



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1432/8  
KSH:kmg&jlg:hmh

TODAY

4

DOA:.....Wong - PECFA revenue bonding

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

do not gen

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**ENVIRONMENT**

**HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP**

Under current law, the department of commerce (department) 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 department to issue revenue obligations, to be paid from revenues deposited in the petroleum inspection fund, to fund the payment of claims under the PECFA program. No more than \$150,000,000 in revenue obligations may be issued under the bill. 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.

4

1 between this state and the trustee or in accordance with the resolution pledging the  
2 revenues to the repayment of revenue obligations issued under this subsection.

3 **SECTION 49.** 101.143 (9m) of the statutes is created to read:

4 101.143 (9m) REVENUE OBLIGATIONS. (a) The petroleum storage remedial action  
5 program is a special fund program, as defined in s. 18.52 (8), and the petroleum  
6 inspection fund is a special fund, as defined under s. 18.52 (7). The petroleum  
7 inspection fund is a segregated fund created by the imposition of fees, penalties or  
8 excise taxes. The legislature finds and determines that a nexus exists between the  
9 petroleum storage remedial action program and the petroleum inspection fund in  
10 that fees imposed on users of petroleum are used to remedy environmental damage  
11 caused by petroleum storage.

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

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

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

4 ✓  
1 (g) Revenue obligations may be contracted by the building commission when  
2 it reasonably appears to the building commission that all obligations incurred under  
3 this subsection can be fully paid on a timely basis from moneys received or  
4 anticipated to be received. Revenue obligations issued under this subsection may not  
5 exceed \$50,000,000 in principal amount. In addition to this limit on principal  
6 amount, the building commission may contract revenue obligations under this  
7 subsection as the building commission determines is desirable to fund or refund  
8 outstanding revenue obligations, to pay issuance or administrative expenses, to  
9 make deposits to reserve funds or to pay accrued or capitalized interest.

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

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

22 **SECTION 50.** 281.59 (4) (b) of the statutes is amended to read:

23 281.59 (4) (b) The department of administration may, under s. ~~18.56~~ 18.561 (5)  
24 and (9) (j), deposit in a separate and distinct fund in the state treasury or in an  
25 account maintained by a trustee outside the state treasury, any portion of the

1 revenues derived under s. 25.43 (1). The revenues deposited with a trustee outside  
2 the state treasury are the trustee's revenues in accordance with the agreement  
3 between this state and the trustee or in accordance with the resolution pledging the  
4 revenues to the repayment of revenue obligations issued under this subsection.

5

**(END)**

## Hubli, Scott

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**From:** Groethe, Reed [reed.groethe@foleylaw.com]  
**Sent:** Monday, February 01, 1999 11:03 AM  
**To:** Hubli, Scott  
**Cc:** Wolff, Michael; Erdman, David; Hoadley, Frank  
**Subject:** PECFA revenue bonding (LRB--1423/3)

Scott: Here are my comments on the current draft.

\* Analysis, "Environment", paragraph 2, line 3: The statement that no more than \$150 million in revenue obligations may be issued is not entirely correct, since the s. 101.143(9m) would also allow additional amounts for what the public finance industry calls "non-asset bonds".

\* Analysis, "State Finance, paragraph 3, line 3: delete "exclusively" to conform to current language of bill. By the way, the intent of removing "solely" and "exclusively" was to allow a revenue obligation that might partake of both the enterprise obligation authorizations and the special fund obligation authorizations. Another way of achieving that result would be to expressly provide that a revenue obligation may be both an enterprise obligation and a special fund obligation.

\* Page 5, line 14: In the parallel provision for s. 18.562, "shall be" was changed to "is".

\* Page 8, line 19: Make "owner" plural.

\* Page 9, line 24: Change "charged" to "charge".

\* Page 10, lines 19-22: The admittedly clumsy language I supplied was intended to avoid a constitutional concern. The pledge of pre-existing property creates "debt". If money in a special fund was existing before the revenue bonding program were established, does that similarly create "debt"? Limiting the security interest to amounts arising after the creation of the program seems prudent. I understand that money is fungible. We could establish subaccounts for "before" and "after" money and provide that "before" money gets used first. Or we could simply say that money is accounted for on a first-in, first-out basis but not set up subaccounts. Or we could leave it for a court to uncommingle the fund in the unlikely event that the security interest gets exercised. I do think it is prudent to say something, however, and the changes made to the language I supplied cause it to have a different meaning altogether. Perhaps you could give me a call and we can discuss this matter further.

\* Page 11, line 24: Change "treasure" to "treasury".

\* Page 19, line 7: I don't understand the change, even in light of your note. I think we should discuss this provision also.

\* Page 20 (generally): I agree that all the existing revenue bond programs are relying upon the enterprise obligation authorizations; in my judgment, however, it is better to allow them to use either or both authorizations. This is particularly true of the transportation revenue bonds, which have a source of payment that is conceptually more a special fund revenues than an enterprise.

\* Page 21, lines 4-6: We used the phrase "for purposes of" because the term "special fund" is not actually defined.



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1432/A  
KSH:kmg&jlg:jf

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DOA:.....Wong - PECFA revenue bonding

FOR 1999-01 BUDGET -- NOT READY FOR INTRODUCTION

today  
D-NOTE

1

*Don't cut*  
AN ACT relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**ENVIRONMENT**

**HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP**

Under current law, the department of commerce (department) 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 department to issue revenue obligations, to be paid from revenues deposited in the petroleum inspection fund, to fund the payment of claims under the PECFA program. ~~No more than \$450,000,000 in revenue obligations may be issued under the bill.~~ 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.

insert ANL-1

**STATE GOVERNMENT****STATE FINANCE**

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 bond be repayable *solely* from, and be *solely* secured by, property or income from the revenue-producing enterprise.

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 ~~exclusively~~ from a special fund consisting of fees, penalties or excise taxes. ✓

The bill uses this second type of revenue obligation in order to authorize not more than \$150,000,000 of revenue obligation bonding for the PECFA program. See ENVIRONMENT, HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP. These revenue obligations are to be repaid from, and are secured by, the petroleum inspection fund. If, however, the legislature reduces the rate of the petroleum inspection fee and the fees in the fund prove insufficient to pay the principal and interest on the revenue obligations, the bill expresses the legislature's expectation and aspiration that it would make an appropriation from the general fund sufficient to pay the principal and interest on the obligations.

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.** 18.51 of the statutes is amended to read:  
 2           **18.51 Provisions applicable.** The following sections apply to this  
 3 subchapter, except that all references to "public debt" or "debt" ~~are deemed~~ shall be

1 revenue obligations. The ~~bonds~~ revenue obligations shall mature at any time not  
2 exceeding 50 years from the date thereof as the commission shall determine. The  
3 ~~bonds~~ revenue obligations shall be payable only out of the redemption fund provided  
4 under ~~sub. s. 18.561 (5) or 18.562 (3)~~ and each ~~bond~~ revenue obligation shall contain  
5 on its face a statement to that effect. ~~Any such bonds~~ A revenue obligation may  
6 contain a provision authorizing redemption, in whole or in part, at stipulated prices,  
7 at the option of the commission and shall provide the method of redeeming the ~~bonds~~.  
8 ~~The state and a contracting party may provide in any contract for purchasing or~~  
9 ~~acquiring a revenue-producing enterprise or program, that payment shall be made~~  
10 ~~in such bonds~~ revenue obligations.

