

**2003 DRAFTING REQUEST**

**Bill**

Received: 03/09/2004

Received By: pgrant

Wanted: As time permits

Identical to LRB:

For: Alberta Darling (608) 266-5830

By/Representing: Tom

This file may be shown to any legislator: NO

Drafter: pgrant

May Contact:

Addl. Drafters:

Subject: **Munis - miscellaneous  
Counties - miscellaneous  
Education - school boards  
Higher Education - tech. college**

Extra Copies: **MES**

Submit via email: YES

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

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Municipal obligations to pay unfunded service liability under WRS etc.

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**Instructions:**

Same as AB 942

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**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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Vers.      Drafted      Reviewed      Typed      Proofed      Submitted      Jacketed      Required

FE Sent For:

<END>

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Table with 8 columns: Vers., Drafted, Reviewed, Typed, Proofed, Submitted, Jacketed, Required. It tracks the drafting process for two versions of the bill.

Vers.    Drafted    Reviewed    Typed    Proofed    Submitted    Jacketed    Required

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1?	pgrant	1-3/9 KMP	ch 3-9	CH 3-9 pka			

FE Sent For:

<END>

Today

LRB-4460/1  
PK:kmg

## 2003 ASSEMBLY BILL

1 AN ACT *to renumber and amend* 67.12 (12) (a); *to amend* 67.04 (5) (b) 4. and  
2 67.12 (1) (b); and *to create* 67.12 (12) (a) 3. and 67.13 of the statutes; **relating**  
3 **to:** the issuance of municipal special fund obligations to pay unfunded prior  
4 service liability contributions under a public employee retirement system or to  
5 pay postemployment benefits.

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### *Analysis by the Legislative Reference Bureau*

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 postemployment 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 solely from fees, penalties, sales or excise taxes, state aid payments, or other specifically identified revenues pledged by the local government, other than property tax revenue.

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

The bill establishes a 20-year maturity limit for general obligation promissory notes issued to pay unfunded prior service liability contributions under the WRS or

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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 be repaid within ten years. Current law provides a five-year limit. Finally, the bill authorizes a county to issue bonds or notes to pay unfunded prior service liability contributions under any retirement plan, not just the WRS, or to pay postemployment benefits.

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

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

1           **SECTION 1.** 67.04 (5) (b) 4. of the statutes is amended to read:

2           67.04 (5) (b) 4. To pay unfunded prior service liability contributions under the  
3           Wisconsin retirement system or any other pension system operated for public  
4           employees, or to fund long-term liabilities associated with other postemployment  
5           benefits, if all of the proceeds of the note will be used to pay for such contributions.

6           **SECTION 2.** 67.12 (1) (b) of the statutes is amended to read:

7           67.12 (1) (b) Any municipality may issue municipal obligations in anticipation  
8           of receiving proceeds from clean water fund loans or grants for which the  
9           municipality has received a notice of financial assistance commitment under s.  
10          281.58 (15), from bonds or notes the municipality has authorized or has covenanted  
11          to issue under this chapter or from grants that are committed to the municipality.  
12          Any municipal obligation issued under this paragraph may be refunded one or more  
13          times. Such obligation and any refundings thereof shall be repaid within ~~5~~ 10 years  
14          after the original date of the original obligation.

15          **SECTION 3.** 67.12 (12) (a) of the statutes, as affected by 2003 Wisconsin Act 43,  
16          is renumbered 67.12 (12) (a) (intro.) and amended to read:

17          67.12 (12) (a) (intro.) Any municipality may issue promissory notes as evidence  
18          of indebtedness for any public purpose, as defined in s. 67.04 (1) (b), including but

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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 issued under this section for any of the following purposes shall be repaid within 20  
5 years after the original date of the note:

6 1. For purposes of ss. 119.498, 145.245 (12m), 281.58, 281.59, 281.60 and  
7 281.61, or to,

8 2. To raise funds to pay a portion of the capital costs of a metropolitan sewerage  
9 district, shall be repaid within 20 years after the original date of the note.

10 **SECTION 4.** 67.12 (12) (a) 3. of the statutes is created to read:

11 67.12 (12) (a) 3. To pay unfunded prior service liability contributions under the  
12 Wisconsin retirement system or any other pension system operated for public  
13 employees, or to fund long-term liabilities associated with other postemployment  
14 benefits.

15 **SECTION 5.** 67.13 of the statutes is created to read:

16 **67.13 Municipal special fund obligations; prior service liability.** (1)  
17 Any municipality may issue municipal special fund obligations to pay unfunded  
18 prior service liability contributions under the Wisconsin retirement system or any  
19 other pension system operated for public employees, or to fund long-term liabilities  
20 associated with other postemployment benefits. The obligations may be issued in  
21 anticipation of the issuance of notes under s. 67.12 (12) and shall be payable within  
22 35 years after the date of original issuance solely from fees, penalties, sales or excise  
23 taxes, state aid payments, or other specifically identified revenues pledged by the  
24 municipality, other than property tax revenue.



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1           (2) (a) A municipality shall create a special fund for the repayment of  
2 obligations issued under this section.

3           (b) 1. The municipality may pledge all or a portion of any state aid payments  
4 payable after the issuance of the obligation to the repayment of the obligation if the  
5 state aid payment is not required to be used for another purpose.

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

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

11           (3) The municipality may enter into agreements relating to obligations issued  
12 under this section, including trust indentures, liquidity facilities, remarketing or  
13 dealer agreements, letter of credit agreements, insurance policies, guarantee  
14 agreements, reimbursement agreements, indexing agreements, and interest  
15 exchange agreements.

16           (4) Municipal special fund obligations issued under this section may be in the  
17 form of bonds, notes, or other evidences of obligation and may be issued in book-entry  
18 form or in certificated form. Notwithstanding s. 403.104 (1), an obligation issued  
19 under this section is a negotiable instrument.

20           (5) Municipal special fund obligations issued under this section do not  
21 constitute debt of the municipality under s. 67.03 or 67.04 or article XI, section 3, of  
22 the constitution and shall expressly so state on their face. Recognizing its moral  
23 obligation to do so, the municipality shall express its expectation and aspiration that  
24 is shall make timely appropriations sufficient to pay the principal and interest due  
25 with respect to any obligations issued under this section.

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1           **(6)** Nothing in this section restricts the ability of the state to modify or  
2 eliminate state aid to municipalities. However, the state expresses its moral  
3 obligation not to substantially modify any program of state aid to municipalities  
4 without making adequate provision for the protection of the holders of obligations  
5 issued under this section.

**SECTION 6. Initial applicability.**

6           **(1)** The treatment of sections 67.04 (5) (b) 4. and 67.12 (1) (b) of the statutes,  
7 the renumbering of section 67.12 (12) (a) of the statutes, and the creation of section  
8 67.12 (12) (a) 3. of the statutes first applies to obligations issued on the effective date  
9 of this subsection.  
10

11   **(END)**

**Northrop, Lori**

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**From:** Petri, Tom  
**Sent:** Tuesday, March 09, 2004 4:36 PM  
**To:** LRB.Legal  
**Subject:** Draft review: LRB 03-4460/1 Topic: Municipal obligations to pay unfunded service liability under WRS etc.

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

Draft review: LRB 03-4460/1 Topic: Municipal obligations to pay unfunded service liability under WRS etc.