

CHAPTER 259, LAWS OF 1969

AN ACT to repeal chapter 18 (title); to renumber 18.01 to 18.05; to amend 16.75 (4), chapter 19 (title), 20.265 (1) (gm) and (h), 20.285 (1) (h), (ha), (hb), (hc) and (hd), 20.710 (2) (a) and (b), 25.14 (1), 25.17 (2) (a), 165.015 (3) and 893.23; and to create 15.07 (2) (f), 15.101 (7), 15.105 (7), chapter 18, 20.001 (2) (f), 20.265 (1) (e) and (hm), 20.285 (1) (ee) and (hm), 20.395 (3) (x), 20.435 (2) (ee) and (3) (e), 20.505 (8), 20.710 (3), 20.866, 25.17 (1) (ag) and (ar), (3) (dg) and (dr) and (52), 34.02, 219.04, 227.01 (5) (u) and 946.13 (6) of the statutes, relating to state debt, creating a state bond board attached to the department of administration, granting rule-making power and making appropriations.

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

SECTION 1. 15.07 (2) (f) of the statutes is created to read:

15.07 (2) (f) The governor shall serve as chairman of the state bond board and the secretary of administration, or his designee, shall serve as its secretary.

SECTION 2. 15.101 (7) of the statutes is created to read:

15.101 (7) STATE BOND BOARD. The state bond board shall have the program responsibilities specified for the board under ch. 18.

SECTION 3. 15.105 (7) of the statutes is created to read:

15.105 (7) STATE BOND BOARD. There is created a state bond board which is attached to the department of administration under s. 15.03. The state bond board shall consist of the governor, 2 senators and 2 assemblymen who shall be designated by the building commission from its membership including minority membership from each house, 2 senators and 2 assemblymen appointed as are standing committees, and 2 public members appointed to serve at the pleasure of the governor. The secretary of administration or his designee, the attorney general and the state treasurer shall be nonvoting advisory members of the board.

SECTION 4. 16.75 (4) of the statutes is amended to read:

16.75 (4) The department of administration may let contracts in excess of funds available, ~~provided that~~. *Except in the cases to which s. 18.10 (1) applies*, any such contract shall state in substance that its continuance beyond the limits of funds already available shall be contingent upon appropriation of the necessary funds.

SECTION 5. Chapter 18 (title) of the statutes is repealed.

SECTION 6. 18.01 to 18.05 of the statutes, as affected by chapter 276, laws of 1969, are renumbered 19.21 to 19.25.

SECTION 7. Chapter 18 of the statutes is created to read:

CHAPTER 18.

PUBLIC STATE DEBT.

18.01 DEFINITIONS. In this chapter unless a different meaning is expressly provided or the context clearly indicates a different meaning:

(1) "Board" means the state bond board.

(2) "Authorizing resolution" means any resolution adopted by the board pursuant to this chapter which authorizes the contracting of public debt.

(3) "Evidence of indebtedness" means a bond, a note or any other written promise to pay a public debt.

(4) "Public debt" or "debt" means every voluntary, unconditional undertaking by the state to repay a certain amount of borrowed money:

(a) Out of the state treasury, except a loan or advance by any state agency or fund to any other state agency or fund; or

(b) For which any existing asset of the state is pledged, except the pledge of an outstanding evidence of indebtedness without recourse.

18.02 SCOPE OF CHAPTER. Public debt may be contracted and evidences of indebtedness issued therefor only to the amounts, for the purposes, by the procedures and with the kinds of evidence of indebtedness specified in this chapter, except that this chapter is not applicable:

(1) To public debt, not exceeding in the aggregate \$100,000, incurred for the purpose of defraying extraordinary expenditures of the state.

(2) To public debt incurred to repel invasion, suppress insurrection or defend the state in time of war.

18.03 STATE BOND BOARD. (1) Subject to the conditions and limitations contained in this chapter, the state bond board shall have supervision over all matters relating to the contracting of public debt and the issuance of evidences of indebtedness therefor.

(2) (a) The board shall have all of the powers necessary to carry out its functions.

(b) The board may interpret the provisions of statutes enforced or administered by it as it considers to be necessary to effectuate the purpose of the statutes. The authority granted by this paragraph shall not exceed the authority granted by s. 227.014 (2) (a).

(c) The board may prescribe such forms and procedures in connection with statutes to be enforced or administered by it as it considers to be necessary to effectuate the purpose of the statutes, but nothing in this paragraph authorizes the imposition of substantive requirements in connection with such forms or procedures.

(3) The department of administration shall assist the board to carry out its functions and carry out all directives of the board.

(4) All actions of the board shall be taken by resolution. Each authorizing resolution shall be reduced to writing. The secretary of the board shall maintain a full and correct record of each step or proceeding had or taken in the course of authorizing and contracting every public debt.

(5) Upon request of a state department or agency, the board shall prepare periodic reports describing the current status of indebtedness relevant to the department's or agency's program responsibilities.

(6) Nothing in this chapter shall be construed to supersede the authority by statute of any state department or agency in carrying out program responsibilities for which public debt has been authorized by the legislature.

18.04 PURPOSES OF PUBLIC DEBT AND AMOUNTS. (1) The board may authorize public debt to be contracted and evidences of indebtedness to be issued therefor in an amount sufficient to fund or refund, as provided in s. 18.06 (5), the whole or any part of:

(a) Any public debt contracted pursuant to this chapter.

(b) Any indebtedness incurred prior to January 1, 1972, by the Wisconsin state agencies building corporation, Wisconsin state colleges building corporation, Wisconsin state public building corporation or Wisconsin university building corporation.

(2) The board shall authorize public debt to be contracted and evidences of indebtedness to be issued therefor up to the amounts specified by the legislature to acquire, construct, develop, extend, enlarge or improve land, waters, property, highways, buildings, equipment or facilities for the

classes of public purposes specified by the legislature as the funds are required. Said requirements for funds shall be established by that department or agency head having program responsibilities for which public debt has been authorized by the legislature.