11 **SECTION 12.** 18.56 (2) to (6) of the statutes are renumbered 18.561 (2) to (6) and  
12 amended to read:

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



1 identified as "the ... redemption fund". Each redemption fund shall be expended, and  
2 all moneys from time to time on hand therein are irrevocably appropriated, in sums  
3 sufficient, only for the payment of principal and interest on the ~~revenue~~ enterprise  
4 obligations giving rise to it and premium, if any, due upon ~~refunding~~ redemption of  
5 any such obligations. Moneys in the redemption funds may be commingled only for  
6 the purpose of investment with other public funds, but they shall be invested only  
7 in investment instruments permitted in s. 25.17 (3) (dr). All such investments shall  
8 be the exclusive property of the fund and all earnings on or income from such  
9 investments shall be credited to the fund.

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

13 **SECTION 13.** 18.56 (7) and (8) of the statutes are renumbered 18.561 (7) and (8).

14 **SECTION 14.** 18.56 (9) (intro.) of the statutes is renumbered 18.561 (9) (intro.)  
15 and amended to read:

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

1 acquired or purchased may, upon such terms and conditions as are satisfactory,  
2 contract that ~~bonds~~ enterprise obligations to provide for the discharge of the secured  
3 obligation or charge, or for the whole purchase price shall be deposited with a trustee  
4 or depository and released from the deposit from time to time on such terms and  
5 conditions as are necessary to secure the payment of the secured obligation or charge.

6 **SECTION 17.** 18.561 (title) of the statutes is created to read:

7 **18.561 (title) Enterprise obligations.**

8 **SECTION 18.** 18.561 (1) of the statutes is created to read:

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

12 **SECTION 19.** 18.561 (7) (title) of the statutes is created to read:

13 18.561 (7) (title) PAYMENT FOR SERVICES.

14 **SECTION 20.** 18.561 (8) (title) of the statutes is created to read:

15 18.561 (8) (title) RATES FOR SERVICES.

16 **SECTION 21.** 18.561 (9) (k) of the statutes is created to read:

17 18.561 (9) (k) Defeasance of the obligations.

18 **SECTION 22.** 18.562 of the statutes is created to read:

19 **18.562 Special fund obligations. (1) SECURITY INTEREST IN SPECIAL FUND.**

20 There is a security interest, for the benefit of the owners of the special fund  
21 obligations, in the amounts in the special fund that are related to the special fund  
22 obligations issued after the creation of the special fund program. No physical  
23 delivery, recordation or other action is required to perfect the security interest. The  
24 special fund shall remain subject to the security interest until provision for payment  
25 in full of the principal and interest of the special fund obligations has been made, as

✓  
Insert  
10-22

1 provided in the authorizing resolution. An owner of special fund obligations may  
2 either at law or in equity protect and enforce the security interest and compel  
3 performance of all duties required by this section.

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

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

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

24

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treasury  
not  
treasure

1 thereafter. Estimated disbursements under this paragraph shall not be included in  
2 the schedule under s. 20.005.

3 **SECTION 42.** 20.143 (3) (v) of the statutes is amended to read:

4 20.143 (3) (v) *Petroleum storage environmental remedial action; awards.*  
5 Biennially, from the petroleum inspection fund, the amounts in the schedule to pay  
6 awards under s. 101.143 and, legal costs incurred under s. 101.143 (7m) and amounts  
7 to reduce principal of revenue obligations issued pursuant to s. 101.143 (9m).

8 **SECTION 43.** 20.143 (3) (vb) of the statutes is created to read:

outstanding

9 20.143 (3) (vb) *Petroleum storage environmental remedial action revenue*  
10 *bonding; awards.* From the petroleum inspection fund, a sum sufficient not to exceed  
11 the net proceeds of special fund obligations issued pursuant to s. 101.143 (9m) to pay  
12 awards under s. 101.143 and legal costs incurred under s. 101.143 (7m). Estimated  
13 disbursements under this paragraph shall not be included in the schedule under s.  
14 20.005.

15 **SECTION 44.** 25.47 of the statutes is renumbered 25.47 (intro.) and amended  
16 to read:

17 **25.47 Petroleum inspection fund.** (intro.) There is established a separate  
18 nonlapsible trust fund designated as the petroleum inspection fund, to consist of the;

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

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

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

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

23 **SECTION 45.** 25.47 (5) of the statutes is created to read:

24 25.47 (5) The moneys transferred from the appropriation account under s.  
25 20.143 (3) (s).

1           **SECTION 46.** 45.79 (9) (a) of the statutes is amended to read:

2           45.79 (9) (a) All moneys received from any source for repayment of loans,  
3 mortgages or mortgage loan notes funded with proceeds of revenue obligations  
4 issued under sub. (6) (c) shall be deposited into one or more separate nonlapsible  
5 trust funds in the state treasury or with a trustee as provided in s. ~~18.56~~ 18.561 (9)

✓  
or  
18.562  
(5)(e)

6 (j). The board may pledge revenues received by the funds to secure revenue  
7 obligations issued under sub. (6) (c) and shall have all other powers necessary and  
8 convenient to distribute the proceeds of the revenue obligations and loan repayments,  
9 in accordance with subch. II of ch. 18. Unrestricted balances in the funds may be used  
10 to fund additional loans issued under sub. (6) (c) and pay the balances owing on loans  
11 after the assumptions of the loans or the closings of the sales of residences under sub.

12 (10) (c).

stat  
~~§§~~

and or  
18.562  
(3) and  
(5)(e)

13           **SECTION 47.** 84.59 (2) of the statutes is amended to read:

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

stat  
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20           **SECTION 48.** 85.52 (5) (c) of the statutes is amended to read:

21           85.52 (5) (c) The department of administration may, under s. ~~18.56~~ 18.561 (5)  
22 and (9) (j), deposit in a separate and distinct fund in the state treasury or in an  
23 account maintained by a trustee outside the state treasury, any portion of the  
24 revenues derived under s. 25.405 (2). The revenues deposited with a trustee outside  
25 the state treasury are the trustee's revenues in accordance with the agreement

1 between this state and the trustee or in accordance with the resolution pledging the  
2 revenues to the repayment of revenue obligations issued under this subsection.

3 **SECTION 49.** 101.143 (9m) of the statutes is created to read:

4 101.143 **(9m)** REVENUE OBLIGATIONS. (a) ~~The petroleum storage remedial action~~  
5 ~~program is a special fund program, as defined in s. 18.52 (8)~~ and the petroleum  
6 ~~inspection fund is a special fund, as defined under s. 18.52 (7)~~ The petroleum  
7 inspection fund is a segregated fund created by the imposition of fees, penalties or  
8 excise taxes. The legislature finds and determines that a nexus exists between the  
9 petroleum storage remedial action program and the petroleum inspection fund in  
10 that fees imposed on users of petroleum are used to remedy environmental damage  
11 caused by petroleum storage.

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

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

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

For purposes of subch. II of ch. 18,

1 (g) Revenue obligations may be contracted by the building commission when  
2 it reasonably appears to the building commission that all obligations incurred under  
3 this subsection can be fully paid on a timely basis from moneys received or  
4 anticipated to be received. Revenue obligations issued under this subsection may not  
5 exceed \$450,000,000 in principal amount. In addition to this limit on principal  
6 amount, the building commission may contract revenue obligations under this  
7 subsection as the building commission determines is desirable to fund or refund  
8 outstanding revenue obligations, to pay issuance or administrative expenses, to  
9 make deposits to reserve funds or to pay accrued or capitalized interest.

