



2003 ASSEMBLY BILL 237

March 31, 2003 - Introduced by Representatives LOTHIAN, BIES, HAHN, HINES, JESKEWITZ, KRAWCZYK, LADWIG, F. LASEE, LEMAHIEU, LOEFFELHOLZ, MCCORMICK, OLSEN, VAN ROY and WEBER, cosponsored by Senators STEPP and SCHULTZ. Referred to Committee on Budget Review.

1 **AN ACT to amend** 16.518 (title), 16.518 (3) (a), 16.518 (3) (b) 1. and 25.60; and
2 **to create** 13.39, 20.875 (2) (r), 71.07 (7m) and 71.10 (4) (dt) of the statutes;
3 **relating to:** moneys deposited in the budget stabilization fund, creating an
4 individual nonrefundable budget stabilization fund income tax credit, and
5 making an appropriation.

Analysis by the Legislative Reference Bureau

Under current law, there exists a budget stabilization fund that consists of certain moneys transferred from the general fund. Annually, the secretary of administration (secretary) must calculate the difference between the amount of tax revenues projected to be deposited in the general fund (projected tax receipts) and the amount of tax revenues actually deposited in the general fund during the preceding fiscal year (actual tax receipts). If the projected tax receipts are less than the actual tax receipts, the secretary must transfer from the general fund to the budget stabilization fund an amount equal to 50% of the difference between the projected tax receipts and the actual tax receipts. This annual calculation and transfer continues until the balance of the budget stabilization fund is 5% of the estimated expenditures from the general fund during the fiscal year, as projected in the biennial budget act or acts.

This bill requires that 100% of the difference between the projected tax receipts and the actual tax receipts be transferred to the budget stabilization and that the annual calculation and transfer continue until the balance of the budget

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stabilization fund is 11% of the estimated expenditures from the general fund during the fiscal year, as projected in the biennial budget act or acts.

In addition, the bill creates an individual income tax budget stabilization fund tax credit, which may be claimed by an individual taxpayer who is eligible for, and claims, the school property tax rent credit (SPTRC). The credit is nonrefundable, meaning that if the amount of the credit exceeds the taxpayer's tax liability no check is issued in the amount of the difference.

The credit is available only in taxable years in which the amount in the budget stabilization fund equals 8% of the estimated expenditures from the general fund during the fiscal year, as projected in the biennial budget act or acts, plus \$100,000,000. If the secretary certifies that the amount in the fund is at least equal to that amount, the Department of Revenue determines the amount of the credit that may be claimed in that taxable year. The credit amount is determined by first calculating a percentage by dividing the amount certified by the sum of all projected claims under the SPTRC, and then by multiplying the claimant's claim under the SPTRC by the resulting percentage. The credit amount is then modified so that the amount in the fund greater than 8% of the estimated expenditures from the general fund during the fiscal year, as projected in the biennial budget act or acts, is expended as fully as possible and by rounding down the credit amount to the nearest whole number.

In addition, the bill specifies that moneys in the budget stabilization fund may be used only for the purpose of providing state revenue stability during periods of below-normal economic activity when actual tax receipts are lower than projected tax receipts, for the purpose of paying principal and interest on public debt, and for the purpose of the budget stabilization fund income tax credit.

Finally, the bill prohibits the legislature from passing any bill that would authorize the expenditure of moneys from the budget stabilization fund so as to reduce the balance of the budget stabilization fund below 3% of the estimated expenditures from the general fund during the fiscal year, as projected in the biennial budget act or acts, and requires that at least two-thirds of the members of each house of the legislature approve any other bill authorizing any expenditure of moneys from the budget stabilization fund.

For further information see the *state* 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:

- 1 **SECTION 1.** 13.39 of the statutes is created to read:
- 2 **13.39 Expenditure of moneys from the budget stabilization fund. (1)**
- 3 Except as provided in sub. (2), at least two-thirds of the members of each house of

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1 the legislature must approve any bill authorizing the expenditure of moneys from the
2 budget stabilization fund.

3 **(2)** The legislature may not approve any bill authorizing the expenditure of
4 moneys from the budget stabilization fund if the expenditure of moneys would cause
5 the balance of the budget stabilization fund to fall below 3% of the estimated
6 expenditures from the general fund during the fiscal year, as reported in the
7 summary, as defined in s. 16.518 (1).