(3) Each purpose enumerated in sub. (1) shall be construed to include any premium payable with respect thereto and any interest to accrue thereon. Each purpose specified by the legislature pursuant to sub. (2) shall be construed to include interest to be paid on loans or notes and the expenses of contracting public debt.

18.05 LIMITATIONS ON AGGREGATE PUBLIC DEBT. (1) The aggregate public debt contracted in any calendar year for purposes specified by the legislature pursuant to s. 18.04 (2) shall not exceed an amount equal to the lesser of:

(a) Three-fourths of one per cent of the aggregate value of all taxable property in the state; or

(b) Five per cent of the aggregate value of all taxable property in the state less the sum of:

1. The aggregate public debt contracted pursuant to this chapter which was outstanding as of January 1 of such calendar year after subtracting therefrom the amount on hand in the bond security and redemption fund and the amounts maintained pursuant to s. 18.09 (3) on January 1 of such calendar year which is applicable exclusively to repayment of such outstanding public debt; and

2. The aggregate net indebtedness outstanding as of January 1 of such calendar year of the Wisconsin state agencies building corporation, Wisconsin state colleges building corporation, Wisconsin state public building corporation and Wisconsin university building corporation.

(2) The last determination made by the department of revenue of the full market value of all general property of the state liable to taxes pursuant to s. 70.575 shall be the aggregate value of all taxable property in the state. The department of revenue shall certify such value when requested for use in connection with the contracting of state debt.

(3) The legislative audit bureau shall annually determine the amounts under sub. (1) (b) 1 and 2 and shall certify such amounts when requested for use in connection with the contracting of state debt. It shall use in making such determination the fair market value of all property on hand in the sinking funds of the bond security and redemption fund. It shall take into account any anticipatory contracts under s. 18.10 (1).

18.06 PROCEDURES. (1) AUTHORIZING RESOLUTION. No public debt may be contracted nor evidence of indebtedness issued by the state except pursuant to an authorizing resolution. Each authorizing resolution shall state each purpose of the debt it authorizes, which need not be more specific but shall not be more general than those purposes in or pursuant to law, and the maximum principal amount of debt authorized for each such purpose.

(2) LOAN. An authorizing resolution may authorize the negotiation of a loan or loan agreement of any type, upon any terms, with any bank authorized to transact business in this state or with any agency of the United States.

(3) NOTES. An authorizing resolution may authorize the issuance and sale of notes. Such a sale may be public or private as provided in the authorizing resolution.

(4) BONDS. An authorizing resolution may authorize the issuance and sale of bonds. Such a sale shall be public and noticed as provided in the authorizing resolution. Any or all bids received may be rejected and the

sale canceled, or the sale of all or any part of the bonds negotiated, after bids at public sale have been rejected.

(5) **FUNDING AND REFUNDING.** An authorizing resolution may authorize, for any one or more of the purposes described in s. 18.04 (1), the issuance and sale of notes as provided in sub. (3) or the issuance and sale of bonds as provided in sub. (4). Such a sale shall be for not less than par value, plus accrued interest to the date of delivery. No such notes may be sold to pay bonds or bonded corporation indebtedness.

(6) **EXERCISE OF AUTHORITY.** Public debt may be contracted and evidence of indebtedness issued therefor pursuant to one or more authorizing resolutions, unless otherwise provided in the resolution, at any time and from time to time, for any combination of purposes, in any specific amounts, at any rates of interest, for any term, payable at any intervals, at any place, in any manner and having any other terms or conditions deemed necessary or useful. Unless sooner exercised and unless a shorter period is provided in such resolution, every authorizing resolution shall expire one year after the date of its adoption.

18.07 FORM AND CONTENT OF EVIDENCE OF INDEBTEDNESS.

(1) Any provision of s. 403.104 to the contrary notwithstanding, every evidence of indebtedness and every interest coupon appurtenant thereto is declared to be a negotiable instrument.

(2) Every loan agreement entered into pursuant to s. 18.06 (2) and every evidence of indebtedness given under such a loan agreement shall be executed in the name of and for the state by the secretary of the board. Every other evidence of indebtedness shall be executed in the name of and for the state by the governor and by the state treasurer and shall be sealed with the great seal of the state or a facsimile thereof of any size, and every interest coupon appurtenant thereto shall be executed in the name of and for the state by the governor. The facsimile signature of either the governor or state treasurer or both may be imprinted in lieu of the manual signature of such officer, as the board directs, and shall be so imprinted in the case of interest coupons. Evidence of indebtedness and interest coupons appurtenant thereto bearing the manual or facsimile signature of a person in office at the time such signature was signed or imprinted shall be fully valid notwithstanding that before or after the delivery thereof such person ceased to hold such office.

(3) Every evidence of indebtedness shall be dated not later than the date issued, shall contain a reference by date to the appropriate authorizing resolution or resolutions and shall be in accordance therewith and, if issued for any one or more of the purposes described in s. 18.04 (1), shall so state.

(4) An evidence of indebtedness and any interest coupon appurtenant thereto shall be in such form and contain such statements or terms, not in conflict with law or with the appropriate authorizing resolution or resolutions, as the board directs.

18.08 CAPITAL IMPROVEMENT FUND. (1) (a) All moneys resulting from the contracting of public debt shall be credited to a separate and distinct fund, established in the state treasury, designated as the capital improvement fund, except that such moneys as are for purposes of funding or refunding pursuant to s. 18.06 (5) shall be credited to one or more of the sinking funds of the bond security and redemption fund or to the state building trust fund.

(b) Moneys within the capital improvement fund shall be segregated into separate and distinct accounts according to the program purposes defined under ch. 20 for which public debt has been authorized by the legislature.

(2) The capital improvement fund may be expended, pursuant to ap-

appropriations, only for the purposes and in the amounts for which the debts have been contracted, for the payment of principal and interest on loans or on notes and for expenses incurred in contracting debt.

