

FISCAL CONTROLS, SCHOOL AIDS AND STATE OPERATIONS

Motion:

Move to adopt the following changes to the bill:

1. Levy Limits. Prohibit any city, village, town, county, or technical college district from increasing its total levy in 2003 (payable in 2004), 2004 (payable in 2005), and 2005 (payable in 2006) by more than the following percentages: (a) for cities, villages, towns, and counties, the percentage increase in the January 1 equalized value for the year of the levy that is due to new construction, net of improvements removed, but not less than 0%; and (b) for technical college districts, 2.6%.

Specify that the levy limit shall be adjusted, as determined by the Department of Revenue, as follows: (a) if a municipality, county, or technical college district transfers to another governmental unit responsibility for providing any service that was provided in the preceding year, the levy increase limit otherwise applicable to the municipality, county, or technical college district is decreased to reflect the cost that the municipality, county, or technical college district would have incurred to provide the service; (b) if a municipality, county, or technical college district increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the levy increase limit otherwise applicable to the municipality, county, or technical college district is increased to reflect the cost of providing that service; (c) if a municipality annexes property from another municipality, the annexing municipality's levy increase limit is increased by the municipal levy on the annexed property in the preceding year and the levy increase limit for the municipality from which the property was annexed is decreased by the same amount; and (d) if the debt service levy for a municipality, county, or technical college district in the preceding year is less than the debt service levy needed in the current year for any debt approved prior to the effective date of the biennial budget act, the levy increase limit otherwise applicable is increased by the difference between these two amounts.

Create a procedure under which a municipality, county, or technical college district may exceed its levy increase limit if the local government's governing body adopts a resolution to that effect and the electors of the municipality, county, or technical college district approve the resolution in a referendum. Specify that a town with a population below 2,000 may exceed its levy increase limit if the annual town meeting adopts a resolution to that effect. Specify that a referendum to exceed the levy increase limit for the 2004 levy (payable in 2005) must be held at the same time as the spring primary or election or the September primary or November general election. Sunset these provisions, effective July 1, 2006.

2. Revenue Limits and General School Aids. Adopt the Governor's recommendation to eliminate the requirement that the state fund two-thirds of partial school revenues. Adopt the Governor's recommendation to provide \$40,000,000 SEG in 2003-04 and \$60,000,000 SEG in 2004-05 for general school aids, as sunset June 30, 2005, in previous action by the Committee. Provide an additional \$55,200,000 GPR in 2003-04 and \$79,600,000 GPR in 2004-05 for general school aids. Reduce the revenue limit per pupil adjustment to \$120 in 2003-04 and \$100 in 2004-05 and thereafter, from the current law estimates of \$236 in 2003-04 and \$241 in 2004-05. Modify the Governor's recommendation to increase the low revenue ceiling to \$7,400 in 2003-04 and \$7,800 in 2004-05, to require a two-thirds vote of the school board to use this additional revenue limit authority.

3. Public Employer Group Health Insurance Plan. Allow counties, municipalities, school districts, and technical college districts to unilaterally convert current group health insurance coverage provided to their nonprotective employees to: (a) the public employer group health insurance plan offered by the Department of Employee Trust Funds under s. 40.51(7) of the statutes; or (b) a health care coverage plan, including a self-insured plan, that is substantially similar to the plan offered under s. 40.51(7). Direct the Wisconsin Employment Relations Commission to use criteria in rules promulgated by the Commissioner of Insurance to determine if health care coverage plans are similar. Specify that any decision by the employer to make this conversion would be a prohibited subject of bargaining, first effective for contracts entered into extended, modified, or renewed, whichever comes first, on the effective date of the bill.

4. Limit on GPR State Operations Appropriations. Provide that for fiscal years 2003-04, 2004-05, and 2005-06, the total amount of GPR appropriations for state operations in each of those fiscal years, excluding amounts provided for GPR debt service payments, plus the amounts set aside in each of those fiscal years for GPR compensation reserves, may not exceed the total of the level of GPR funding for state operations, excluding amounts for GPR debt service payments, provided in the final appropriation schedule for fiscal year 2002-03, plus GPR compensation reserves for that fiscal year.

