

2003 DRAFTING REQUEST

Bill

Received: **02/11/2004**

Received By: **rchampag**

Wanted: **Soon**

Identical to LRB:

For: **David Hansen (608) 266-5670**

By/Representing: **John**

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

Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **State Finance - investment board**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Hansen@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Voluntary investment program with the State of Wisconsin Investment Board for individuals and their employers

Instructions:

Same as LRB-3883/4

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>
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FE Sent For:

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Intro.

<END>

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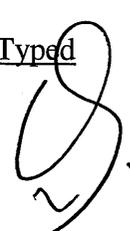
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/?	rchampag	1-2/11 King					

FE Sent For:

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State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3883/4

RAC/MES/JK:kmg:rs

Scan

2003 BILL

LRB-4244/1

RAC & MES:kmg:

1 AN ACT *to create* 20.536 (1) (r), 25.17 (1) (yw), 25.18 (1) (r), 25.188, 25.735 and
2 71.05 (6) (b) 34. of the statutes; **relating to:** establishing a voluntary
3 investment program to be administered by the State of Wisconsin Investment
4 Board for individuals who are employed by certain businesses or organizations
5 in the private sector that are located in this state, requiring the exercise of
6 rule-making authority, and making appropriations.

Analysis by the Legislative Reference Bureau

This bill requires the State of Wisconsin Investment Board (SWIB) to establish by rule an investment program that will allow any individual and his or her employer to place funds with SWIB for investment. These funds, and any investment return on the funds, are to be paid to the individual upon retirement or termination of employment. The program is only available to an individual who is employed by a business or organization in the private sector that is located in this state and that employs fewer than 25 employees. To the extent practicable, SWIB must design the program with features similar to those of a qualified deferred compensation or profit-sharing plan that is governed by the federal Internal Revenue Code. Under the bill, all moneys received by SWIB from individuals and their employers are deposited in a Wisconsin voluntary investment trust fund and are held in trust for the sole benefit of the individuals.

The bill also authorizes an individual to deduct from his or her federal adjusted gross income any amount of contributions that the individual makes to his or her

BILL

account that is established under the investment program created in this bill. All gains that accrue to such an account are also tax-exempt if the gains are redeposited into the account.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

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.** 20.536 (1) (r) of the statutes is created to read:

2 20.536 (1) (r) *Wisconsin Voluntary Investment Program; payments to*
3 *individuals.* From the Wisconsin voluntary investment trust fund, a sum sufficient
4 to pay funds owing to individuals who participate in the Wisconsin Voluntary
5 Investment Program under s. 25.188.

6 **SECTION 2.** 25.17 (1) (yw) of the statutes is created to read:

7 25.17 (1) (yw) Wisconsin voluntary investment trust fund (s. 25.735);

8 **SECTION 3.** 25.18 (1) (r) of the statutes is created to read:

9 25.18 (1) (r) Invest any of the assets of the Wisconsin voluntary investment
10 trust fund in any investment that is an authorized investment for assets in the fixed
11 retirement investment trust under s. 25.17 (4) or assets in the variable retirement
12 investment trust under s. 25.17 (5).

13 **SECTION 4.** 25.188 of the statutes is created to read:

14 **25.188 Wisconsin Voluntary Investment Program.** The board shall
15 establish by rule an investment program to permit any individual and his or her
16 employer to place moneys under the management of the board that are to be paid to
17 the individual upon retirement or termination of employment. The program shall
18 only be available to an individual who is employed by a business or organization in

BILL

1 the private sector that is located in this state and that employs fewer than 25
2 employees. To the extent practicable, the board shall design the program with
3 features similar to those of a qualified deferred compensation or profit-sharing plan
4 that is governed by the Internal Revenue Code, as defined for the current taxable
5 year under s. 71.01 (6). All moneys received by the board under the program from
6 individuals and their employers shall be deposited in the Wisconsin voluntary
7 investment trust fund and shall be held in trust for the sole benefit of the individuals.

8 **SECTION 5.** 25.735 of the statutes is created to read:

9 **25.735 Wisconsin voluntary investment trust fund.** There is established
10 a separate nonlapsible trust fund designated as the Wisconsin voluntary investment
11 trust fund, consisting of moneys received by the investment board under s. 25.188.

12 **SECTION 6.** 71.05 (6) (b) 34. of the statutes is created to read:

13 71.05 (6) (b) 34. Any amount that is deposited by an individual in his or her
14 account that is established under the Wisconsin Voluntary Investment Program
15 described under s. 25.188, and any interest, dividends, or other gain that accrues in
16 the account if the interest, dividends, or other gain is redeposited in the account.

17 **SECTION 7. Initial applicability.**

18 (1) The treatment of section 71.05 (6) (b) 34. of the statutes first applies to
19 taxable years beginning on January 1 of the year in which this subsection takes
20 effect, except that if this subsection takes effect after July 31 section 71.05 (6) (b) 34.
21 of the statutes first applies to taxable years beginning on January 1 of the year
22 following the year in which this subsection takes effect.

23 (END)

Emery, Lynn

From: Wagnitz, John
Sent: Wednesday, February 11, 2004 3:09 PM
To: LRB.Legal
Subject: Draft review: LRB 03-4244/1 Topic: Voluntary investment program with the State of Wisconsin Investment Board for individuals and their employers

It has been requested by <Wagnitz, John> that the following draft be jacketed for the SENATE:

Draft review: LRB 03-4244/1 Topic: Voluntary investment program with the State of Wisconsin Investment Board for individuals and their employers



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

March 8, 2004

MEMORANDUM

To: Senator Hansen

From: Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

Subject: Technical Memorandum to **SB-529** (LRB 03-4244/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

March 8, 2004

TO: Marc Shovers
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on SB 529: Investment of Certain Private Sector
Employer and Employee Moneys

Typically under a deferred compensation program, any amount withdrawn is taxable income. If this is the intent, an addition modification would be needed in sec. 71.05(6)(a) to provide for the state taxation of the withdrawal. It appears that under the plan, the individual would not receive a federal deduction for the amount deferred or for the earnings on the account, and therefore, the amount withdrawn would not be taxable federally.

If the intent is to have a penalty for early withdrawals prior to a specified age, similar to the federal penalty, penalty provisions would be needed in sec. 71.83.

If you have questions regarding this technical memorandum, please contact Karyn Kriz at 261-8984.