

**1999 DRAFTING REQUEST**

**Bill**

Received: 09/12/1999

Received By: champra

Wanted: Soon

Identical to LRB:

For: Brian Burke (608) 266-8535

By/Representing: Barry

This file may be shown to any legislator: NO

Drafter: champra

May Contact:

Alt. Drafters:

Subject: State Finance - miscellaneous

Extra Copies:

**Pre Topic:**

No specific pre topic given

**Topic:**

Investment authority of the board of commissioners of public lands

**Instructions:**

Draft secs. 11-14 of 99-3154/P1

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	champra 09/12/1999	gilfokm 09/13/1999		_____			State
/1			kfollet 09/14/1999	_____	lrb_docadmin 09/14/1999	lrb_docadmin 09/16/1999	

FE Sent For:

3/14/00

<END>

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/?	champra	1-9-13-99 kmq	Kjf 9/14	Kjf/Km 9/14			

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<END>



D-NOTE  
State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-3154/PI  
RAC:kmg:mrc

WED

LRB-3591/1  
RAC:kmg!

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Gen. Cat.

1 AN ACT to amend 20.536 (1) (k), 24.01 (7), 24.09 (1) (a), 24.09 (1) (d), 24.10, 24.12,  
2 24.15, 24.29, 24.31, 24.32 (1), 24.61 (2) (a) (title), 24.61 (2) (a) 3., 24.61 (2) (b),  
3 24.62 (1) and 25.17 (1) (zm); and to create 24.61 (2) (a) 8., 24.61 (2) (c), 25.16  
4 (8), 25.17 (1) (ai), 25.17 (1) (ax), 25.17 (1) (kd) and 25.17 (1) (xm) of the statutes;  
5 relating to: investment and acquisition authority of the board of  
6 commissioners of public lands.

**Analysis by the Legislative Reference Bureau**

Insert  
Analysis

This is a preliminary draft. An analysis will be provided in a subsequent draft.  
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:**

7 SECTION 1. 20.536 (1) (k) of the statutes is amended to read:  
8 20.536 (1) (k) *General program operations.* The amounts in the schedule for  
9 investing the funds which it controls. All moneys received by the board in advance

1 shall be credited to this appropriation. On July 1 and January 1 of each year, the  
2 board shall estimate the amounts required for the next 6-month period and bill the  
3 state agencies for whom investments are made. At the end of each semiannual period  
4 the board shall reconcile its expenditures and shall adjust its next billing to such  
5 agencies to reflect any deficits or excesses. At the end of each fiscal year the board  
6 shall reconcile its accounts and report to each state agency its share of total expenses  
7 for the year. Amounts billed to state agencies shall be charged to income or revenue  
8 received from the board's investments. Any amounts received under ~~s. ss. 24.62 (1),~~  
9 ~~25.16 (8) and 25.17 (9)~~ shall also be credited to this appropriation. The amounts  
10 expended under this paragraph may not exceed the amounts shown in the schedule  
11 for each year of the biennium, unless supplemented from the board's receipts by the  
12 joint committee on finance.

13 **SECTION 2.** 24.01 (7) of the statutes is amended to read:

14 24.01 (7) "School lands" embraces all lands made a part of "the school fund" by  
15 article X, section 2, of the constitution, as well as any land received under s. 24.09  
16 (1) (bm) in exchange for such land ~~and land in this state that is purchased under s.~~  
17 ~~24.61 (2) (a) 8.~~

18 **SECTION 3.** 24.09 (1) (a) of the statutes is amended to read:

19 24.09 (1) (a) Except as provided under par. (c), the board may not sell or  
20 exchange any public lands which were not appraised or appraised under s. 24.08.  
21 ~~Except as provided under pars. (b), (bm) and (c), the board may not sell or exchange~~  
22 ~~any public lands except at public auction.~~

23 **SECTION 4.** 24.09 (1) (d) of the statutes is amended to read:

24 24.09 (1) (d) ~~All sales other than sales under par. (b) or (c) shall be made at the~~  
25 ~~times and public places the board designates. Prior to any sale, the board~~ If the board

1 offers land for sale at public auction, prior to the sale the board shall publish a class  
2 3 notice, under ch. 985, specifying the time and place and describing the lands to be  
3 sold in a newspaper published in the county where the lands are situated.

4 **SECTION 5.** 24.10 of the statutes is amended to read:

5 **24.10 Procedure at sale.** ~~At the time and place specified in such notice the~~  
6 ~~board~~ If the board offers land for sale at public auction, the board, at the time and  
7 place specified in the notice under s. 24.09 (1) (d), shall commence the sale and  
8 thereafter continue the same from day to day (Sundays excepted) between 9 a.m. and  
9 the setting of the sun, until all lands described in said notice have been offered. The  
10 order of such sale shall be to begin at the lowest number of the sections, townships  
11 and ranges in each county and proceed regularly to the highest, until all then to be  
12 sold are offered for sale. Each lot or tract of such lands shall, except such as may be  
13 withheld as provided in s. 24.09, be offered separately at the minimum price fixed  
14 by law, and shall be cried at public auction long enough to enable every one present  
15 to bid; and if the minimum price or more be bid, such lot or tract shall be struck off  
16 to the highest bidder; but if such price be not bid the tract shall be set down unsold.

