

**2003 DRAFTING REQUEST**

**Bill**

Received: **02/26/2004**

Received By: **pgrant**

Wanted: **As time permits**

Identical to LRB:

For: **Jeff Stone (608) 266-8590**

By/Representing:

This file may be shown to any legislator: **NO**

Drafter: **pgrant**

May Contact:

Addl. Drafters:

Subject: **Education - school boards  
Munis - miscellaneous**

Extra Copies: **MJL  
MES**

Submit via email: **YES**

Requester's email: **Rep.Stone@legis.state.wi.us**

Carbon copy (CC:) to:

**Pre Topic:**

No specific pre topic given

**Topic:**

Promissory notes issued to pay unfunded prior service liability contributions under the WRS

**Instructions:**

See Attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pgrant 02/26/2004	kgilfoy 02/27/2004		_____			S&L
/1	pgrant 03/03/2004	kgilfoy 03/03/2004	pgreensl 03/01/2004	_____	lemery 03/01/2004	lemery 03/01/2004	S&L
	pgrant 03/04/2004	kgilfoy 03/05/2004		_____			

Vers.      Drafted      Reviewed      Typed      Proofed      Submitted      Jacketed      Required

/2

jfrantze \_\_\_\_\_  
03/05/2004 \_\_\_\_\_

mbarman  
03/05/2004

mbarman  
03/05/2004

FE Sent For:

<END>

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/?	pgrant 02/26/2004	kgilfoy 02/27/2004					S&L
/1			pgreensl 03/01/2004		lemery 03/01/2004	lemery 03/01/2004	

*Handwritten signatures and initials:*  
J/S  
J/P  
3/5

03/01/2004 06:13:21 PM

Page 2

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	pgrant 03/04/2004	kgilfoy 03/05/2004		_____			

Vers.      Drafted      Reviewed      Typed      Proofed      Submitted      Jacketed      Required

/2

jfrantze \_\_\_\_\_  
03/05/2004 \_\_\_\_\_

mbarman  
03/05/2004

mbarman  
03/05/2004

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/1			pgreensl 03/01/2004		lemery 03/01/2004	lemery 03/01/2004	

*Handwritten signatures and initials: J/S, J/P, J/S*

03/01/2004 06:13:21 PM

Page 2

**LRB-4378**

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**Topic:**

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**Instructions:**

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1?	pgrant	1 - 2/27 kmg	3/4 ps	3/ ps/pt			

FE Sent For:

<END>

nto for ~~inf~~ ~~liability~~ ~~contracts~~  
under MPS → up to 35 yrs.

TC NJ Jeff Stone

A MPS → city nts for  
same purpose from  
20 yrs → 35 yrs.

2003

Date (time) needed Tuesday

LRB - 4378.11  
PLG : King :

**BILL**

Use the appropriate components and routines developed for bills.

AN ACT ... [generate catalog] *to repeal ... ; to renumber ... ; to consolidate and renumber ... ; to renumber and amend ... ; to consolidate, renumber and amend ... ; to amend ... ; to repeal and recreate ... ; and to create ...* of the statutes; relating to: *the issuance of promissory notes ... to pay unfunded prior service liability ... contributions under the Wisconsin Retirement System.*

[NOTE: See section 4.02 (2) (br), Drafting Manual, for specific order of standard phrases.]

*Analysis by the Legislative Reference Bureau*

- If titles are needed in the analysis, in the component bar:
  - For the main heading, execute: ..... create → anal: → title: → head
  - For the subheading, execute: ..... create → anal: → title: → sub
  - For the sub-subheading, execute: ..... create → anal: → title: → sub-sub
- For the analysis text, in the component bar:
  - For the text paragraph, execute: ..... create → anal: → text

*(attached)*

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

SECTION #.

renumbered  
67.12(12)(a) (intro.)  
and

Section #. 67.12 (12) (a) of the statutes, as affected by 2003 Wisconsin Act 43, is amended to read:

(intro.)

67.12 (12) (a) (Any municipality may issue promissory notes as evidence of indebtedness for any public purpose, as defined in s. 67.04 (1) (b), including but not limited to paying any general and current municipal expense, and refunding any municipal obligations, including interest on them. Each note, plus interest if any, shall be repaid within 10 years after the original date of the note, except <sup>as follows: ¶ 1- Notes</sup> ~~that notes~~ issued under this section for purposes of ss. ~~119.498,~~ 145.245 (12m), 281.58, 281.59, 281.60 and 281.61, or to raise funds to pay a portion of the capital costs of a metropolitan sewerage district, shall be repaid within 20 years after the original date of the note.