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

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

22 SECTION 50. 281.59 (4) (b) of the statutes is amended to read: <sup>stat</sup>

23 281.59 (4) (b) The department of administration may, under ~~s. 18.56~~ 18.561 (5)  
24 and (9) (j), deposit in a separate and distinct fund in the state treasury or in an  
25 account maintained by a trustee outside the state treasury, any portion of the

(or 18.562 (3) and (5) (e))

1 revenues derived under s. 25.43 (1). The revenues deposited with a trustee outside  
2 the state treasury are the trustee's revenues in accordance with the agreement  
3 between this state and the trustee or in accordance with the resolution pledging the  
4 revenues to the repayment of revenue obligations issued under this subsection.

5

(END)



*Insert ANL*

1 (g) Revenue obligations may be contracted by the building commission when  
 2 it reasonably appears to the building commission that all obligations incurred under  
 3 this subsection can be fully paid on a timely basis from moneys received or  
 4 anticipated to be received. Revenue obligations issued under this subsection may not  
 5 exceed \$450,000,000 in principal amount. In addition to this limit on principal  
 6 amount, the building commission may contract <sup>the issuance of</sup> revenue obligations under this  
 7 subsection as the building commission determines is desirable to fund or refund <sup>these</sup>  
 8 <sup>or</sup> outstanding revenue obligations, to pay issuance or administrative expenses, to  
 9 make deposits to reserve funds or to pay accrued or capitalized interest.

*this bill*  
*these*

*will authorize*

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

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

*add insert*

**SECTION 50.** 281.59 (4) (b) of the statutes is amended to read:

22 281.59 (4) (b) The department of administration may, under s. ~~18.56~~ 18.561 (5)  
 23 and (9) (j), deposit in a separate and distinct fund in the state treasury or in an  
 24 account maintained by a trustee outside the state treasury, any portion of the  
 25

insert 10-22 ✓

There is a security interest, for the benefit of the owners of the special fund obligations, in the amounts in the special fund ~~program~~ related to the special fund obligations that arise after the legislative authorization of the special fund program.

creation

1432/5dn  
:Kmg:

D-NOTE:

This "15" incorporates additional comments from Reed Grothe. I deferred to Reed's suggested language to describe the security interest in s. 18.562. Although I believe the language is ambiguous, bond counsel has to write the opinion, ~~and~~ ~~we~~ so I'm more than willing to defer to their judgment on this question.

\*SH

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

LRB-1432/5dn  
KSH:kmg:jf

February 1, 1999

This "/5" incorporates additional comments from Reed Groethe. I deferred to Reed's suggested language to describe the security interest in s. 18.562. Although I believe the language is ambiguous, bond counsel has to write the opinion, so I'm more than willing to defer to their judgment on this question.

K. Scott Hubli  
Administrative Services Manager  
Phone: (608) 266-0135  
E-mail: Scott.Hubli@legis.state.wi.us

## Hubli, Scott

---

**From:** Groethe, Reed [reed.groethe@foleylaw.com]  
**Sent:** Tuesday, February 02, 1999 8:51 AM  
**To:** Hubli, Scott  
**Cc:** Wolff, Michael; Erdman, David; Hoadley, Frank; Wong, Manyee; Schmiedicke, David; Ryan, David B.  
**Subject:** RE: LRB-1432/5

Scott: I have additional suggestions affecting two sections.

\* Page 10, lines 24-25: Michael Wolff points out that the sentence has an unclear antecedent. Is it amounts that arise or obligations that arise? Obviously, it must be amounts, because all obligations arise only after the creation of the program under which they are issued. Still, it would clarify matters to move the phrase "that arise after creation of the special fund program" so it follows "in the amounts". ✓

\* Page 10, line 25: I suggest adding a new sentence-"For this purpose, amounts shall be accounted for on a first-in, first-out basis." This suggestion responds to your concern that, because money is fungible, the preceding sentence is ambiguous. The original language does resolve a constitutional concern. All the same, it would be better avoid the ambiguity. ✓

\* Page 3, line 13. Adding a sentence-"A revenue obligation may be both an enterprise obligation and a special fund obligation"-would make explicit what has been implicit in removing the language of exclusivity from the definitions of each type of revenue obligation. ✓

-----Original Message-----

From: Hubli, Scott [SMTP:Scott.Hubli@legis.state.wi.us]  
Sent: Monday, February 01, 1999 9:11 PM  
To: 'Groethe, Reed'; Wolff, Michael; Erdman, David; Hoadley, Frank; Wong, Manyee  
Subject: LRB-1432/5

This is the version that went into the initial compile. Please let me know if any additional changes need to be made and I will see if the changes can be made on the master for the budget bill. Thanks.

<<99-1432/5>> <<99-1432/5dn>>

Scott

\*\*\*\*\*

K. Scott Hubli, Administrative Services Manager  
Wisconsin Legislative Reference Bureau  
(608) 266-0135

scott.hubli@legis.state.wi.us

<< File: 99-1432/5 >> << File: 99-1432/5dn >>

## Hubli, Scott

---

**From:** Wolff, Michael  
**Sent:** Tuesday, February 02, 1999 8:36 AM  
**To:** Hubli, Scott  
**Subject:** RE: LRB-1432/5

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**From:** Hubli, Scott  
**Sent:** Tuesday, February 02, 1999 8:32 AM  
**To:** Wolff, Michael  
**Subject:** RE: LRB-1432/5

**Thanks for the catch. I will modify this.**

**Scott**

-----Original Message-----

**From:** Wolff, Michael  
**Sent:** Tuesday, February 02, 1999 8:17 AM  
**To:** Hubli, Scott  
**Cc:** 'Reed Groethe'; Wong, Manyee  
**Subject:** RE: LRB-1432/5

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<< File: 99-1432/5 >> << File: 99-1432/5dn >>

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<< File: 99-1432/5 >> << File: 99-1432/5dn >>

**Scott**

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State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1432/5  
KSH:kmg&jlg:jf

6

DOA:.....Wong - PECFA revenue bonding

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

D-NOTE

noon  
or 1100

Don't  
get in. Cat

1 AN ACT relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**ENVIRONMENT**

**HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP**

Under current law, the department of commerce (department) 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 department to issue 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.

## STATE GOVERNMENT

### STATE FINANCE

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 bond be repayable *solely* from, and be *solely* secured by, property or income from the revenue-producing enterprise.

~~4~~ 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.

4 The bill uses this second type of revenue obligation in order to authorize not more than \$250,000,000 of revenue obligation bonding for the PECFA program. See ENVIRONMENT, HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP. These revenue obligations are to be repaid from, and are secured by, the petroleum inspection fund. If, however, the legislature reduces the rate of the petroleum inspection fee and the fees in the fund prove insufficient to pay the principal and interest on the revenue obligations, the bill expresses the legislature’s expectation and aspiration that it would make an appropriation from the general fund sufficient to pay the principal and interest on the obligations.

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. 18.51 of the statutes is amended to read:

1           **18.51 Provisions applicable.** The following sections apply to this  
2 subchapter, except that all references to “public debt” or “debt” ~~are deemed shall be~~  
3 read to refer to a “revenue obligation” and all references to “evidences of  
4 indebtedness” shall be read to refer to “evidences of revenue obligations”: ss. 18.02,  
5 18.03, 18.06 (8), 18.07, 18.10 (1), (2), (4) to (9) and (11) and 18.17.