17 **SECTION 6.** 24.12 of the statutes is amended to read:

18 **24.12 Forfeit for failure to pay.** Every purchaser of any lot or tract at any  
19 sale as aforesaid public auction shall pay the amount of the purchase money required  
20 by the terms of sale to be paid in hand immediately after having bid off the same; and  
21 if the purchaser shall refuse or neglect to so pay, the lot or tract so bid off by the  
22 purchaser shall again be offered for sale; and the purchaser shall, for such refusal  
23 or neglect to pay, forfeit \$25 for each lot or tract so bid off by the purchaser, which the  
24 board shall, in the name of the state, cause to be immediately sued for and collected,  
25 and when collected paid into the school fund.

1           **SECTION 7.** 24.15 of the statutes is amended to read:

2           **24.15 Private sale.** All public lands, including forfeited lands and mortgaged  
3 lands bid in by the state, ~~which shall have once been offered or reoffered at public sale~~  
4 ~~and remain unsold, shall~~ may be subject to private sale at the minimum price fixed  
5 therefor by law to the person first making application therefor, if the person  
6 forthwith complies with the term of sale; but if 2 or more persons shall apply at the  
7 same time to purchase any of such lands the same shall be offered to the highest  
8 bidder, and the applicant who will pay the highest price shall be the purchaser.

9           **SECTION 8.** 24.29 of the statutes is amended to read:

10           **24.29 Redemption.** At any time before the 5 days next preceding the  
11 reoffering of such land ~~at public~~ for sale, the former purchaser or the former  
12 purchaser's assigns or legal representatives may, by the payment of the sum due with  
13 interest, and all taxes returned thereon to the state treasurer which are still unpaid,  
14 and all costs occasioned by the delay, together with 3% damages on the whole sum  
15 owing for such land, prevent such resale and revive the original contract.

16           **SECTION 9.** 24.31 of the statutes is amended to read:

17           **24.31 Advertisement and resale of forfeited lands.** Whenever any public  
18 lands have been forfeited for the nonpayment of either principal, interest or taxes,  
19 and have remained forfeited for 3 months, the board shall first cause such lands to  
20 be appraised as provided by s. 24.08 and, ~~if the land is to be sold at public auction,~~  
21 shall thereupon advertise such land for sale as provided by s. 24.09, and shall further  
22 state in the notice that the lands have been forfeited and give the names of the former  
23 purchasers. ~~Such sale~~ The sale of land by public auction shall be made either in the  
24 county where the lands lie or at the capitol on a day not less than 3 months nor more  
25 than 6 months after the first insertion of the notice. The board shall publish a class

1 ~~3 notice, under ch. 985, of the sale public auction giving the time and place where~~  
2 ~~such the sale will be held and the county in which such the lands are situated, but~~  
3 ~~omitting any description of such the lands; the last insertion of the notice shall be at~~  
4 ~~least one week previous to the time of commencing such the sale.~~

5 **SECTION 10.** 24.32 (1) of the statutes is amended to read:

6 24.32 (1) Unless such resale be prevented by payment as hereinbefore provided  
7 by s. 24.29, such lands shall be offered for private sale or for sale at public auction  
8 to the highest bidder, in the manner and upon the terms provided, for original sales,  
9 and if not then sold shall be subject to private entry thereafter.

10 **SECTION 11.** 24.61 (2) (a) (title) of the statutes is amended to read:

11 24.61 (2) (a) (title) *Authorized investments by board.*

12 **SECTION 12.** 24.61 (2) (a) 3. of the statutes is amended to read:

13 24.61 (2) (a) 3. Bonds and notes of this state.

14 **SECTION 13.** 24.61 (2) (a) 8. of the statutes is created to read:

15 24.61 (2) (a) 8. Land in this state.

16 **SECTION 14.** 24.61 (2) (b) of the statutes is amended to read:

17 24.61 (2) (b) *Deposited with state treasurer.* All bonds, notes and other  
18 securities so purchased under par. (a) shall be deposited with the state treasurer.

19 **SECTION 15.** 24.61 (2) (c) of the statutes is created to read:

20 24.61 (2) (c) *Delegation of investment authority to investment board.* The board  
21 may delegate to the investment board the authority to invest part or all of the moneys  
22 belonging to the trust funds. If the board delegates the authority, the investment  
23 board may invest the moneys belonging to the trust funds in any manner authorized  
24 for the investment of any funds specified in s. 25.17 (1).

