2013 DRAFTING REQUEST

Bill

Received:	**2/12/2014**	Received By:	**gmalaise**
Wanted:	**2/13/2014 4:00:00 PM**	Same as LRB:	
For:	**Eric Genrich (608) 266-0616**	By/Representing:	**Steve Peters**
May Contact:		Drafter:	**gmalaise**
Subject:	**Employ Priv - miscellaneous**	Addl. Drafters:	
		Extra Copies:	

Submit via email: **YES**
Requester's email: **Rep.Genrich@legis.wisconsin.gov**
Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Private sector pensions

Instructions:

Draft companion to -3894

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	gmalaise 2/12/2014	kfollett 2/13/2014	jmurphy 2/13/2014	_____ _____			
/1				_____ _____	srose 2/13/2014	lparisi 2/17/2014	State

FE Sent For:

At Intro.

<END>

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/?	gmalaise	1/15 F 2/13		2/13			

FE Sent For:

<END>

State of Wisconsin
2013 - 2014 LEGISLATURE

[N 2/12

Today - Companion TH

LRB-~~3804~~/1 (4269/1)
GMM:kjf:jf

2013 BILL

Resen

AN ACT ***to amend*** chapter 40 (title); and ***to create*** 15.07 (1) (a) 6., 15.165 (5), 20.515 (1) (k), 20.515 (2), 25.17 (1) (yu), 25.17 (2) (fm), 25.52 and subchapter X of chapter 40 [precedes 40.99] of the statutes; **relating to:** creation of a private retirement security plan and making appropriations.

Analysis by the Legislative Reference Bureau

Under current law the Employee Trust Fund Board (ETF board) administers the Wisconsin Retirement System (WRS) under which public employees who are covered under the WRS and their employers pay contributions to the WRS and the WRS, from those contributions and the earnings on those contributions, provides retirement annuities to those public employees.

This bill creates a Wisconsin private retirement security board (board) and requires the board to establish a private retirement security plan (plan) to provide retirement benefits for residents of this state who choose to participate in the plan. Specifically, the bill requires the board to do all of the following:

1. Conduct a study to determine the feasibility of establishing a plan (feasibility study). The feasibility study must estimate the potential population that is likely to choose to participate in the plan and the potential cost of implementing the plan and must recommend a design and structure for the plan that is most reasonable in light of that potential population and cost.

2. Hold public hearings to receive testimony relating to the feasibility study and the recommended design and structure of the plan (public hearings). The board must hold not less than five public hearings and must hold those hearings over a

period of not more than three months. The board may hold no more than one public hearing in Madison and must ensure that at one least one public hearing is held in each geographic area of the state, including the southeastern part of the state, the western part of the state, the northern part of the state, and the northeastern part of the state.

3. Based on the feasibility study, the recommended design and structure of the plan, and the testimony received at the public hearings, design the plan. The board must design the plan so that, to the greatest extent possible, the design and structure of the plan are reasonably commensurate with the design and structure of the WRS. In designing the plan, the board must provide for the State of Wisconsin Investment Board to assist the board in managing and investing the assets of the fund and the assets of the accounts of participants in the plan and must provide for the ETF board to assist the board in administering the plan.

4. By no later than the first day of the 18th month beginning after the effective date of the bill, submit a report to the legislature, the governor, and the members of the Joint Committee on Finance (JCF) summarizing the conclusions of the feasibility study, the testimony received at the public hearings, and the design of the plan (report). The report must also include an estimate of the cost of initial establishment and administration of the plan, an estimate of the amount of time necessary to make the plan viable, and a recommendation for any legislation that is necessary to implement the plan. On enactment of that legislation, the board must implement the plan in accordance with that legislation.

In addition, the bill requires the Department of Employee Trust Funds to: 1) provide staff and other resources to assist the board in the performance of the board's duties under the bill; and 2) submit a request to JCF for supplemental funds from the general fund to be credited to the general purpose revenue (GPR) appropriation of the board created under the bill. The request must include an estimate of the initial cost of establishing the board, conducting the feasibility study, holding the public hearings, designing the plan, and preparing and submitting the report. After reviewing the request, JCF may, from its GPR general program supplementation appropriation, supplement the GPR appropriation of the board in an amount equal to the amount requested.

Finally, the bill permits the board to charge reasonable fees to participants in the plan to cover the costs of administering the plan, to recover the investment costs of the accounts of those participants, and to repay the general fund for amounts provided to the board for the costs of conducting the feasibility study, holding the public hearings, designing the plan, and preparing and submitting the report and for the costs of the initial establishment and administration of the plan.

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

1 **SECTION 1.** 15.07 (1) (a) 6. of the statutes is created to read:

2 15.07 **(1)** (a) 6. The members of the Wisconsin private retirement security board
3 shall be appointed as provided in s. 15.165 (5).

4 **SECTION 2.** 15.165 (5) of the statutes is created to read:

5 15.165 **(5)** WISCONSIN PRIVATE RETIREMENT SECURITY BOARD. (a) There is created
6 in the department of employee trust funds a Wisconsin private retirement security
7 board consisting of the following members appointed for 5–year terms:

8 1. One member appointed by the employee trust funds board.

