

2003 DRAFTING REQUEST

Bill

Received: **01/17/2003**

Received By: **rchampag**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Hoadley**

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

Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **Bonding - state**
State Finance - miscellaneous

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Hoadley - BB0460

Topic:

Revenue obligation provisions

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> |
|--------------|------------------------|--------------------|------------------------|----------------|------------------------|-----------------|-----------------|
| /? | | | | _____ | | | State |
| /1 | rchampag 01/18/2003 | jdye 01/20/2003 | chanaman 01/20/2003 | _____ | sbasford 01/21/2003 | | State |
| /2 | rchampag 01/30/2003 | jdye 01/30/2003 | rschluet 01/30/2003 | _____ | lemery 01/30/2003 | | State |

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|--------------|------------------------|-----------------------|------------------------|----------------|------------------------|-----------------|-----------------|
| /3 | rchampag 02/01/2003 | kgilfoy 02/01/2003 | chaskett 02/01/2003 | _____ | sbasford 02/03/2003 | | State |
| /4 | rchampag 02/05/2003 | jdye 02/05/2003 | pgreensl 02/05/2003 | _____ | sbasford 02/06/2003 | | State |
| /5 | rchampag 02/06/2003 | jdye 02/06/2003 | rschluet 02/06/2003 | _____ | amentkow 02/06/2003 | | |

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dryan@foleylaw.com

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15 2/6 jld
2-6-3

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Handwritten notes: 1/4 2/5 jld, 2/5 ps, P81, and a circled mark.

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| /2 | rchampag 01/30/2003 | jdye 01/30/2003 <i>13-2/1/03 rmg</i> | rschluet 01/30/2003 <i>13-2/1 cph</i> | _____ | lemery 01/30/2003 | | |

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

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1/2 1/30 jld

[Handwritten signature]
pb
1-30-3

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|--------------|----------------|-----------------|--------------|----------------|------------------|-----------------|-----------------|
| 1/? | rchampag | 1/1/20 jld | | == | | | |

FE Sent For:

<END>

Champagne, Rick

From: Ryan, David B. [dryan@foleylaw.com]
Sent: Friday, January 17, 2003 2:04 PM
To: 'Champagne, Rick'
Subject: RE:

Rick:

I wonder if we should have a presumptive priority in the order issued, but allow either the legislation authorizing particular special fund obligations or the resolution providing for their issuance to permit other special fund obligations to have prior or parity rights in the fees, penalties, or excise taxes that are deposited in the special fund.

Note that the last couple of sentences of 18.561(2) have a similar concept, which I think just needs to be refined a little. I guess that section should be revised as well.

-Dave

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

From: Champagne, Rick [mailto:Rick.Champagne@legis.state.wi.us]
Sent: Friday, January 17, 2003 12:07 PM
To: dryan@foleylaw.com
Subject:

Dave:

What do you think of this:

Section 1. 18.562 (1) of the statutes is amended to read:

18.562 (1) Security interest in special fund. There is a security interest, for the benefit of the owners of the special fund obligations, in the amounts that arise after the creation of the special fund program in the special fund related to the special fund obligations. For this purpose, amounts in the special fund shall be accounted for on a first-in, first-out basis. The security interest shall have priority over all conflicting security interests to the fees, penalties, or excise taxes that are deposited in the special fund, except that for different special fund obligations secured by the same fees, penalties, or excise taxes priority shall be determined by the authorizing resolution for each of the special fund obligations. No physical delivery, recordation or other action is required to perfect the security interest. The special fund shall remain subject to the security interest until provision for payment in full of the principal and interest of the special fund obligations has been made, as provided in the authorizing resolution. An owner of special fund obligations may either at law or in equity protect and enforce the security interest and compel performance of all duties required by this section.

