



## 2003 ASSEMBLY BILL 874

February 23, 2004 - Introduced by Representatives HEBL, MORRIS, PLOUFF, RICHARDS, TAYLOR, TURNER, SCHNEIDER, MILLER, J. LEHMAN, POPE-ROBERTS, HUBLER, BERCEAU, ZEPNICK, POCAN, HINES, KREUSER, VRUWINK, BALOW, BOYLE, KRUG and SINICKI, cosponsored by Senators HANSEN and DECKER. Referred to Joint Survey Committee on Tax Exemptions.

1     **AN ACT to create** 20.536 (1) (r), 25.17 (1) (yw), 25.18 (1) (r), 25.188, 25.735 and  
2           71.05 (6) (b) 34. of the statutes; **relating to:** establishing a voluntary  
3           investment program to be administered by the State of Wisconsin Investment  
4           Board for individuals who are employed by certain businesses or organizations  
5           in the private sector that are located in this state, requiring the exercise of  
6           rule-making authority, and making appropriations.

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### *Analysis by the Legislative Reference Bureau*

This bill requires the State of Wisconsin Investment Board (SWIB) to establish by rule an investment program that will allow any individual and his or her employer to place funds with SWIB for investment. These funds, and any investment return on the funds, are to be paid to the individual upon retirement or termination of employment. The program is only available to an individual who is employed by a business or organization in the private sector that is located in this state and that employs fewer than 25 employees. To the extent practicable, SWIB must design the program with features similar to those of a qualified deferred compensation or profit-sharing plan that is governed by the federal Internal Revenue Code. Under the bill, all moneys received by SWIB from individuals and their employers are deposited in a Wisconsin voluntary investment trust fund and are held in trust for the sole benefit of the individuals.

The bill also authorizes an individual to deduct from his or her federal adjusted gross income any amount of contributions that the individual makes to his or her

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account that is established under the investment program created in this bill. All gains that accrue to such an account are also tax-exempt if the gains are redeposited into the account.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 20.536 (1) (r) of the statutes is created to read:

2           20.536 (1) (r)   *Wisconsin Voluntary Investment Program; payments to*  
3           *individuals.* From the Wisconsin voluntary investment trust fund, a sum sufficient  
4           to pay funds owing to individuals who participate in the Wisconsin Voluntary  
5           Investment Program under s. 25.188.

6           **SECTION 2.** 25.17 (1) (yw) of the statutes is created to read:

7           25.17 (1) (yw) Wisconsin voluntary investment trust fund (s. 25.735);

8           **SECTION 3.** 25.18 (1) (r) of the statutes is created to read:

9           25.18 (1) (r) Invest any of the assets of the Wisconsin voluntary investment  
10          trust fund in any investment that is an authorized investment for assets in the fixed  
11          retirement investment trust under s. 25.17 (4) or assets in the variable retirement  
12          investment trust under s. 25.17 (5).

13          **SECTION 4.** 25.188 of the statutes is created to read:

14          **25.188 Wisconsin Voluntary Investment Program.** The board shall  
15          establish by rule an investment program to permit any individual and his or her  
16          employer to place moneys under the management of the board that are to be paid to  
17          the individual upon retirement or termination of employment. The program shall  
18          only be available to an individual who is employed by a business or organization in

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1 the private sector that is located in this state and that employs fewer than 25  
2 employees. To the extent practicable, the board shall design the program with  
3 features similar to those of a qualified deferred compensation or profit-sharing plan  
4 that is governed by the Internal Revenue Code, as defined for the current taxable  
5 year under s. 71.01 (6). All moneys received by the board under the program from  
6 individuals and their employers shall be deposited in the Wisconsin voluntary  
7 investment trust fund and shall be held in trust for the sole benefit of the individuals.

8 **SECTION 5.** 25.735 of the statutes is created to read:

9 **25.735 Wisconsin voluntary investment trust fund.** There is established  
10 a separate nonlapsible trust fund designated as the Wisconsin voluntary investment  
11 trust fund, consisting of moneys received by the investment board under s. 25.188.

12 **SECTION 6.** 71.05 (6) (b) 34. of the statutes is created to read:

13 71.05 (6) (b) 34. Any amount that is deposited by an individual in his or her  
14 account that is established under the Wisconsin Voluntary Investment Program  
15 described under s. 25.188, and any interest, dividends, or other gain that accrues in  
16 the account if the interest, dividends, or other gain is redeposited in the account.

17 **SECTION 7. Initial applicability.**

18 (1) The treatment of section 71.05 (6) (b) 34. of the statutes first applies to  
19 taxable years beginning on January 1 of the year in which this subsection takes  
20 effect, except that if this subsection takes effect after July 31 section 71.05 (6) (b) 34.  
21 of the statutes first applies to taxable years beginning on January 1 of the year  
22 following the year in which this subsection takes effect.

23 (END)