

2003 DRAFTING REQUEST

Bill

Received: **01/27/2003**

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 -

Topic:

Revenue obligation program to purchase Tobacco Settlement Asset-Backed Bonds

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 01/29/2003	wjackson 01/29/2003	pgreensl 01/29/2003		amentkow 01/29/2003		State
/2	rchampag 02/01/2003	kgilfoy 02/01/2003	chaugen 02/01/2003		sbasford 02/03/2003		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/3	rchampag 02/04/2003	wjackson 02/04/2003	chanaman 02/04/2003	_____	sbasford 02/05/2003		State
/4	rchampag 02/05/2003	wjackson 02/05/2003	rschluet 02/05/2003	_____	sbasford 02/05/2003		State
/5	rchampag 02/05/2003 rchampag 02/06/2003	wjackson 02/05/2003	rschluet 02/05/2003	_____ _____ _____	sbasford 02/06/2003		State
/6	rchampag 02/07/2003	wjackson 02/07/2003	chaskett 02/07/2003	_____	lemery 02/07/2003		State
/7	rchampag 02/07/2003	wjackson 02/07/2003	chaskett 02/07/2003	_____	sbasford 02/07/2003		

FE Sent For:

<END>

2003 DRAFTING REQUEST

Bill

Received: **01/27/2003**

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 -

Topic:

Revenue obligation program to purchase Tobacco Settlement Asset-Backed Bonds

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 01/29/2003	wjackson 01/29/2003	pgreensl 01/29/2003	_____	amentkow 01/29/2003		State
/2	rchampag 02/01/2003	kgilfoy 02/01/2003	chaugen 02/01/2003	_____	sbasford 02/03/2003		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/3	rchampag 02/04/2003	wjackson 02/04/2003	chanaman 02/04/2003	cph/rs 2/7 _____	sbasford 02/05/2003		State
/4	rchampag 02/05/2003	wjackson 02/05/2003	rschluet 02/05/2003	_____	sbasford 02/05/2003		State
/5	rchampag 02/05/2003 rchampag 02/06/2003	wjackson 02/05/2003	rschluet 02/05/2003	_____ _____ _____	sbasford 02/06/2003		State
/6	rchampag 02/07/2003	wjackson 02/07/2003	chaskett 02/07/2003	_____ _____	lemery 02/07/2003		

FE Sent For: 17 WLj 2/7

17 cph
2/7

<END>

2003 DRAFTING REQUEST

Bill

Received: 01/27/2003

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:

dryan@foleylaw.com

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Hoadley -

Topic:

Revenue obligation program to purchase Tobacco Settlement Asset-Backed Bonds

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 01/29/2003	wjackson 01/29/2003	pgreensl 01/29/2003		amentkow 01/29/2003		State
/2	rchampag 02/01/2003	kgilfoy 02/01/2003	chaugen 02/01/2003		sbasford 02/03/2003		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/3	rchampag 02/04/2003	wjackson 02/04/2003	chanaman _____ 02/04/2003 _____		sbasford 02/05/2003		State
/4	rchampag 02/05/2003	wjackson 02/05/2003	rschluet _____ 02/05/2003 _____		sbasford 02/05/2003		State
/5	rchampag 02/05/2003	wjackson 02/05/2003	rschluet _____ 02/05/2003 _____		sbasford 02/06/2003		

FE Sent For:

16 WLJ 2/7

<END>

2003 DRAFTING REQUEST

Bill

Received: **01/27/2003**

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 -

Topic:

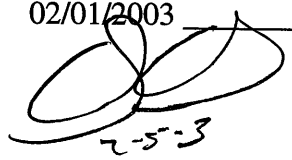
Revenue obligation program to purchase Tobacco Settlement Asset-Backed Bonds

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 01/29/2003	wjackson 01/29/2003	pgreensl 01/29/2003	_____	amentkow 01/29/2003		State
/2	rchampag 02/01/2003	kgilfoy 02/01/2003	chaugen 02/01/2003	_____	sbasford 02/03/2003		State



Handwritten signature and date 2-5-3

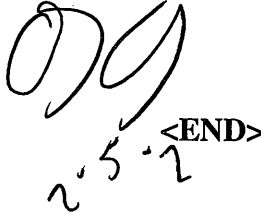
<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
--------------	----------------	-----------------	--------------	----------------	------------------	-----------------	-----------------

/3	rchampag 02/04/2003	wjackson 02/04/2003	chanaman 02/04/2003	_____	sbasford 02/05/2003		State
----	------------------------	------------------------	------------------------	-------	------------------------	--	-------

/4	rchampag 02/05/2003	wjackson 02/05/2003	rschluet 02/05/2003	_____	sbasford 02/05/2003		
----	------------------------	------------------------	------------------------	-------	------------------------	--	--

FE Sent For:

/5 WLj 2/5



Handwritten signature and date: 2-5-2

<END>

2003 DRAFTING REQUEST

Bill

Received: 01/27/2003

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 -

Topic:

Revenue obligation program to purchase Tobacco Settlement Asset-Backed Bonds

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 01/29/2003	wjackson 01/29/2003	pgreensl 01/29/2003		amentkow 01/29/2003		State
/2	rchampag 02/01/2003	kgilfoy 02/01/2003	chaugen 02/01/2003		sbasford 02/03/2003		State

Handwritten initials and date: 2-5-3

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

/3	rchampag 02/04/2003	wjackson 02/04/2003	chanaman _____ 02/04/2003 _____	sbasford 02/05/2003
----	------------------------	------------------------	------------------------------------	------------------------

FE Sent For:

14 WJ 2/5

<END>

2003 DRAFTING REQUEST

Bill

Received: **01/27/2003**

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 -

Topic:

Revenue obligation program to purchase Tobacco Settlement Asset-Backed Bonds

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 01/29/2003	wjackson 01/29/2003	pgreensl 01/29/2003		amentkow 01/29/2003		State
/2	rchampag 02/01/2003	kgilfoy 02/01/2003	chaugen 02/01/2003		sbasford 02/03/2003		

13 WLj 2/4

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

<END>

2003 DRAFTING REQUEST

Bill

Received: 01/27/2003

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 -

Topic:

Revenue obligation program to purchase Tobacco Settlement Asset-Backed Bonds

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 01/29/2003	wjackson 01/29/2003	pgreensl 01/29/2003		amentkow 01/29/2003		

FE Sent For:

12-21/03
Kmg

Ch
2-1

Ch
Phis

<END>

2003 DRAFTING REQUEST

Bill

Received: **01/27/2003**

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 -

Topic:

Revenue obligation program to purchase Tobacco Settlement Asset-Backed Bonds

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>
--------------	----------------	-----------------	--------------	----------------	------------------	-----------------	-----------------

1?	rchampag	1 WLj 1/29	1/29 ps	1/29 ps			
----	----------	------------	---------	---------	--	--	--

FE Sent For:

<END>

Champagne, Rick

From: Hoadley, Frank
Sent: Monday, January 27, 2003 5:04 PM
To: Champagne, Rick
Subject: Tobacco Redux

Rick -

Now for something different.

Please draft legislation for inclusion in the budget bill that will allow the State to sell an enterprise revenue bond issue for the purpose of purchasing bonds previously issued by BTASC.

As a place holder, the authorized amount of the bond issuance will be \$1.6 billion.

The items under E. in Dave Reicher's drafting instruction are for information only. For the time being, we are not drafting in a special fund revenue bond backing. I have hand-drawn flowcharts that I will need to fax to you.

There needs to be an additional provision in the draft that directs savings realized through the program:

One half of the savings to H&FS for tobacco cessation grants (my understanding is the Tobacco Control Board is being eliminated in other budget drafts).

One half of the savings to the Budget Stabilization Fund.

I will be surprised if you do not have questions.

Frank Hoadley 6-2305

**DRAFTING INSTRUCTIONS RELATING TO THE AUTHORIZATION OF REVENUE
OBLIGATIONS (ENTERPRISE OBLIGATIONS) TO FINANCE THE ACQUISITION OF
TOBACCO SETTLEMENT ASSET-BACKED BONDS OF BADGER TOBACCO ASSET
SECURITIZATION CORPORATION**

I. Purpose

Badger Tobacco Asset Securitization Corporation ("BTASC") is a Wisconsin nonstock corporation organized by the secretary of the department of administration pursuant to s. 16.63(3) for the purpose of acquiring all of the state's right, title, and interest in, to and under certain tobacco settlement revenues of the state as defined in s. 16.63(1)(c). BTASC issued \$1.59 billion of its Tobacco Settlement Asset-Backed Bonds (the "BTASC Bonds") on May 23, 2002 and used the proceeds to purchase those tobacco settlement revenues from the state. In addition to cash, BTASC issued a residual certificate to the state in consideration for the purchase price of the tobacco settlement revenues. Because of the large supply of tobacco settlement bonds nationwide, pricing discrepancies exist between BTASC Bonds and revenue obligations that may be issued by the state. The legislation authorizes (a) the establishment of a tobacco settlement bond purchase program by the department of administration to acquire BTASC Bonds, (b) the issuance by the building commission of revenue obligations in an amount up to \$_____ to fund the program, and (c) the payment of the principal of and interest on the revenue obligations, and other related costs to manage and operate the program, from the revenues of the program, including principally revenues received from the BTASC Bonds purchased by the program.

II. Proposed Legislation

- A. *Create a new section in chapter 16 authorizing the tobacco settlement bond purchase program and the tobacco settlement bond purchase program revenue obligations.*
1. Establish a tobacco settlement bond purchase program to be administered by the department of administration to purchase all or a portion of the outstanding BTASC Bonds.
 2. Include a finding by the legislature that the program is deemed by the legislature to be likely to produce sufficient net income to pay when due the principal and interest of revenue obligations to be issued in connection therewith and thus constitutes a "revenue-producing enterprise" or "program" as provided in s. 18.51(6)
 3. Authorize the funding of the program with the proceeds of revenue obligations issued subject to and in accordance with subch. II of ch. 18. The secretary of administration shall establish the requirements for the amount of program funds, subject to a maximum amount of \$_____, as provided in s. 18.53(3).

4. Create a separate nonlapsible trust fund designated the tobacco settlement bond purchase program repayment fund consisting of all revenues received in repayment of BTASC Bonds purchased under the program, and any other revenues dedicated to it by the department of administration. The department shall have all powers necessary and convenient to distribute the proceeds of the revenue obligations and BTASC Bond repayments in accordance with subch. II of ch. 18. Include specific authority for the department to enter into agreements and ancillary arrangements in connection with a tender offer for, and the purchase of, the BTASC Bonds without any competitive bidding requirements.
5. Revenue obligations issued under this section shall not exceed \$_____ in principal amount, excluding obligations to refund outstanding revenue obligation bonds and notes.
6. Except as may otherwise be expressly provided in resolutions authorizing the issuance of revenue obligations, each issue of revenue obligations shall be on a parity with every other revenue obligation issued under this section, payable in accordance with subch. II of ch. 18, subject only to any agreements with holders of particular revenue obligations pledging any particular receipts or revenues.
7. Provide for a moral obligation of the state pursuant to s. 18.61(5) (or consider whether it should be in the form of a reserve fund replenishment similar to the stadium district or WHEDA. ss. 229.74; 234.15).
8. Provide that, notwithstanding ss. 18.561(5) and 18.57(3), moneys in the tobacco settlement bond purchase program redemption fund and the tobacco settlement bond purchase program repayment fund may be invested in any investments permitted in s. [[_____]] (or consider amending these sections to expand the list of permitted investments for all revenue obligation bonds).

B. Address other changes for subch. II of ch. 18.

1. Amend s. 18.51 by adding a reference to s. 18.11(12).
2. Amend the first sentence of s. 18.561(3) by deleting the word "and" immediately following the last semicolon; deleting the words ", and shall provide that the revenues be set aside in separate funds." and inserting the following in lieu thereof: "; and the proportion of the revenues that shall be available for other purposes, and shall provide that the revenues be set aside in separate funds."
3. Amend the second sentence of s. 18.561(3) by deleting "At any time after one year's operation," and inserting the following in lieu thereof: "Subject to the provisions and covenants of the authorizing resolution, at any time after one year's operations,".

4. Other changes being discussed in connection with security interest priority and UCC Article 9.
- C. *Create necessary appropriations in and out of the various funds established in the new section authorizing the revenue obligations.*
1. To/from the s. 18.57(1) fund
 2. To/from the tobacco settlement bond purchase program repayment fund
 3. To/from the tobacco settlement bond purchase program redemption fund
 4. Investment exchange agreement payments into/out of the repayment fund?
- D. *Consider whether any proposed contractual arrangements require additional authority beyond s. 18.06(8).*
- E. *Please note the following in reviewing this draft:*
1. Authorization already exists for:
 - a. Purchase of bond insurance
 - b. Negotiated sale, at any price
 - c. Variable rate or fixed rate
 - d. Redemption provisions
 - e. Use of corporate trustee
 2. This draft does not provide for:
 - a. Special fund obligations
 - b. Sale of the BTASC residual certificate
 - c. Monetization and immediate realization of the discount on the BTASC Bonds



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1797/1

RAC:.....

WLJ

Today, if possible

DOA:.....Hoadley - Revenue obligation program to purchase Tobacco Settlement Asset-Backed Bonds

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

DO NOT GEN

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

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT[✓]

STATE FINANCE

In 2002, a nonstock corporation organized by the secretary of administration, called the Badger Tobacco Asset Securitization Corporation (BTASC) entered into an arrangement with the state to issue bonds secured by payments owed the state under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998. To date, approximately \$1,567,000,000 in such bonds have been issued.

This bill creates a program, to be administered by DOA[✓], to purchase any of the outstanding bonds issued by BTASC. Under the bill, the Building Commission may issue revenue obligations in an amount up to \$1,600,000,000[✓] to purchase bonds issued by BTASC. The principal^{of} and interest on the revenue obligations issued by the Building Commission are to be secured by principal and interest payments received from the bonds issued by BTASC and purchased by the state. In addition, the bill contains a moral obligation pledge in which the legislature expresses its expectation and aspiration that, if the BTASC bond principal and interest payments are insufficient to pay the principal^{of} and interest^{of} of the revenue obligations issued by the Building Commission, the legislature will make an appropriation from the general fund sufficient to pay the principal^{of} and interest^{of} on the obligations.

STET

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. 16.523[✓] of the statutes is created to read:

2 16.523 Purchase of bonds issued by the Badger Tobacco Asset
3 Securitization Corporation; revenue obligations. (1) There is established a
4 tobacco settlement bond purchase program, to be administered by the department,[✓]
5 to purchase any bonds issued by the Badger Tobacco Asset Securitization
6 Corporation. The legislature finds and determines that the tobacco settlement bond
7 purchase program is likely to produce sufficient net income to pay when due the
8 principal ~~on~~^{of} and interest ~~of~~^{on} revenue obligations issued by the state to make the
9 purchase and, thereby, constitutes a revenue-producing enterprise or program, as
10 defined in s. 18.52 (6).[✓]

11 (2) From the net proceeds of revenue obligations issued under this section[✓] and
12 deposited in^{to} a fund in the state treasury created under s. 18.57 (1),[✓] the department
13 shall purchase any bonds issued by the Badger Tobacco Asset Securitization
14 Corporation, as determined by the department.

15 (3) The department shall have all powers necessary and convenient to
16 distribute the proceeds of the revenue obligations issued under this section in
17 accordance with subch. II[✓] of ch. 18.[✓]

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

1 (5) (a) Subject to the limitation under par. (b), the building commission may
2 contract revenue obligations under this subsection in the maximum amount that the
3 building commission believes can be fully paid on a timely basis from moneys
4 received or anticipated to be received.

5 (b) Revenue obligations issued under this subsection may not exceed
6 \$1,600,000,000 in principal amount, excluding any obligations that have been
7 defeased under a cash optimization program administered by the building
8 commission. In addition to this limit on principal amount, the building commission
9 may contract revenue obligations as the building commission determines is desirable
10 to fund or refund outstanding revenue obligations issued under this section, to pay
11 issuance or administrative expenses, to make deposits to reserve funds, to pay
12 accrued or capitalized interest, or to pay the costs of credit enhancement.

13 (6) Unless otherwise expressly provided in resolutions authorizing the
14 issuance of revenue obligations under this section or in other agreements with the
15 owners of revenue obligations, each issue of revenue obligations under this section
16 shall be on a parity with every other revenue obligation issued under this section and
17 in accordance with subch. II of ch. 18.

18 (7) As determined by the building commission, any moneys deposited in the
19 tobacco settlement bond purchase program repayment fund that are not required for
20 ~~the retirement of~~ ^{retiring} revenue obligations and providing for reserves and for operations
21 relating to the management and retirement of revenue obligations issued under this
22 section are transferred to the general fund.

23 (8) Recognizing its moral obligation to do so, the legislature expresses its
24 expectation and aspiration that, if the funds in the tobacco settlement bond purchase
25 program repayment fund are insufficient to pay the principal ^{of} and interest ^{on} of the

1 revenue obligations issued under subch. II of ch. 18 pursuant to this section, the
 2 legislature shall make an appropriation from the general fund sufficient to pay the
 3 principal ^{of} and interest on the obligations.

4 SECTION 2. 18.51¹ of the statutes is amended to read:

5 **18.51 Provisions applicable.** The following sections apply to this
 6 subchapter, except that all references to "public debt" or "debt" shall be read to refer
 7 to a "revenue obligation" and all references to "evidences of indebtedness" shall be
 8 read to refer to "evidences of revenue obligation": ss. 18.02, 18.03, 18.06 (8), 18.07,
 9 18.10 (1), (2), (4) to (9) ² and ^{1 and (12) 3} ~~(11), (12), (13), (14)~~ and 18.17.

History: 1977 c. 29; 1991 a. 39; 1999 a. 9.

10 SECTION 3. 18.561¹ (3) of the statutes is amended to read:

11 **18.561 (3) DEDICATION OF REVENUES.** As accurately as possible in advance, the
 12 commission and the state department or agency carrying out program
 13 responsibilities for which enterprise obligations are to be issued shall determine, and
 14 the commission shall fix in the authorizing resolution for such enterprise obligations:
 15 the proportion of the revenues of the revenue-producing enterprise or program
 16 which shall be necessary for the reasonable and proper operation and maintenance
 17 thereof; the proportion of the revenues which shall be set aside as a proper and
 18 adequate replacement and reserve fund; ~~and~~ the proportion of the revenues which
 19 shall be set aside and applied to the payment of the principal ^{of} and interest ^{STRIKE ON} ~~of~~ the
 20 enterprise obligations; and the proportion of the revenues ^{which} that shall be available for
 21 other purposes, and shall provide that the revenues be set aside in separate funds.
 22 At Subject to the provisions and covenants of the authorizing resolution, at any time
 23 after one year's operation, the state department or agency and the commission may
 24 recompute the proportion of the revenues which shall be assignable under this

1 subsection based upon the experience of operation or upon the basis of further
2 financing.

