

**1999 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-AB133)**

Received: 06/22/99

Received By: shoveme

Wanted: As time permits

Identical to LRB:

For: Assembly Republican Caucus 6-1452

By/Representing: Tompach

This file may be shown to any legislator: NO

Drafter: shoveme

May Contact:

Alt. Drafters:

Subject: Counties  
Employ Pub - retirement

Extra Copies: RAC  
RAC

**Pre Topic:**

ARC:.....Tompach - Am. # ??;

**Topic:**

Counties may refinance unfunded WRS pension liability

**Instructions:**

See Attached; Same as 1999 AB 333

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	shoveme 06/22/99	wjackson 06/22/99		_____			
/1			martykr 06/22/99	_____	ismith 06/22/99		

FE Sent For:

<END>

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1/?	shoveme	1 6/22 WJ	Jm 6/22	Jm 6/22			

FE Sent For:

<END>

ARC

# To Be Drafted

Agency

Amendment#

ARC Analyst

LRB#

Tax Cut

## Summary

County Package (see attached)

## Fiscal Impact

## Statement of Intent

Request#

Monday, June 21, 1999

# County Relief Package

## Provision #1 – County Authority to Borrow for Payment of Unfunded Liabilities

### Agency:

Department of Employee Trust Funds

### Background:

At the present time, it is estimated that the total debt owed by all local governmental units to the Wisconsin Retirement System (WRS) exceeds \$2.1 billion. This unfunded prior service liability is typically amortized over a 10 to 40 year period and financed at a fixed interest rate of 8 percent. This liability is unique in that for accounting and legal purposes it is not classified as either a capital improvement or an operating expense.

Under current law, counties can refinance their capital improvement debts at a lower interest rate, but may not borrow for operating expenses. On the other hand, school districts do have the authority to refinance their unfunded prior service liability contributions under the WRS as long as the proceeds are used to reduce its WRS liability. For school districts, such action does not require approval via referendum.

### Budget Action:

None.

### Motion:

Specify that a county may issue debt in the form of a promissory note for the purpose of paying unfunded prior service liability contributions under the WRS if all of the proceeds of the note are used for that purpose. Furthermore, specify that such borrowing is not subject to voter approval through a referendum.

### Fiscal Effect:

According to the Department of Employee Trust Funds, the motion would have no fiscal effect on the state of Wisconsin. However, the Legislative Council noted that counties could realize substantial savings by amortizing its unfunded WRS liability over a 10 to 20 year period at a lower interest rate than the current 8 percent interest rate.

## Provision #2 – District Attorney Redesignation

### Agency:

District Attorneys



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb0904/ Wlj  
MES...

*RMR*

ARC:.....Tompach - Am. # ??; Requ Counties may refinance unfunded WRS  
pension liability

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

**CAUCUS AMENDMENT**

**TO ASSEMBLY SUBSTITUTE AMENDMENT 1,**

**TO 1999 ASSEMBLY BILL 133**

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 808, line 25: after that line insert:

3

*RM*



# 1999 ASSEMBLY BILL 333

May 6, 1999 - Introduced by Representatives ZIEGELBAUER, GROTHMAN, HUBER, F. LASEE, AINSWORTH, DUFF, GOETSCH, JESKEWITZ, LADWIG, LA FAVE, M. LEHMAN, MILLER, MUSSER, OLSEN, PLOUFF, POWERS, STONE and TURNER, cosponsored by Senators GROBSCHMIDT and ROESSLER. Referred to Committee on Urban and Local Affairs.

1  
2  
3

**AN ACT to create** 67.04 (5) (b) 4. of the statutes; **relating to:** debt issued by a county to pay for unfunded prior service liability contributions under the Wisconsin retirement system.

### *Analysis by the Legislative Reference Bureau*

Under current law, a school district may issue debt in the form of a promissory note for the purpose of paying unfunded prior service liability contributions under the Wisconsin retirement system (WRS) if all of the proceeds of the note are used for that purpose. Such borrowing is not subject to approval in a referendum by the electors in the district.

Under this bill, a county may issue debt in the form of a promissory note for the purpose of paying unfunded prior service liability contributions under WRS if all of the proceeds of the note are used for that purpose. Such borrowing is not subject to approval in a referendum by the electors in the political subdivision.

For further information see the *state and local* 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:*

4

SECTION 4. 1647c ② ↓  
67.04 (5) (b) 4. of the statutes is created to read:

ASSEMBLY BILL 333

SECTION 1

1 67.04 (5) (b) 4. To pay unfunded prior service liability contributions under the

2 Wisconsin retirement system if all of the proceeds of the note will be used to pay for

3 such contributions.

*" (1)*

*#. Page 1604, line 25; after that line insert:*

**SECTION 2. Initial applicability.**

*(5) -> promissory notes issued by counties, unfunded pension liabilities (1)*  
4 *7mb* *(1)* This act first applies to promissory notes that are issued on the effective date

5 of this subsection. *The treatment of section 67.04(5)(b)4. of the statute*  
6 *(1)*

**INIT  
APP**

7

(END)



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb0904/1  
MES:wj:km

ARC:.....Tompach – Am. #??; Counties may refinance unfunded WRS pension liability

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2 **1.** Page 808, line 25: after that line insert:

3 **“SECTION 1647c.** 67.04 (5) (b) 4. of the statutes is created to read:

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7 **2.** Page 1604, line 25: after that line insert:



