the Internal Revenue Code and that receives funding under an appropriation of federal moneys made under ch. 20.

(c) “State agency” means an association, authority, board, department, commission, independent agency, institution, system, office, society, or other body

in state government created or authorized to be created by the constitution or any law.

(2) EXTRAORDINARY SESSION. If the president of the United States issues an executive order under which federal aid to this state that was previously authorized under an act of Congress is frozen, the assembly and senate committees on organization shall as soon as practicable and without delay convene an extraordinary session of the legislature for legislative consideration of a bill, which the assembly or senate committee on organization shall have drafted and introduced, that does all of the following:

(a) Establishes a procedure to estimate the amounts of federal aid that each state agency, eligible local governmental unit, and eligible nonprofit organization is likely to be deprived of as a result of the executive order.

(b) Provides for payments from the budget stabilization fund to state agencies, eligible local governmental units, and eligible nonprofit organizations to offset deprivation amounts estimated under the procedure established in par. (a).

(c) Prioritizes payments under par. (b) to offset estimated deprivation amounts of federal aid that fund essential services, which shall be defined under the bill.

(d) Limits payments to eligible local governmental units and eligible nonprofit organizations to no more than the amounts the eligible local governmental unit or eligible nonprofit organization would have received under an appropriation of federal moneys made under ch. 20 but for the executive order.

(e) To the extent allowed under federal law, provides for reimbursement to the budget stabilization fund for payments made under par. (b) whenever the state

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receives a back payment of federal aid moneys that were previously frozen by executive order of the president.

(f) Provides that if, in lieu of reimbursement to the budget stabilization fund under par. (e), federal aid moneys received by the state as a back payment are paid to a state agency, eligible local governmental unit, or eligible nonprofit organization, the state agency, eligible local governmental unit, or eligible nonprofit organization shall remit to the state for deposit in the budget stabilization fund an amount equal to the back payment amount previously paid to the state agency, eligible local governmental unit, or eligible nonprofit organization.

(END)