5. Reestimates Due to Levy Limits. Make the following modifications to earlier reestimates approved by the Committee to reflect lower property taxes under the proposed levy limits: (a) reestimate the cost of the property tax/rent credit at \$363,800,000 in 2003-04 and \$373,200,000 in 2004-05, which would decrease estimated credits and, therefore, increase estimated individual income tax revenues by \$6,200,000 in 2003-04 and \$11,900,000 in 2004-05; (b) reestimate the cost of the homestead tax credit at \$100,700,000 GPR in 2003-04 and \$97,500,000 GPR in 2004-05, which would decrease estimated credits by \$2,000,000 GPR in 2003-04 and \$3,600,000 GPR in 2004-05; and (c) reestimate the cost of the farmland preservation credit at \$13,200,000 GPR in 2003-04 and \$13,600,000 GPR in 2004-05, which would decrease estimated credits by \$900,000 GPR in 2003-04 and \$1,300,000 GPR in 2004-05. Reestimate the sum sufficient appropriation for making state aid payments to local governments to compensate for tax base lost due to the property tax exemptions for computers, software, and related equipment and for fax machines, except those that are also copiers, and cash registers at \$69,500,000 GPR in 2003-04 and \$67,700,000 GPR, which would decrease estimated aid payments by \$2,480,000 GPR in 2003-04 and \$1,085,000 GPR in 2004-05 (this represents the net effect of estimated increases of \$920,000

in 2003-04 and \$5,115,000 in 2004-05 under the provisions of SB 44 and estimated decreases of \$3,400,000 in 2003-04 and \$6,200,000 in 2004-05 due to the proposed levy limits).

6. WTCS Categorical Aids. Provide \$3,700,000 GPR annually for incentive grants and \$3,700,000 GPR annually for health care grants, which would restore the funding deleted by the Committee in a previous action on WTCS.

7. Compensation Reserves. Reduce the total level of funding included in compensation reserves for the 2003-05 biennium by: \$20,000,000 GPR; \$5,104,600 FED; \$3,083,700 SEG; and \$15,361,700 PR. [Note: The funding reductions for fiscal year 2003-04 would be: \$6,660,000 GPR; \$1,699,800 FED; \$1,026,900 SEG; and \$5,115,400 PR. The funding reductions for fiscal year 2004-05 would be: \$13,340,000 GPR; \$3,404,800 FED; \$2,056,800 SEG; and \$10,246,300 PR].

8. Group Health Insurance Premium Payments for Certain Part-Time State Employees. Specify that for permanent or project state employees with appointments between 0.50 FTE and 0.74 FTE, who are Wisconsin Retirement System participants, the state would contribute one-half of the normal state contribution for a full-time employee, commencing January 1, 2004, and the employee would contribute the remainder. Lapse all non-FED fringe benefits savings to the general fund. Stipulate that this requirement would be a prohibited subject of bargaining for the state as an employer and specify that the modification would first apply to employees who are affected by a collective bargaining agreement that contains inconsistent provisions on the day on which the collective bargaining agreement expires, or is extended, modified, or renewed, whichever first occurs. Estimate that \$7,084,600 in 2003-04 (\$3,718,800 GPR-Lapse and \$3,365,800 GPR-REV) and \$14,169,200 in 2004-05 (\$7,437,600 GPR-Lapse and \$6,731,600 GPR-REV) would be credited to the general fund.

9. Fifth Week Vacation Pay. Reduce each state agency's budget for 2003-04 and for 2004-05 by the amounts of funds that were included in each agency's appropriations as a standard budget adjustment for the costs of payments to employees for their fifth week of vacation eligibility as cash rather than time-off. In total, delete \$1,641,700 GPR in 2003-04 and \$1,699,200 GPR in 2004-05; \$177,100 FED in 2003-04 and 2004-05; \$573,200 PR in 2003-04 and \$578,200 PR in 2004-05; and \$353,100 SEG in 2003-04 and 2004-05. In addition, lapse all non-GPR amounts so reduced to the general fund except that no such lapse shall be made for budgeted amounts that were in appropriations that are from federal fund sources or from other fund sources whose lapse to the general fund would be prohibited by state or federal laws or constitutions. Increase estimated GPR-Earned by \$926,300 in 2003-04 and \$931,300 in 2004-05.

10. Cigarette Tax Refunds. Reduce, from 70% to 30%, the percentage of cigarette tax collections from sales of cigarettes on reservations or trust lands to non-tribal members that are refunded to Native American tribes. Reduce the estimated cost of cigarette tax refunds to Native American tribes by \$6,000,000 GPR in each year.

11. Four-year-old Kindergarten. Provide that, for revenue limit and general school aid membership purposes, pupils enrolled in a K4 program who are not considered children with

disabilities would be counted as 0.25 pupil, rather than 0.5 or 0.6 under current law. Children with disabilities in a K4 program would continue to be counted as under current law. Specify that the 0.25 or 0.35 reduction in the count of pupils not considered children with disabilities would be removed from all years of the three-year rolling average under revenue limits and the general school aid, computer aid and property taxes attributable to the 0.25 or 0.35 reduction would be excluded from base revenues in the 2004-05 revenue limit calculation. It is estimated that this would reduce revenue limit authority by \$38 million annually. Delete \$23,000,000 GPR annually from general school aids.

