



## Fiscal Estimate Narratives

SWIB 3/3/2012

LRB Number	11-3679/1	Introduction Number	AB-0652	Estimate Type	Original
<b>Description</b> Creation of the Wisconsin Next Generation Reserve Board and Wisconsin next generation reserve fund, authorizing the State of Wisconsin Investment Board to provide certain advice, services, and facilities to state agencies and others, requiring the exercise of rule-making authority, and making appropriations					

### Assumptions Used in Arriving at Fiscal Estimate

This bill authorizes, but does not require, the State of Wisconsin Investment Board (SWIB) to provide advice or services to any other state agency or authority of Wisconsin state government, at their request. The advice or services may be provided for any purpose, including economic development in this state and relate to managing or administering money and property controlled by the agency or authority. SWIB would also be authorized to provide facilities to any state agency or authority.

The bill provides that the scope of any advice or services provided to a state agency or authority shall be defined by agreement between SWIB and the agency or authority. In addition, the bill requires the provision of facilities to be in accordance with an agreement between SWIB and the agency or authority.

The bill provides that any agreement between SWIB and an agency or authority must require the cost of any advice, services or facilities provided by SWIB to be paid by the agency or authority and credited to SWIB's appropriation under s. 20.536 (1)(k), stats. The bill also provides that any agreement between SWIB and an agency or authority for advice or services may authorize SWIB to make assessments against the money and property controlled by the agency or authority or charge the agency or authority for the cost of any advice or services provided.

The costs SWIB would incur in providing advice, services or facilities under this bill are indefinite because they depend upon what agreements are entered into between SWIB and other agencies and authorities in the future. However, the bill requires that SWIB be reimbursed for the costs of any advice, services or facilities provided.

In non-statutory language, the bill authorizes SWIB to loan money to the Wisconsin Next Generation Reserve Board for general program operations and administrative expenses. All loan terms are required to be specified by written agreement between SWIB and the Wisconsin Next Generation Reserve Board. This loan authority is intended to provide for the initial operating expenses of the Wisconsin Generation Reserve Board until such time that the withholding taxes provided for under the bill become available. It is assumed that any loan agreement between SWIB and the Next Generation Reserve Board will provide for a rate of interest equal to the assumed rate under the Wisconsin Retirement System.

The bill also provides that the Executive Director of SWIB, or the Executive Director's designee, shall serve as a nonvoting member of the Next Generation Reserve Board. Because the Trustees of the Investment Board are authorized to establish SWIB's operating budget, it is assumed the costs of this requirement can be accommodated.

### Long-Range Fiscal Implications