

1999 ASSEMBLY BILL 348

May 17, 1999 – Introduced by Representative KELSO, cosponsored by Senator GEORGE. Referred to Joint committee on Audit.

1 **AN ACT to renumber** 18.52 (5) (c) and 18.56 (7) and (8); **to renumber and**
2 **amend** 18.52 (5) (intro.), 18.52 (5) (a), 18.52 (5) (b), 18.53 (3), 18.56 (1), 18.56
3 (2) to (6), 18.56 (9) (intro.), 18.56 (9) (a) to (j), 18.56 (10), 18.57 (4), 18.60 (5) and
4 25.47; **to amend** 13.485 (2), 18.51, 18.57 (1), 18.58 (1), 18.60 (1), 18.60 (2), 18.61
5 (2), 18.61 (3) (a), 18.61 (3) (b) (intro.), 18.61 (3) (b) 1., 18.61 (3) (b) 3., 18.61 (3)
6 (b) 4., 18.61 (3) (c), 18.61 (4), 20.143 (3) (v), 45.79 (9) (a), 84.59 (2), 85.52 (5) (c)
7 and 281.59 (4) (b); **to repeal and recreate** 18.57 (title); and **to create** 18.52
8 (2m) (intro.), 18.52 (7), 18.52 (8), 18.53 (3) (a) and (b), 18.561 (title), 18.561 (1),
9 18.561 (7) (title), 18.561 (8) (title), 18.561 (9) (k), 18.562, 18.60 (5) (a) to (c),
10 20.143 (3) (s), 20.143 (3) (t), 20.143 (3) (u), 20.143 (3) (vb), 25.47 (5) and 101.143
11 (9m) of the statutes; **relating to:** authorizing revenue obligations to fund
12 payment of claims under the petroleum storage remedial action program;

ASSEMBLY BILL 348

1 authorizing a new type of revenue obligation; granting revenue bonding
2 authority; granting rule-making authority; and making appropriations.

Analysis by the Legislative Reference Bureau

Under current law, the department of commerce administers a program to reimburse owners of certain petroleum product storage tanks for a portion of the costs of cleaning up discharges from those tanks. This program is commonly known as PECFA.

This bill authorizes the issuance of revenue obligations, to be paid from revenues deposited in the petroleum inspection fund, to fund the payment of claims under the PECFA program. Revenue obligations issued under this bill may not exceed \$450,000,000 in principal amount. In addition to this limit on principal amount, the bill authorizes the issuance of revenue obligations to fund or refund these outstanding revenue obligations, to pay issuance or administrative expenses, to make deposits to reserve funds or to pay accrued or capitalized interest. The building commission may pledge any portion of revenues received from the proceeds of the obligations or the petroleum inspection fund to secure revenue obligations issued under this bill. The building commission may issue the revenue obligations when it reasonably appears to the building commission that the obligations can be fully paid on a timely basis from the petroleum inspection fund. The bill provides a so-called “moral obligation pledge” which applies if the legislature reduces the rate of the petroleum inspection fee. If the rate is reduced and there are insufficient funds in the petroleum inspection fund to pay the principal and interest on the revenue obligations, the legislature expresses its expectation and aspiration that it would make an appropriation from the general fund sufficient to pay the principal and interest on the obligations.

Under current law, the state may issue “revenue obligations” for certain specified purposes. In general, a revenue obligation is an obligation that is: 1) incurred to purchase, acquire, lease, construct, improve, operate or manage a revenue-producing enterprise; and 2) repayable solely from, and secured solely by, the property or income from the revenue-producing enterprise.

This bill broadens the definition of revenue obligation to allow revenue bonding in situations which would not meet the current law definition of revenue obligation. Under the bill, revenue obligations consist of two different types: enterprise obligations and special fund obligations. The first type of revenue obligation, called an enterprise obligation, includes all obligations authorized under current law; i.e., obligations that are incurred to purchase, acquire, lease, construct, improve, operate or manage a revenue-producing enterprise and are repayable solely from, and secured solely by, the property or income from that revenue-producing enterprise. The definition of enterprise obligation under the bill is broader than the current law definition of revenue obligation in that it eliminates the requirement that the bond be repayable *solely* from, and be *solely* secured by, property or income from the revenue-producing enterprise.

ASSEMBLY BILL 348

The second type of revenue obligation, a special fund obligation, is created by the bill. Special fund obligations are an undertaking by the state to repay a certain amount of borrowed money that is payable from a special fund consisting of fees, penalties or excise taxes. The bill uses this second type of revenue obligation to authorize the revenue obligation bonding for the PECFA program.

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

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

1 **SECTION 1.** 13.485 (2) of the statutes is amended to read:

2 13.485 **(2)** The building commission may, under s. ~~18.56~~ 18.561 (5) and (9) (j)
3 or 18.562 (3) and (5) (e), deposit in a separate and distinct fund, outside the state
4 treasury, in an account maintained by a trustee, fees and charges derived from the
5 facilities or from agreements entered into under sub. (4). The fees and charges
6 deposited are the trustee's moneys in accordance with the agreement between this
7 state and the trustee or in accordance with the resolution pledging the fees and
8 charges to the repayment of revenue obligations issued under this section.