3 History: 1999 a. 9 ss. 133 to 141; 2001 a. 16.

3 SECTION 4. 20.505 (1) (te) of the statutes is created to read:

4 20.505 (1) (te) *Revenue obligation proceeds to purchase any bonds issued by the*
5 *Badger Tobacco Asset Securitization Corporation.* As a continuing appropriation, all
6 proceeds from revenue obligations that are issued under subch. II of ch. 18,
7 authorized under s. 16.523, and deposited in a fund in the state treasury created
8 under s. 18.57 (1), to purchase any bonds issued by the Badger Tobacco Asset
9 Securitization Corporation, as determined by the department, and to provide for
10 reserves and for expenses of issuance, and the remainder to be transferred to the
11 tobacco settlement bond purchase program repayment fund. Estimated
12 disbursements under this paragraph shall not be included in the schedule under s.
13 20.005.

14 SECTION 5. 20.505 (1) (tm) of the statutes is created to read:

15 20.505 (1) (tm) *Tobacco settlement bond purchase program repayment fund —*
16 *revenue obligation repayment and payment of certain expenses.* From the tobacco
17 settlement bond purchase program repayment fund, a sum sufficient to pay the
18 separate and distinct fund in the state treasury under s. 18.561 (5) the amount
19 needed to retire revenue obligations issued under subch. II of ch. 18, as authorized
20 under s. 16.523, and for the payment of expenses ^{to pay} related to the management of the
21 revenue obligations and interest rate exchange agreement payments, and for the
22 remainder to be transferred to the general fund. Estimated disbursements under
23 this paragraph shall not be included in the schedule under s. 20.005.

24 SECTION 6. 20.505 (1) (tr) of the statutes is created to read:

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

LRB-1797/1/dn

RAC:.....

WLJ

Frank Hoadley:

Attached is the draft creating the revenue-producing enterprise or program to purchase bonds issued by the Badger Tobacco Asset Securitization Corporation. As we discussed on Tuesday, it will be necessary for bond counsel to review the proposal as quickly as possible ~~in order~~ to ensure its inclusion in the biennial budget bill. The only item I have not specifically addressed in the draft is the changes to the authorized investment options for the repayment and redemption funds. Also, please note that I was unsure ^{as to} what to do about the security interest priority issue and the scope of UCC Article 9. Please advise.

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

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

LRB-1797/1dn
RAC:wlj:pg

January 29, 2003

Frank Hoadley:

Attached is the draft creating the revenue-producing enterprise or program to purchase bonds issued by the Badger Tobacco Asset Securitization Corporation. As we discussed on Tuesday, it will be necessary for bond counsel to review the proposal as quickly as possible to ensure its inclusion in the biennial budget bill. The only item I have not specifically addressed in the draft is the changes to the authorized investment options for the repayment and redemption funds. Also, please note that I was unsure as to what to do about the security interest priority issue and the scope of UCC Article 9. Please advise.

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

From: REICHER
1/31/03

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1797/1dn
RAC:wlj:pg

January 29, 2003

Rick:

- ① attached are mark-up comments
- ② see markup of 18.561 attached for the UCC Article 9 issues
(Dave Ryan will be making some similar changes to 15B1)

Frank Hoadley:

Attached is the draft creating the revenue-producing enterprise or program to purchase bonds issued by the Badger Tobacco Asset Securitization Corporation. As we discussed on Tuesday, it will be necessary for bond counsel to review the proposal as quickly as possible to ensure its inclusion in the biennial budget bill. The only item I have not specifically addressed in the draft is the changes to the authorized investment options for the repayment and redemption funds. Also, please note that I was unsure as to what to do about the security interest priority issue and the scope of UCC Article 9. Please advise.

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

- ③ As noted in the riders, we will be providing some separate chapter 18 changes; this markup assumes those are being made
- ④ If you need to reach me this weekend, you can:
 - a) leave me a voicemail @ work 414-297-5763
 - b) call my cell phone 262-308-2256 (+leave message)
 - c) try me at home, but I will not be there much on Saturday (414-961-2256 - don't leave important messages on home machine).

DOA:.....Hoadley - Revenue obligation program to purchase Tobacco Settlement Asset-Backed Bonds

FOR 2003-05 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

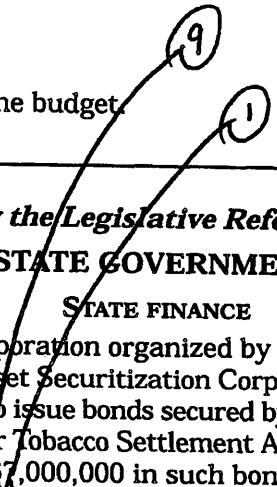
STATE GOVERNMENT

STATE FINANCE

In 2002, a nonstock corporation organized by the secretary of administration, called the Badger Tobacco Asset Securitization Corporation (BTASC) entered into an arrangement with the state to issue bonds secured by payments owed the state under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998. To date, approximately \$1,567,000,000 in such bonds have been issued.