Rick Champagne
Senior Staff Counsel
Legal Section
Wisconsin Legislative Reference Bureau
100 N. Hamilton St.
P.O. Box 2037
Madison, WI 53701-2037
(608) 266-9930
FAX (608) 264-6948
rick.champagne@legis.state.wi.us



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1581/1

RAC:.....

DOA:.....Hoadley – Revenue obligation provisions

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

don't gen

1

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

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT ✓

STATE FINANCE ✓

Current law requires that moneys in the bond security and redemption fund may only be invested in direct obligations of the United States. The bill expands the investment options for moneys in this fund to include securities issued by the United States, or one of its agencies, and securities fully guaranteed by the United States. *

In addition, the bill clarifies that, for revenue obligations issued by the state, the obligation proceeds may be deposited in a proceeds fund and not in a fund that is used for the payment of principal of and interest on the obligations.

Finally, the bill specifies that, with respect to special fund obligations issued by the state, the security interest for the benefit of the owners of the obligations has priority over all conflicting security interests to the fees, penalties, or excise taxes that are required to be deposited in the special fund. The bill, however, clarifies that, for different obligations secured by the same fees, penalties, or excise taxes, priority is established according to the date of issuance of the obligation, with earlier issuances having priority over later issuances, unless a different priority is established in laws governing the issuance of a particular obligation or in the authorizing resolution providing for the issuance of an obligation. *

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. 18.562 (1) [✓] of the statutes is renumbered 18.562 (1) (a) [✓] and amended
2 to read:

3 18.562 (1) ~~SECURITY INTEREST IN SPECIAL FUND.~~ ^{plain} (a) There is a security interest,
4 for the benefit of the owners of the special fund obligations, in the amounts that arise
5 after the creation of the special fund program in the special fund related to the special
6 fund obligations. For this purpose, amounts in the special fund shall be accounted
7 for on a first-in, first-out basis. ~~No and no~~ physical delivery, recordation, [✓] or other
8 action is required to perfect the security interest.

9 (c) The special fund shall remain subject to the security interest until provision
10 for payment in full of the principal and interest of the special fund obligations has
11 been made, as provided in the authorizing resolution.

12 (d) An owner of special fund obligations may either at law or in equity protect
13 and enforce the security interest and compel performance of all duties required by
14 this section.

History: 1999 a. 9; 2001 a. 16.

15 SECTION 2. 18.562 (1) (b) [✓] of the statutes is created to read:

16 18.562 (1) (b) 1. Except as provided in subd. 2., [✓] the security interest for the
17 benefit of the owners [✓] of the special fund obligations shall have priority over all
18 conflicting security interests to the fees, penalties, or excise taxes that are required
19 to be deposited in the special fund. [✓]

20 2. For different special fund obligations secured by the same fees, penalties, or
21 excise taxes, priority shall be established according to the date of issuance of the

1 special fund obligation, with earlier issuances having priority over later issuances,
2 unless a different priority is established in laws governing the issuance of a
3 particular special fund obligation or in the authorizing resolution providing for the
4 issuance of a particular special fund obligation.

5 **SECTION 3.** 18.57 (1)^X of the statutes is amended to read:

6 18.57 (1) A separate and distinct fund shall may[✓] be established in the state
7 treasury or in an account maintained by a trustee appointed for that purpose by the
8 authorizing resolution with respect to each ~~revenue-producing enterprise or~~
9 ~~program the income from which is to be applied to the payment of any series of~~
10 ~~enterprise obligation obligations~~[✓]. A separate and distinct fund shall may be
11 established in the state treasury or in an account maintained by a trustee appointed
12 for that purpose by the authorizing resolution with respect to ~~any special fund that~~
13 ~~is created by the imposition of fees, penalties or excise taxes and is applied to the~~
14 ~~payment~~ each series[✓] of special fund obligations. All moneys resulting from the
15 issuance of evidences of revenue obligation shall be credited to the appropriate fund,
16 applied for refunding or note renewal purposes, or to make deposits to reserve funds,
17 except that moneys which represent premium or accrued interest received on the
18 issuance of evidences shall be credited to the appropriate redemption fund.