9 **SECTION 2.** 18.51 of the statutes is amended to read:

10 **18.51 Provisions applicable.** The following sections apply to this
11 subchapter, except that all references to "public debt" or "debt" ~~are deemed~~ shall be
12 read to refer to a "revenue obligation" and all references to "evidences of
13 indebtedness" shall be read to refer to "evidences of revenue obligations": ss. 18.02,
14 18.03, 18.06 (8), 18.07, 18.10 (1), (2), (4) to (9) and (11) and 18.17.

15 **SECTION 3.** 18.52 (2m) (intro.) of the statutes is created to read:

16 18.52 **(2m)** (intro.) "Enterprise obligation" means every undertaking by the
17 state to repay a certain amount of borrowed money that is all of the following:

ASSEMBLY BILL 348

1 **SECTION 4.** 18.52 (5) (intro.) of the statutes is renumbered 18.52 (5) and
2 amended to read:

3 18.52 **(5)** “Revenue obligation” means ~~every undertaking by the state to repay~~
4 ~~a certain amount of borrowed money which is: an enterprise obligation or a special~~
5 ~~fund obligation.~~ A revenue obligation may be both an enterprise obligation and a
6 special fund obligation.

7 **SECTION 5.** 18.52 (5) (a) of the statutes is renumbered 18.52 (2m) (a) and
8 amended to read:

9 18.52 **(2m)** (a) Created for the purpose of purchasing, acquiring, leasing,
10 constructing, extending, expanding, adding to, improving, conducting, controlling,
11 operating or managing a revenue-producing enterprise or program;

12 **SECTION 6.** 18.52 (5) (b) of the statutes is renumbered 18.52 (2m) (b) and
13 amended to read:

14 18.52 **(2m)** (b) Payable ~~solely~~ from and secured ~~solely~~ by the property or income
15 or both of the enterprise or program; ~~and.~~

16 **SECTION 7.** 18.52 (5) (c) of the statutes is renumbered 18.52 (2m) (c).

17 **SECTION 8.** 18.52 (7) of the statutes is created to read:

18 18.52 **(7)** “Special fund obligation” means every undertaking by the state to
19 repay a certain amount of borrowed money that is all of the following:

20 (a) Payable from a special fund consisting of fees, penalties or excise taxes.

21 (b) Not public debt under s. 18.01 (4).

22 **SECTION 9.** 18.52 (8) of the statutes is created to read:

23 18.52 **(8)** “Special fund program” means a state program or purpose with
24 respect to which the legislature has determined that financing with special fund
25 obligations is appropriate and will serve a public purpose.

ASSEMBLY BILL 348

1 **SECTION 10.** 18.53 (3) of the statutes is renumbered 18.53 (3) (intro.) and
2 amended to read:

3 18.53 **(3)** (intro.) The commission shall authorize money to be borrowed and
4 evidences of revenue obligation to be issued therefor ~~up to the amounts specified by~~
5 ~~the legislature to purchase, acquire, lease, construct, extend, expand, add to,~~
6 ~~improve, conduct, control, operate or manage such revenue-producing enterprises~~
7 ~~or programs as are specified by the legislature as the funds are required.~~ The
8 requirements for funds shall be established by the state department or agency head
9 carrying out program responsibilities for which the revenue obligations have been
10 authorized by the legislature, but shall not exceed the following:

11 **SECTION 11.** 18.53 (3) (a) and (b) of the statutes are created to read:

12 18.53 **(3)** (a) In the case of enterprise obligations, the amounts specified by the
13 legislature to purchase, acquire, lease, construct, extend, expand, add to, improve,
14 conduct, control, operate or manage such revenue-producing enterprises or
15 programs as are specified by the legislature.

16 (b) In the case of special fund obligations, the amount specified by the
17 legislature for such expenditures to be paid from special fund obligations.

18 **SECTION 12.** 18.56 (1) of the statutes is renumbered 18.56 and amended to read:

19 **18.56 Revenue bonds obligations.** The commission may authorize, for any
20 of the purposes described in s. 18.53 (3), the issuance of ~~revenue-obligation bonds~~
21 revenue obligations. The ~~bonds~~ revenue obligations shall mature at any time not
22 exceeding 50 years from the date thereof as the commission shall determine. The
23 ~~bonds~~ revenue obligations shall be payable only out of the redemption fund provided
24 under ~~sub. s. 18.561 (5) or 18.562 (3)~~ and each ~~bond~~ revenue obligation shall contain
25 on its face a statement to that effect. ~~Any such bonds~~ A revenue obligation may

ASSEMBLY BILL 348**SECTION 12**

1 contain a provision authorizing redemption, in whole or in part, at stipulated prices,
2 at the option of the commission and shall provide the method of redeeming the bonds.
3 ~~The state and a contracting party may provide in any contract for purchasing or~~
4 ~~acquiring a revenue-producing enterprise or program, that payment shall be made~~
5 ~~in such bonds revenue obligations.~~

6 **SECTION 13.** 18.56 (2) to (6) of the statutes are renumbered 18.561 (2) to (6) and
7 amended to read:

8 18.561 (2) SECURITY INTERESTS OF OWNERS OF ENTERPRISE OBLIGATIONS. There
9 ~~shall be~~ is a mortgage lien upon or security interest in the income and property of
10 each revenue-producing enterprise or program ~~to~~ for the benefit of the holders
11 owners of the related bonds ~~and to the holders of the coupons of the bonds.~~ The note
12 ~~or other instrument evidencing the security interest of a bondholder in a loan made~~
13 ~~or purchased with revenue obligation bonds shall constitute a statutory lien on the~~
14 ~~revenue~~ enterprise obligations. No physical delivery, recordation or other action is
15 required to perfect the security interest. The income and property of the
16 revenue-producing enterprise or program shall remain subject to the lien until
17 provision for payment in full of the principal and interest of the bonds enterprise
18 obligations has been made, as provided in the authorizing resolution. Any holder
19 owner of such bonds ~~or attached coupons~~ enterprise obligations may either at law or
20 in equity protect and enforce the lien and compel performance of all duties required
21 by this section. If there is any default in the payment of the principal or interest of
22 any of such bonds enterprise obligations, any court having jurisdiction of the action
23 may appoint a receiver to administer the revenue-producing enterprise or program
24 on behalf of the state and the ~~bondholders~~ owners of the enterprise obligations, with
25 power to charge and collect rates sufficient to provide for the payment of the

ASSEMBLY BILL 348

1 operating expenses and also to pay any ~~bonds or~~ enterprise obligations outstanding
2 against the revenue-producing enterprise or program, and to apply the income and
3 revenues thereof in conformity with this subchapter and the authorizing resolution,
4 or the court may declare the whole amount of the ~~bonds~~ enterprise obligations due
5 and payable, if such relief is requested, and may order and direct the sale of the
6 revenue-producing enterprise or program. Under any sale so ordered, the purchaser
7 shall be vested with an indeterminate permit to maintain and operate the
8 revenue-producing enterprise or program. The legislature may provide for
9 additions, extensions and improvements to a revenue-producing enterprise or
10 program to be financed by additional issues of ~~bonds~~ enterprise obligations as
11 provided by this section. Such additional issues of ~~bonds~~ enterprise obligations shall
12 be subordinate to all prior related issues of ~~bonds~~ enterprise obligations which may
13 have been made under this section, unless the legislature, in the statute authorizing
14 the initial issue of ~~bonds~~ enterprise obligations, permits the issue of additional ~~bonds~~
15 enterprise obligations on a parity therewith.

16 (3) DEDICATION OF REVENUES. As accurately as possible in advance, the
17 commission and the state department or agency carrying out program
18 responsibilities for which ~~bonds~~ enterprise obligations are to be issued shall
19 determine, and the commission shall fix in the authorizing resolution for such ~~bonds~~
20 enterprise obligations: the proportion of the revenues of the revenue-producing
21 enterprise or program which shall be necessary for the reasonable and proper
22 operation and maintenance thereof; the proportion of the revenues which shall be set
23 aside as a proper and adequate replacement and reserve fund; and the proportion of
24 the revenues which shall be set aside and applied to the payment of the principal and
25 interest of the ~~bonds~~ enterprise obligations, and shall provide that the revenues be

ASSEMBLY BILL 348

1 set aside in separate funds. At any time after one year's operation, the state
2 department or agency and the commission may recompute the proportion of the
3 revenues which shall be assignable under this subsection based upon the experience
4 of operation or upon the basis of further financing.

5 (4) REPLACEMENT AND RESERVE FUND. The proportion set aside to the
6 replacement and reserve fund shall be available and shall be used, whenever
7 necessary, to restore any deficiency in the redemption fund for the payment of the
8 principal and interest due on ~~bonds~~ enterprise obligations and for the creation and
9 maintenance of any reserves established by the authorizing resolution to secure such
10 payments. At any time when the redemption fund is sufficient for said purposes,
11 moneys in the replacement and reserve fund may, subject to available
12 appropriations, be expended either in the revenue-producing enterprise or program
13 or in new acquisitions, constructions, extensions ~~or~~ additions, expansions or
14 improvements. Any accumulations of the replacement and reserve fund may be
15 invested as provided in this subchapter, and if invested, the income from the
16 investment shall be carried in the replacement and reserve fund.

17 (5) REDEMPTION FUND. The proportion which shall be set aside for the payment
18 of the principal and interest ~~of such bonds~~ on the enterprise obligations shall from
19 month to month as they accrue and are received, be set apart and paid into a separate
20 fund in the treasury or in an account maintained by a trustee under sub. (9) (j) to be
21 identified as "the ... redemption fund". Each redemption fund shall be expended, and
22 all moneys from time to time on hand therein are irrevocably appropriated, in sums
23 sufficient, only for the payment of principal and interest on the ~~revenue~~ enterprise
24 obligations giving rise to it and premium, if any, due upon ~~refunding~~ redemption of
25 any such obligations. Moneys in the redemption funds may be commingled only for

ASSEMBLY BILL 348

1 the purpose of investment with other public funds, but they shall be invested only
2 in investment instruments permitted in s. 25.17 (3) (dr). All such investments shall
3 be the exclusive property of the fund and all earnings on or income from such
4 investments shall be credited to the fund.

5 **(6) REDEMPTION FUND SURPLUS.** If any surplus is accumulated in any of the
6 redemption funds, subject to any contract rights vested in ~~holders~~ owners of revenue
7 enterprise obligations secured thereby, it shall be paid over to the treasury.

8 **SECTION 14.** 18.56 (7) and (8) of the statutes are renumbered 18.561 (7) and (8).

