

1975 Senate Bill 788

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CHAPTER 164, Laws of 1975

AN ACT to amend 20.906 (1) and (5), 34.01 (intro.), (1) and (8) (a), 59.75 (1) and 66.04 (2); and to create 16.53 (10) and (11), 20.002 (11), 20.855 (8), 20.906 (6), 25.17 (1) (jg) and (jr), 25.50, 25.55 and 59.74 (2) of the statutes, relating to state treasury cash flow management, establishing a local government pooled-investment fund and a local government trust-investment fund and granting rule-making authority.

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

SECTION 1. 16.53 (10) and (11) of the statutes are created to read:

16.53 (10) PRIORITY OF CLAIMS. If, between the effective date of this act (1975) and 30 days after the publication of the budget adopted for the 1977-79 fiscal biennium, an emergency arises which requires the department to draw vouchers for payments which will be in excess of available funds in any state fund, the secretary, in consultation with the state treasurer and the joint committee on finance, may prorate and establish priority schedules for all payments, including those payments for which a specific payment date is provided by statute. The secretary shall draw all vouchers according to the following preference. All direct or indirect payments of principal or interest on state bonds and notes have first priority and may not be prorated or reduced under this subsection. All state employe payrolls shall have 2nd priority. All payments to local units of government which are required by statute to be made on a specific date and all aid payments to individuals have 3rd priority. All remaining payments have 4th priority. The secretary shall maintain records of all claims prorated under this subsection and shall provide written notice to the state treasurer when a potential cash flow emergency is anticipated.

(11) INTEREST ON PRORATED PAYMENTS. Payments prorated under sub. (10) which are payable to local units of government shall earn interest on the daily unpaid balance at the rates of interest earned by the state investment fund during the calendar quarter in which the proration occurred. The interest payments under this subsection shall be credited to the respective local units of government at the end of the quarter in which the proration occurred.

SECTION 2. 20.002 (11) of the statutes is created to read:

20.002 (11) TEMPORARY REALLOCATION OF SURPLUS GENERAL FUND APPROPRIATIONS. All appropriations and special accounts within the general fund may be made temporarily available for the purpose of allowing encumbrances or financing expenditures of other general fund activities which do not have sufficient funds in their account but have accounts receivable balances. The secretary of administration shall determine the composition and allowability of the accounts receivable balances for this

purpose and shall specifically approve the use of surplus general funds for use by specified activities or programs. The secretary may assess a special interest charge against the programs or activities utilizing surplus funds under this subsection in amounts not to exceed the daily interest earnings rate of the state investment fund during the period of transfer of surplus funds to other accounts or programs.

SECTION 3. 20.855 (8) of the statutes is created to read:

20.855 (8) PAYMENTS TO LOCAL UNITS OF GOVERNMENT. (a) *Interest on prorated payments.* A sum sufficient to pay interest on payments to local units of government under s. 16.53 (11).

SECTION 4. 20.906 (1) and (5) of the statutes are amended to read:

20.906 (1) FREQUENCY OF DEPOSITS. Unless otherwise provided by law, all moneys collected or received by any state agency for or in behalf of the state, or which is required by law to be turned into the state treasury, shall be deposited in or transmitted to the state treasury at least once a week and also ~~whenever at other times~~ as required by the governor, ~~or the state treasurer~~ and shall be accompanied by a statement in such form as the treasurer may prescribe showing the amount of such collection, and from whom and for what purpose or on what account the same was received. All moneys paid into the treasury shall be credited to the general purpose revenues of the general fund unless otherwise specifically provided by law.

(5) CONDITIONS PRECEDENT TO RELEASE OF APPROPRIATIONS. All appropriations ~~made by law~~ from state revenues for any state agency, are made on the express conditions that such state agency pays all moneys received by it into the state treasury within one week of receipt or as often as otherwise directed by the governor or state treasurer, and conforms with ss. 16.53 (1) and 20.002, both as to program revenue and general purpose revenue appropriations from all funds. Upon failure to comply with the above conditions, the department of administration shall refuse to draw its warrant, and the state treasurer shall refuse to pay any moneys appropriated to the state agency from state revenues, until compliance is made with said conditions; ~~and upon.~~ Upon failure or refusal to so comply, after due notice received from the department of administration, any appropriations ~~made by law~~ from state revenues to the state agency shall permanently revert to the fund from which appropriated.