19 History: 1977 c. 29; 1979 c. 34, 155; 1989 a. 366; 1995 a. 227; 1997 a. 27; 1999 a. 9, 185; 2001 a. 16.

19 **SECTION 4.** 25.17 (3) (dr) of the statutes is amended to read:

20 25.17 (3) (dr) Invest the funds of the bond security and redemption fund only
21 in ~~direct obligations of~~ securities issued by the United States[✓] or one of its agencies,
22 and securities fully guaranteed by the United States, maturing in amounts and at

1 times sufficient to pay the principal and interest payable from such fund during the
2 calendar year.

History: 1971 c. 41 s. 12; 1971 c. 74; 1971 c. 100 s. 23; 1971 c. 125 s. 522 (1); 1971 c. 164; 1971 c. 214 s. 147; 1971 c. 260 s. 92 (3) to (5); 1973 c. 117, 137, 151; 1973 c. 208 s. 17; 1973 c. 209, 333, 336; 1975 c. 26, 27, 39, 118, 147, 164, 180, 189, 200, 422; 1977 c. 29 ss. 439 to 439f, 1654 (1); 1977 c. 31, 107, 377, 418, 423; 1979 c. 32; 1979 c. 34 ss. 705 to 707b, 2102 (56) (a); 1979 c. 102; 1979 c. 109 s. 16; 1979 c. 221; 1979 c. 318 ss. 1 to 3; 1979 c. 361 s. 113; 1981 c. 20, 86; 1981 c. 96 ss. 18 to 21, 67; 1981 c. 169, 386; 1983 a. 27; 1983 a. 36 ss. 31, 96 (4); 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1983 a. 142, 189, 192, 368, 410; 1985 a. 25, 29, 53, 120; 1985 a. 332 s. 251 (1); 1987 a. 27, 38, 119, 186, 252, 399; 1989 a. 13, 31, 64, 187, 307, 335, 359, 366; 1991 a. 32, 38, 39, 152, 174, 221, 269, 315; 1993 a. 16, 112, 263, 477; 1995 a. 27 ss. 1394m to 1396, 9116 (5); 1995 a. 56, 213, 227, 274, 403; 1997 a. 27, 35, 191; 1999 a. 9, 11, 63, 65, 83, 167, 196; 2001 a. 7, 13, 16, 92, 104, 109.

3

(END)

Per DAVE RYAN at Foley 11/30/03

2003 - 2004 LEGISLATURE

LRB-1581/1

RAC:jld:cmh

DOA:.....Hoadley - Revenue obligation provisions

FOR 2003-05 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

Current law requires that moneys in the bond security and redemption fund may only be invested in direct obligations of the United States. The bill expands the investment options for moneys in this fund to include securities issued by the United States, or one of its agencies, and securities fully guaranteed by the United States.

In addition, the bill clarifies that, for revenue obligations issued by the state, the obligation proceeds may be deposited in a proceeds fund and not in a fund that is used for the payment of principal of and interest on the obligations.

Finally, the bill specifies that, with respect to special fund obligations issued by the state, the security interest for the benefit of the owners of the obligations has priority over all conflicting security interests to the fees, penalties, or excise taxes that are required to be deposited in the special fund. The bill, however, clarifies that, for different obligations secured by the same fees, penalties, or excise taxes, priority is established according to the date of issuance of the obligation, with earlier issuances having priority over later issuances, unless a different priority is established in laws governing the issuance of a particular obligation or in the authorizing resolution providing for the issuance of an obligation.

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:

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2 to read:

3 18.562 (1) (a) There is a security interest, for the benefit of the owners of the
4 special fund obligations, in the amounts that arise after the creation of the special
5 fund program in the special fund related to the special fund obligations. For this
6 purpose, amounts in the special fund shall be accounted for on a first-in, first-out
7 basis. ~~No and no~~ physical delivery, recordation, or other action is required to perfect
8 the security interest.