(3) Moneys of the capital improvement fund may be commingled only for the purpose of investment with other public funds, but they shall be invested only as provided in s. 25.17 (3) (dg). All such investments shall be the exclusive property of such fund and all earnings on or income from such investments shall be credited to such fund. Such earnings on or income from investments shall be distributed within the capital improvement fund proportionally according to the investment source and shall become available for any of the purposes under sub. (2).

(4) If at any time it appears that there will not be on hand in the capital improvement fund sufficient moneys for the payment of principal and interest on loans or on notes, the department of administration shall transfer to such fund, out of the appropriation made pursuant to s. 20.866, a sum sufficient which, together with any available money on hand in such fund, is sufficient to make such payment.

18.09 BOND SECURITY AND REDEMPTION FUND. (1) When bonds are authorized, there shall be established in the state treasury a bond security and redemption fund separate and distinct from every other fund, which shall contain separate and distinct sinking funds for each particular bond issue.

(2) Each sinking fund shall be expended, and all moneys from time to time on hand therein are irrevocably appropriated, in sums sufficient, only for the payment of principal and interest on the bonds giving rise to it and premium, if any, due upon refunding of any such bonds.

(3) One year after interest has ceased to accrue on all of the bonds giving rise to a sinking fund, all moneys on hand in such sinking fund shall be paid over and transferred to the state building trust fund and the sinking fund shall be closed. An amount equal to the aggregate face value of all outstanding bonds and the accrued interest thereon for which no sinking fund exists shall be maintained in the state building trust fund applicable exclusively to the payment of such bonds and interest.

(4) Moneys of the bond security and redemption fund may be commingled only for the purpose of investment with other public funds, but they shall be invested only as provided in s. 25.17 (3) (dr). All such investments shall be the exclusive property of such fund and all earnings on or income from such investments shall be credited to such fund.

(5) There shall be transferred to each sinking fund a sum sufficient for the payment of the principal, interest and premium due, if any, on the bonds giving rise to it as the same falls due. Such transfers shall be so timed that there is at all times on hand in the sinking fund an amount not less than the aggregate amount of principal, interest and premium, if any, to be paid out of it during the ensuing 3 months. Notwithstanding the foregoing, no further such transfer need be made after there is on hand in the sinking fund from any source assets sufficient to pay the aggregate face value of all of the bonds giving rise to it outstanding, the amount of any premium payable on such payment and the amount of interest to accrue on such bonds until payment.

18.10 OTHER FISCAL AND ADMINISTRATIVE REGULATIONS.

(1) ANTICIPATORY CONTRACTS. After adoption of an authorizing resolution for a purpose which is to be accomplished wholly or in part through performance of an executory contract by some other contracting party, such contract may be entered into prior to the contracting of the debt authorized by such resolution with like effect as if the funds necessary for payments on the contract were already available. In such cases the debt authorized by such resolution shall be deemed to have been contracted

pursuant to such resolution in the amount necessary to make such payments on the date such contract is entered into and the authority of such resolution shall promptly thereafter be exercised.

(2) **LAWFUL MONEY.** All money borrowed by the state shall be lawful money of the United States and all public debt shall be payable in such money.

(3) **MANAGEMENT OF FUNDS AND RECORDS.** The capital improvement fund and the bond security and redemption fund shall be managed as provided by law for other state funds. The department of administration shall maintain full and correct records of each fund. The legislative audit bureau shall audit each such fund as of January 1 of each year reconciling all transactions and showing the fair market value of all property on hand.

(4) **DEBT HELD BY STATE.** All evidence of indebtedness owned or held by any state fund shall be deemed to be outstanding in all respects and the agency having such fund under its control shall have the same rights with respect to such evidence of indebtedness as a private party, but if any sinking fund acquires bonds which gave rise to such fund, such bonds shall be deemed paid for all purposes and no longer outstanding and, together with any interest coupons appurtenant thereto, shall be canceled as provided in sub. (11). All evidence of indebtedness owned by any state fund shall be registered to the fullest extent registrable.

(5) **REGISTRATION.** The state treasurer shall act as registrar for evidence of indebtedness registrable as to principal or interest or both. No transfer of a registered evidence of indebtedness is valid unless made on the register maintained by the state treasurer for that purpose, and the state shall be entitled to treat the registered owner as the owner of such instrument for all purposes. Payments of principal and interest, when registered as to interest, of registered instruments shall be by check to the registered owner at his address as it appears on the register, unless the board has otherwise provided. The board may make such other provisions respecting registration as it deems necessary or useful. The state treasurer may enter into a contract for the performance of any of his functions under this subsection and sub. (7).

(6) **REPLACEMENT OF INSTRUMENTS.** The board may make such provisions as it deems necessary or useful respecting the replacement of any missing or mutilated evidence of indebtedness or interest coupon of any evidence of indebtedness in one form with one in another form, and of any evidence of indebtedness in any denomination with one or more in any other denomination.

(7) **RECORD OF INSTRUMENTS.** The state treasurer or his agent shall maintain records containing a full and correct description of each evidence of indebtedness issued, identifying it and showing its date, issue, amount, interest rate, payment dates, payments made, registration, destruction and every other relevant transaction.

(8) **FISCAL AGENTS.** The board may appoint one or more fiscal agents for each issue of bonds or notes. The state treasurer may be denominated the sole fiscal agent or a co-fiscal agent for any issue of bonds or notes. Every other such fiscal agent shall be an incorporated bank or trust company authorized by the laws of the United States or of the state in which it is located to do a banking or trust company business. There may be deposited with a fiscal agent, in a special account for such purpose only, a sum estimated to be sufficient to enable such fiscal agent to pay the principal and interest on public debt which will come due not more than 15 days after the date of such deposit. The board may make such other provisions respecting fiscal agents as it deems necessary or useful and may enter into a contract with any fiscal agent containing such terms, including its compensation, and conditions in regard to the fiscal agent as it deems necessary or useful.