History: 1971 c. 49, 144; 1971 c. 152 s. 38; 1971 c. 164, 215; 1973 c. 172, 250; 1975 c. 311; 1977 c. 29; 1977 c. 272 s. 98; 1977 c. 418; 1979 c. 34; 1979 c. 110 s. 60 (13); 1979 c. 221, 297; 1981 c. 20, 254; 1981 c. 282 ss. 29, 45; 1981 c. 314; 1983 a. 24, 27, 192, 207, 368, 538; 1985 a. 101, 225; 1987 a. 197, 391, 399, 403; 1989 a. 31, 56, 192, 336, 366; 1991 a. 32, 49; 1993 a. 399; 1995 a. 27, 227, 232, 358; 1997 a. 35, 286; 1999 a. 9; 1999 a. 150 s. 672; 1999 a. 182; 2001 a. 16; 2003 a. 43.

SEC. CR. 67.12 (12) (a) 2.

(b)  
67.12 (12) (a) 2. Notes issued under this section to pay unfunded prior service liability contributions under the Wisconsin retirement system ~~other than notes issued by the common council of a 1st class city under s. 115.462~~ shall be repaid within 35 years after the original date of the notes

if all of the proceeds of the note will be used to pay for such contributions.

(END)

## Analysis

Current law authorizes local governments, including school districts and technical college districts, to issue promissory notes for any public purpose.

With certain exceptions, each note must be repaid within 10 years.

This bill provides that notes issued to pay unfunded prior service liability contributions under the Wisconsin Retirement System must be repaid within 35 years.

FE-SL

**Emery, Lynn**

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**From:** Dake, Marsha  
**Sent:** Monday, March 01, 2004 5:01 PM  
**To:** LRB.Legal  
**Subject:** Draft review: LRB 03-4378/1 Topic: Promissory notes issued to pay unfunded prior service liability contributions under the WRS

It has been requested by <Dake, Marsha> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 03-4378/1 Topic: Promissory notes issued to pay unfunded prior service liability contributions under the WRS

3/2/04

Linda Seemeyer

- 4378/1

add additional part :

MKE city  
can't issue notes or  
all rec. not in WRS -

add: "or <sup>other</sup> ~~with~~ pension system  
operator for public ed's "

## SUMMARY OF PROPOSED LEGISLATION

---

### STATUS QUO:

Under current law, a municipality may issue general obligation promissory notes to pay off the prior service liability due to the Wisconsin Retirement System (WRS).

- ✓ Original repayment term to WRS was 40 years
- ✓ Current interest rate being assessed by WRS 7.8%
- ✓ General Obligation borrowings are limited to 20-year maximum term

### PROBLEM:

The current historically low interest rate environment has provided an opportunity to dramatically lower the interest cost associated with these liabilities. However, many school districts, cities, villages, towns, and counties need a longer amortization period to avoid increases in current budgets.

### SOLUTION:

The proposed legislation would enable all Wisconsin issuers to borrow for a period of up to 35-years on a non-general obligation basis.

### NOTE:

- ✓ The State of Wisconsin has recently borrowed in a similar manner utilizing a 29-year amortization
- ✓ Milwaukee Public Schools also recently borrowed in a similar manner with a 40-year amortization

The proposed legislation would also provide similar treatment for municipalities that do not participate in the Wisconsin Retirement System and for funding long-term liabilities associated with other post-employment benefits.



Thursday

2003 BILL

or any other pension system operated for public employees or former long term associates with other post-employment benefits

1 AN ACT to renumber and amend 67.12 (12) (a); and to create 67.12 (12) (a) 2.  
2 of the statutes; relating to: the issuance of promissory notes to pay unfunded  
3 prior service liability contributions under <sup>a public employee</sup> ~~the Wisconsin~~ Retirement System.

**Analysis by the Legislative Reference Bureau**

Current law authorizes local governments, including school districts and technical college districts, to issue promissory notes for any public purpose. With certain exceptions, each note must be repaid within 10 years.