9 (c) The special fund shall remain subject to the security interest until provision
10 for payment in full of the principal and interest of the special fund obligations has
11 been made, as provided in the authorizing resolution.

12 (d) An owner of special fund obligations may either at law or in equity protect
13 and enforce the security interest and compel performance of all duties required by
14 this section.

15 SECTION 2. 18.562 (1) (b) of the statutes is created to read:

16 18.562 (1) (b) 1. Except as provided in subd. 2., the security interest for the
17 benefit of the owners of the special fund obligations shall have priority over all
18 conflicting security interests to the fees, penalties, or excise taxes that are required
19 to be deposited in the special fund.

20 2. For different special fund obligations secured by the same fees, penalties, or
21 excise taxes, priority shall be established according to the date of issuance of the

permit later issuances on a parity
or priority basis

1 special fund obligation, with earlier issuances having priority over later issuances,
2 unless a different priority is established in laws governing the issuance of a
3 particular special fund obligation or in the authorizing resolution providing for the
4 issuance of a particular special fund obligation.

5 SECTION 3. 18.57 (1) of the statutes is amended to read:

6 18.57 (1) A separate and distinct fund ~~shall~~ may be established in the state
7 treasury or in an account maintained by a trustee appointed for that purpose by the
8 authorizing resolution with respect to each ~~revenue producing enterprise or~~
9 ~~program the income from which is to be applied to the payment of any series of~~
10 ~~enterprise obligation obligations.~~ A separate and distinct fund ~~shall~~ may be
11 established in the state treasury or in an account maintained by a trustee appointed
12 for that purpose by the authorizing resolution with respect to any special fund that
13 is created by the imposition of fees, penalties or excise taxes and is applied to the
14 payment each series of special fund obligations. All moneys resulting from the
15 issuance of evidences of revenue obligation shall be credited to the appropriate fund,
16 applied for refunding or note renewal purposes, or to make deposits to reserve funds,
17 except that moneys which represent premium or accrued interest received on the
18 issuance of evidences shall be credited to the appropriate redemption fund.

19 SECTION 4. 25.17 (3) (dr) of the statutes is amended to read:

20 25.17 (3) (dr) Invest the funds of the bond security and redemption fund only
21 in ~~direct obligations of securities issued by the United States or one of its agencies.~~
22 and securities fully guaranteed by the United States. maturing in amounts and at
23 times sufficient to pay the principal and interest payable from such fund during the
24 calendar year.

25 (END)

financed through the
issuance of

or, to the
extent provided
in the resolution
authorizing the issuance
of such evidences of revenue
obligations, premium

Note:
Leave
this as
language
as is
in the
current
statute,
except
as
noted
(i.e.,
reverse
these
changes)

Talk
do
Frank
about
making
broader
still.



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1581/2
RAC:jld:cmh

SSM

RMP

DOA:.....Hoadley - Revenue obligation provisions

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NO # permit later issuances on a parity or priority basis

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

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1 **SECTION 1.** 18.562 (1) of the statutes is renumbered 18.562 (1) (a) and amended
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3 18.562 (1) (a) There is a security interest, for the benefit of the owners of the
4 special fund obligations, in the amounts that arise after the creation of the special
5 fund program in the special fund related to the special fund obligations. For this
6 purpose, amounts in the special fund shall be accounted for on a first-in, first-out
7 basis. [✓] ~~No~~ ² ~~and no~~ physical delivery, recordation, or other action is required to perfect
8 the security interest.

9 (c) The special fund shall remain subject to the security interest until provision
10 for payment in full of the principal and interest of the special fund obligations has
11 been made, as provided in the authorizing resolution.

12 (d) An owner of special fund obligations may either at law or in equity protect
13 and enforce the security interest and compel performance of all duties required by
14 this section.