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

7           18.52 (2m) (intro.) “Enterprise obligation” means every undertaking by the  
8 state to repay a certain amount of borrowed money that is all of the following:

9           **SECTION 3.** 18.52 (5) (intro.) of the statutes is renumbered 18.52 (5) and  
10 amended to read:

11           18.52 (5) “Revenue obligation” means ~~every undertaking by the state to repay~~  
12 ~~a certain amount of borrowed money which is: an enterprise obligation or a special~~  
13 fund obligation. *Insert 3-13* ✓

14           **SECTION 4.** 18.52 (5) (a) of the statutes is renumbered 18.52 (2m) (a) and  
15 amended to read:

16           18.52 (2m) (a) Created for the purpose of purchasing, acquiring, leasing,  
17 constructing, extending, expanding, adding to, improving, conducting, controlling,  
18 operating or managing a revenue-producing enterprise or program;

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

21           18.52 (2m) (b) Payable ~~solely~~ from and secured solely by the property or income  
22 or both of the enterprise or program; ~~and~~.

23           **SECTION 6.** 18.52 (5) (c) of the statutes is renumbered 18.52 (2m) (c).

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

1 the proceeds applied in payment of the same at maturity or before maturity by  
2 agreement with the holder owner of the secured obligation or charge. The  
3 commission and the owners of any revenue-producing enterprise or program  
4 acquired or purchased may, upon such terms and conditions as are satisfactory,  
5 contract that ~~bonds~~ enterprise obligations to provide for the discharge of the secured  
6 obligation or charge, or for the whole purchase price shall be deposited with a trustee  
7 or depository and released from the deposit from time to time on such terms and  
8 conditions as are necessary to secure the payment of the secured obligation or charge.

9 **SECTION 17.** 18.561 (title) of the statutes is created to read:

10 **18.561 (title) Enterprise obligations.**

11 **SECTION 18.** 18.561 (1) of the statutes is created to read:

12 18.561 (1) PAYMENT WITH REVENUE OBLIGATIONS. The state and a contracting  
13 party may provide, in any contract for purchasing or acquiring a revenue-producing  
14 enterprise or program, that payment shall be made in revenue obligations.

15 **SECTION 19.** 18.561 (7) (title) of the statutes is created to read:

16 18.561 (7) (title) PAYMENT FOR SERVICES.

17 **SECTION 20.** 18.561 (8) (title) of the statutes is created to read:

18 18.561 (8) (title) RATES FOR SERVICES.

19 **SECTION 21.** 18.561 (9) (k) of the statutes is created to read:

20 18.561 (9) (k) Defeasance of the obligations.

21 **SECTION 22.** 18.562 of the statutes is created to read:

22 **18.562 Special fund obligations. (1) SECURITY INTEREST IN SPECIAL FUND.**

23 There is a security interest, for the benefit of the owners of the special fund  
24 obligations, in the amounts <sup>y</sup>in the special fund related to the special fund obligations  
25 that arise after the creation of the special fund program.

No physical delivery,

insert 10-25

1 recordation or other action is required to perfect the security interest. The special  
2 fund shall remain subject to the security interest until provision for payment in full  
3 of the principal and interest of the special fund obligations has been made, as  
4 provided in the authorizing resolution. An owner of special fund obligations may  
5 either at law or in equity protect and enforce the security interest and compel  
6 performance of all duties required by this section.

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

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



Insert 3-13: ✓

~~elderly benefit bill~~

- A revenue obligation may be both an enterprise obligation and a special fund obligation

Insert 10-25: ✓

For this purpose, amounts in the special fund shall be accounted for on a first-in, first-out basis.

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

LRB-1432/ndn  
KSH:kmg:jf



6

February 1, 1999

6

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and  
Michael Walff





State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1432/6  
KSH:kmg&jlg:hmh

7

DOA:.....Wong - PECFA revenue bonding

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

D-NOTE

Don't  
Gen Cat.

1 AN ACT relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**ENVIRONMENT**

**HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP**

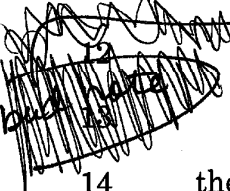
Under current law, the department of commerce (department) administers a program to reimburse owners of certain petroleum product storage tanks for a portion of the costs of cleaning up discharges from those tanks. This program is commonly known as PECFA.

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1 obligation payable in whole or in part, directly or indirectly, out of such fund, to  
2 restore to the fund all diversions from the fund.

3 **SECTION 39.** 20.143 (3) (s) of the statutes is created to read:

4 20.143 (3) (s) *Petroleum inspection fund — revenue obligation proceeds.* As a  
5 continuing appropriation, all proceeds from revenue obligations that are issued  
6 under subch. II or IV of ch. 18, authorized under s. 101.143 (9m) and deposited in a  
7 fund in the state treasury created under s. 18.57 (1), to provide for reserves and for  
8 expenses of issuance and management of the revenue obligations, and the remainder  
9 to be transferred to the petroleum inspection fund for the purposes of the petroleum  
10 storage remedial action program under s. 101.143. Estimated disbursements under  
11 this paragraph shall not be included in the schedule under s. 20.005.

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

14 20.143 (3) (t) *Petroleum inspection fund — revenue obligation repayment.* From  
15 the petroleum inspection fund, a sum sufficient to repay the fund in the state  
16 treasury created under s. 18.57 (1) the amount needed to retire revenue obligations  
issued under subch. II or IV of ch. 18, as authorized under s. 101.143 (9m).

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

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

18 20.143 (3) (u) *Revenue obligation debt service — petroleum inspection fund.*

19 From the fund in the state treasury created under s. 18.57 (1), all moneys received  
20 by the fund for the purpose of the retirement of revenue obligations, providing for  
21 reserves and for operations relating to the management and retirement of revenue  
22 obligations issued under subch. II or IV of ch. 18, as authorized under s. 101.143 (9m).

23 All moneys received by the fund are irrevocably appropriated in accordance with

1 subch. II of ch. 18 and further established in resolutions authorizing the issuance of  
2 the revenue obligations and setting forth the distribution of funds to be received  
3 thereafter. Estimated disbursements under this paragraph shall not be included in  
4 the schedule under s. 20.005.

5 **SECTION 42.** 20.143 (3) (v) of the statutes is amended to read:

6 20.143 (3) (v) *Petroleum storage environmental remedial action; awards.*

7 Biennially, from the petroleum inspection fund, the amounts in the schedule to pay  
8 awards under s. 101.143 and, legal costs incurred under s. 101.143 (7m) ~~and amounts~~

9 to reduce principal of outstanding revenue obligations issued pursuant to s. 101.143

10 (9m). Insert 19-10 ✓ *\*\*\*NOTE: This is reconciled s. 20.143(3)(v). This section has been affected by drafts with the following LRB #s: LRB-1432/6 and LRB-1668/pl.* *under-scored comma*

11 **SECTION 43.** 20.143 (3) (vb) of the statutes is created to read:

12 20.143 (3) (vb) *Petroleum storage environmental remedial action revenue*

13 *bonding; awards.* From the petroleum inspection fund, a sum sufficient not to exceed  
14 the net proceeds of special fund obligations issued pursuant to s. 101.143 (9m) to pay  
15 awards under s. 101.143 and legal costs incurred under s. 101.143 (7m). Estimated  
16 disbursements under this paragraph shall not be included in the schedule under s.  
17 20.005.

18 **SECTION 44.** 25.47 of the statutes is renumbered 25.47 (intro.) and amended  
19 to read:

20 **25.47 Petroleum inspection fund.** (intro.) There is established a separate  
21 nonlapsible trust fund designated as the petroleum inspection fund, to consist of the:

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

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

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

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



insert  
19-10

"Add text & recon note to 17"

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20.143 (3) (v) ~~Petroleum storage environmental remedial action; awards.~~  
Biennially, from the petroleum inspection fund, the amounts in the schedule to pay  
awards under s. 101.143 and legal costs incurred under s. 101.143 (7m) and, if the  
department promulgates rules under s. 101.143 (2) (i) 1., to purchase, or provide  
funding to purchase, insurance described in s. 101.143 (2) (i) 2.

