



## 2013 ASSEMBLY BILL 838

March 4, 2014 - Introduced by Representatives GENRICH, JORGENSEN, HEBL, JOHNSON, OHNSTAD, HESSELBEIN, BERCEAU, RINGHAND, MILROY, SHANKLAND, C. TAYLOR, ZAMARRIPA, BEWLEY and SARGENT, cosponsored by Senators HANSEN, HARRIS, MILLER, C. LARSON, T. CULLEN and CARPENTER. Referred to Committee on Aging and Long-Term Care.

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

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### *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

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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.

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

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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:

**ASSEMBLY BILL 838****SECTION 3**

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:



**ASSEMBLY BILL 838****SECTION 9**

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

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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).

**ASSEMBLY BILL 838****SECTION 9**

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



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

3 **SECTION 10. Nonstatutory provisions.**

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

15 (END)