15 **SECTION 2.** 18.562 (1) (b) of the statutes is created to read:

16 18.562 (1) (b) 1. Except as provided in subd. 2., the security interest for the
17 benefit of the owners of the special fund obligations shall have priority over all
18 conflicting security interests to the fees, penalties, or excise taxes that are required
19 to be deposited in the special fund.

20 2. For different special fund obligations secured by the same fees, penalties, or
21 excise taxes, priority shall be established according to the date of issuance of the

1 special fund obligation, with earlier issuances having priority over later issuances,
 2 unless ~~a different priority is established in~~ laws governing the issuance of a
 3 particular special fund obligation or ~~in~~ the authorizing resolution providing for the
 4 issuance of a particular special fund obligation. *✓ permit later issuances on a parity or priority basis*

5 **SECTION 3.** 18.57 (1) of the statutes is amended to read:

6 18.57 (1) A separate and distinct fund ~~shall~~ ^{may} be established in the state
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 23 times sufficient to pay the principal and interest payable from such fund during the
 24 calendar year.

(END)

Insert 3-19 ✓

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1581/2ins
RAC:.....

3-19

SECTION 1. 18.57 (1)^x of the statutes is amended to read:

18.57 (1) A separate and distinct fund shall be established in the state treasury or in an account maintained by a trustee appointed for that purpose by the authorizing resolution with respect to each revenue-producing enterprise or program the income from which is to be applied to the payment of any enterprise obligation. A separate and distinct fund shall be established in the state treasury or in an account maintained by a trustee appointed for that purpose by the authorizing resolution with respect to any special fund program[✓] that is ~~created by the imposition of fees, penalties or excise taxes and is applied to the payment~~ financed through the issuance of special fund obligations. All moneys resulting from the issuance of evidences of revenue obligation[✓] shall be credited to the appropriate fund, applied for refunding or note renewal purposes, or to make deposits to reserve funds, except that moneys which represent ~~premium or~~[✓] accrued interest or, to the extent provided in the resolution authorizing the issuance of such[✓] evidences of revenue obligations^g, premium[✓] received on the issuance of evidences[✓] shall be credited to the appropriate redemption fund.

History: 1977 c. 29; 1979 c. 34, 155; 1989 a. 366; 1995 a. 227; 1997 a. 27; 1999 a. 9, 185; 2001 a. 16.

(end ins 3-19)

DOA:.....Hoadley - BB0460 Revenue obligation provisions

FOR 2003-05 BUDGET -- NOT READY FOR INTRODUCTION

*Rick: These comments are
designed to conform to
those Dave Reicher
made to 18.561. ~~18~~*

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

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

Current law requires that moneys in the bond security and redemption fund may only be invested in direct obligations of the United States. The bill expands the investment options for moneys in this fund to include securities issued by the United States, or one of its agencies, and securities fully guaranteed by the United States.

In addition, the bill clarifies that, for revenue obligations issued by the state, the obligation proceeds may be deposited in a proceeds fund and not in a fund that is used for the payment of principal of and interest on the obligations.

Finally, the bill specifies that, with respect to special fund obligations issued by the state, the security interest for the benefit of the owners of the obligations has priority over all conflicting security interests to the fees, penalties, or excise taxes that are required to be deposited in the special fund. The bill, however, clarifies that, for different obligations secured by the same fees, penalties, or excise taxes, priority is established according to the date of issuance of the obligation, with earlier issuances having priority over later issuances, unless laws governing the issuance of a particular obligation or the authorizing resolution providing for the issuance of an obligation permit later issuances on a parity or priority basis.

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2 to read:

3 18.562 (1) (a) There is a security interest, for the benefit of the owners of the
4 special fund obligations, in the amounts that arise after the creation of the special
5 fund program in the special fund related to the special fund obligations. For this
6 purpose, amounts in the special fund shall be accounted for on a first-in, first-out
7 basis. ~~No, and no~~ physical delivery, recordation, or other action is required to perfect
8 the security interest.