This bill creates a program, to be administered by DOA, to purchase any of the outstanding bonds issued by BTASC. Under the bill, the Building Commission may issue revenue obligations in an amount up to \$1,600,000,000 to purchase bonds issued by BTASC. The principal of and interest on the revenue obligations issued by the Building Commission are to be secured by principal and interest payments received from the bonds issued by BTASC and purchased by the state. In addition, the bill contains a moral obligation pledge in which the legislature expresses its expectation and aspiration that, if the BTASC bond principal and interest payments are insufficient to pay the principal of and interest on the revenue obligations issued by the Building Commission, the legislature will make an appropriation from the general fund sufficient to pay the principal of and interest on the obligations.

Definitely enough?
Frank thinking about ✓



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. 16.523 of the statutes is created to read:

2 16.523 Purchase of bonds issued by the Badger Tobacco Asset
3 Securitization Corporation; revenue obligations. (1) There is established a
4 tobacco settlement bond purchase program, to be administered by the department,
5 to purchase any bonds issued by the Badger Tobacco Asset Securitization
6 Corporation. The legislature finds and determines that the tobacco settlement bond
7 purchase program is likely to produce sufficient net income to pay when due the
8 principal of and interest on revenue obligations issued by the state to make the
9 purchase and, thereby, constitutes a revenue-producing enterprise or program, as
10 defined in s. 18.52 (6).

11 (2) From the net proceeds of revenue obligations issued under this section and
12 deposited into a fund in the state treasury created under s. 18.57 (1), the department
13 shall purchase any bonds issued by the Badger Tobacco Asset Securitization
14 Corporation, as determined by the department.

15 (3) The department shall have all powers necessary and convenient to
16 distribute the proceeds of the revenue obligations issued under this section in
17 accordance with subch. II of ch. 18.

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

JK
insert
Rider
2

and the revenues from the
tobacco settlement bond purchase
program
and

1 (5) (a) Subject to the limitation under par. (b), the building commission may
2 contract revenue obligations under this subsection in the maximum amount that the
3 building commission believes can be fully paid on a timely basis from moneys
4 received or anticipated to be received.

from the tobacco settlement
bond purchase program.

5 (b) Revenue obligations issued under this subsection may not exceed
6 \$1,600,000,000 in principal amount, excluding any obligations that have been
7 defeased under a cash optimization program administered by the building
8 commission. In addition to this limit on principal amount, the building commission
9 may contract revenue obligations as the building commission determines is desirable
10 to fund or refund outstanding revenue obligations issued under this section, to pay
11 issuance or administrative expenses, to make deposits to reserve funds, to pay
12 accrued or capitalized interest, or to pay the costs of credit enhancement.

Insert
Rider
3

13 (6) Unless otherwise expressly provided in resolutions authorizing the
14 issuance of revenue obligations under this section or in other agreements with the
15 owners of revenue obligations, each issue of revenue obligations under this section
16 shall be on a parity with every other revenue obligation issued under this section and
17 in accordance with subch. II of ch. 18.

18 (7) As determined by the building commission, any moneys deposited into the
19 tobacco settlement bond purchase program repayment fund that are not required for
20 retiring revenue obligations and providing for reserves and for ~~operations relating~~
21 ~~to the management and retirement of revenue obligations issued under this section~~
22 are transferred to the general fund.

23 (8) Recognizing its moral obligation to do so, the legislature expresses its
24 expectation and aspiration that, if the funds in the tobacco settlement bond purchase
25 program repayment fund are insufficient to pay the principal of and interest on the

ancillary payments authorized to be paid from
such moneys

1 revenue obligations issued under subch. II of ch. 18 pursuant to this section, the
2 legislature shall make an appropriation from the general fund sufficient to pay the
3 principal of and interest on the obligations.

✓
or to replenish a reserve
funds, if applicable.

4 SECTION 2. 18.51 of the statutes is amended to read:

5 **18.51 Provisions applicable.** The following sections apply to this
6 subchapter, except that all references to "public debt" or "debt" shall be read to refer
7 to a "revenue obligation" and all references to "evidences of indebtedness" shall be
8 read to refer to "evidences of revenue obligation": ss. 18.02, 18.03, 18.06 (8), 18.07,
9 18.10 (1), (2), (4) to (9) and (11), and (12), and 18.17.

