

SPECIAL SESSION SENATE BILL 1

Additional Segregated Fund Reductions, Transfers and Adjustments

Motion:

Move to make the following additional **SEG** fund reductions, transfers or adjustments in 2002-03.

(1) *Additional 2002-03 SEG Appropriations Reductions and Transfers to the General Fund.*
Increase the required SEG appropriation reductions and transfers to the general fund in 2002-03 under the following agency appropriations:

<u>Agency/Appropriation Purpose</u>	<u>Additional SS SB 1 Reduction and Transfer</u>
Commerce	
Brownfields grants	\$2,750,000
Natural Resources	
Brownfields green space grants	500,000
Brownfields sustainable urban development zones	<u>125,000</u>
TOTAL	\$3,375,000

(2) *Additional 2002-03 SEG Fund Balance Reductions and Transfers to the General Fund.*
Increase the required transfers from the unappropriated balances in the following SEG funds in 2002-03:

<u>Agency/Fund</u>	<u>Additional SS SB 1 Transfers</u>
Administration Public benefits	\$3,665,600
Natural Resources Recycling fund	3,100,000
Public Service Commission Universal service fund	<u>239,000</u>
TOTAL	\$7,004,600

(3) *Shift Additional Stewardship Debt Service to Forestry Account.* Shift an additional \$400,000 in 2002-03 from GPR to forestry account SEG for the payment of principal and interest related to the acquisition and development of forested properties under the Warren Knowles-Gaylord Nelson Stewardship program.

(4) *Deletion of SEG Transfer from the Veterans Mortgage Loan Fund.* Delete the reduction of \$223,800 SEG in 2002-03 from the Department of Veterans Affairs veterans mortgage loan fund operations appropriation and the transfer of these amounts to the general fund.

(5) *Deletion of SEG Transfer from the Environmental Improvement Fund.* Delete the reduction and transfer to the general fund of \$38,800 SEG in 2002-03 from the Department of Administration environmental improvement fund general operations appropriation.

(6) *Sustainable Urban Development Zone Technical.* Delete the provision that would have repealed the requirement in the sustainable urban development zone program that DNR provide \$150,000 to the City of Platteville and \$250,000 to the City of Fond du Lac in the 2001-03 biennium.

(7) *OCI SEG Fund Transfers.* Delete the provisions in the bill that would reduce OCI's segregated appropriations by a total of \$97,300 in 2002-03 and transfer this amount to the general fund, including: (a) \$35,900 from the patients compensation fund [20.145(2)(u)]; (b) \$33,700 from the local government property insurance fund [20.145(3)(u)]; and (c) \$27,700 from the state life insurance fund [20.145(4)(u)].

Instead, lapse \$97,300 PR in 2002-03 from the unallocated balance of OCI's general operations appropriation [20.145(1)(g)] to the general fund.

Note:

Appropriation Reductions and Transfers to the General Fund. Under SS SB 1, a total of \$4,000,000 SEG in 2002-03 would be reduced from these appropriations and transferred to the general fund. The motion increases the amount of the appropriations reductions and transfers in 2002-03 by an additional \$3,375,000.

Fund Balance Reductions and Transfers to the General Fund. Under SS SB 1, a total of \$10,700,000 SEG in 2002-03 would be transferred to the general fund from the balances in these SEG funds. The motion increases the amount of these transfers in 2002-03 by an additional \$7,004,600.

Shift Stewardship Debt Service to Forestry Account. Under SS SB 1, a total of \$4,000,000 in 2002-03 would be shifted from GPR to forestry account SEG for the payment of debt service related to the acquisition and development of forested properties under the Warren Knowles-Gaylord Nelson Stewardship program. This motion increases the amount of the funding shift in 2002-03 by an additional \$400,000 (a \$1.0 million balance would remain).

Deletion of SEG Transfer from the Veterans Mortgage Loan Fund. SS SB 1 would reduce the veterans mortgage loan fund operations appropriation [s. 20.485(3)(s) of the statutes] by \$223,800 SEG in 2002-03 and transfer that amount to the general fund. The veterans mortgage loan repayment fund consists of direct bond proceeds, repayments on mortgages, and investment earnings on proceeds. The Department has raised a concern that federal regulations governing the use of these funds may not permit their diversion to the state's general fund.