9 (c) The special fund shall remain subject to the security interest until provision
10 for payment in full of the principal and interest of the special fund obligations has
11 been made, as provided in the authorizing resolution.

12 (d) An owner of special fund obligations may either at law or in equity protect
13 and enforce the security interest and compel performance of all duties required by
14 this section.

15 SECTION 2. 18.562 (1) (b) of the statutes is created to read:

16 18.562 (1) (b) 1. Except as provided in subd. 2., the security interest for the
17 benefit of the owners of the special fund obligations shall have priority over all
18 conflicting security interests to the fees, penalties, or excise taxes that are required
19 to be deposited in the special fund.

20 2. For different special fund obligations secured by the same fees, penalties, or
21 excise taxes, priority shall be established according to the date of issuance of the

Rider 1

Rider 2

Rider 1

Rider 18.562-1

and other persons specified in the authorizing resolution providing for the issuance of the particular special fund obligations.

Rider 18.562-2

, and other obligations specified in the authorizing resolution providing for the issuance of the particular special fund obligations,

other
-3-
or the incurrence of the obligations specified in an authorizing resolution, as the case may be

1 special fund obligation, with earlier issuances having priority over later issuances,
2 unless laws governing the issuance of a particular special fund obligation or the
3 authorizing resolution providing for the issuance of a particular special fund
4 obligation permit later issuances on a parity or priority basis.

5 SECTION 3. 18.57 (1) of the statutes is amended to read:

6 18.57 (1) A separate and distinct fund shall be established in the state treasury
7 or in an account maintained by a trustee appointed for that purpose by the
8 authorizing resolution with respect to each revenue-producing enterprise or
9 program the income from which is to be applied to the payment of any enterprise
10 obligation. A separate and distinct fund shall be established in the state treasury
11 or in an account maintained by a trustee appointed for that purpose by the
12 authorizing resolution with respect to any special fund program that is created by
13 ~~the imposition of fees, penalties or excise taxes and is applied to the payment~~
14 financed through the issuance of special fund obligations. All moneys resulting from
15 the issuance of evidences of revenue obligation shall be credited to the appropriate
16 fund, applied for refunding or note renewal purposes, or to make deposits to reserve
17 funds, except that moneys which represent ~~premium or~~ accrued interest or, to the
18 extent provided in the resolution authorizing the issuance of such evidences of
19 revenue obligation, premium received on the issuance of evidences shall be credited
20 to the appropriate redemption fund.

21 SECTION 4. 25.17 (3) (dr) of the statutes is amended to read:

22 25.17 (3) (dr) Invest the funds of the bond security and redemption fund only
23 in ~~direct obligations of~~ securities issued by the United States or one of its agencies,
24 and securities fully guaranteed by the United States, maturing in amounts and at

1 times sufficient to pay the principal and interest payable from such fund during the
2 calendar year.

3

(END)



Today

DOA:.....Hoadley - BB0460 Revenue obligation provisions

FOR 2003-05 BUDGET - NOT READY FOR INTRODUCTION

Don't Gen. Cat.
1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

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or incurrences

or the incurrence of other obligations specified in an authorizing resolution

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

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18.562 (1) (a) There is a security interest, for the benefit of the owners of the special fund obligations, in the amounts that arise after the creation of the special fund program in the special fund related to the special fund obligations. For this purpose, amounts in the special fund shall be accounted for on a first-in, first-out basis. ~~No, and no~~ physical delivery, recordation, or other action is required to perfect the security interest.

(c) The special fund shall remain subject to the security interest until provision for payment in full of the principal and interest of the special fund obligations has been made, as provided in the authorizing resolution.

(d) An owner of special fund obligations may either at law or in equity protect and enforce the security interest and compel performance of all duties required by this section.

