



2005 SENATE BILL 113

March 15, 2005 – Introduced by Senators OLSEN, GROTHMAN, HARSDORF and LAZICH, cosponsored by Representatives TOWNS, HAHN, MURSAU, HINES, NISCHKE, TOWNSEND, GIELOW, STRACHOTA, MUSSER, MOLEPSKE, HUNDERTMARK, GUNDERSON, JESKEWITZ, ALBERS, LEHMAN, PETROWSKI, KESTELL, KRAWCZYK, OTT and FREESE. Referred to Committee on Education.

1 **AN ACT** *to renumber* 66.0603 (3); *to renumber and amend* 66.0603 (1m) (b);
2 *to amend* 119.04 (1); and *to create* 66.0603 (1m) (b) 3. and 66.0603 (3) (b) of
3 the statutes; **relating to:** the investment by school districts of funds held in
4 trust to provide post-employment benefits.

Analysis by the Legislative Reference Bureau

Current law restricts the manner in which a school district may invest its funds. This bill authorizes a school district to invest and reinvest funds that are held in trust, other than funds held in the public employee trust fund, solely to provide post-employment benefits in the manner provided under the Uniform Prudent Investor Act, which took effect in Wisconsin on April 30, 2004.

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

5 **SECTION 1.** 66.0603 (1m) (b) of the statutes is renumbered 66.0603 (1m) (b) 1.
6 and amended to read:
7 66.0603 (**1m**) (b) 1. A town, city, or village may invest surplus funds in any
8 bonds or securities issued under the authority of the municipality, whether the bonds

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1 or securities create a general municipality liability or a liability of the property
2 owners of the municipality for special improvements, and may sell or hypothecate
3 the bonds or securities. Funds of an employer, as defined by s. 40.02 (28), in a
4 deferred compensation plan may also be invested and reinvested in the same manner
5 authorized for investments under s. 881.01.

6 2. Funds of any school district operating under ch. 119, held in trust for pension
7 plans intended to qualify under section 401 (a) of the Internal Revenue Code, other
8 than funds held in the public employee trust fund, may be invested and reinvested
9 in the same manner as is authorized for investments under s. 881.01.

10 **SECTION 2.** 66.0603 (1m) (b) 3. of the statutes is created to read:

11 66.0603 (1m) (b) 3. A school district may invest and reinvest funds that are held
12 in trust, other than funds held in the public employee trust fund, solely to provide
13 any of the following benefits, in the same manner as is authorized for investments
14 under s. 881.01:

15 a. Post-employment health care benefits provided either separately or through
16 a defined benefit pension plan.

17 b. Other post-employment benefits provided separately from a defined benefit
18 pension plan.

19 **SECTION 3.** 66.0603 (3) of the statutes is renumbered 66.0603 (3) (a).

20 **SECTION 4.** 66.0603 (3) (b) of the statutes is created to read:

21 66.0603 (3) (b) In addition to the authority granted under sub. (2), a school
22 district may delegate the investment authority over the funds described under sub.
23 (1m) (b) 3. to an investment manager who meets the requirements and qualifications
24 specified in the trust's investment policy and who is registered as an investment
25 adviser under 15 USC 80b-3.