This bill provides that notes issued to pay unfunded prior service liability contributions under the Wisconsin Retirement System, must be repaid within 35 years. <sup>ten</sup>

For further information see the *state and local* 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:*

4 SECTION 1. 67.12 (12) (a) of the statutes, as affected by 2003 Wisconsin Act 43,  
5 is renumbered 67.12 (12) (a) (intro.) and amended to read:

6 67.12 (12) (a) (intro.) Any municipality may issue promissory notes as evidence  
7 of indebtedness for any public purpose, as defined in s. 67.04 (1) (b), including but

**BILL**

1 not limited to paying any general and current municipal expense, and refunding any  
2 municipal obligations, including interest on them. Each note, plus interest if any,  
3 shall be repaid within 10 years after the original date of the note, except that notes  
4 as follows:

5 1. Notes issued under this section for purposes of ss. ~~119.498~~, 145.245 (12m),  
6 281.58, 281.59, 281.60 and 281.61, or to raise funds to pay a portion of the capital  
7 costs of a metropolitan sewerage district, shall be repaid within 20 years after the  
8 original date of the note.

9 **SECTION 2.** 67.12 (12) (a) 2. of the statutes is created to read:

10 67.12 (12) (a) 2. Notes issued under this section to pay unfunded prior service  
11 liability contributions under the Wisconsin retirement system shall be repaid within  
12 35 years after the original date of the note if all of the proceeds of the note will be used  
13 to pay ~~for~~ such contributions *or liabilities*

14 (END)

*or any other  
pension system  
operated for  
public employees,  
or to fund long-term  
liabilities associated  
with other post-  
employment benefits,*

**DRAFTING INSTRUCTIONS FOR  
LEGISLATION AUTHORIZING MUNICIPAL OBLIGATIONS  
TO FUND PRIOR SERVICE LIABILITY**

Executive Summary

Under current law, a municipality may issue general obligation promissory notes to pay prior service liability contributions under the Wisconsin retirement system. Many municipalities have done so. This proposed legislation provides a non-debt financing structure, such as the State used to fund its pension liability and sick-leave benefits, for municipalities that require a longer period to amortize the payments. It also provides for similar treatment for those few municipalities that do not participate in the Wisconsin retirement system and allows a longer maturity for anticipatory notes.

*David Nsack  
414-270-0190*

**DRAFTING INSTRUCTIONS FOR  
LEGISLATION AUTHORIZING MUNICIPAL OBLIGATIONS  
TO FUND PRIOR SERVICE LIABILITY**

The proposed legislation would authorize a municipality to issue municipal obligations to finance the prepayment of its prior service liability contributions under the Wisconsin retirement system or other retirement plan or the payment of post-employment benefits. The proposed legislation would allow the municipality to achieve an economic savings in situations where as much as 35 years are needed to amortize the payments, so it is necessary that the municipal obligations not constitute debt (for the purpose of constitutional and statutory limitations upon the incurrence of debt). An obligation that is issued in anticipation of the issuance of general obligations does not constitute debt; an obligation that is payable from a special fund does not constitute debt; and an obligation that is conditional (such as one that is subject to appropriation) does not constitute debt.

The proposed legislation would primarily be accomplished through the creation or amendment of provisions in Chapter 67. It would also require the creation of some statutory provisions outside Chapter 67 and some nonstatutory provisions.

(1) The governing body of the municipality needs to be authorized to issue municipal obligations to pay unfunded prior service liability contributions under the Wisconsin retirement system or any other retirement plan or the payment of post-employment benefits or to pay the principal of, premium, if any, or interest on any obligation issued for that purpose. The municipal obligations may also be issued to pay issuance or administrative expenses, to make

deposits to reserve funds, to pay accrued or funded interest, to pay costs of credit enhancement, or to make payments under other agreements described in item (7) of these drafting instructions.

(2) The municipal obligations may be issued in anticipation of notes that the municipality has authorized or covenanted to issue under Section 67.12 (12). The municipal obligations may be payable from any fees, penalties, sales taxes or other excise taxes, state-aid payments, or other specifically identified revenues (but not including any property tax levied by the municipality) that may be pledged by the municipality. The municipal obligations may be payable from amounts appropriated from time to time by the municipality.