SECTION 2. 25.47 of the statutes is amended to read:

**25.47 Petroleum inspection fund.** There is established a separate  
nonlapsible trust fund designated as the petroleum inspection fund, to consist of the  
fees imposed under s. 168.12 (1), any fees imposed under s. 101.143 (2) (i), the  
payments under s. 101.143 (4) (h) 1m., the payments under s. 101.143 (5) (a) and the  
net recoveries under s. 101.143 (5) (c).

instead  
create

(1m)

rec.  
with-1432

SECTION 3. 101.143 (2) (i) of the statutes is created to read:

101.143 (2) (i) 1. The department may promulgate rules that specify a fee that  
must be paid by a service provider as a condition of submitting a bid to conduct an  
activity under sub. (3) (c) for which a claim for reimbursement under this section will  
be submitted. Any fees collected under the rules shall be deposited in the petroleum  
inspection fund.

2. If the department promulgates rules under subd. 1., the department may  
purchase, or provide funding for the purchase of, insurance to cover the amount by  
which the costs of conducting activities under sub. (3) (c) exceed the amount bid to  
conduct those activities.

(END)

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

LRB-1432/7dn

KSH/...

This draft reconciles LRB-1432/6 and LRB-1668/P1. Both of these drafts should continue to appear in the compiled bill.

K. Scott Hubli  
Administrative Services Manager  
Phone: (608) 266-0135  
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**FROM THE**  
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LRB-1432/7dn  
KSH:kmg:jf

February 2, 1999

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State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-1432/7  
KSH:kmg&jlg:hmh

DOA:.....Wong – PECFA revenue bonding

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

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The bill uses this second type of revenue obligation in order to authorize not more than \$450,000,000 of revenue obligation bonding for the PECFA program. See ENVIRONMENT, HAZARDOUS SUBSTANCES AND ENVIRONMENTAL CLEANUP. These revenue obligations are to be repaid from, and are secured by, the petroleum inspection fund. If, however, the legislature reduces the rate of the petroleum inspection fee and the fees in the fund prove insufficient to pay the principal and interest on the revenue obligations, the bill expresses the legislature’s expectation and aspiration that it would make an appropriation from the general fund sufficient to pay the principal and interest on the obligations.

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9           **SECTION 3.** 18.52 (5) (intro.) of the statutes is renumbered 18.52 (5) and  
10 amended to read:

11           18.52 (5) “Revenue obligation” means ~~every undertaking by the state to repay~~  
12 ~~a certain amount of borrowed money which is:~~ an enterprise obligation or a special  
13 fund obligation. A revenue obligation may be both an enterprise obligation and a  
14 special fund obligation.

15           **SECTION 4.** 18.52 (5) (a) of the statutes is renumbered 18.52 (2m) (a) and  
16 amended to read:

17           18.52 (2m) (a) Created for the purpose of purchasing, acquiring, leasing,  
18 constructing, extending, expanding, adding to, improving, conducting, controlling,  
19 operating or managing a revenue-producing enterprise or program;.

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

22           18.52 (2m) (b) Payable ~~solely~~ from and secured ~~solely~~ by the property or income  
23 or both of the enterprise or program; ~~and.~~

24           **SECTION 6.** 18.52 (5) (c) of the statutes is renumbered 18.52 (2m) (c).

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

1           18.52 (7) “Special fund obligation” means every undertaking by the state to  
2 repay a certain amount of borrowed money which is all of the following:

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

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

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

6           18.52 (8) “Special fund program” means a state program or purpose with  
7 respect to which the legislature has determined that financing with special fund  
8 obligations is appropriate and will serve a public purpose.

9           **SECTION 9.** 18.53 (3) of the statutes is renumbered 18.53 (3) (intro.) and  
10 amended to read:

11           18.53 (3) (intro.) The commission shall authorize money to be borrowed and  
12 evidences of revenue obligation to be issued ~~therefor up to the amounts specified by~~  
13 ~~the legislature to purchase, acquire, lease, construct, extend, expand, add to,~~  
14 ~~improve, conduct, control, operate or manage such revenue-producing enterprises~~  
15 ~~or programs as are specified by the legislature as the funds are required.~~ The  
16 requirements for funds shall be established by the state department or agency head  
17 carrying out program responsibilities for which the revenue obligations have been  
18 authorized by the legislature, but shall not exceed the following:

19           **SECTION 10.** 18.53 (3) (a) and (b) of the statutes are created to read:

20           18.53 (3) (a) In the case of enterprise obligations, the amounts specified by the  
21 legislature to purchase, acquire, lease, construct, extend, expand, add to, improve,  
22 conduct, control, operate or manage such revenue-producing enterprises or  
23 programs as are specified by the legislature.

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

1           **SECTION 11.** 18.56 (1) of the statutes is renumbered 18.56 and amended to read:

2           **18.56 Revenue bonds obligations.** The commission may authorize, for any  
3 of the purposes described in s. 18.53 (3), the issuance of ~~revenue obligation bonds~~  
4 revenue obligations. The ~~bonds~~ revenue obligations shall mature at any time not  
5 exceeding 50 years from the date thereof as the commission shall determine. The  
6 ~~bonds~~ revenue obligations shall be payable only out of the redemption fund provided  
7 under sub. s. 18.561 (5) or 18.562 (3) and each ~~bond~~ revenue obligation shall contain  
8 on its face a statement to that effect. ~~Any such bonds~~ A revenue obligation may  
9 contain a provision authorizing redemption, in whole or in part, at stipulated prices,  
10 at the option of the commission and shall provide the method of redeeming the ~~bonds~~.  
11 ~~The state and a contracting party may provide in any contract for purchasing or~~  
12 ~~acquiring a revenue producing enterprise or program, that payment shall be made~~  
13 ~~in such bonds~~ revenue obligations.

14           **SECTION 12.** 18.56 (2) to (6) of the statutes are renumbered 18.561 (2) to (6) and  
15 amended to read:

16           18.561 (2) SECURITY INTERESTS OF OWNERS OF ENTERPRISE OBLIGATIONS. There  
17 ~~shall be~~ is a mortgage lien upon or security interest in the income and property of  
18 each revenue-producing enterprise or program ~~to~~ for the benefit of the holders  
19 owners of the related ~~bonds~~ and ~~to the holders of the coupons of the bonds.~~ ~~The note~~  
20 ~~or other instrument evidencing the security interest of a bondholder in a loan made~~  
21 ~~or purchased with revenue obligation bonds shall constitute a statutory lien on the~~  
22 ~~revenue~~ enterprise obligations. No physical delivery, recordation or other action is  
23 required to perfect the security interest. The income and property of the  
24 revenue-producing enterprise or program shall remain subject to the lien until  
25 provision for payment in full of the principal and interest of the ~~bonds~~ enterprise