10 SECTION 3. 18.561 (3) of the statutes is amended to read:

11 18.561 (3) DEDICATION OF REVENUES. As accurately as possible in advance, the
12 commission and the state department or agency carrying out program
13 responsibilities for which enterprise obligations are to be issued shall determine, and
14 the commission shall fix in the authorizing resolution for such enterprise obligations:
15 the proportion of the revenues of the revenue-producing enterprise or program
16 which shall be necessary for the reasonable and proper operation and maintenance
17 thereof; the proportion of the revenues which shall be set aside as a proper and
18 adequate replacement and reserve fund; and the proportion of the revenues which
19 shall be set aside and applied to the payment of the principal of and interest of on
20 the enterprise obligations; and the proportion of the revenues which shall be
21 available for other purposes, and shall provide that the revenues be set aside in
22 separate funds. At Subject to the provisions and covenants of the authorizing
23 resolution, at any time after one year's operation, the state department or agency and
24 the commission may recompute the proportion of the revenues which shall be

and ~~related~~ ancillary payments authorized
to be paid from such money;

Q - does this cover as the appropriation to the 18.57(1) fund of bond proceeds? Need another?

1 assignable under this subsection based upon the experience of operation or upon the
2 basis of further financing.

or the account maintained by a trustee

3 SECTION 4. 20.505 (1) (te) of the statutes is created to read:

4 20.505 (1) (te) Revenue obligation proceeds to purchase any bonds issued by the
5 Badger Tobacco Asset Securitization Corporation. As a continuing appropriation, all
6 proceeds from revenue obligations that are issued under subch. II of ch. 18,
7 authorized under s. 16.523, and deposited into ^{the} fund in the state treasury created
8 as authorized by s. 16.523(2), to purchase any bonds issued by the Badger Tobacco Asset

as

9 Securitization Corporation, to make ancillary payments, as determined by the building commission,
10 reserves, and for ~~expenses of issuance~~, and the remainder to be transferred to the

11 tobacco settlement bond purchase program repayment fund. Estimated
12 disbursements under this paragraph shall not be included in the schedule under s.
13 20.005.

tobacco settlement bond purchase program redemption fund

redemption

14 SECTION 5. 20.505 (1) (tm) of the statutes is created to read:

15 20.505 (1) (tm) Tobacco settlement bond purchase program repayment fund --
16 revenue obligation repayment and payment of certain expenses. From the tobacco
17 settlement bond purchase program repayment fund, a sum sufficient to pay the
18 separate and distinct fund in the state treasury under s. 18.561 (5) and to
19 needed to retire revenue obligations issued under subch. II of ch. 18, as authorized

20 under s. 16.523, and to make ancillary payments ~~pay expenses related to the management of the revenue~~
21 ~~obligations and interest rate exchange agreement payments~~, and for the remainder
22 to be transferred to the general fund. Estimated disbursements under this
23 paragraph shall not be included in the schedule under s. 20.005.

24 SECTION 6. 20.505 (1) (tr) of the statutes is created to read:

relating to revenue obligations issued under subch. II of ch. 18, as authorized under s. 16.523 and the resolution authorizing the revenue obligations,

provide for reserves and for the ~~payment~~ making of ancillary payments

them not right

not the account maintained by a trustee

the tobacco settlement bond purchase program redemption fund

1 20.505 (1) (tr) Debt service on revenue obligations used to purchase bonds issued
2 by the Badger Tobacco Asset Securitization Corporation. From the fund in the state
3 treasury created under s. 18.561 (5), all moneys received by the fund for the
4 retirement of revenue obligations issued under subch. II of ch. 18, as authorized
5 under s. 16.523. All moneys received by the fund are irrevocably appropriated in
6 accordance with subch. II of ch. 18 and further established in resolutions authorizing
7 the issuance of the revenue obligations and setting forth the distribution of funds to
8 be received thereafter. Estimated disbursements under this paragraph shall not be
9 included in the schedule under s. 20.005.

10 SECTION 7. 25.17 (1) (th) of the statutes is created to read:

11 25.17 (1) (th) Tobacco settlement bond purchase program repayment fund (s.
12 25.575);

13 SECTION 8. 25.575 of the statutes is created to read:

14 25.575 Tobacco settlement bond purchase program repayment fund. There is
15 created a separate nonlapsible trust fund, known as the tobacco settlement bond
16 purchase program repayment fund, consisting of all moneys transferred to the fund
17 under s. 20.505 (1) (te).

18 (END)

and for ancillary payments authorized by the authorizing resolution for the revenue obligations.

Should we also create the tobacco settlement bond purchase program redemption fund (s. 18.561 (5) fund).

of revenue obligations. The revenue obligations shall mature at any time not exceeding 50 years from the date thereof as the commission shall determine. The revenue obligations shall be payable only out of the redemption fund provided under s. 18.561 (5) or 18.562 (2) and each revenue obligation shall contain on its face a statement to that effect. A revenue obligation may contain a provision authorizing redemption, in whole or in part, at stipulated prices, at the option of the commission and shall provide the method of redeeming the revenue obligations.