8 **SECTION 2.** 16.518 (title) of the statutes is amended to read:

9 **16.518 (title) Transfers to the budget stabilization fund and the cash**
10 **building projects fund.**

11 **SECTION 3.** 16.518 (3) (a) of the statutes is amended to read:

12 16.518 **(3)** (a) Subject to par. (b), if the amount of moneys projected to be
13 deposited in the general fund during the fiscal year that are designated as "Taxes"
14 in the summary is less than the amount of such moneys actually deposited in the
15 general fund during the fiscal year, the secretary shall annually transfer from the
16 general fund to the budget stabilization fund ~~50%~~ 100% of the amount calculated
17 under sub. (2).

18 **SECTION 4.** 16.518 (3) (b) 1. of the statutes is amended to read:

19 16.518 **(3)** (b) 1. If the balance of the budget stabilization fund on June 30 of
20 the fiscal year is at least equal to ~~5%~~ 11% of the estimated expenditures from the
21 general fund during the fiscal year, as reported in the summary, the secretary may
22 not make the transfer under par. (a).

23 **SECTION 5.** 20.875 (2) (r) of the statutes is created to read:

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1 20.875 (2) (r) *Budget stabilization fund transfer for tax relief.* A sum sufficient
2 equal to the amount certified to the secretary of administration under s. 71.07 (7m)
3 (d), to fund the tax credit under s. 71.07 (7m).

4 **SECTION 6.** 25.60 of the statutes is amended to read:

5 **25.60 Budget stabilization fund.** There is created a separate nonlapsible
6 trust fund designated as the budget stabilization fund, consisting of moneys
7 transferred to the fund from the general fund under s. 16.518 (3). Moneys in the
8 budget stabilization fund may be used only for the purpose of providing state revenue
9 stability during periods of below-normal economic activity when actual state
10 revenues are lower than estimated revenues as provided in the summary, as defined
11 in s. 16.518 (1), for the purpose of paying principal and interest on public debt
12 contracted under subchs. I and IV of ch. 18, and for the purpose of the tax credit under
13 s. 71.07 (7m).

14 **SECTION 7.** 71.07 (7m) of the statutes is created to read:

15 71.07 (7m) BUDGET STABILIZATION FUND TAX CREDIT. (a) *Definitions.* In this
16 subsection:

17 1. "Claimant" means an individual taxpayer who is eligible for, and claims, the
18 credit under sub. (9).

19 2. "Credit percentage" means an amount calculated by the department by
20 dividing the amount certified under par. (c) 1. by the sum of all projected claims under
21 the credit under sub. (9) in the year to which the claim relates.

22 (b) *Filing claims.* Subject to the limitations and conditions provided in this
23 subsection, a claimant may claim as a credit against the tax imposed under s. 71.02,
24 up to the amount of those taxes, an amount determined by the department under par.
25 (c).

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1 (c) *Determination of credit amount.* 1. Not later than September 1 each year,
2 the secretary of administration shall certify to the secretary of revenue the amount
3 that is in the budget stabilization fund under s. 25.60 that exceeds 8% of the
4 estimated expenditures from the general fund during the fiscal year, as reported in
5 the summary, as defined in s. 16.518 (1).

6 2. If the amount of the certification is \$100,000,000 or less, the amount that
7 may be claimed in that taxable year is zero.

8 3. If the amount of the certification exceeds \$100,000,000, the department shall
9 determine the credit percentage for that taxable year. The credit amount shall be
10 determined by multiplying the amount that a claimant claimed under the credit
11 under sub. (9) by the credit percentage, but shall be modified so that the certified
12 amount in the budget stabilization fund greater than 8% of the estimated
13 expenditures from the general fund during the fiscal year, as reported in the
14 summary, as defined in s. 16.518 (1), is expended as fully as possible and that the
15 credit amount for each claimant is rounded down to the nearest whole dollar amount.

16 (d) *Certification of amounts claimed.* No later than August 15 of the year
17 following the year in which the department determines a credit amount under par.
18 (c) 3., the department shall determine the amount of revenue lost because of credits
19 claimed in the taxable year to which that credit amount relates. The amount of
20 revenue lost shall be certified to the secretary of administration.

21 (e) *Limitations and conditions.* 1. No credit may be allowed under this
22 subsection unless it is claimed within the time period under s. 71.75 (2).

23 2. Part-year residents and nonresidents of this state are not eligible for the
24 credit under this subsection.