SECTION 5. 20.906 (6) of the statutes is created to read:

20.906 (6) DIRECT DEPOSITS. The governor or the state treasurer may require state agencies making deposits under this section to make direct deposits to a bank designated as a depository by the state investment board, if such a requirement is advantageous or beneficial to this state.

SECTION 6. 25.17 (1) (jg) and (jr) of the statutes are created to read:

25.17 (1) (jg) Local government pooled-investment fund (s. 25.50);

(jr) Local government trust-investment fund (s. 25.55);

SECTION 7. 25.50 and 25.55 of the statutes are created to read:

25.50 Local government pooled-investment fund. (1) DEFINITIONS. In this section:

(a) "Board" means the state investment board.

(b) "Fund" means the local government pooled-investment fund.

(c) "Local funds" means funds under the control or in the custody of any local government or local official that are not required to meet current expenditures or demands.

(d) "Local government" means any county, town, village or city in this state.

(e) "Local official" means each officer or employe of a local government who by law or vote of the governing body of the local government is made the custodian of funds.

(2) CREATION. There is established within the state investment fund a local government pooled-investment fund with a separate and identifiable account within the fund for each local government.

(3) LOCAL GOVERNMENTS AUTHORIZED TO PLACE FUNDS IN POOL. (a) With the consent of the governing body, a local official may transfer local funds to the state treasurer for deposit in the fund.

(b) On the dates specified and to the extent to which they are available, subject to s. 16.53 (10), funds payable to local governments under ss. 70.996 (1) (a), 79.02 (2) (a), 79.03 (1), 79.04 (1), (2) (a) and (3), 79.05 (2), 79.055, 79.06, 79.08, 79.10 (1) and (3) and 79.17 (1) and (3) shall be considered local funds and, pursuant to the instructions of local officials, may be paid into the separate accounts of all local governments established in the local government pooled-investment fund and, pursuant to the instructions of local officials, to the extent to which they are available, be disbursed or invested.

(4) PERIOD OF INVESTMENTS; WITHDRAWAL OF FUNDS. Subject to the right of the local government to specify the period in which its funds may be held in the fund, the state treasurer shall prescribe the mechanisms and procedures for deposits and withdrawals.

(5) INVESTMENT POLICIES. The investment board shall formulate policies for the investment and reinvestment of moneys in the fund and the acquisition, retention, management and disposition of such investments.

(6) INVESTMENT BOARD TO INVEST, REINVEST POOLED FUNDS. In the amounts available for investment purposes and subject to the policies formulated by the investment board, the investment board shall invest and reinvest moneys in the fund and acquire, retain, manage, including the exercise of any voting rights, and dispose of investments of the fund.

(7) REIMBURSEMENT OF EXPENSES. The state treasurer shall deduct quarterly a maximum of 0.25% of the amount of income received from the earnings of the fund during the preceding calendar quarter for all actual and necessary expenses incurred by the state in administering the fund.

(8) SEPARATE ACCOUNTS. (a) The department of administration shall keep a separate account for each local government and shall record the individual amounts and the totals of all investments of each local government's moneys in the fund.

(b) The state treasurer shall report monthly to each local official the deposits and withdrawals of the preceding month and any other activity within the account.

25.55 Local government trust-investment fund. (1) There is created a local government trust-investment fund under the jurisdiction and management of the investment board.

(2) Local governments as defined in s. 25.50 (1) (d), may transfer to the state treasurer for deposit in the local government trust-investment fund excess cash for investment by the investment board. Local governments shall specify the term of investment of moneys transferred. The department of administration shall set up a separate account for each local government. The investment board shall invest each account separately in investments authorized under s. 25.17 (3) (b), (ba) and (dg). All interest accruing as a result of such investment shall be allocated to the account for which it was invested. The investment board shall prescribe rules determining the

amounts which may be transferred to this fund for investment and the procedures to be followed for making deposits and withdrawals.

(3) Administrative expenses allocated to the operation of this fund shall be deducted from interest earned by the fund in an amount not to exceed 0.25% per quarter of the interest earned by the separate accounts in the fund.