(3) The municipal obligations may be refunded one or more times. The municipal obligations, or any obligations issued to refund the municipal obligations, must mature within 35 years of the date of original issuance and may be prepaid on such terms as the municipality determines. The municipal obligations may be sold at competitive sale or by negotiated sale, at such price as the municipality determines. The governing body may, by resolution and without referendum or special notice, authorize the issuance and sale of the municipal obligations.

(4) The municipality may create a special fund, and it may engage a fiscal agent to have custody and control of the special fund. Amounts in the special fund shall be applied to amounts due on municipal obligations before being used for any other purpose.

(5) The municipality may pledge all or any portion of state-aid payments that become payable to it after the date of issuance of the municipal obligations but not any portion that is restricted as to its use to an inconsistent purpose. The municipality may notify the secretary of the department that administers the state-aid payment upon or after the issuance of

any municipal obligations that are payable from state-aid payments. The secretary shall acknowledge receipt of the notification, and thereafter the pledged state-aid payments payable by the department to the municipality shall be paid into the special fund. (Note: Section 281.59 provides for a state aids to be applied to clean water fund loans to municipalities, and Section 121.85 (6m) provides for a pledge of state aids by a first class city school system to its borrowing.)

(6) The municipality may pledge all or any portion of sales taxes or other excise taxes that become payable to it after the date of issuance of the municipal obligations. The municipality may notify the secretary of the department of revenue upon or after the issuance of any municipal obligations that are payable from sales taxes or other excise taxes collected by the department of revenue. The secretary shall acknowledge receipt of the notification, and thereafter the pledged sales taxes or excise taxes payable by the department to the municipality shall be paid to the special fund.

(7) The municipality may enter into agreements relating to the municipal obligations, including trust indentures, liquidity facilities, remarketing or dealer arrangements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, and interest exchange agreements.

(8) The municipal obligations shall not be a debt of the municipality for any purpose whatsoever, and the municipal obligation shall state such limitation.

(9) The municipal obligations may be in the form of bonds, notes, or other evidences of indebtedness and may be issued in book-entry form or in certificated form. Notwithstanding s. 403.104 (1), a municipal obligation is a negotiable instrument.

(10) The municipality may agree to make payments of the principal of and interest due on municipal obligations from amounts appropriated from time to time by the municipality. Recognizing its moral obligation to do so, the municipality may express its expectation and aspiration that it shall make timely appropriations that are sufficient to pay the principal of and interest due with respect to any municipal obligations in any fiscal year. The municipality may covenant that an appropriation that is sufficient to pay the principal of and interest due with respect to any municipal obligations in any particular fiscal year shall be included in the budget for the fiscal year presented for approval.

(11) The legislature makes a finding and declaration that the issuance of municipal obligations does not obligate the legislature to provide state aid; the amount of state aid the legislature gives to any municipality may vary from year to year, and the legislature may give no state aid in any year. The legislature also makes a finding and declaration that recognizes a moral (but not a legal) obligation not to substantially modify any existing program of state aid without considering making arrangement for the fair and just treatment of the owners of municipal obligations. The legislature also makes a finding and determination that recognizes that a municipality, by prepaying part or all of its prior service liability contributions under the Wisconsin retirement system, may reduce its costs and better ensure the timely and full payment of retirement benefits to participants and their beneficiaries under the Wisconsin retirement system, and thus that it is in the public interest for the municipality to pay its prior service liability contributions.

(12) Section 67.12 (12) (a) generally provides a 10-year maturity limit for general obligation promissory notes, but in certain cases, a 20-year maturity limit applies (which is all that is allowed under the Wisconsin Constitution for general obligations). Section 67.12

(12) (a) should be amended to provide that the 20-year maturity limit applies to general obligation promissory notes issued to pay unfunded prior service liability contributions under the Wisconsin retirement system or any other retirement plan or the payment of post-employment benefits or to pay the principal of, premium, if any, or interest on any obligation issued for that purpose.

(13) Section 67.12 (1) (b) provides that a municipal obligation issued in anticipation of certain revenues and an obligation issued to refund that obligation shall be repaid within 5 years after the original date of the original obligation. Section 67.12 (1) (b) should be amended to provide that such an obligation shall be repaid within 10 years after the original date of the original obligation.