This motion would delete the proposed reduction and transfer.

Deletion of SEG Transfer from the Environmental Improvement Fund. SS SB 1 would delete \$38,800 SEG in 2002-03 from DOA's environmental improvement fund general operations appropriation [s. 20.505(1)(v) of the statutes] and transfer the amount to the general fund.

The monies in this environmental improvement fund appropriation derive from federal clean water and safe drinking water grants, municipal loan repayment receipts, and state general obligation bond proceeds. It is unlikely that the federal regulations governing the use of these funds would permit their diversion to the state's general fund. This motion would delete the proposed transfer from this appropriation. This action would reflect a portion of the modification requested by the Administration in a February 6, 2003, letter to the Committee.

Sustainable Urban Development Zone Technical. DNR entered into a contract with Platteville in May, 2002, and a contract with Fond du Lac in June, 2002. Administration officials indicate that the provision was included in the bill in error.

OCI SEG Fund Transfers. This motion would lapse \$97,300 PR in 2002-03 from the unallocated balance of OCI's general operations appropriation under s. 20.145(1)(g) to the general fund, rather than reduce OCI's segregated fund appropriations [20.145(2)(u), 20.145(3)(u), and 20.145(4)(u)] by \$97,300 and transfer the amount of the reduction to the general fund.

The funds in the segregated appropriations consist of premiums paid by policyholders. Under s. 655.27(6) and 604.03(2) of the statutes, the patients compensation fund, the local government property insurance fund, and the state life insurance fund are held in trust for the benefit of the insured and other proper claimants. OCI's legal staff indicate that transferring funds from these appropriations to the general fund may be subject to a legal challenge.

The following table summarizes the SEG changes under this motion.

<u>Agency</u>	<u>SS SB 1 Reduction/ Transfer Amount</u>	<u>Additional Change to SS SB 1</u>	<u>Reduction Transfer Amount</u>
Administration			
Environmental improvement fund general operations	\$38,800	-\$38,800	\$0
Public benefits	4,700,000	3,665,600	8,365,600
Commerce			
Brownfields redevelopment administration	100,000	0	100,000
Petroleum inspection operations	251,300	0	251,300
PECFA administration	139,300	0	139,300
Brownfields grants	3,500,000	2,750,000	6,250,000
Insurance			
Patients compensation fund--administration	35,900	-35,900	0
Local government property insurance--administration	33,700	-33,700	0
State life fund--administration	27,700	-27,700	0
Natural Resources			
Environmental management--cleanup and response	1,000,000	0	1,000,000
Air and waste operations--environmental management	218,700	0	218,700
Enforcement and science operations--environmental management	56,900	0	56,900
Water division operations--environmental fund	125,600	0	125,600
Nonpoint source--general operations	22,200	0	22,200
Recycling administration--recycling fund	11,500	0	11,500
Mobile source administration--petroleum inspection fund	23,300	0	23,300
Administration and technology operations--environmental fund	171,000	0	171,000
Customer assistance operations--environmental fund	30,300	0	30,300
Brownfields green space grants	500,000	500,000	1,000,000
Brownfields sustainable urban development zones	0	125,000	125,000
Recycling fund	3,000,000	3,100,000	6,100,000
Shift stewardship debt service to forestry account	4,000,000	400,000	4,400,000
Public Service Commission			
Universal service fund	3,000,000	239,000	3,239,000

<u>Agency</u>	SS SB 1 Reduction/ Transfer <u>Amount</u>	Additional Change to <u>SS SB 1</u>	Reduction Transfer <u>Amount</u>
Veterans Affairs Veterans mortgage loan fund operations	<u>\$223,800</u>	<u>-\$223,800</u>	<u>\$0</u>
TOTAL	\$21,210,000	\$10,419,700	\$31,629,700

[Change to SS SB 1: \$10,117,000 GPR-REV, -\$400,000 GPR, \$10,379,600 SEG-Transfer and -\$2,615,100 SEG]