1 obligations has been made, as provided in the authorizing resolution. Any holder  
2 owner of such ~~bonds or attached coupons~~ enterprise obligations may either at law or  
3 in equity protect and enforce the lien and compel performance of all duties required  
4 by this section. If there is any default in the payment of the principal or interest of  
5 any of such ~~bonds~~ enterprise obligations, any court having jurisdiction of the action  
6 may appoint a receiver to administer the revenue-producing enterprise or program  
7 on behalf of the state and the ~~bondholders~~ owners of the enterprise obligations, with  
8 power to charge and collect rates sufficient to provide for the payment of the  
9 operating expenses and also to pay any ~~bonds or~~ enterprise obligations outstanding  
10 against the revenue-producing enterprise or program, and to apply the income and  
11 revenues thereof in conformity with this subchapter and the authorizing resolution,  
12 or the court may declare the whole amount of the ~~bonds~~ enterprise obligations due  
13 and payable, if such relief is requested, and may order and direct the sale of the  
14 revenue-producing enterprise or program. Under any sale so ordered, the purchaser  
15 shall be vested with an indeterminate permit to maintain and operate the  
16 revenue-producing enterprise or program. The legislature may provide for  
17 additions, extensions and improvements to a revenue-producing enterprise or  
18 program to be financed by additional issues of ~~bonds~~ enterprise obligations as  
19 provided by this section. Such additional issues of ~~bonds~~ enterprise obligations shall  
20 be subordinate to all prior related issues of ~~bonds~~ enterprise obligations which may  
21 have been made under this section, unless the legislature, in the statute authorizing  
22 the initial issue of ~~bonds~~ enterprise obligations, permits the issue of additional ~~bonds~~  
23 enterprise obligations on a parity therewith.

24 (3) DEDICATION OF REVENUES. As accurately as possible in advance, the  
25 commission and the state department or agency carrying out program

1 responsibilities for which ~~bonds~~ enterprise obligations are to be issued shall  
2 determine, and the commission shall fix in the authorizing resolution for such ~~bonds~~  
3 enterprise obligations: the proportion of the revenues of the revenue-producing  
4 enterprise or program which shall be necessary for the reasonable and proper  
5 operation and maintenance thereof; the proportion of the revenues which shall be set  
6 aside as a proper and adequate replacement and reserve fund; and the proportion of  
7 the revenues which shall be set aside and applied to the payment of the principal and  
8 interest of the ~~bonds~~ enterprise obligations, and shall provide that the revenues be  
9 set aside in separate funds. At any time after one year's operation, the state  
10 department or agency and the commission may recompute the proportion of the  
11 revenues which shall be assignable under this subsection based upon the experience  
12 of operation or upon the basis of further financing.

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

1           **(5) REDEMPTION FUND.** The proportion which shall be set aside for the payment  
2 of the principal and interest of ~~such bonds~~ on the enterprise obligations shall from  
3 month to month as they accrue and are received, be set apart and paid into a separate  
4 fund in the treasury or in an account maintained by a trustee under sub. (9) (j) to be  
5 identified as “the ... redemption fund”. Each redemption fund shall be expended, and  
6 all moneys from time to time on hand therein are irrevocably appropriated, in sums  
7 sufficient, only for the payment of principal and interest on the ~~revenue~~ enterprise  
8 obligations giving rise to it and premium, if any, due upon ~~refunding~~ redemption of  
9 any such obligations. Moneys in the redemption funds may be commingled only for  
10 the purpose of investment with other public funds, but they shall be invested only  
11 in investment instruments permitted in s. 25.17 (3) (dr). All such investments shall  
12 be the exclusive property of the fund and all earnings on or income from such  
13 investments shall be credited to the fund.

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

17           **SECTION 13.** 18.56 (7) and (8) of the statutes are renumbered 18.561 (7) and (8).

18           **SECTION 14.** 18.56 (9) (intro.) of the statutes is renumbered 18.561 (9) (intro.)  
19 and amended to read:

20           18.561 **(9) AUTHORIZING RESOLUTION.** (intro.) The commission may provide in  
21 the authorizing resolution for ~~bonds~~ enterprise obligations or by subsequent action  
22 all things necessary to carry into effect this section. Any authorizing resolution shall  
23 constitute a contract with the ~~holder~~ owners of any ~~bonds~~ enterprise obligations  
24 issued pursuant to ~~such~~ the resolution. Any authorizing resolution may contain such  
25 provisions or covenants, without limiting the generality of the power to adopt the

1 resolution, as ~~is~~ are deemed necessary or desirable for the security of ~~bondholders~~  
2 the owners of enterprise obligations or the marketability of the ~~bonds~~ enterprise  
3 obligations, including ~~but not limited to~~ provisions as to:

4 **SECTION 15.** 18.56 (9) (a) to (j) of the statutes are renumbered 18.561 (9) (a) to  
5 (j).

6 **SECTION 16.** 18.56 (10) of the statutes is renumbered 18.561 (10) and amended  
7 to read:

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



1 the proceeds applied in payment of the same at maturity or before maturity by  
2 agreement with the ~~holder~~ owner of the secured obligation or charge. The  
3 commission and the owners of any revenue-producing enterprise or program  
4 acquired or purchased may, upon such terms and conditions as are satisfactory,  
5 contract that ~~bonds~~ enterprise obligations to provide for the discharge of the secured  
6 obligation or charge, or for the whole purchase price shall be deposited with a trustee  
7 or depository and released from the deposit from time to time on such terms and  
8 conditions as are necessary to secure the payment of the secured obligation or charge.

9 **SECTION 17.** 18.561 (title) of the statutes is created to read:

10 **18.561 (title) Enterprise obligations.**

11 **SECTION 18.** 18.561 (1) of the statutes is created to read:

12 18.561 (1) PAYMENT WITH REVENUE OBLIGATIONS. The state and a contracting  
13 party may provide, in any contract for purchasing or acquiring a revenue-producing  
14 enterprise or program, that payment shall be made in revenue obligations.

15 **SECTION 19.** 18.561 (7) (title) of the statutes is created to read:

16 18.561 (7) (title) PAYMENT FOR SERVICES.

17 **SECTION 20.** 18.561 (8) (title) of the statutes is created to read:

18 18.561 (8) (title) RATES FOR SERVICES.

19 **SECTION 21.** 18.561 (9) (k) of the statutes is created to read:

20 18.561 (9) (k) Defeasance of the obligations.

21 **SECTION 22.** 18.562 of the statutes is created to read:

22 **18.562 Special fund obligations. (1) SECURITY INTEREST IN SPECIAL FUND.**

23 There is a security interest, for the benefit of the owners of the special fund  
24 obligations, in the amounts that arise after the creation of the special fund program  
25 in the special fund related to the special fund obligations. For this purpose, amounts

1 in the special fund shall be accounted for on a first-in, first-out basis. No physical  
2 delivery, recordation or other action is required to perfect the security interest. The  
3 special fund shall remain subject to the security interest until provision for payment  
4 in full of the principal and interest of the special fund obligations has been made, as  
5 provided in the authorizing resolution. An owner of special fund obligations may  
6 either at law or in equity protect and enforce the security interest and compel  
7 performance of all duties required by this section.

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

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

1           (4) SURPLUS. If any surplus is accumulated in any of the redemption funds,  
2 subject to contract rights vested in the owners of special fund obligations security  
3 thereby, it shall be paid over to the treasury.

4           (5) AUTHORIZING RESOLUTION. The commission may provide in the authorizing  
5 resolution for special fund obligations or by subsequent action all things necessary  
6 to carry into effect this section. Any authorizing resolution shall constitute a  
7 contract with the owners of any special fund obligations issued pursuant to the  
8 resolution. An authorizing resolution may contain such provisions or covenants,  
9 without limiting the generality of the power to adopt the resolution, as are deemed  
10 necessary or desirable for the security of owners of the obligations or the  
11 marketability of the obligations, including provisions as to:

12           (a) Employment of consultants.

13           (b) Records and accounts.

14           (c) Establishment of reserve or other funds.

15           (d) Issuance of additional obligations.