(14) Section 67.04 (5) prohibits, with certain exceptions, a county from issuing municipal bonds or notes to pay operating expenses. One exception applies to municipal bonds or notes issued "to pay unfunded prior service liability contributions under the Wisconsin retirement system". To include a county that does not participate in the Wisconsin retirement system, the exception should be amended to include bonds or notes issued to pay unfunded prior service liability contributions under any other retirement plan or to pay post-employment benefits.

FRIDAY

DN

2003 BILL

to pay post employment benefits

regenerate

municipal special fund obligations

1 AN ACT to renumber and amend 67.12 (12) (a); and to create 67.12 (12) (a) 2.

2 of the statutes; relating to: the issuance of promissory notes to pay unfunded

3 prior service liability contributions under the Wisconsin Retirement System.

Analysis by the Legislative Reference Bureau

~~Current law authorizes local governments, including school districts and technical college districts, to issue promissory notes for any public purpose. With certain exceptions, each note must be repaid within 10 years. ten~~

This bill provides that notes issued to pay unfunded prior service liability contributions under the Wisconsin Retirement System must be repaid within 35 years.

For further information see the *state and local* 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:

SECTION 1. 67.12 (12) (a) of the statutes, as affected by 2003 Wisconsin Act 43, is renumbered 67.12 (12) (a) (intro.) and amended to read:

67.12 (12) (a) (intro.) Any municipality may issue promissory notes as evidence of indebtedness for any public purpose, as defined in s. 67.04 (1) (b), including but

A

INS 1-4

**BILL**

1 not limited to paying any general and current municipal expense, and refunding any  
2 municipal obligations, including interest on them. Each note, plus interest if any,  
3 shall be repaid within 10 years after the original date of the note, except ~~(that notes)~~

4 ~~as follows:~~

5 ~~(A) Notes~~ issued under this section for purposes of ss. ~~419.498,~~ 145.245 (12m),  
6 281.58, 281.59, 281.60 and 281.61, ~~or to~~ raise funds to pay a portion of the capital  
7 costs of a metropolitan sewerage district, ~~shall be repaid within 20 years after the~~  
8 ~~original date of the note.~~

9 SECTION 2. 67.12 (12) (a) ~~2~~<sup>3</sup> of the statutes is created to read:

10 67.12 (12) (a) ~~2~~<sup>3</sup>. Notes issued under this section to pay unfunded prior service  
11 liability contributions under the Wisconsin retirement system shall be repaid within  
12 35 years after the original date of the note if all of the proceeds of the note will be used  
13 to pay for such contributions.

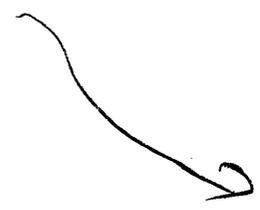
14

~~(b)(1)~~

any of the following  
purposes shall be  
repaid within 20 years  
after the original  
date of the note:

¶ 1. For

or any other pension  
system operated for  
public employees, or to  
fund long-term liabilities  
associated with other  
post-employment benefits



Bill

This bill authorizes local governments, including school districts and technical college districts, to issue municipal special fund obligations to finance the payment of unfunded prior service liability contributions under the Wisconsin Retirement System (WRS) or any other public employee retirement plan or the payment of post-employment benefits. The obligations may be issued in anticipation of the issuance of promissory notes and are payable within 35 years after the date of original issuance <sup>solely</sup> from fees, penalties, sales or excise taxes, state aid payments, or other specifically identified revenues pledged by the local <sup>government</sup>, other than property tax revenue.

A:2

If the bill provides that a local government may pledge state aid that is not otherwise restricted in its use, ~~obligation~~ ~~to the repayment of the obligation~~ or ~~sales~~ sales and excise taxes, collected to the repayment of the obligation. The bill also provides that the obligations do not constitute debt of the local government for any purpose.

~~Enacted~~ The bill establishes a 20-year maturity limit for general obligation promissory notes issued to ~~pay~~ <sup>pay</sup> unfunded prior service liability contributions under the WRS or another retirement plan or to pay postemployment benefits. Current law provides a ten-year limit. The bill provides that a municipal obligation issued in anticipation of certain revenues must

A: 3

be repaid within ten years. Current law  
~~limits such obligations to~~ provides a  
five-year limit. Finally, the bill  
authorizes a county to issue bonds or  
notes to pay unfund<sup>d</sup>ed prior service  
liability contributions under any retirement  
plan, not just the WRS, <sup>or</sup> to pay  
post-employment benefits.