9 **SECTION 15.** 18.56 (9) (intro.) of the statutes is renumbered 18.561 (9) (intro.)
10 and amended to read:

11 18.561 **(9) AUTHORIZING RESOLUTION.** (intro.) The commission may provide in
12 the authorizing resolution for ~~bonds~~ enterprise obligations or by subsequent action
13 all things necessary to carry into effect this section. Any authorizing resolution shall
14 constitute a contract with the ~~holder~~ owners of any ~~bonds~~ enterprise obligations
15 issued pursuant to such ~~the~~ resolution. Any authorizing resolution may contain such
16 provisions or covenants, without limiting the generality of the power to adopt the
17 resolution, as ~~is~~ are deemed necessary or desirable for the security of ~~bondholders~~
18 the owners of enterprise obligations or the marketability of the ~~bonds~~ enterprise
19 obligations, including ~~but not limited to~~ provisions as to:

20 **SECTION 16.** 18.56 (9) (a) to (j) of the statutes are renumbered 18.561 (9) (a) to
21 (j), and 18.561 (9) (i) and (j), as renumbered, are amended to read:

22 18.561 **(9) (i)** Issuance of additional ~~bonds~~ enterprise obligations.

23 **(j)** Deposit of the proceeds of the sale of the ~~bonds~~ enterprise obligations or
24 revenues of the revenue-producing enterprise or program in trust, including the
25 appointment of depositories or trustees.

ASSEMBLY BILL 348**SECTION 17**

1 **SECTION 17.** 18.56 (10) of the statutes is renumbered 18.561 (10) and amended
2 to read:

3 18.561 (10) SINKING FUND. The authorizing resolution may set apart bonds
4 enterprise obligations the par value of which are equal to the principal amount of any
5 secured obligation or charge subject to which a revenue-producing enterprise or
6 program is to be purchased or acquired, and shall set aside in a sinking fund from
7 the income of the revenue-producing enterprise or program, a sum sufficient to
8 comply with the requirements of the instrument creating the security, ~~or if interest.~~
9 If the instrument does not make any provision therefor for a sinking fund, the
10 resolution shall fix and determine the amount ~~which~~ that shall be set aside into such
11 the sinking fund from month to month for interest on the secured obligation or
12 charge, and a fixed amount or proportion not exceeding a stated sum, which shall be
13 not less than one percent of the principal, to be set aside into the fund to pay the
14 principal of the secured obligation or charge. Any balance in the fund after satisfying
15 the secured obligations or charge, shall be transferred to the redemption fund. ~~Bonds~~
16 Enterprise obligations set aside for the secured obligation or charge may, from time
17 to time, be issued to an amount sufficient with the amount then in the sinking fund,
18 to pay and retire the secured obligation or charge or any portion thereof. The ~~bonds~~
19 enterprise obligation may be issued in exchange for or satisfaction of the secured
20 obligation or charge, or may be sold in the manner provided in this subchapter, and
21 the proceeds applied in payment of the same at maturity or before maturity by
22 agreement with the ~~holder~~ owner of the secured obligation or charge. The
23 commission and the owners of any revenue-producing enterprise or program
24 acquired or purchased may, upon such terms and conditions as are satisfactory,
25 contract that ~~bonds~~ enterprise obligations to provide for the discharge of the secured

ASSEMBLY BILL 348

1 obligation or charge, or for the whole purchase price shall be deposited with a trustee
2 or depository and released from the deposit from time to time on such terms and
3 conditions as are necessary to secure the payment of the secured obligation or charge.

4 **SECTION 18.** 18.561 (title) of the statutes is created to read:

5 **18.561 (title) Enterprise obligations.**

6 **SECTION 19.** 18.561 (1) of the statutes is created to read:

7 18.561 (1) PAYMENT WITH REVENUE OBLIGATIONS. The state and a contracting
8 party may provide, in any contract for purchasing or acquiring a revenue-producing
9 enterprise or program, that payment shall be made in revenue obligations.

10 **SECTION 20.** 18.561 (7) (title) of the statutes is created to read:

11 18.561 (7) (title) PAYMENT FOR SERVICES.

12 **SECTION 21.** 18.561 (8) (title) of the statutes is created to read:

13 18.561 (8) (title) RATES FOR SERVICES.

14 **SECTION 22.** 18.561 (9) (k) of the statutes is created to read:

15 18.561 (9) (k) Defeasance of the obligations.

16 **SECTION 23.** 18.562 of the statutes is created to read:

17 **18.562 Special fund obligations. (1) SECURITY INTEREST IN SPECIAL FUND.**

18 There is a security interest, for the benefit of the owners of the special fund
19 obligations, in the amounts that arise after the creation of the special fund program
20 in the special fund related to the special fund obligations. For this purpose, amounts
21 in the special fund shall be accounted for on a first-in, first-out basis. No physical
22 delivery, recordation or other action is required to perfect the security interest. The
23 special fund shall remain subject to the security interest until provision for payment
24 in full of the principal and interest of the special fund obligations has been made, as
25 provided in the authorizing resolution. An owner of special fund obligations may

ASSEMBLY BILL 348

1 either at law or in equity protect and enforce the security interest and compel
2 performance of all duties required by this section.