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(9) **PREPAYMENT.** The board may authorize debt having any provisions for prepayment deemed necessary or useful, including the payment of any premium.

(10) **EXTINGUISHMENT OF DEBT.** Interest shall cease to accrue on public debt on the date that such debt becomes due for payment if said payment is made or duly provided for, but such debt and the accrued interest thereon shall continue to be public debt until 6 years overdue for payment or, in the case of public debt owing to the United States, until 20 years overdue for payment. At that time, unless demand for their payment has been made, they shall be extinguished and shall be deemed no longer outstanding.

(11) **CANCELLATION OF INSTRUMENTS.** Unless otherwise directed by the board, every evidence of indebtedness and interest coupon paid or otherwise retired shall forthwith be marked "canceled" and shall be delivered by the state treasurer or fiscal agent accepting the surrender thereof, through the state treasurer to the state auditor who shall destroy them and shall forthwith deliver to the state treasurer a certificate to that effect.

18.12 PLEDGE OF FULL FAITH. The full faith, credit and taxing power of this state are irrevocably pledged to the payment of the principal, interest and premium due, if any, on all public debt. There is irrevocably appropriated through s. 20.866, as a first charge upon all revenues of this state, a sum sufficient for the payment of the instalments of principal, interest and premium due, if any, on all public debt as the same falls due.

18.13 SUITS AGAINST THE STATE. (1) **IN GENERAL.** This section and ss. 18.14 and 18.15 shall govern all civil claims, suits, proceedings and actions respecting public debt notwithstanding any contrary provision of the statutes.

(2) **TO RECOVER A DEBT.** If the state fails to pay any public debt in accordance with its terms, an action to compel such payment may be commenced against the state by delivering a copy of the summons and of the complaint to the attorney general or leaving them at his office in the capitol with his assistant or clerk. The place of trial of such an action shall be as provided in s. 261.01 (9). Sections 16.53 and 285.01 shall not apply to such claims for payment of a public debt. If there is final judgment against the state in such action, it shall be paid as provided in s. 285.04 together with interest thereon at the rate of 10% per annum from the date such payment was judged to have been due until the date of payment of such judgment.

(3) **TO CHALLENGE VALIDITY OF DEBT.** (a) The validity of public debt shall not be subject to collateral attack in any action or proceeding, judicial or administrative, nor shall it be called into question in any action or proceeding, judicial or administrative, except only an action pursuant to par. (b).

(b) Any interested person may commence an action against the state to enjoin the payment of or to challenge, as provided by s. 269.56, the validity of any public debt contracted in violation of s. 18.14 (1). The method of commencement and the place of trial of such an action shall be as provided in sub. (2). No such action may be commenced except within one year of the contracting of such debt.

18.14 VALIDATION OF DEBT AND PRESUMPTIONS. (1) Notwithstanding any defects, irregularities, lack of power or failure to comply with any statute or any act of the board, all public debt contracted or attempted to be contracted after the effective date of this section (1969) is declared to be valid and entitled to the pledge made by s. 18.12; all instruments given after the effective date of this section (1969) to evidence such debt are declared to be binding, legal, valid, enforceable and incontestable in accordance with their terms; and all proceedings taken after

the effective date of this section (1969) to authorize, issue, sell, execute, deliver or enter into such debt or such instruments are validated, ratified, approved and confirmed, provided only:

(a) There is no violation of any constitutional provision connected therewith;

(b) Such debt was contracted or attempted to be contracted for a stated purpose for which this chapter permits public debt to be contracted;

(c) Such debt was contracted or attempted to be contracted in an amount not greater than the amount specified in the authorizing resolution for such debt; and

(d) Consideration in lawful money of the United States was given for such debt.

(2) A determination, legislative, judicial or administrative, for any reason, that the state may not spend the proceeds of contracted public debt, or that it has spent such proceeds for a purpose other than the stated purpose for which such public debt was contracted or for a purpose for which the state may not spend money, shall not affect the validity of such public debt nor the evidence of indebtedness therefor.

(3) In addition to the presumptions contained in ch. 891, the following presumptions shall apply in all claims, suits, proceedings and actions respecting public debt. When a matter is stated to be presumptive evidence, it shall be overcome only by a clear preponderance of the evidence to the contrary.

(a) Certificates given under s. 18.05 (2) and (3) shall be presumptive evidence of the facts so certified.

(b) A certificate given under s. 18.05 (2) shall be conclusively presumed to have been the last determination made by the department of revenue of such value during the 30-day period following the date of such certificate.

(c) Certificates relating to public debt given by the secretary of the board shall be presumptive evidence of all matters stated in such certificates.

18.15 DIVERSION OF FUNDS, LIABILITY OF OFFICERS FOR. Any public officer or public employe, as defined in s. 939.22 (30), and the surety on his official bond, or any other person participating in any direct or indirect impairment of the capital improvement fund or bond security and redemption fund, shall be liable in an action brought by the attorney general in the name of the state, or by any taxpayer of the state, or by the holder of any evidence of indebtedness payable in whole or in part, directly or indirectly, out of such fund, to restore to such fund all diversions therefrom.

18.16 CONSTRUCTION. Until January 1, 1971, this chapter shall be deemed to provide an alternative authorization for and method of accomplishing financing, from moneys in the treasury of this state, for the public purposes enumerated in this chapter, to the authorization and method contained in existing laws of this state.

18.17 FULL AUTHORITY. This chapter shall constitute full authority for the accomplishment of all acts authorized in this chapter to be done. No other law restricting the carrying out of such acts shall be construed as applying to proceedings had or acts done pursuant to this chapter.

SECTION 8. Chapter 19 (title) of the statutes is amended to read:

CHAPTER 19.

OFFICIAL OATHS AND BONDS; CUSTODY OF OFFICIAL PROPERTY.