9 2. One member appointed by the investment board.

10 3. One member appointed by the agricultural education and workforce
11 development council.

12 4. One member appointed by the Wisconsin Women's Business Initiative
13 Corporation.

14 5. One member appointed by the senate majority leader.

15 6. One member appointed by the senate minority leader.

16 7. One member appointed by the speaker of the assembly.

17 8. One member appointed by the assembly minority leader.

18 9. One member appointed by the governor.

19 (b) Not less than 5 of the members appointed under par. (a) shall have at least
20 10 years of experience in making investments, but any person having a financial
21 interest in, or whose employer is primarily a dealer or broker in, securities or
22 mortgage or real estate investments is not eligible for appointment, and any member
23 who acquires such an interest or accepts such appointment shall thereupon vacate
24 his or her membership.

25 **SECTION 3.** 20.515 (1) (k) of the statutes is created to read:

1 20.515 **(1)** (k) *Assistance to Wisconsin private retirement security board.* All
2 moneys transferred from the appropriation account under sub. (2) (a) for the
3 activities of the department under s. 40.99 (3).

4 **SECTION 4.** 20.515 (2) of the statutes is created to read:

5 20.515 **(2)** PRIVATE RETIREMENT SECURITY PLAN. (a) *Initial costs.* A sum sufficient
6 to be transferred to the Wisconsin private retirement security plan administration
7 trust fund under s. 25.52 and expended for the activities of the Wisconsin private
8 retirement security board under s. 40.99 (2) (a) to (c) and for the initial establishment
9 and administration of the Wisconsin private retirement security plan under s. 40.99
10 (2) (d) and to be transferred to the appropriation account under sub. (1) (k) and
11 expended for the activities of the department under s. 40.99 (3).

12 (q) *Administrative expenses; Wisconsin private retirement security plan*
13 *administration trust fund.* From the Wisconsin private retirement security plan
14 administration trust fund, all moneys transferred to that fund under par. (a) for the
15 activities of the Wisconsin private retirement security board under s. 40.99 (2) (a) to
16 (c) and for the initial establishment and administration of the Wisconsin private
17 retirement security plan under s. 40.99 (2) (d), and all moneys deposited in that fund
18 under s. 40.99 (4) (b) for the administrative costs of the plan, for the investment costs
19 of accounts under that plan, and for repayment of the amounts appropriated under
20 par. (a).

21 **SECTION 5.** 25.17 (1) (yu) of the statutes is created to read:

22 25.17 **(1)** (yu) Wisconsin private retirement security plan administration trust
23 fund (s. 25.52), but subject to sub. (2) (fm).

24 **SECTION 6.** 25.17 (2) (fm) of the statutes is created to read:

1 25.17 **(2)** (fm) Invest the moneys belonging to the Wisconsin private retirement
2 security plan administration trust fund and the moneys contributed to accounts
3 established under that plan in any manner that does not violate the standard of
4 responsibility under s. 25.15 (2).

5 **SECTION 7.** 25.52 of the statutes is created to read:

6 **25.52 Wisconsin private retirement security plan administration trust**
7 **fund.** There is established a separate nonlapsible trust fund designated as the
8 Wisconsin private retirement security plan administration trust fund, to consist of
9 all moneys transferred to that fund under s. 20.515 (2) (a) and all moneys deposited
10 in that fund under s. 40.99 (4) (b).

11 **SECTION 8.** Chapter 40 (title) of the statutes is amended to read:

12 **CHAPTER 40**

13 **PUBLIC EMPLOYEE TRUST FUND**

14 **AND PRIVATE RETIREMENT**

15 **SECURITY PLAN**

16 **SECTION 9.** Subchapter X of chapter 40 [precedes 40.99] of the statutes is
17 created to read:

18 **CHAPTER 40**

19 SUBCHAPTER X

20 PRIVATE RETIREMENT SECURITY PLAN

21 **40.99 Private retirement security plan. (1)** DEFINITIONS. In this section:
22 (a) "Board" means the Wisconsin private retirement security board.
23 (b) "Fund" means the Wisconsin private retirement security plan
24 administration trust fund under s. 25.52.

1 (c) "Plan" means the private retirement security plan established under this
2 section.

3 **(2)** DUTIES OF BOARD. The board shall:

4 (a) *Feasibility study.* Conduct a study to determine the feasibility of
5 establishing a private retirement security plan to provide retirement benefits for
6 residents of this state who choose to participate in the plan. The feasibility study
7 shall estimate the potential population that is likely to choose to participate in the
8 plan and the potential cost of implementing the plan and shall recommend a design
9 and structure for the plan that is most reasonable in light of that potential population
10 and cost. In conducting the feasibility study, the board may contract with actuarial
11 consultants and any other person whose services are necessary for the board to
12 conduct the feasibility study.

