



WISCONSIN LEGISLATURE

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SENATORS MARKLEIN, KAPENGA AND REPRESENTATIVES KOOYENGA,
MACCO INTRODUCE GAAP CONSTITUTIONAL AMENDMENT

Senate Joint Resolution 55 & Assembly Joint Resolution 66 introduced this week

MADISON—State Senators Howard Marklein (R-Spring Green) and Chris Kapenga (R-Delafield) and State Representatives Dale Kooyenga (R-Brookfield) and John Macco (R-Ledgeview) introduced legislation this week that would require the use of generally accepted accounting principles (GAAP) for state finances.

“The reason that there is a GAAP deficit in this state is that the state has historically ‘balanced’ its books by using cash-basis budgeting. Over the years, it has led to all kinds of creative techniques to balance the books. Many of these techniques have been well publicized and include the sale of the tobacco settlement, raids of the Transportation Fund and the Patient Compensation Fund, withholding of payments to Minnesota, and delaying of state aids to school districts,” Marklein said.

“The path that we were on was unsustainable. By the end of fiscal year 2010, the general fund deficit had grown to nearly \$3 billion! People were taking notice of these budgeting gimmicks. The bond rating agencies in New York were concerned about these deficits and it had a negative impact on our bond rating,” Kapenga continued.

“Tremendous progress has been made in the last four years. In 2010, the Wisconsin GAAP deficit stood at nearly \$3 billion and today the GAAP deficit has decreased 52% to \$1.4 billion. The decrease represents the fact that Wisconsin has made significant progress in achieving solvency and more honest accounting practices,” Kooyenga maintained.

“There is still more work to be done. We believe the only permanent solution is to have the voters in Wisconsin approve an amendment to the state constitution that will require future legislatures and governors to budget on the basis of GAAP. In essence, this amendment would require the state to budget the same way that businesses, school districts, counties, townships, cities, and villages budget. We should live by the same rules as our constituents,” Macco said.

As a constitutional amendment, Senate Joint Resolution 55 and Assembly Joint Resolution 66 would need passage by two consecutive sessions of the State Legislature and require the approval of voters statewide before becoming law.

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