3 **(2) USE OF SPECIAL FUND MONEYS.** The commission and the state agency carrying
4 out the special fund program responsibilities shall jointly determine, and the
5 commission shall fix in the authorizing resolution for the obligations, the conditions
6 under which money in the special fund shall be set aside and applied to the payment
7 of the principal and interest of the obligations, deposited in funds established under
8 the authorizing resolution or made available for other purposes.

9 **(3) REDEMPTION FUND.** The special fund revenues that are to be set aside for the
10 payment of the principal and interest of the special fund obligations shall be paid into
11 a separate fund in the treasury or in an account maintained by a trustee under sub.
12 (5) (e) to be identified as “the ... redemption fund”. Each redemption fund shall be
13 expended, and all moneys from time to time on hand therein are irrevocably
14 appropriated, in sums sufficient, only for the payment of principal and interest on
15 the special fund obligations giving rise to it and premium, if any, due upon
16 redemption of any such obligations. Moneys in the redemption funds may be
17 commingled only for the purpose of investment with other public funds, but they
18 shall be invested only in investment instruments permitted in s. 25.17 (3) (dr). All
19 such investments shall be the exclusive property of the fund and all earnings on or
20 income from such investments shall be credited to the fund.

21 **(4) SURPLUS.** If any surplus is accumulated in any of the redemption funds,
22 subject to contract rights vested in the owners of special fund obligations secured
23 thereby, it shall be paid over to the treasury.

24 **(5) AUTHORIZING RESOLUTION.** The commission may provide in the authorizing
25 resolution for special fund obligations or by subsequent action all things necessary

ASSEMBLY BILL 348

1 to carry into effect this section. Any authorizing resolution shall constitute a
2 contract with the owners of any special fund obligations issued pursuant to the
3 resolution. An authorizing resolution may contain such provisions or covenants,
4 without limiting the generality of the power to adopt the resolution, as are deemed
5 necessary or desirable for the security of owners of the obligations or the
6 marketability of the obligations, including provisions as to:

7 (a) Employment of consultants.

8 (b) Records and accounts.

9 (c) Establishment of reserve or other funds.

10 (d) Issuance of additional obligations.

11 (e) Deposit of the proceeds of the sale of the obligations or revenues of the
12 special fund in trust, including the appointment of depositories or trustees.

13 (f) Defeasance of the obligations.

14 **SECTION 24.** 18.57 (title) of the statutes is repealed and recreated to read:

15 **18.57 (title) Funds established for revenue obligations.**

16 **SECTION 25.** 18.57 (1) of the statutes is amended to read:

17 18.57 (1) A separate and distinct fund shall be established in the state treasury
18 or in an account maintained by a trustee under s. ~~18.56~~ 18.561 (9) (j) with respect to
19 each revenue-producing enterprise or program the income from which is to be
20 applied to the payment of any revenue enterprise obligation. A separate and distinct
21 fund shall be established in the state treasury or in an account maintained by a
22 trustee under s. 18.562 (5) (e) with respect to any special fund that is created by the
23 imposition of fees, penalties or excise taxes and is applied to the payment of special
24 fund obligations. All moneys resulting from the issuance of evidences of revenue
25 obligation shall be credited to the appropriate fund or applied for refunding or note

ASSEMBLY BILL 348

1 renewal purposes, except that moneys which represent premium or accrued interest
2 received on the issuance of evidences shall be credited to the appropriate redemption
3 fund.

4 **SECTION 26.** 18.57 (4) of the statutes is renumbered 18.57 (4) (intro.) and
5 amended to read:

6 18.57 (4) (intro.) If, after all outstanding related revenue obligations have been
7 paid or payment provided for, moneys remain in ~~any such a fund, they~~ created under
8 sub. (1), all of the following shall occur:

9 (a) If the fund created under sub. (1) is in an account maintained by a trustee
10 under s. 18.561 (9) (j) or 18.562 (5) (e), the moneys shall be paid over to the treasury
11 and the,

12 (b) The fund created under sub. (1) shall be closed.

13 **SECTION 27.** 18.58 (1) of the statutes is amended to read:

14 18.58 (1) MANAGEMENT OF FUNDS AND RECORDS. All funds established under this
15 subchapter which are deposited in the state treasury shall be managed as provided
16 by law for other state funds, subject to any contract rights vested in holders owners
17 of evidences of revenue obligation secured by such fund. The department of
18 administration shall maintain full and correct records of each fund. The legislative
19 audit bureau shall audit each fund as of January 1 of each year reconciling all
20 transactions and showing the fair market value of all property on hand. All records
21 and audits shall be public documents. All funds established under this subchapter
22 which are deposited with a trustee under s. ~~18.56~~ 18.561 (9) (j) or 18.562 (5) (e) shall
23 be managed in accordance with resolutions authorizing the issuance of revenue
24 obligations, agreements between the commission and the trustee and any contract

ASSEMBLY BILL 348

1 rights vested in ~~holders of evidence~~ owners of revenue obligations secured by such
2 fund.