SECTION 8g. 20.001 (2) (f) of the statutes is created to read:

20.001 (2) (f) *Bond revenues.* "Bond revenues", indicated by the

abbreviation "BR" in s. 20.005, consist of all moneys resulting from the contracting of public debt in accordance with ch. 18.

SECTION 8m. At the appropriate place in the schedule in section 20.005 of the statutes, insert the following amounts for the purposes indicated:

		1969-70	1970-71
20.866	Public Debt		
(2)	Capital Improvement Authorizations		
(q)	State universities; academic facilities	BR C	44,987,900
(s)	University of Wisconsin; academic facilities	BR C	62,666,000
(u)	Transportation; administrative facilities	BR C	365,000
(v)	Health and social services; mental health facilities	BR C	3,325,000
(w)	Health and social services; correctional facilities	BR C	5,996,000
(x)	Building commission; previous lease rental authority	BR C	366,600,000
(y)	Building commission; housing state departments and agencies	BR C	14,970,000
(z)	Building commission; other public purposes	BR C	4,206,000

SECTION 9. 20.265 (1) (e) and (hm) of the statutes are created to read:

20.265 (1) (e) *Principal repayment and interest.* A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement or improvement of state university academic facilities.

(hm) *Principal repayment and interest.* A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement or improvement of self-amortizing state university educational facilities.

SECTION 9m. 20.265 (1) (gm) and (h) of the statutes, as affected by chapter 154, laws of 1969, are amended to read:

20.265 (1) (gm) *Student activity fees.* All moneys received as student activity fees or from operations in connection therewith and including such moneys received under conveyances and leases consummated under ss. 36.06 (6) and 37.02 (3) as the board of regents designates to be receipts under this paragraph shall be paid into the general fund and are appropriated therefrom, subject to the limitation hereinafter provided, to be used for 1) the operation, maintenance and capital expenditures of such student activities, including the transfer of funds to nonprofit corporations under ss. 36.06 (6) and 37.02 (3) to be used by such corporations for the payment of construction costs, including architectural and engineering services, for furnishings and equipment, and for temporary financing, and for 2) optional rental payments in addition to the mandatory rental payments under the leases and subleases, in connection with the providing of facilities for such student activities. The amount so appropriated shall not exceed the amounts paid into the general fund as aforesaid after deducting therefrom *the amount appropriated under par. (hm) and an amount equal to the amount appropriated under sub. (9) (um) for the payment of rentals by the board of regents under ss. 36.06 (6) and 37.02 (3) on projects for such activities.* The amount appropriated and available under this paragraph shall be determined by the department of administration.

(h) *Auxiliary enterprises.* All moneys received for or on account of any dormitory, commons, dining hall, cafeteria, stationery stand, parking facility, car fleet or model farm, and including such moneys received un-

der conveyances and leases consummated under ss. 36.06 (6) and 37.02 (3) as the board of regents designates to be receipts under this paragraph shall be paid into the general fund and are appropriated therefrom, subject to the limitation hereinafter provided, to be used for 1) the operation, maintenance and capital expenditures for such activities, including the transfer of funds to nonprofit corporations under ss. 36.06 (6) and 37.02 (3) to be used by such corporations for the payment of construction costs, including architectural and engineering services, for furnishings and equipment, and for temporary financing, and 2) for optional rental payments in addition to the mandatory rental payments under the leases and subleases, in connection with the providing of facilities for such activities. The amount so appropriated shall not exceed the amounts paid into the general fund as aforesaid after deducting therefrom *the amount appropriated under par. (hm) and an amount equal to the amount appropriated under sub. (9) (um) for the payment of rentals by the board of regents under ss. 36.06 (6) and 37.02 (3) on projects for such activities.* The amount appropriated and available under this paragraph shall be determined by the department of administration. The board of regents may establish at any state university a contingent fund not to exceed \$5,000 out of the balances of this appropriation to be used for the payment of cash in advance and which are incident to the operation of cafeterias and dining halls.

SECTION 10. 20.285 (1) (ee) and (hm) of the statutes are created to read:

20.285 (1) (ee) *Principal repayment and interest.* A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement or improvement of university academic facilities.

(hm) *Principal repayment and interest.* A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement or improvement of self-amortizing university educational facilities.

SECTION 10m. 20.285 (1) (h), (ha), (hb), (hc) and (hd) of the statutes, as affected by chapter 154, laws of 1969, are amended to read:

20.285 (1) (h) *Residence halls.* All moneys received for or on account of residence halls at the university, including the sale of supplies used by students, and including such moneys received under conveyances consummated under s. 36.06 (6) (b) 1 and leases entered into under s. 36.06 (6) (b) 2 as the board of regents designates to be receipts under this paragraph shall be paid into the general fund and are appropriated therefrom, subject to the limitation hereinafter provided, to be used for 1) the operation, maintenance and capital expenditures for such residence halls including the transfer of funds to nonprofit corporations referred to in s. 36.06 (6) to be used by such corporations for the payment of construction costs, including architectural and engineering services, for furnishings and equipment, and for temporary financing, and 2) for optional rental payments in addition to the mandatory rental payments under the leases and subleases, in connection with the providing of facilities for residence halls. The amount so appropriated shall not exceed the amounts paid into the general fund as aforesaid after deducting therefrom *the amount appropriated under par. (hm) and an amount equal to the amount appropriated under sub. (9) (um) for the payment of rentals by the board of regents under s. 36.06 (6) on residence hall projects.* The amount appropriated and available under this paragraph shall be determined by the department of administration.