25 **SECTION 16.** 24.62 (1) of the statutes is amended to read:



1           24.62 (1) Except as authorized in sub. (2), the board shall deduct its expenses  
2 incurred in administering investments and loans under s. 24.61 from the gross  
3 receipts of the fund to which the interest and income of the investment or loan will  
4 be added. If the board delegates to the investment board the authority to invest part  
5 or all of the moneys belonging to the trust funds, the investment board shall deduct  
6 its expenses incurred in administering investments under s. 24.61 from the gross  
7 receipts of the fund to which the interest and income of the investment will be added.

8           **SECTION 17.** 25.16 (8) of the statutes is created to read:

9           25.16 (8) The executive director shall assign an investment professional to  
10 assist the board of commissioners of public lands in establishing and maintaining  
11 investment objectives with respect to the investment of the assets of the agricultural  
12 college fund, the common school fund, the normal school fund and the university  
13 fund. An amount equal to the cost of any services rendered to the board of  
14 commissioners of public lands under this subsection shall be deducted from the gross  
15 receipts of the fund to which the moneys invested belong and shall be credited to the  
16 appropriation account under s. 20.536 (1) (k).

17           **SECTION 18.** 25.17 (1) (ai) of the statutes is created to read:

18           25.17 (1) (ai) Agricultural college fund (s. 24.82), but subject to the terms of  
19 delegation under s. 24.61 (2) (c);

20           **SECTION 19.** 25.17 (1) (ax) of the statutes is created to read:

21           25.17 (1) (ax) Common school fund (s. 24.76), but subject to the terms of  
22 delegation under s. 24.61 (2) (c);

23           **SECTION 20.** 25.17 (1) (kd) of the statutes is created to read:

24           25.17 (1) (kd) Normal school fund (s. 24.80), but subject to the terms of  
25 delegation under s. 24.61 (2) (c);

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~~SECTION 21. 25.17 (1) (xm) of the statutes is created to read:  
25.17 (1) (xm) University fund (s. 24.81), but subject to the terms of delegation  
under s. 24.61 (2) (c);  
SECTION 22. 25.17 (1) (zm) of the statutes is amended to read:  
25.17 (1) (zm) All other funds of the state or of any state department or  
institution, except funds which under article X of the constitution are 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, and  
moneys in the university University of Wisconsin trust funds, and in the trust funds  
of the state universities.~~

(END)

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**1999-2000 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-3591/?ins

.....

**Insert Analysis:**

Under current law, the board of commissioners of public lands (BCPL) is authorized to invest moneys in the common school fund, the normal school fund, the university fund and the agricultural college fund in certain specified investments. These include bonds or notes of the United States; bonds issued by this state or the University of Wisconsin Hospitals and Clinics Authority; and bonds issued by a town, village, city, county or school district or certain other special districts in the state. If requested by BCPL, the state investment board is required to provide BCPL with advice and assistance in investing these moneys.

This bill authorizes BCPL to invest moneys in the common school fund, the normal school fund, the university fund and the agricultural college fund in notes issued by this state and in land in this state.

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-3591/7dn ①  
RAC:.....

Per your request, this bill incorporates SECTIONS 11-14 of LRB 3154/P1. The only issue I see is whether the purchase of these lands by the board would make these lands part of the agriculture college lands, Marathon county lands, normal school lands, school lands, swamp lands and university lands. Because the bill does not amend s. 24.01 (1), (4), (5), (7), (9) and (10) to include the purchased land as part of these kinds of lands, I do not believe the purchased lands would be considered part of these lands. Instead, the land would be purchased as an investment vehicle for the moneys in the trust funds. Please note that under current law the board is the trustee of the moneys in the trust and must make investments to further the purposes of the trust. As a result, the board would have to consider its fiduciary responsibilities in making the decision to purchase lands with trust fund moneys.

Rick Champagne  
Legislative Attorney  
Phone: (608) 266-9930  
E-mail: Rick.Champagne@legis.state.wi.us

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-3591/1dn

RAC:kmg:kjf

September 14, 1999

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**SUBMITTAL  
FORM**

**LEGISLATIVE REFERENCE BUREAU**  
**Legal Section Telephone: 266-3561**  
**5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

**Date:** 09/14/1999

**To:** Senator Burke


**Relating to LRB drafting number:** LRB-3591

**Topic**

Investment authority of the board of commissioners of public lands

**Subject(s)**

State Finance - miscellaneous

1. **JACKET** the draft for introduction \_\_\_\_\_ 

in the **Senate** \_\_\_\_ or the **Assembly** \_\_\_\_ (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached \_\_\_\_\_.

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction \_\_\_\_\_.

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Richard A. Champagne, Legislative Attorney  
Telephone: (608) 266-9930