SECTION 2. 18.562 (1) (b) of the statutes is created to read:

18.562 (1) (b) 1. Except as provided in subd. 2., the security interest for the benefit of the owners of the special fund obligations shall have priority over all conflicting security interests to the fees, penalties, or excise taxes that are required to be deposited in the special fund.

2. For different special fund obligations secured by the same fees, penalties, or excise taxes, priority shall be established according to the date of issuance of the

and other persons specified in the authorizing resolution providing for the issuance of the particular special fund obligations,

and other persons specified in the authorizing resolution providing for the issuance of the particular special fund obligations

and other persons specified in the authorizing resolution providing for the issuance of the particular special fund obligations

OR THE INCURRENCE OF THE obligations specified in an authorizing resolution, if applicable,

1 special fund obligation, with earlier issuances [✓] having priority over later issuances, _{OR INCURRENCES}
2 unless laws governing the issuance of a particular special fund obligation or the
3 authorizing resolution providing for the issuance of a particular special fund
4 obligation permit later issuances ^{OR INCURRENCES} on a parity or priority basis.

5 SECTION 3. 18.57 (1) of the statutes is amended to read:

6 18.57 (1) A separate and distinct fund shall be established in the state treasury
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8 authorizing resolution with respect to each revenue-producing enterprise or
9 program the income from which is to be applied to the payment of any enterprise
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11 or in an account maintained by a trustee appointed for that purpose by the
12 authorizing resolution with respect to any special fund program that is ~~created by~~
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15 the issuance of evidences of revenue obligation shall be credited to the appropriate
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19 revenue obligation, premium received on the issuance of evidences shall be credited
20 to the appropriate redemption fund.

21 SECTION 4. 25.17 (3) (dr) of the statutes is amended to read:

22 25.17 (3) (dr) Invest the funds of the bond security and redemption fund only
23 in ~~direct obligations of~~ securities issued by the United States or one of its agencies,
24 and securities fully guaranteed by the United States, maturing in amounts and at

1 times sufficient to pay the principal and interest payable from such fund during the
2 calendar year.

3 (END)

D-Note

FRANK HOADLEY:

The effect of bill ^{CS} SECTIONS 1 and 2 is to turn s. 18.562(1) into s. 18.562(1)(a), (b), (c), and (d). The convention we use can be confusing, but it works.

RAC

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

LRB-1581/3dn
RAC:kmg:cph

February 1, 2003

Frank Hoadley:

The effect of bill SECTIONS 1 and 2 is to turn s. 18.562 (1) into s. 18.562 (1) (a), (b), (c), and (d). The convention we use can be confusing, but it works.

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



(D-Note)
State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1581/3 4
RAC:jld&kmg:cph

RMR

DOA:.....Hoadley - BB0460 Revenue obligation provisions

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

don't gen

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

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

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In addition, the bill clarifies that, for revenue obligations issued by the state, the obligation proceeds may be deposited in a proceeds fund and not in a fund that is used for the payment of principal of and interest on the obligations.

Finally, the bill specifies that, with respect to special fund obligations issued by the state, the security interest for the benefit of the owners of the obligations has priority over all conflicting security interests to the fees, penalties, or excise taxes that are required to be deposited in the special fund. The bill, however, clarifies that, for different obligations secured by the same fees, penalties, or excise taxes, priority is established according to the date of issuance of the obligation or the incurrence of other obligations specified in an authorizing resolution, with earlier issuances or incurrences having priority over later issuances, unless laws governing the issuance of a particular obligation or the authorizing resolution providing for the issuance of an obligation permit later issuances on a parity or priority basis.

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2 to read:

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4 special fund obligations and other persons specified in the authorizing resolution
5 providing for the issuance of the particular special fund obligations, in the amounts
6 that arise after the creation of the special fund program in the special fund related
7 to the special fund obligations. For this purpose, amounts in the special fund shall
8 be accounted for on a first-in, first-out basis.—~~No, and no~~ physical delivery,
9 recordation, or other action is required to perfect the security interest.