(ha) *Athletic council.* All moneys received for or on account of the athletic council or any similar organization of the university, including such moneys received under conveyances consummated under s. 36.06 (6) (b) 1 and leases entered into under s. 36.06 (6) (b) 2 as the board of re-

gents designated to be receipts under this paragraph, shall be paid into the general fund and are appropriated therefrom, subject to the limitation hereinafter provided, to be used for 1) the purposes of such athletic council or other similar organization of the university, respectively, for carrying out its powers, duties and functions, including the transfer of funds to nonprofit corporations referred to in s. 36.06 (6) to be used by such corporations for the payment of construction costs, including architectural and engineering services, for furnishings and equipment, and for temporary financing, and 2) for optional rental payments in addition to the mandatory rental payments under the leases and subleases, in connection with the providing of facilities for the athletic council, and 3) including payment of scholarships and other financial aids to students. The amount so appropriated shall not exceed the amounts paid into the general fund as aforesaid after deducting therefrom *the amount appropriated under par. (hm) and an amount equal to the amount appropriated under sub. (9) (um)* for the payment of rentals by the board of regents under s. 36.06 (6) on athletic council projects. The amount appropriated and available under this paragraph shall be determined by the department of administration.

(hb) *Student unions.* All moneys received for or on account of the student unions, including such moneys received under conveyances consummated under s. 36.06 (6) (b) 1 and leases entered into under s. 36.06 (6) (b) 2 as the board of regents designates to be receipts under this paragraph shall be paid into the general fund and are appropriated therefrom, subject to the limitation hereinafter provided, to be used for 1) the operation, maintenance, and capital expenditures of the student unions, and including the transfer of funds to nonprofit corporations referred to in s. 36.06 (6) to be used by such corporations for the payment of construction costs, including architectural and engineering services, for furnishings and equipment, and for temporary financing, and for 2) optional rental payments in addition to the mandatory rental payments under the leases and subleases, in connection with the providing of facilities for the student unions. The amount so appropriated shall not exceed the amounts paid into the general fund as aforesaid after deducting therefrom *the amount appropriated under par. (hm) and an amount equal to the amount appropriated under sub. (9) (um)* for the payment of rentals by the board of regents under s. 36.06 (6) on student union projects. The amount appropriated and available under this paragraph shall be determined by the department of administration.

(hc) *Milwaukee auxiliary enterprises.* All moneys received at the university of Wisconsin-Milwaukee for or on account of any residence halls, commons, dining halls, cafeteria, student union, stationery stand or bookstore, parking facilities, or such other activities as the board of regents designates and including such fees covering student activities as allocated by the board of regents and including such moneys received under conveyances consummated under s. 36.06 (6) (b) 1 and leases entered into under s. 36.06 (6) (b) 2 as the board of regents designates to be receipts under this paragraph shall be paid into the general fund, and are appropriated therefrom, subject to the limitation hereinafter provided, to be used for 1) the operation, maintenance and capital expenditures of such activities, and including the transfer of funds to nonprofit corporations referred to in s. 36.06 (6) to be used by such corporations for the payment of construction costs, including architectural and engineering services, for furnishings and equipment, and for temporary financing, and for 2) optional rental payments in addition to the mandatory rental payments under the leases and subleases, in connection with the providing of facilities for such activities. The amount so appropriated shall not exceed the amounts paid into the general fund as aforesaid after deducting therefrom *the amount appropriated under par. (hm) and an amount equal to*

the amount appropriated under sub. (9) (um) for the payment of rentals by the board of regents under s. 36.06 (6) on projects for such activities. The amount appropriated and available under this paragraph shall be determined by the department of administration.

(hd) *Auxiliary enterprises.* All moneys received for or on account of the following activities and including any cash balances pertaining to the university of Wisconsin press, parking facilities, car fleet, secondary schools testing program and such other activities as the board of regents designates and including such moneys received under conveyances consummated under s. 36.06 (6) (b) 1 and leases entered into under s. 36.06 (6) (b) 2 as the board of regents designates to be receipts under this paragraph, shall be paid into the general fund, and are appropriated therefrom, subject to the limitation hereinafter provided, to be used for 1) the operation, maintenance and capital expenditures of such activities, and including the transfer of funds to nonprofit corporations referred to in s. 36.06 (6) to be used by such corporations for the payment of construction costs, including architectural and engineering services, for furnishings and equipment, and for temporary financing, and for 2) optional rental payments in addition to the mandatory rental payments under the leases and subleases, in connection with the providing of facilities for such activities. The amount so appropriated shall not exceed the amounts paid into the general fund as aforesaid after deducting therefrom *the amount appropriated under par. (hm) and an amount equal to the amount appropriated under sub. (9) (um) for the payment of rentals by the board of regents under s. 36.06 (6) on projects for such activities.* The amount appropriated and available under this paragraph shall be determined by the department of administration.

SECTION 11. 20.395 (3) (x) of the statutes is created to read:

20.395 (3) (x) *Principal repayment and interest.* A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement or improvement of transportation administrative office or equipment storage and maintenance facilities.

SECTION 12. 20.435 (2) (ee) and (3) (e) of the statutes are created to read:

20.435 (2) (ee) *Principal repayment and interest.* A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing the acquisition, development, enlargement or extension of mental health facilities.

(3) (e) *Principal repayment and interest.* A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing the acquisition, construction, development, enlargement or improvement of correctional facilities.

SECTION 13. 20.505 (8) of the statutes is created to read:

20.505 (8) STATE BOND BOARD. (h) *General program operations.* From the capital improvement fund, a sum sufficient to pay the expenses of contracting and managing public debt.

SECTION 14. 20.710 (2) (a) and (b), as affected by chapter 154, laws of 1969, are amended to read:

20.710 (2) (a) A sum sufficient to make the rental payments under ss. 20.265 (1) (ug), 20.285 (99) (u), 20.435 (9) (u) and 20.485 (1) (u). The building commission may approve lease agreements for the rental of buildings, structures and facilities having a total project value which in the aggregate does not exceed ~~\$486,300,000~~ \$365,100,000 on these building projects for which the payment of rentals is appropriated by this paragraph.

