



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2009 Wisconsin Act 47
[2009 Assembly Bill 33]

**Public Debt Amortization Fund
of a First Class City**

Under *current law*, a public debt amortization fund is created for every first class city. The fund was established by state statutes in the early 1900's to help the City of Milwaukee manage its general obligation debt. The statutes also established a commission to oversee the fund, and set forth various operational requirements.

2009 Wisconsin Act 47 (hereinafter, "the Act") makes three changes to the operation of the fund. First, the Act changes when the commission's secretary must make an annual report to the City of Milwaukee's common council. The information is typically not available until the middle of the year. The Act changes the annual reporting date from January 15 to September 30.

Second, the Act clarifies that the commission may use the public debt amortization fund to acquire city bonds, notes, and other securities. Currently, the statutes allow the commission to acquire city bonds but do not specify city notes and other city securities.

Third, the Act specifies that as a means to cancel debt, the commission may use the fund to make interest and principal payments (debt service payments) on general obligation (GO) bonds or notes. This adds the ability to use the debt fund to acquire and cancel the GO bonds or notes to the commission's current authority. The Act also allows the commission to make payments on the interest, principal, and purchase of bonds or notes regardless of the maturity of the debt. Currently, the statutes allow the commission to "acquire for cancellation" GO bonds or notes prior to their maturity dates. These changes clarify that the commission may make service payments at the same time it acquires the outstanding debt. According to the City of Milwaukee, this will allow it to utilize the electronic transfer process.

Effective Date: Act 47 becomes effective October 20, 2009.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.