FE-SL

14.1 ✓

Section #. 67.04 (5) (b) 4. of the statutes is amended to read:

67.04 (5) (b) 4. To pay unfunded prior service liability contributions under the Wisconsin retirement system if all of the proceeds of the note will be used to pay for such contributions.

History: 1983 a. 207, 236, 368, 538; 1987 a. 197; 1993 a. 16; 1995 a. 227; 1999 a. 9; 1999 a. 150 s. 672; 2003 a. 78.

or any other pension system <sup>operated</sup> for public employees, or to fund long-term liabilities associated with other post-employment benefits,

1-4:2

Section #. 67.12 (1) (b) of the statutes is amended to read:

67.12 (1) (b) Any municipality may issue municipal obligations in anticipation of receiving proceeds from clean water fund loans or grants for which the municipality has received a notice of financial assistance commitment under s. 281.58 (15), from bonds or notes the municipality has authorized or has covenanted to issue under this chapter or from grants that are committed to the municipality. Any municipal obligation issued under this paragraph may be refunded one or more times. Such obligation and any refundings thereof shall be repaid within ~~5~~<sup>10</sup> years after the original date of the original obligation.

**History:** 1971 c. 49, 144; 1971 c. 152 s. 38; 1971 c. 164, 215; 1973 c. 172, 250; 1975 c. 311; 1977 c. 29; 1977 c. 272 s. 98; 1977 c. 418; 1979 c. 34; 1979 c. 110 s. 60 (13); 1979 c. 221, 297; 1981 c. 20, 254; 1981 c. 282 ss. 29, 45; 1981 c. 314; 1983 a. 24, 27, 192, 207, 368, 538; 1985 a. 101, 225; 1987 a. 197, 391, 399, 403; 1989 a. 31, 56, 192, 336, 366; 1991 a. 32, 49; 1993 a. 399; 1995 a. 27, 227, 232, 358; 1997 a. 35, 286; 1999 a. 9; 1999 a. 150 s. 672; 1999 a. 182; 2001 a. 16; 2003 a. 43.

SEC. CR. 67.13

(B)

¶ 67.13 Municipal <sup>special fund</sup> obligations, prior service liability.

(NOA) (1) Any municipality may issue municipal special fund obligations to pay unfunded prior service liability, contributions under the Wisconsin retirement

system or any other pension system operated for public employees, or to fund long-term liabilities associated with other post-employment benefits. The

obligations may be issued in anticipation of

the ~~issuance~~ issuance of notes under s. 67.12(12)

within 35 years after the date of original issuance. One shall be payable solely from fees, penalties, or excise

sales, taxes, state aid payments, or other

specifically identified revenues pledged by the municipality, other than property tax revenue.

(B) (a)

(2) (A) municipality shall ~~may~~ create a special fund

for the repayment of obligations issued under this section.

(b) 1. The municipality may pledge all or a

portion of any state aid payments payable after the

issuance of the obligation to the repayment of  
state aid  
the obligation if the payment is not ~~also~~  
required to be used for another purpose.

2. A municipality may pledge all or  
a portion of sales taxes or excise taxes that  
become payable to it after the issuance of the  
obligation to the repayment of the obligation.

(c) A municipality shall deposit all revenue  
pledged under par. (b) into the special fund  
created under par. (a).

(B)  
(3) The municipality may enter into agreements  
relating to ~~the municipal~~ obligations, including trust  
indentures, liquidity facilities, remarketing or  
dealer agreements, letter of credit agreements,  
insurance policies, guarantee agreements,  
issued under this  
section

reimbursement agreements, indexing agreements, and interest exchange agreements.

(3)

(4) Municipal <sup>special fund</sup> obligations issued under this section may be in the form of bonds,

notes, or other evidences of obligation and

may be issued in <sup>of</sup> book-entry form <sup>or in</sup> or in

certificated ~~form~~ <sup>form.</sup> Notwithstanding s. 403.104(1),

an ~~municipal~~ obligation issued under

this section is a negotiable instrument.

(3)

(5) Municipal <sup>special fund</sup> obligations issued under this

section do not constitute debts of the municipality under s. 67.03 or 67.04 or article XI, section 3, of the constitution and shall expressly so state

on their face. Recognizing its moral obligation

to do so, the municipality shall express its

expectation and aspiration that it shall make