(b) A sum sufficient to make the rental payments under sub. (1)

(v) and ss. 20.265 (1) (um), 20.285 (1) (um), 20.395 (3) (y) and 20.545 (1) (um). The building commission may approve ~~for the 1967-69 and 1969-71 biennia~~ lease agreements for buildings, structures and facilities for general state office purposes ~~which do not exceed \$16,500,000~~ the rental of land having a total project value which does not exceed \$1.5 million for the acquisition of a site for a downtown Madison office building.

SECTION 15. 20.710 (3) of the statutes is created to read:

20.710 (3) CAPITAL IMPROVEMENTS PROGRAM. (a) *Principal repayment and interest.* A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing the housing of state agencies.

(b) *Principal repayment and interest.* A sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing capital improvements for other public purposes authorized by law but not otherwise specified in this chapter.

SECTION 16. 20.866 of the statutes is created to read:

20.866 PUBLIC DEBT. There are irrevocably appropriated to the bond security and redemption fund and to the capital improvement fund, as a first charge upon all revenues of this state, sums sufficient for payment of principal, interest and premium due, if any, on public debt acquired in accordance with ch. 18.

(1) BOND SECURITY AND REDEMPTION FUND. There is appropriated to the state bond board:

(u) *Principal repayment and interest.* A sum sufficient from moneys appropriated under s. 20.265 (1) (e) and (hm), 20.285 (1) (ee) and (hm), 20.395 (3) (x), 20.435 (2) (ee) and (3) (e) and 20.710 (3) (a) and (b) for the payment of principal and interest on public debt acquired in accordance with ch. 18.

(2) CAPITAL IMPROVEMENT AUTHORIZATIONS. There is appropriated to the following agencies for the following purposes:

(q) *State universities; academic facilities.* As a continuing appropriation from the capital improvement fund, the amounts in the schedule to the board of regents of state universities to acquire, construct, develop, enlarge or improve state university academic facilities. The state may contract public debt in an amount not to exceed \$44,987,900 for this purpose.

(r) *State universities; self-amortizing facilities.* As a continuing appropriation from the capital improvement fund, the amounts in the schedule to the board of regents of state universities to acquire, construct, develop, enlarge or improve state university self-amortizing educational facilities. The state may contract public debt for this purpose in an amount authorized by the building commission.

(s) *University of Wisconsin; academic facilities.* As a continuing appropriation from the capital improvement fund, the amounts in the schedule to the board of regents of the university of Wisconsin to acquire, construct, develop, enlarge or improve university academic educational facilities. The state may contract public debt in an amount not to exceed \$62,666,000 for this purpose.

(t) *University of Wisconsin; self-amortizing facilities.* As a continuing appropriation from the capital improvement fund, the amounts in the schedule to the board of regents of the university of Wisconsin, to acquire, construct, develop, enlarge or improve university self-amortizing educational facilities. The state may contract public debt for this purpose in an amount authorized by the building commission.

(u) *Transportation; administrative facilities.* As a continuing appropriation from the capital improvement fund, the amounts in the schedule to the department of transportation to acquire, construct, develop, enlarge or improve transportation administrative office or equipment storage and

maintenance facilities. The state may contract public debt in an amount not to exceed \$365,000 for this purpose.

(v) *Health and social services; mental health facilities.* As a continuing appropriation from the capital improvement fund, the amounts in the schedule to the department of health and social services to acquire, develop, enlarge or extend mental health facilities. The state may contract public debt in an amount not to exceed \$3,325,000 for this purpose.

(w) *Health and social services; correctional facilities.* As a continuing appropriation from the capital improvement fund, the amounts in the schedule to the department of health and social services to acquire, construct, develop, enlarge or improve correctional facilities. The state may contract public debt in an amount not to exceed \$5,996,000 for this purpose.

(x) *Building commission; previous lease rental authority.* As a continuing appropriation from the capital improvement fund, the amounts in the schedule to the building commission to acquire, construct, develop, enlarge or improve facilities authorized by the legislature prior to July 1, 1969. The state may contract public debt in an amount not to exceed \$366,600,000 for this purpose.

(y) *Building commission; housing state departments and agencies.* As a continuing appropriation from the capital improvement fund, the amounts in the schedule to the building commission for the purpose of housing state departments and agencies. The state may contract public debt in an amount not to exceed \$14,970,000 for this purpose.

(z) *Building commission; other public purposes.* As a continuing appropriation from the capital improvement fund, the amounts in the schedule to the building commission for capital improvements for other public purposes authorized by law but not otherwise specified in this chapter. The state may contract public debt in an amount not to exceed \$4,206,000 for this purpose.

SECTION 17. 25.14 (1) of the statutes, as affected by chapter 276, laws of 1969, is amended to read:

25.14 (1) There is created a state investment fund under the jurisdiction and management of the investment board (hereinafter referred to as "board") to be operated as an investment trust for the purpose of managing the securities of all the state's funds consisting of the funds specified in s. 25.17 (1) except the conservation wardens pension fund, state insurance fund, state life fund, state teachers retirement fund, Milwaukee teachers retirement fund, Wisconsin retirement fund, *capital improvement fund, bond security and redemption fund*, state building trust fund, the trust funds of the historical society, funds which by the constitution are required to be controlled and invested by the *board of commissioners of public lands*, funds which are required by specific provision of law to be controlled and invested by any other authority, the university trust funds and the trust funds of the state universities except that the respective authorities controlling the investment of any such excluded fund or funds may authorize the transfer of any temporary cash assets of any such excluded fund or funds to the state investment fund in accordance with subs. (2) and (3).

SECTION 18. 25.17 (1) (ag) and (ar), (3) (dg) and (dr) and (52) of the statutes are created to read:

25.17 (1) (ag) The bond security and redemption fund (s. 18.09).

(ar) The capital improvement fund (s. 18.08).

(3) (dg) Have authority to invest in:

1. Direct obligations of the United States and of agencies of and corporations wholly owned by the United States, and direct obligations of federal land banks, federal home loan banks, central bank for cooperatives and banks for cooperatives, international bank for reconstruction and de-

velopment and inter-American development bank, in each case maturing within one year or less from the date of investment.