10 (c) The special fund shall remain subject to the security interest until provision
11 for payment in full of the principal and interest of the special fund obligations, and
12 other obligations specified in the authorizing resolution providing for the issuance
13 of the particular special fund obligations, has been made, as provided in the
14 authorizing resolution.

15 (d) An owner of special fund obligations may either at law or in equity protect
16 and enforce the security interest and compel performance of all duties required by
17 this section.

18 **SECTION 2.** 18.562 (1) (b) of the statutes is created to read:

19 18.562 (1) (b) 1. Except as provided in subd. 2., the security interest for the
20 benefit of the owners of the special fund obligations and other persons specified in
21 the authorizing resolution providing for the issuance of the particular special fund

1 obligations shall have priority over all conflicting security interests to the fees,
2 penalties, or excise taxes that are required to be deposited in the special fund.

3 2. For different special fund obligations secured by the same fees, penalties, or
4 excise taxes, priority shall be established according to the date of issuance of the
5 special fund obligation or the incurrence of the other obligations specified in an
6 authorizing resolution, if applicable, with earlier issuances or incurrences having
7 priority over later issuances, unless laws governing the issuance of a particular
8 special fund obligation or the authorizing resolution providing for the issuance of a
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10 or priority basis.

11 ~~SECTION 3. 18.57 (1) of the statutes is amended to read;~~

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13 or in an account maintained by a trustee appointed for that purpose by the
14 authorizing resolution with respect to each revenue-producing enterprise or
15 program the income from which is to be applied to the payment of any enterprise
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17 or in an account maintained by a trustee appointed for that purpose by the
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21 the issuance of evidences of revenue obligation shall be credited to the appropriate
22 fund, applied for refunding or note renewal purposes, or to make deposits to reserve
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6 and securities fully guaranteed by the United States, maturing in amounts and at
7 times sufficient to pay the principal and interest payable from such fund during the
8 calendar year.

9 (END)

D-Nats

This draft is ^{reconciled} reviewed with LRB-1932.
The treatment of s. 18.57(1) [✓] is contained
in LRB-1932.

RAC

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

LRB-1581/4dn
RAC:jld&kmg:pg

February 5, 2003

This draft reconciles with LRB-1932. The treatment of s. 18.57 (1) is contained in LRB-1932.

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

DOA:.....Hoadley - BB0460 Revenue obligation provisions

FOR 2003-05 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

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11 for payment in full of the principal and interest of the special fund obligations, and
12 other obligations specified in the authorizing resolution providing for the issuance
13 of the particular special fund obligations, has been made, as provided in the
14 authorizing resolution.

15 (d) An owner of special fund obligations may either at law or in equity protect
16 and enforce the security interest and compel performance of all duties required by
17 this section.

18 SECTION 2. 18.562 (1) (b) of the statutes is created to read:

19 18.562 (1) (b) 1. Except as provided in subd. 2., the security interest for the
20 benefit of the owners of the special fund obligations and other persons specified in
21 the authorizing resolution providing for the issuance of the particular special fund

Do you need
to refer
to
(c) + (d)
also?
(or is
that
what
drafter's
note
meant)
?



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1581/A
RAC:jld&kmg:pg

DOA:.....Hoadley - BB0460 Revenue obligation provisions

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

don't gen

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

Analysis by the Legislative Reference Bureau

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6 authorizing resolution, if applicable, with earlier issuances or incurrences having
7 priority over later issuances, ^{OR INCURRENCES} unless laws governing the issuance of a particular
8 special fund obligation or the authorizing resolution providing for the issuance of a
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15 times sufficient to pay the principal and interest payable from such fund during the
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17 (END)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1581/5
RAC:jld&kmg:rs

DOA:.....Hoadley – BB0460 Revenue obligation provisions

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

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

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17 (END)