3 **SECTION 28.** 18.60 (1) of the statutes is amended to read:

4 18.60 (1) The commission may authorize, for any one or more of the purposes
5 described in s. 18.53 (1), the issuance of revenue-obligation refunding bonds.
6 Refunding bonds may be issued, subject to any contract rights vested in ~~holders~~
7 owners of bonds or notes being refinanced, to refinance more than one issue of bonds
8 or notes notwithstanding that the bonds or notes may have been issued at different
9 times for different purposes and may be secured by the property or income of more
10 than one enterprise or program or may be public debt or building-corporation
11 indebtedness. The principal amount of refunding bonds shall not exceed the sum of:
12 the principal amount of the bonds or notes being refinanced; applicable redemption
13 premiums; unpaid interest on the bonds or notes to the date of delivery or exchange
14 of the refunding bonds; in the event the proceeds are to be deposited in trust as
15 provided in sub. (3), interest to accrue on the bonds or notes from the date of delivery
16 to the date of maturity or to the redemption date selected by the commission,
17 whichever is earlier; and the expenses incurred in the issuance of the refunding
18 bonds and the payment of the bonds or notes. A determination by the commission
19 that a refinancing is advantageous or that any of the amounts provided in the
20 preceding sentence should be included in the refinancing shall be conclusive.

21 **SECTION 29.** 18.60 (2) of the statutes is amended to read:

22 18.60 (2) If the commission determines to exchange refunding bonds, they may
23 be exchanged privately for and in payment and discharge of any of the outstanding
24 bonds or notes being refinanced. Refunding bonds may be exchanged for a like or
25 greater principal amount of the bonds or notes being exchanged therefor except that

ASSEMBLY BILL 348

1 the principal amount of the refunding bonds may exceed the principal amount of the
2 bonds or notes being exchanged therefor only to the extent determined by the
3 commission to be necessary or advisable to pay redemption premiums and unpaid
4 interest to the date of exchange not otherwise provided for. The ~~holders~~ owners of
5 the bonds or notes being refunded who elect to exchange need not pay accrued
6 interest on the refunding bonds if and to the extent that interest is accrued and
7 unpaid on the bonds or notes being refunded and to be surrendered. If any of the
8 bonds or notes to be refinanced are to be called for redemption, the commission shall
9 determine which redemption dates shall be used, if more than one date is applicable
10 and shall, prior to the issuance of the refunding bonds, provide for notice of
11 redemption to be given in the manner and at the times required by the proceedings
12 authorizing the outstanding bonds or notes.

13 **SECTION 30.** 18.60 (5) of the statutes is renumbered 18.60 (5) (intro.) and
14 amended to read:

15 18.60 (5) (intro.) All of the following provisions of ~~s. 18.56~~ that are not
16 inconsistent with the express provisions of this section shall apply to refunding
17 bonds, except that the maximum permissible term shall be 50 years from the date
18 of original issue of the oldest note or bond issue being refunded.;

19 **SECTION 31.** 18.60 (5) (a) to (c) of the statutes are created to read:

20 18.60 (5) (a) Section 18.56.

21 (b) In the case of enterprise obligations, s. 18.561.

22 (c) In the case of special fund obligations, s. 18.562.

23 **SECTION 32.** 18.61 (2) of the statutes is amended to read:

24 18.61 (2) The state pledges and agrees with the ~~holders~~ owners of any evidences
25 of revenue ~~obligation~~ obligations that the state will not limit or alter its powers to

ASSEMBLY BILL 348

1 fulfill the terms of any agreements made with the ~~holders~~ owners or in any way
2 impair the rights and remedies of the ~~holders~~ owners until the revenue obligations,
3 together with interest including interest on any unpaid instalments of interest, and
4 all costs and expenses in connection with any action or proceeding by or on behalf of
5 the ~~holders~~ owners, are fully met and discharged. The commission may include this
6 pledge and agreement of the state in any agreement with the ~~holders of notes or~~
7 ~~bonds and in any evidence~~ owners of revenue obligation.

8 **SECTION 33.** 18.61 (3) (a) of the statutes is amended to read:

9 18.61 (3) (a) If the state fails to pay any revenue obligation in accordance with
10 its terms, and default continues for a period of 30 days or if the state fails or refuses
11 to comply with this subchapter or defaults in any agreement made with the ~~holders~~
12 owners of any issue of revenue obligations, the ~~holders~~ owners of 25% in aggregate
13 principal amount of the revenue obligations of the issue then outstanding by
14 instrument recorded in the office of the register of deeds of Dane county and approved
15 or acknowledged in the same manner as a deed to be recorded may appoint a trustee
16 to represent the ~~holders~~ owners of the ~~notes or bonds~~ revenue obligations for the
17 purposes specifically provided in the instrument.

18 **SECTION 34.** 18.61 (3) (b) (intro.) of the statutes is amended to read:

19 18.61 (3) (b) (intro.) The trustee may, and upon written request of the ~~holders~~
20 owners of 25% in aggregate principal amount of the revenue obligations of the issue
21 then outstanding shall, in the trustee's own name:

22 **SECTION 35.** 18.61 (3) (b) 1. of the statutes is amended to read:

23 18.61 (3) (b) 1. By action or proceeding, enforce all rights of all ~~holders~~ owners
24 of the issue of revenue obligations, including the right to require the state to collect
25 enterprise or program income adequate to carry out any agreement as to, or pledge

ASSEMBLY BILL 348

1 of, such income and to require the state to carry out any other agreements with the
2 holders owners of the revenue obligations and to perform its duties under this
3 subchapter;

4 **SECTION 36.** 18.61 (3) (b) 3. of the statutes is amended to read:

5 18.61 (3) (b) 3. By action, require the state to account as if it were the trustee
6 of an express trust for the holders owners of the revenue obligations;

7 **SECTION 37.** 18.61 (3) (b) 4. of the statutes is amended to read:

8 18.61 (3) (b) 4. By action, enjoin any acts or things which may be unlawful or
9 in violation of the rights of the holders owners of the revenue obligations; and

10 **SECTION 38.** 18.61 (3) (c) of the statutes is amended to read:

11 18.61 (3) (c) The trustee shall have all of the powers necessary or appropriate
12 for the exercise of any functions specifically set forth in this subchapter or incident
13 to the general representation of the holders owners of revenue obligations in the
14 enforcement and protection of their rights.