2. Commercial paper maturing within one year or less from the date of investment and rated prime by the national credit office, if the issuing corporation has one or more long-term senior debt issues outstanding, each of which has one of the 3 highest ratings issued by Moody's investors service or Standard & Poor's corporation.

3. Certificates of deposit maturing within one year or less from the date of investment, issued by banks located in the United States and having capital and surplus of at least \$50,000,000.

(dr) Invest the funds of the bond security and redemption fund only in direct obligations of the United States maturing in amounts and at times sufficient to pay the principal and interest payable from such fund during the calendar year.

(52) Maintain records from which it can determine the particular investments of the sinking funds of the bond security and redemption fund made under sub. (3) (dr) and the fair market value of such investments, and report this information to the department of administration at its request.

SECTION 19. 25.17 (2) (a) of the statutes is amended to read:

25.17 (2) (a) Invest any of the funds specified in sub. (1), except operating funds, *the capital improvement fund and the bond security and redemption fund*, in loans to the Wisconsin university building corporation, state colleges building corporation or the Wisconsin state public building corporation, but only if such loans are secured by mortgages upon property owned by the respective corporations producing sufficient income to retire the mortgage over the term of the loan or are secured by the pledge of rentals sufficient in amount to retire the indebtedness. The investment board shall make no loans to any building corporation described in this subsection except under the conditions herein prescribed, or except as otherwise provided in par. (b). These loans shall be made only when in the judgment of the investment board it is to the interest of the funds to do so, except that loans made under par. (b) shall be made at the direction of the ~~state~~ building commission.

SECTION 20. 34.02 of the statutes is created to read:

34.02 EXEMPTION. This chapter shall not apply to fiscal agents appointed pursuant to s. 18.10 (8).

SECTION 21. 165.015 (3) of the statutes, as affected by chapter 276, laws of 1969, is amended to read:

165.015 (3) Examine a certified copy of all proceedings preliminary to any issue of state bonds *or notes*, and, if found regular and valid, indorse on each bond *or note* his certificate of such examination and validity, ~~and that said bond is incontestable, except for constitutional reasons, unless an action making such contest shall be brought in a court having jurisdiction of the action within 30 days from the date of said certificate, and. The attorney general shall also make similar examinations and certificates respecting municipal bonds in the cases specified in s. 67.02(3), except that the 30 days' limitation shall commence to run upon the recording of the attorney general's certificate in the office of the clerk of the municipality issuing the bonds, and the certificate shall so state.~~

SECTION 22. 219.04 of the statutes is created to read:

219.04 INVESTMENT IN STATE BONDS AND NOTES. (1) (a) The following may invest any sinking, insurance, investment, retirement, compensation, pension or trust funds, moneys or other funds belonging to them or within their control without limit in state bonds and notes:

1. All banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, credit

unions, investment companies, insurance companies and associations and other persons or entities carrying on a banking or insurance business.

2. All executors, administrators, guardians, trustees and other fiduciaries.

3. The state and all public officers, municipal corporations, political subdivisions and public bodies.

(b) The provisions of par. (a) shall be cumulative to authorizations of investments contained in other statutes, but shall not apply to funds expressly limited by law to specifically enumerated investments not including evidence of indebtedness.

(2) Whenever the statutes require collateral as security for the deposit of public or other funds, or deposits to be made with any public official or department, or an investment of capital or surplus or a reserve or other fund to be maintained consisting of designated securities, state bonds and notes shall be eligible for such purposes.

SECTION 23. 227.01 (5) (u) of the statutes is created to read:

227.01 (5) (u) Is made by the state bond board.

SECTION 24. 893.23 of the statutes, as affected by chapter 276, laws of 1969, is amended to read:

893.23 Within 30 days: An action to contest the validity of any state bond or note or municipal bond which has been certified by the attorney general, as provided in s. 165.015 (3), for other than constitutional reasons, must be commenced within 30 days after such certification in the case of a state bond or note, and within 30 days after the recording of such certificate as provided by s. 67.02 (3), in the case of a municipal bond.

SECTION 25. 946.13 (6) of the statutes is created to read:

946.13 (6) Subsection (3) shall not apply to contracts creating a public debt, as defined in s. 18.01 (6), if the requirements of s. 18.14 (1) have been met. No evidence of indebtedness, as defined in s. 18.01 (3), shall be invalidated on account of a violation of this section by a public officer or public employe, but such officer or employe and the surety on his official bond shall be liable to the state for any loss to it occasioned by such violation.

SECTION 26. PROGRAM RESPONSIBILITY CITATIONS. (1) In the list of program responsibility citations enumerated for the department of administration under section 15.101 (intro.) of the statutes, reference to sections "18.03 (3), 18.05 (3), 18.08 (4) and 18.10 (3)" is inserted.

(2) In the list of program responsibility citations enumerated for the executive office under section 14.011 (intro.) of the statutes, as created by chapter 276, laws of 1969, reference to section "18.07 (2)" is inserted.

(3) In the list of program responsibility citations enumerated for the public service commission under section 15.791 of the statutes, reference to section "18.01 (5) (b)" is deleted.

(4) In the list of program responsibility citations enumerated for the department of revenue under section 15.431 of the statutes, reference to section "18.05 (2)" is inserted.

(5) In the list of program responsibility citations enumerated for the office of the state treasurer under section 14.561 of the statutes, as created by chapter 276, laws of 1969, reference to sections "18.07 (2) and 18.10" is inserted.

SECTION 27. CROSS REFERENCE CHANGES. (1) Wherever the reference to sections "18.01 (5)" and "18.03" appear in section 15.701 of the statutes, as affected by chapter 276, laws of 1969, the references "19.21 (5)" and "19.23", respectively, are substituted.

(2) Wherever the reference to section "18.01" appears in section 19.22 (1) of the statutes, as renumbered by this act, the reference "19.21" is substituted.

Approved November 25, 1969.