12. Transfer Revenue from the Patients Compensation Fund to Support MA Benefits. Delete the Governor's recommendation to transfer \$200,000,000 from the patients compensation fund to a new segregated fund, the health care provider and cost control (HCPCC) fund, to support medical assistance (MA) benefits. Delete all provisions in SB 44 relating to the HCPCC fund. Reduce funding budgeted in OCI by \$200,000,000 SEG in 2003-04 and delete the OCI appropriation that would be created in the bill for this purpose. Delete the SB 44 provisions that would: (a) require OCI to administer the fund; and (b) create a sum sufficient GPR appropriation to pay any portion of a medical malpractice claim that the patients compensation fund is required to pay but is unable to pay because of insufficient funds. Delete the DHFS MA benefits appropriation from the HCPCC (-\$200,000,000 SEG in 2003-04). Increase MA benefits funding by \$200,000,000 GPR in 2003-04.

13. Shared Revenue Funding Source. Specify that all of the funding that is available as a grant to the state with the enactment of P.L. 108-27, the Jobs and Growth Tax Relief Reconciliation Act of 2003, would be used for shared revenue payments in 2003. Create a federal appropriation under shared revenue for this purpose and estimate the 2003-04 amount in this appropriation at \$182,400,000 FED. Specify that the portion of shared revenue payments paid from this appropriation must be used for the provision of police and fire services. In addition, provide \$17,600,000 SEG in 2003-04 from the balances in the utility public benefits fund for 2003 shared revenue payments. Reduce the GPR appropriation for shared revenue by \$200,000,000 in 2003-04. Specify that the allocation of GPR, FED, utility public benefits SEG, and transportation fund SEG to 2003 shared revenue payments shall be determined by the Department of Revenue.

Note:

The following table shows the fiscal effect of the motion:

<u>Provision</u>	<u>Description</u>	<u>2003-04</u>	<u>2004-05</u>	
Item 1.	Levy limits	\$0	\$0	
Item 2.	General school aids	55,200,000	79,600,000	GPR
Item 3.	Public employer health insurance	0	0	

<u>Provision</u>	<u>Description</u>	<u>2003-04</u>	<u>2004-05</u>	
Item 4.	State operations appropriations cap	\$0	\$0	
Item 5.	Reestimate property tax/rent credit	6,200,000	11,900,000	GPR-REV
	Reestimate homestead tax credit	-2,000,000	-3,600,000	GPR
	Reestimate farmland preservation credit	-900,000	-1,300,000	GPR
	Reestimate state aid--computers	-2,480,000	-1,085,000	GPR
Item 6.	WTCS categorical aids	7,400,000	7,400,000	GPR
Item 7.	Compensation reserves	-6,660,000	-13,340,000	GPR-Reserves
		-1,699,800	-3,404,800	FED-Reserves
		-5,115,400	-10,246,300	PR-Reserves
		-1,026,900	-2,056,800	SEG-Reserves
Item 8.	Health insurance for part-time employees	3,718,800	7,437,600	GPR-Lapse
		3,365,800	6,731,600	GPR-REV
Item 9.	Fifth week vacation pay	-1,641,700	-1,699,200	GPR
		-177,100	-177,100	FED
		-573,200	-578,200	PR
		-353,100	-353,100	SEG
		926,300	931,300	GPR-REV
Item 10.	Cigarette tax refunds to tribes	-6,000,000	-6,000,000	GPR
Item 11.	Four-year old kindergarten	-23,000,000	-23,000,000	GPR
Item 12.	Patients compensation fund			
	OCI	-200,000,000	0	SEG
	DHFS--HCPCC	-200,000,000	0	SEG
	--MA benefits	200,000,000	0	GPR
Item 13.	Shared revenue	182,400,000	0	FED
		17,600,000	0	SEG
		-200,000,000	0	GPR
Net Change to SB 44				
	Amounts Relating to GPR Balance	\$26,578,300	\$50,315,800	GPR
		-6,660,000	-13,340,000	GPR-Reserves
		3,718,800	7,437,600	GPR-Lapse
		<u>10,492,100</u>	<u>19,562,900</u>	GPR-REV
	Net Change in GPR Balance	-\$5,707,400	-\$9,975,300	
	Other Funds	-\$1,699,800	-\$3,404,800	FED-Reserves
		-5,115,400	-10,246,300	PR-Reserves
		-1,026,900	-2,056,800	SEG-Reserves
		182,222,900	-177,100	FED
		-573,200	-578,200	PR
		-382,753,100	-353,100	SEG