



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2009 Senate Bill 31

**Senate Substitute
Amendment 1**

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Senate Bill 31 and Senate Substitute Amendment 1 repeal the current Uniform Management of Institutional Funds Act and replace it with the Uniform Prudent Management of Institutional Funds Act, which has been approved by the National Conference of Commissioners on Uniform State Laws.

The following are the differences between the bill and the substitute amendment.

- Senate Bill 31 creates a definition of “institutional fund” to mean a fund held by an institution exclusively for charitable purposes, but provides three exclusions from the definition. The substitute amendment eliminates from the definition one of the exclusions--namely, a fund held for an institution by a trustee that is not an institution.
- Senate Bill 31 provides that if an institution that determines that a restriction contained in a gift instrument on the management, investment, or purpose of an institutional fund is unlawful, impracticable, impossible to achieve, or wasteful, the institution, 60 days after notification to the Attorney General, may release or modify the restriction, in whole or in part, if three conditions are met: (1) the institutional fund has a total value of less than \$25,000; (2) more than 20 years have elapsed since the fund was established; and (3) the institution uses the property in a manner consistent with the charitable purposes expressed in the gift instrument. The substitute amendment raises the \$25,000 threshold to \$75,000.
- Current law provides that a segregated account for gift annuities for persons authorized by the Office of the Commissioner of Insurance to issue such annuities must be invested in accordance with ch. 620, Stats., which relates to investments by insurers. Senate Bill 31 makes no changes in this provision. The substitute amendment deletes the reference to ch. 620, Stats., and replaces it with a reference to ch. 881, Stats., which is the Uniform Prudent Investor Act.

Legislative History

The Senate Committee on Veterans and Military Affairs, Biotechnology, and Financial Institutions introduced the substitute amendment, recommended adoption of the substitute amendment, and recommended passage of the bill as amended, all by votes of Ayes, 5; Noes, 0.

RNS:jal