15 **SECTION 39.** 18.61 (4) of the statutes is amended to read:

16 18.61 (4) Any public officer or public employe, as defined in s. 939.22 (30), and
17 the surety on the person's official bond, or any other person participating in any
18 direct or indirect impairment of any fund established under this subchapter, shall
19 be liable in any action brought by the attorney general in the name of the state, or
20 by any taxpayer of the state, or by the ~~holder of any evidence~~ owner of revenue
21 obligation payable in whole or in part, directly or indirectly, out of such fund, to
22 restore to the fund all diversions from the fund.

23 **SECTION 40.** 20.143 (3) (s) of the statutes is created to read:

24 20.143 (3) (s) *Petroleum inspection fund — revenue obligation proceeds.* As a
25 continuing appropriation, all proceeds from revenue obligations that are issued

ASSEMBLY BILL 348

1 under subch. II or IV of ch. 18, authorized under s. 101.143 (9m) and deposited in a
2 fund in the state treasury created under s. 18.57 (1), to provide for reserves and for
3 expenses of issuance and management of the revenue obligations, and the remainder
4 to be transferred to the petroleum inspection fund for the purposes of the petroleum
5 storage remedial action program under s. 101.143. Estimated disbursements under
6 this paragraph shall not be included in the schedule under s. 20.005.

7 **SECTION 41.** 20.143 (3) (t) of the statutes is created to read:

8 20.143 (3) (t) *Petroleum inspection fund — revenue obligation repayment.* From
9 the petroleum inspection fund, a sum sufficient to repay the fund in the state
10 treasury created under s. 18.57 (1) the amount needed to retire revenue obligations
11 issued under subch. II or IV of ch. 18, as authorized under s. 101.143 (9m).

12 **SECTION 42.** 20.143 (3) (u) of the statutes is created to read:

13 20.143 (3) (u) *Revenue obligation debt service — petroleum inspection fund.*
14 From the fund in the state treasury created under s. 18.57 (1), all moneys received
15 by the fund for the purpose of the retirement of revenue obligations, providing for
16 reserves and for operations relating to the management and retirement of revenue
17 obligations issued under subch. II or IV of ch. 18, as authorized under s. 101.143 (9m).
18 All moneys received by the fund are irrevocably appropriated in accordance with
19 subch. II of ch. 18 and further established in resolutions authorizing the issuance of
20 the revenue obligations and setting forth the distribution of funds to be received
21 thereafter. Estimated disbursements under this paragraph shall not be included in
22 the schedule under s. 20.005.

23 **SECTION 43.** 20.143 (3) (v) of the statutes is amended to read:

24 20.143 (3) (v) *Petroleum storage environmental remedial action; awards.*
25 Biennially, from the petroleum inspection fund, the amounts in the schedule to pay

ASSEMBLY BILL 348**SECTION 43**

1 awards under s. 101.143 and, legal costs incurred under s. 101.143 (7m), amounts
2 to reduce principal of outstanding revenue obligations issued pursuant to s. 101.143
3 (9m).

4 **SECTION 44.** 20.143 (3) (vb) of the statutes is created to read:

5 20.143 (3) (vb) *Petroleum storage environmental remedial action revenue*
6 *bonding; awards.* From the petroleum inspection fund, a sum sufficient not to exceed
7 the net proceeds of special fund obligations issued pursuant to s. 101.143 (9m) to pay
8 awards under s. 101.143 (4) and legal costs incurred under s. 101.143 (7m).
9 Estimated disbursements under this paragraph shall not be included in the schedule
10 under s. 20.005.

11 **SECTION 45.** 25.47 of the statutes is renumbered 25.47 (intro.) and amended
12 to read:

13 **25.47 Petroleum inspection fund.** (intro.) There is established a separate
14 nonlapsible trust fund designated as the petroleum inspection fund, to consist of the:

15 (1) The fees imposed under s. 168.12 (1), the,

16 (2) The payments under s. 101.143 (4) (h) 1m., the

17 (3) The payments under s. 101.143 (5) (a) and the,

18 (4) The net recoveries under s. 101.143 (5) (c).

19 **SECTION 46.** 25.47 (5) of the statutes is created to read:

20 25.47 (5) The moneys transferred from the appropriation account under s.
21 20.143 (3) (s).