13 (b) *Public hearings.* Hold public hearings to receive testimony relating to the
14 feasibility study conducted, and the design and structure recommended, under par.
15 (a). The board shall hold not less than 5 public hearings under this paragraph and
16 shall hold those hearings over a period of not more than 3 months. The board may
17 hold no more than one public hearing under this paragraph in Madison and shall
18 ensure that at one least one public hearing under this paragraph is held in each
19 geographic area of the state, including the southeastern part of the state, the western
20 part of the state, the northern part of the state, and the northeastern part of the state.

21 (c) *Design of plan.* Based on the feasibility study conducted, and the design and
22 structure recommended, under par. (a) and the testimony received under par. (b),
23 design a private retirement security plan to provide retirement benefits for residents
24 of this state who choose to participate in the plan. The Wisconsin private retirement
25 security board shall design the plan so that, to the greatest extent possible, the

1 design and structure of the plan are reasonably commensurate with the design and
2 structure of the Wisconsin Retirement System. In designing the plan, the Wisconsin
3 private retirement security board shall provide for the investment board to assist the
4 Wisconsin private retirement security board in managing and investing the assets
5 of the fund and the assets of the accounts of participants in the plan and shall provide
6 for the employee trust funds board to assist the Wisconsin private retirement
7 security board in administering the plan. In designing the plan, the Wisconsin
8 private retirement security board may contract with actuarial consultants and any
9 other person whose services are necessary for the Wisconsin private retirement
10 security board to design the plan.

11 (d) *Implementation of plan.* By no later than the first day of the 18th month
12 beginning after the effective date of this paragraph .... [LRB inserts date], submit a
13 report to the legislature under s. 13.172 (2), the governor, and the members of the
14 joint committee on finance summarizing the conclusions of the feasibility study
15 conducted under par. (a), the testimony received at the public hearings held under
16 par. (b), and the design of the plan under par. (c). The report shall also include an
17 estimate of the cost of initial establishment and administration of the plan, an
18 estimate of the amount of time necessary to make the plan viable, and a
19 recommendation for any legislation that is necessary to implement the plan. On
20 enactment of that legislation, the board shall implement the plan in accordance with
21 that legislation.

22 **(3)** DUTIES OF DEPARTMENT. (a) *Assistance to board.* From the appropriation
23 account under s. 20.515 (1) (k), the department shall provide staff and other
24 resources to assist the board in the performance of the board's duties under sub. (2).

1 The department may not expend any moneys from the public employee trust fund
2 for its activities under this subsection.

3 (b) *Funding of initial costs.* The department shall submit a request to the joint
4 committee on finance for supplemental funds from the general fund to be credited
5 to the appropriation account under s. 20.515 (2) (a) for the purposes specified in that
6 appropriation. The request shall include an estimate of the initial cost of
7 establishing the board, conducting the feasibility study under sub. (2) (a), holding the
8 public hearings under sub. (2) (b), designing the plan under sub. (2) (c), and
9 preparing and submitting the report under sub. (2) (d). After reviewing the request,
10 the joint committee on finance may, from the appropriation under s. 20.865 (4) (a),
11 supplement the appropriation under s. 20.515 (2) (a) in an amount equal to the
12 amount requested.

13 **(4)** REPAYMENT OF GENERAL FUND. (a) The board may charge reasonable fees to
14 participants in the plan to cover the costs of administering the plan, to recover the
15 investment costs of the accounts of those participants, and to repay the general fund
16 for amounts transferred to the fund under s. 20.515 (2) (a) as provided in par. (b).

17 (b) A fee collected under par. (a) shall be deposited in the Wisconsin private
18 retirement security plan administration trust fund and credited to the appropriation
19 account under s. 20.515 (2) (q). From that appropriation, the board shall transfer to
20 the general fund an amount equal to the amount expended from the appropriation
21 under s. 20.515 (2) (a) when the board determines that the balance in the fund is
22 sufficient to make the transfer. The board may transfer that amount in installments.

23 (c) Annually, by June 1, the board shall submit a report to the joint committee
24 on finance on the amounts available for transfer under par. (b), the amounts

previously transferred under par. (b), and the outstanding balance that remains to be transferred under par. (b).

SECTION 10. Nonstatutory provisions.

(1) WISCONSIN PRIVATE RETIREMENT SECURITY BOARD; INITIAL TERMS. Notwithstanding the length of terms for the members of the board of the Wisconsin private retirement security board specified in section 15.165 (5) (a) of the statutes, as created by this act, the initial terms of the members appointed under section 15.165 (5) (a) 3. and 4. of the statutes, as created by this act, shall expire on May 1, 2018, the initial terms of the members appointed under section 15.165 (5) (a) 5. and 6. of the statutes, as created by this act, shall expire on May 1, 2017, the initial terms of the members appointed under section 15.165 (5) (a) 7. and 8. of the statutes, as created by this act, shall expire on May 1, 2016, and the initial term of the member appointed under section 15.165 (5) (a) 9. of the statutes, as created by this act, shall expire on May 1, 2015.

(END)

Parisi, Lori

From: Peters, Steve
Sent: Monday, February 17, 2014 12:31 PM
To: LRB.Legal
Subject: Draft Review: LRB -4269/1 Topic: Private sector pensions

Please Jacket LRB -4269/1 for the ASSEMBLY.