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

18           (f) Defeasance of the obligations.

19           **SECTION 23.** 18.57 (title) of the statutes is repealed and recreated to read:

20           **18.57 (title) Funds established for revenue obligations.**

21           **SECTION 24.** 18.57 (1) of the statutes is amended to read:

22           18.57 (1) A separate and distinct fund shall be established in the state treasury  
23 or in an account maintained by a trustee under s. ~~18.56~~ 18.561 (9) (j) with respect to  
24 each revenue-producing enterprise or program the income from which is to be  
25 applied to the payment of any revenue enterprise obligation. A separate and distinct

1 fund shall be established in the state treasury or in an account maintained by a  
2 trustee under s. 18.562 (5) (e) with respect to any special fund that is created by the  
3 imposition of fees, penalties or excise taxes and is applied to the payment of special  
4 fund obligations. All moneys resulting from the issuance of evidences of revenue  
5 obligation shall be credited to the appropriate fund or applied for refunding or note  
6 renewal purposes, except that moneys which represent premium or accrued interest  
7 received on the issuance of evidences shall be credited to the appropriate redemption  
8 fund.

9 **SECTION 25.** 18.57 (4) of the statutes is renumbered 18.57 (4) (intro.) and  
10 amended to read:

11 18.57 (4) (intro.) If, after all outstanding related revenue obligations have been  
12 paid or payment provided for, moneys remain in ~~any such a fund, they~~ created under  
13 sub. (1), all of the following shall occur:

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

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

18 **SECTION 26.** 18.58 (1) of the statutes is amended to read:

19 18.58 (1) MANAGEMENT OF FUNDS AND RECORDS. All funds established under this  
20 subchapter which are deposited in the state treasury shall be managed as provided  
21 by law for other state funds, subject to any contract rights vested in holders owners  
22 of evidences of revenue obligation secured by such fund. The department of  
23 administration shall maintain full and correct records of each fund. The legislative  
24 audit bureau shall audit each fund as of January 1 of each year reconciling all  
25 transactions and showing the fair market value of all property on hand. All records

1 and audits shall be public documents. All funds established under this subchapter  
2 which are deposited with a trustee under s. ~~18.56~~ 18.561 (9) (j) or 18.562 (5) (e) shall  
3 be managed in accordance with resolutions authorizing the issuance of revenue  
4 obligations, agreements between the commission and the trustee and any contract  
5 rights vested in ~~holders of evidence~~ owners of revenue obligations secured by such  
6 fund.

7 **SECTION 27.** 18.60 (1) of the statutes is amended to read:

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

25 **SECTION 28.** 18.60 (2) of the statutes is amended to read:

1           18.60 (2) If the commission determines to exchange refunding bonds, they may  
2 be exchanged privately for and in payment and discharge of any of the outstanding  
3 bonds or notes being refinanced. Refunding bonds may be exchanged for a like or  
4 greater principal amount of the bonds or notes being exchanged therefor except that  
5 the principal amount of the refunding bonds may exceed the principal amount of the  
6 bonds or notes being exchanged therefor only to the extent determined by the  
7 commission to be necessary or advisable to pay redemption premiums and unpaid  
8 interest to the date of exchange not otherwise provided for. The ~~holders~~ owners of  
9 the bonds or notes being refunded who elect to exchange need not pay accrued  
10 interest on the refunding bonds if and to the extent that interest is accrued and  
11 unpaid on the bonds or notes being refunded and to be surrendered. If any of the  
12 bonds or notes to be refinanced are to be called for redemption, the commission shall  
13 determine which redemption dates shall be used, if more than one date is applicable  
14 and shall, prior to the issuance of the refunding bonds, provide for notice of  
15 redemption to be given in the manner and at the times required by the proceedings  
16 authorizing the outstanding bonds or notes.

17           **SECTION 29.** 18.60 (5) of the statutes is renumbered 18.60 (5) (intro.) and  
18 amended to read:

19           18.60 (5) (intro.) All of the following provisions of ~~s. 18.56~~ that are not  
20 inconsistent with the express provisions of this section shall apply to refunding  
21 bonds, except that the maximum permissible term shall be 50 years from the date  
22 of original issue of the oldest note or bond issue being refunded.

23           **SECTION 30.** 18.60 (5) (a) to (c) of the statutes are created to read:

24           18.60 (5) (a) Section 18.56.

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

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

2 **SECTION 31.** 18.61 (2) of the statutes is amended to read:

3 18.61 (2) The state pledges and agrees with the ~~holders~~ owners of ~~any evidences~~  
4 ~~of revenue obligation~~ obligations that the state will not limit or alter its powers to  
5 fulfill the terms of any agreements made with the ~~holders~~ owners or in any way  
6 impair the rights and remedies of the ~~holders~~ owners until the revenue obligations,  
7 together with interest including interest on any unpaid instalments of interest, and  
8 all costs and expenses in connection with any action or proceeding by or on behalf of  
9 the ~~holders~~ owners, are fully met and discharged. The commission may include this  
10 pledge and agreement of the state in any agreement with the ~~holders of notes or~~  
11 ~~bonds and in any evidence~~ owners of revenue obligation.

12 **SECTION 32.** 18.61 (3) (a) of the statutes is amended to read:

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

22 **SECTION 33.** 18.61 (3) (b) (intro.) of the statutes is amended to read:

23 18.61 (3) (b) (intro.) The trustee may, and upon written request of the ~~holders~~  
24 owners of 25% in aggregate principal amount of the revenue obligations of the issue  
25 then outstanding shall, in the trustee's own name:

1           **SECTION 34.** 18.61 (3) (b) 1. of the statutes is amended to read:

2           18.61 (3) (b) 1. By action or proceeding, enforce all rights of all ~~holders~~ owners  
3 of the issue of revenue obligations, including the right to require the state to collect  
4 enterprise or program income adequate to carry out any agreement as to, or pledge  
5 of, such income and to require the state to carry out any other agreements with the  
6 ~~holders~~ owners of the revenue obligations and to perform its duties under this  
7 subchapter;

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

9           18.61 (3) (b) 3. By action, require the state to account as if it were the trustee  
10 of an express trust for the ~~holders~~ owners of the revenue obligations;

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

12           18.61 (3) (b) 4. By action, enjoin any acts or things which may be unlawful or  
13 in violation of the rights of the ~~holders~~ owners of the revenue obligations; and

14           **SECTION 37.** 18.61 (3) (c) of the statutes is amended to read:

15           18.61 (3) (c) The trustee shall have all of the powers necessary or appropriate  
16 for the exercise of any functions specifically set forth in this subchapter or incident  
17 to the general representation of the ~~holders~~ owners of revenue obligations in the  
18 enforcement and protection of their rights.

19           **SECTION 38.** 18.61 (4) of the statutes is amended to read:

20           18.61 (4) Any public officer or public employe, as defined in s. 939.22 (30), and  
21 the surety on the person's official bond, or any other person participating in any  
22 direct or indirect impairment of any fund established under this subchapter, shall  
23 be liable in any action brought by the attorney general in the name of the state, or  
24 by any taxpayer of the state, or by the ~~holder of any evidence~~ owner of revenue



1 obligation payable in whole or in part, directly or indirectly, out of such fund, to  
2 restore to the fund all diversions from the fund.