SECTION 8. 34.01 (intro.), (1) and (8) (a) of the statutes are amended to read:

34.01 Definitions. (intro.) ~~As used in~~ In this chapter:

(1) "Public deposit" ~~shall mean~~ means moneys deposited by the state or any county, city, village, town, drainage district, power district, school district, sewer district, or any commission, committee, board or officer of any governmental subdivision of the state, or any court of this state, in any state bank, savings and trust company, mutual savings bank, or national bank in this state or in the local government pooled-investment fund or the local government trust-investment fund, including private funds held in trust by a public officer ~~for persons, corporations or associations of individuals.~~

(8) (a) "Inactive deposits" ~~shall mean~~ means public deposits which have been deposited subject to the bank's rules and regulations relative to time accounts and the investment board's rules relative to amounts invested in the local government trust-investment fund.

SECTION 9. 59.74 (2) of the statutes is created to read:

59.74 (2) In addition to the depositories specified in sub. (1), the local government pooled-investment fund and the local government trust-investment fund may be designated as depositories for investment purposes.

SECTION 10. 59.75 (1) of the statutes is amended to read:

59.75 (1) Whenever any county board ~~shall have~~ has designated a county depository ~~or depositories in accordance with the provisions of section under s. 59.74~~ the county treasurer shall deposit therein as soon as received all funds that come to ~~his~~ the treasurer's hands in that capacity in excess of the sum ~~he~~ the treasurer is authorized by ~~such~~ the board to retain ~~and any.~~ Any sum ~~so~~ on deposit shall be deemed to be in the county treasury, and ~~such~~ the treasurer shall not be liable for any loss thereon resulting from the failure or default of such depository; ~~provided, that the~~ The county board or a committee thereof designated by it may invest any funds that come into ~~his~~ the county treasurer's hands in excess of the sum ~~he~~ the treasurer is authorized by the county board to retain for immediate use, in the name of the county in the local government pooled-investment fund, in the local government trust-investment fund or in interest-bearing interest-bearing bonds of the United States, or of any county or municipality in the state, ~~and such.~~ The board or committee may sell such securities when deemed advisable.

SECTION 11. 66.04 (2) of the statutes is amended to read:

66.04 (2) INVESTMENTS. Any county, city, village, town, school district, drainage district, vocational, technical and adult education district, or other governing board as defined by s. 34.01 (4) may invest any of its funds, not immediately needed, in time deposits in any bank, savings bank or trust company which is authorized to transact business in this state, such time deposits maturing in not more than one year, or in bonds or securities issued or guaranteed as to principal and interest of the U.S. government, or of a commission, board or other instrumentality of the U.S. government, or bonds or securities of any county, city, drainage district, vocational, technical and adult education district, village, town or school district of this state, or, in the case of a town, city or village, in any bonds or securities issued under the

authority of such municipality, whether the same create a general municipality liability or a liability of the property owners of such municipality for special improvements ~~made therein~~, and may sell or hypothecate the same. Any county, city, village or town may also invest surplus funds in the local government pooled-investment fund or the local government trust-investment fund. Cemetery perpetual care funds, pension funds under s. 62.13 (9) or (10), or endowment funds including gifts where the principal is to be kept intact may also be invested under ch. 881.

SECTION 12. Program responsibilities. (1) In the list of program responsibilities enumerated for the office of the state treasurer in section 14.561 of the statutes, insert references to sections "25.50" and "25.55".

(2) In the list of program responsibilities enumerated for the department of administration in section 15.101 (intro.) of the statutes, insert reference to sections "25.50" and "25.55".

(3) In the list of program responsibilities enumerated for the investment board in section 15.761 of the statutes, insert reference to sections "25.50" and "25.55".

SECTION 13. Cash flow study. The department of administration is directed to prepare a report on the present statutory and administrative structure and procedure for the payment of local assistance funds to counties, towns, villages, cities and school districts. The report, after review by a 7-member committee consisting of the state treasurer, representatives of the departments of administration and public instruction, and designees appointed by the league of Wisconsin municipalities, county boards association, Wisconsin towns association and the Wisconsin school boards association, shall be submitted to the governor and the legislature no later than February 1, 1977, and shall include but not be limited to:

(1) The identification of major local assistance payments.

(2) The identification of payment schedules either required by statute or established by administrative action.

(3) An assessment of the impact of such payments and schedules on fund balances and the operation and management of the state budget.

(4) The criteria on the basis of which the current payment schedules were established.

(5) The impact of current payment schedules on the operation of local and state government.

(6) Recommendations, if deemed appropriate, for changes in the statutes or in administrative procedures concerning such payments and schedules.