22 **SECTION 47.** 45.79 (9) (a) of the statutes is amended to read:

23 45.79 (9) (a) All moneys received from any source for repayment of loans,
24 mortgages or mortgage loan notes funded with proceeds of revenue obligations
25 issued under sub. (6) (c) shall be deposited into one or more separate nonlapsible

ASSEMBLY BILL 348

1 trust funds in the state treasury or with a trustee as provided in s. ~~18.56~~ 18.561 (9)
2 (j) or 18.562 (5) (e). The board may pledge revenues received by the funds to secure
3 revenue obligations issued under sub. (6) (c) and shall have all other powers
4 necessary and convenient to distribute the proceeds of the revenue obligations and
5 loan repayments in accordance with subch. II of ch. 18. Unrestricted balances in the
6 funds may be used to fund additional loans issued under sub. (6) (c) and pay the
7 balances owing on loans after the assumptions of the loans or the closings of the sales
8 of residences under sub. (10) (c).

9 **SECTION 48.** 84.59 (2) of the statutes is amended to read:

10 84.59 (2) The department may, under s. ~~18.56~~ 18.561 (5) and (9) (j) or 18.562
11 (3) and (5) (e), deposit in a separate and distinct fund outside the state treasury, in
12 an account maintained by a trustee, revenues derived under s. 341.25. The revenues
13 deposited are the trustee's revenues in accordance with the agreement between this
14 state and the trustee or in accordance with the resolution pledging the revenues to
15 the repayment of revenue obligations issued under this section.

16 **SECTION 49.** 85.52 (5) (c) of the statutes is amended to read:

17 85.52 (5) (c) The department of administration may, under s. ~~18.56~~ 18.561 (5)
18 and (9) (j) or 18.562 (3) and (5) (e), deposit in a separate and distinct fund in the state
19 treasury or in an account maintained by a trustee outside the state treasury, any
20 portion of the revenues derived under s. 25.405 (2). The revenues deposited with a
21 trustee outside the state treasury are the trustee's revenues in accordance with the
22 agreement between this state and the trustee or in accordance with the resolution
23 pledging the revenues to the repayment of revenue obligations issued under this
24 subsection.

25 **SECTION 50.** 101.143 (9m) of the statutes is created to read:

ASSEMBLY BILL 348

1 101.143 **(9m)** REVENUE OBLIGATIONS. (a) For purposes of subch. II of ch. 18, the
2 petroleum storage remedial action program is a special fund program, and the
3 petroleum inspection fund is a special fund. The petroleum inspection fund is a
4 segregated fund created by the imposition of fees, penalties or excise taxes. The
5 legislature finds and determines that a nexus exists between the petroleum storage
6 remedial action program and the petroleum inspection fund in that fees imposed on
7 users of petroleum are used to remedy environmental damage caused by petroleum
8 storage.

9 (b) Deposits, appropriations or transfers to the petroleum inspection fund for
10 the purposes of the petroleum storage remedial action program may be funded with
11 the proceeds of revenue obligations issued subject to and in accordance with subch.
12 II of ch. 18 and, if designated a higher education bond, in accordance with subch. IV
13 of ch. 18.

14 (e) The department shall have all other powers necessary and convenient to
15 distribute the special fund revenues and to distribute the proceeds of the revenue
16 obligations in accordance with subch. II of ch. 18 and, if designated a higher
17 education bond, in accordance with subch. IV of ch. 18.

18 (f) The department may enter into agreements with the federal government or
19 its agencies, political subdivisions of this state, individuals or private entities to
20 insure or in any other manner provide additional security for the revenue obligations
21 issued under this subsection.

22 (g) Revenue obligations may be contracted by the building commission when
23 it reasonably appears to the building commission that all obligations incurred under
24 this subsection can be fully paid on a timely basis from moneys received or
25 anticipated to be received. Revenue obligations issued under this subsection may not

ASSEMBLY BILL 348

1 exceed \$450,000,000 in principal amount. In addition to this limit on principal
2 amount, the building commission may contract revenue obligations under this
3 subsection as the building commission determines is desirable to fund or refund
4 outstanding revenue obligations, to pay issuance or administrative expenses, to
5 make deposits to reserve funds or to pay accrued or capitalized interest.

6 (h) Unless otherwise expressly provided in resolutions authorizing the
7 issuance of revenue obligations or in other agreements with the owners of revenue
8 obligations, each issue of revenue obligations under this subsection shall be on a
9 parity with every other revenue obligation issued under this subsection and in
10 accordance with subch. II of ch. 18 and, if designated a higher education bond, in
11 accordance with subch. IV of ch. 18.

12 (i) Recognizing its moral obligation to do so, the legislature expresses its
13 expectation and aspiration that, if the legislature reduces the rate of the petroleum
14 inspection fee and if the funds in the petroleum inspection fund are insufficient to
15 pay the principal and interest on the revenue obligations issued under subch. II or
16 IV of ch. 18 pursuant to this subsection, the legislature shall make an appropriation
17 from the general fund sufficient to pay the principal and interest on the obligations.

18 **SECTION 51.** 281.59 (4) (b) of the statutes is amended to read:

19 281.59 (4) (b) The department of administration may, under s. ~~18.56~~ 18.561 (5)
20 and (9) (j) or 18.562 (3) and (5) (e), deposit in a separate and distinct fund in the state
21 treasury or in an account maintained by a trustee outside the state treasury, any
22 portion of the revenues derived under s. 25.43 (1). The revenues deposited with a
23 trustee outside the state treasury are the trustee's revenues in accordance with the
24 agreement between this state and the trustee or in accordance with the resolution

ASSEMBLY BILL 348

1 pledging the revenues to the repayment of revenue obligations issued under this
2 subsection.

3 **(END)**