3 **SECTION 39.** 20.143 (3) (s) of the statutes is created to read:

4 20.143 (3) (s) *Petroleum inspection fund — revenue obligation proceeds.* As a  
5 continuing appropriation, all proceeds from revenue obligations that are issued  
6 under subch. II or IV of ch. 18, authorized under s. 101.143 (9m) and deposited in a  
7 fund in the state treasury created under s. 18.57 (1), to provide for reserves and for  
8 expenses of issuance and management of the revenue obligations, and the remainder  
9 to be transferred to the petroleum inspection fund for the purposes of the petroleum  
10 storage remedial action program under s. 101.143. Estimated disbursements under  
11 this paragraph shall not be included in the schedule under s. 20.005.

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

13 20.143 (3) (t) *Petroleum inspection fund — revenue obligation repayment.* From  
14 the petroleum inspection fund, a sum sufficient to repay the fund in the state  
15 treasury created under s. 18.57 (1) the amount needed to retire revenue obligations  
16 issued under subch. II or IV of ch. 18, as authorized under s. 101.143 (9m).

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

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

18 20.143 (3) (u) *Revenue obligation debt service — petroleum inspection fund.*  
19 From the fund in the state treasury created under s. 18.57 (1), all moneys received  
20 by the fund for the purpose of the retirement of revenue obligations, providing for  
21 reserves and for operations relating to the management and retirement of revenue  
22 obligations issued under subch. II or IV of ch. 18, as authorized under s. 101.143 (9m).  
23 All moneys received by the fund are irrevocably appropriated in accordance with

1 subch. II of ch. 18 and further established in resolutions authorizing the issuance of  
2 the revenue obligations and setting forth the distribution of funds to be received  
3 thereafter. Estimated disbursements under this paragraph shall not be included in  
4 the schedule under s. 20.005.

5 **SECTION 42.** 20.143 (3) (v) of the statutes is amended to read:

6 20.143 (3) (v) *Petroleum storage environmental remedial action; awards.*  
7 Biennially, from the petroleum inspection fund, the amounts in the schedule to pay  
8 awards under s. 101.143 ~~and~~, legal costs incurred under s. 101.143 (7m), amounts  
9 to reduce principal of outstanding revenue obligations issued pursuant to s. 101.143  
10 (9m) and, if the department promulgates rules under s. 101.143 (2) (i) 1., to purchase,  
11 or provide funding to purchase, insurance described in s. 101.143 (2) (i) 2.

\*\*\*NOTE: This is reconciled s. 20.143 (3) (v). This SECTION has been affected by  
drafts with the following LRB numbers: LRB-1432/6 and LRB 1668/P1.

12 **SECTION 43.** 20.143 (3) (vb) of the statutes is created to read:

13 20.143 (3) (vb) *Petroleum storage environmental remedial action revenue*  
14 *bonding; awards.* From the petroleum inspection fund, a sum sufficient not to exceed  
15 the net proceeds of special fund obligations issued pursuant to s. 101.143 (9m) to pay  
16 awards under s. 101.143 and legal costs incurred under s. 101.143 (7m). Estimated  
17 disbursements under this paragraph shall not be included in the schedule under s.  
18 20.005.

19 **SECTION 44.** 25.47 of the statutes is renumbered 25.47 (intro.) and amended  
20 to read:

21 **25.47 Petroleum inspection fund.** (intro.) There is established a separate  
22 nonlapsible trust fund designated as the petroleum inspection fund, to consist of the:

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

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

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

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

4       **SECTION 45.** 25.47 (5) of the statutes is created to read:

5       25.47 (5) The moneys transferred from the appropriation account under s.  
6       20.143 (3) (s).

7       **SECTION 46.** 45.79 (9) (a) of the statutes is amended to read:

8       45.79 (9) (a) All moneys received from any source for repayment of loans,  
9       mortgages or mortgage loan notes funded with proceeds of revenue obligations  
10       issued under sub. (6) (c) shall be deposited into one or more separate nonlapsible  
11       trust funds in the state treasury or with a trustee as provided in s. ~~18.56~~ 18.561 (9)  
12       (j) or 18.562 (5) (e). The board may pledge revenues received by the funds to secure  
13       revenue obligations issued under sub. (6) (c) and shall have all other powers  
14       necessary and convenient to distribute the proceeds of the revenue obligations and  
15       loan repayments in accordance with subch. II of ch. 18. Unrestricted balances in the  
16       funds may be used to fund additional loans issued under sub. (6) (c) and pay the  
17       balances owing on loans after the assumptions of the loans or the closings of the sales  
18       of residences under sub. (10) (c).

19       **SECTION 47.** 84.59 (2) of the statutes is amended to read:

20       84.59 (2) The department may, under s. ~~18.56~~ 18.561 (5) and (9) (j) or 18.562  
21       (3) and (5) (e), deposit in a separate and distinct fund outside the state treasury, in  
22       an account maintained by a trustee, revenues derived under s. 341.25. The revenues  
23       deposited are the trustee's revenues in accordance with the agreement between this  
24       state and the trustee or in accordance with the resolution pledging the revenues to  
25       the repayment of revenue obligations issued under this section.

1           **SECTION 48.** 85.52 (5) (c) of the statutes is amended to read:

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

10           **SECTION 49.** 101.143 (9m) of the statutes is created to read:

11           101.143 **(9m)** REVENUE OBLIGATIONS. (a) For purposes of subch. II of ch. 18, the  
12 petroleum storage remedial action program is a special fund program, and the  
13 petroleum inspection fund is a special fund. The petroleum inspection fund is a  
14 segregated fund created by the imposition of fees, penalties or excise taxes. The  
15 legislature finds and determines that a nexus exists between the petroleum storage  
16 remedial action program and the petroleum inspection fund in that fees imposed on  
17 users of petroleum are used to remedy environmental damage caused by petroleum  
18 storage.

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

24           (e) The department shall have all other powers necessary and convenient to  
25 distribute the special fund revenues and to distribute the proceeds of the revenue

1 obligations in accordance with subch. II of ch. 18 and, if designated a higher  
2 education bond, in accordance with subch. IV of ch. 18.

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

7 (g) Revenue obligations may be contracted by the building commission when  
8 it reasonably appears to the building commission that all obligations incurred under  
9 this subsection can be fully paid on a timely basis from moneys received or  
10 anticipated to be received. Revenue obligations issued under this subsection may not  
11 exceed \$450,000,000 in principal amount. In addition to this limit on principal  
12 amount, the building commission may contract revenue obligations under this  
13 subsection as the building commission determines is desirable to fund or refund  
14 outstanding revenue obligations, to pay issuance or administrative expenses, to  
15 make deposits to reserve funds or to pay accrued or capitalized interest.

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

22 (i) Recognizing its moral obligation to do so, the legislature expresses its  
23 expectation and aspiration that, if the legislature reduces the rate of the petroleum  
24 inspection fee and if the funds in the petroleum inspection fund are insufficient to  
25 pay the principal and interest on the revenue obligations issued under subch. II or

1 IV of ch. 18 pursuant to this subsection, the legislature shall make an appropriation  
2 from the general fund sufficient to pay the principal and interest on the obligations.

3 **SECTION 50.** 281.59 (4) (b) of the statutes is amended to read:

4 281.59 (4) (b) The department of administration may, under s. ~~18.56~~ 18.561 (5)  
5 and (9) (j) ~~or 18.562 (3) and (5) (e)~~, deposit in a separate and distinct fund in the state  
6 treasury or in an account maintained by a trustee outside the state treasury, any  
7 portion of the revenues derived under s. 25.43 (1). The revenues deposited with a  
8 trustee outside the state treasury are the trustee's revenues in accordance with the  
9 agreement between this state and the trustee or in accordance with the resolution  
10 pledging the revenues to the repayment of revenue obligations issued under this  
11 subsection.

12

(END)