History: 1977 c. 29; 1979 c. 34, 155; 1989 a. 31, 46; 1999 a. 9.

A federal provision subjecting interest on unregistered state and local bonds to federal income tax does not violate the 10th amendment or the intergovernmental tax immunity doctrine. *South Carolina v. Baker*, 485 U.S. 505 (1988).

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

(2) SECURITY INTERESTS OF OWNERS OF ENTERPRISE OBLIGATIONS. There is a mortgage lien upon or security interest in the income and property of each revenue-producing enterprise or program for the benefit of the owners of the related enterprise obligations. No physical delivery, recordation or other action is required to perfect the security interest. The income and property of the revenue-producing enterprise or program shall remain subject to the lien until provision for payment in full of the principal and interest of the enterprise obligations has been made, as provided in the authorizing resolution. Any owner of such enterprise obligations may either at law or in equity protect and enforce the lien and compel performance of all duties required by this section. If there is any default in the payment of the principal or interest of any of such enterprise obligations, any court having jurisdiction of the action may appoint a receiver to administer the revenue-producing enterprise or program on behalf of the state and the owners of the enterprise obligations, with power to charge and collect rates sufficient to provide for the payment of the operating expenses and also to pay any enterprise obligations outstanding against the revenue-producing enterprise or program, and to apply the income and revenues thereof in conformity with this subchapter and the authorizing resolution, or the court may declare the whole amount of the enterprise obligations due and payable, if such relief is requested, and may order and direct the sale of the revenue-producing enterprise or program. Under any sale so ordered, the purchaser shall be vested with an indeterminate permit to maintain and operate the revenue-producing enterprise or program. The legislature may provide for additions, extensions and improvements to a revenue-producing enterprise or program to be financed by additional issues of enterprise obligations as provided by this section. Such additional issues of enterprise obligations shall be subordinate to all prior related issues of enterprise obligations which may have been made under this section, unless the legislature, in the statute authorizing the initial issue of enterprise obligations, permits the issue of additional enterprise obligations on a parity therewith.

(3) DEDICATION OF REVENUES. As accurately as possible in advance, the commission and the state department or agency carrying out program responsibilities for which enterprise obligations are to be issued shall determine, and the commission shall fix in the authorizing resolution for such enterprise obligations, the proportion of the revenues of the revenue-producing enterprise or program which shall be necessary for the reasonable and proper operation and maintenance thereof; the proportion of the revenues which shall be set aside as a proper and adequate replacement and reserve fund; and the proportion of the revenues which shall be set aside and applied to the payment of the principal and interest of the enterprise obligations, and shall provide that the revenues be set aside in separate funds. At any time after one year's operation, the state department or agency and the commission may recompute the proportion of the revenues which shall be assignable

under this subsection based upon the experience of operation or upon the basis of further financing.

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

(5) REDEMPTION FUND. The proportion which shall be set aside for the payment of the principal and interest on the enterprise obligations shall from month to month as they accrue and are received, be set apart and paid into a separate fund in the treasury, or in an account maintained by a trustee appointed for that purpose in the authorizing resolution to be identified as "the ... redemption fund". Each redemption fund shall be expended, and all moneys from time to time on hand therein are irrevocably appropriated, in sums sufficient, only for the payment of principal and interest on the enterprise obligations giving rise to it and premium, if any, due upon redemption of any such obligations, and for other obligations that are secured by the property or income, or both, of the enterprise or program. Moneys in the redemption funds may be commingled only for the purpose of investment with other public funds, but they shall be invested only in investment instruments permitted in s. 25.17 (3) (d). All such investments shall be the exclusive property of the fund and all earnings on or income from such investments shall be credited to the fund.

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

(7) PAYMENT FOR SERVICES. The reasonable cost and value of any service rendered to the state by a revenue-producing enterprise or program shall be charged against the state and shall be paid for by it in periodic installments, subject to available appropriations.

(8) RATES FOR SERVICES. The rates for all services rendered by a revenue-producing enterprise or program to the state or to other consumers, shall be reasonable and just, taking into account and consideration the value of the services, the cost of maintaining and operating the same, the proper and necessary allowance for depreciation replacement and reserve, and a sufficient and adequate return upon the capital invested.

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

(10) SINKING FUND. The authorizing resolution may set apart enterprise obligations the par value of which are equal to the principal amount of any secured obligation or charge subject to which a revenue-producing enterprise or program is to be purchased or acquired, and shall set aside in a sinking fund from the income of the revenue-producing enterprise or program, a sum sufficient to comply with the requirements of the instrument creating the secu-

Insert Rider 2

Insert Rider 1

of

on

Insert Rider 3

Insert Rider 4

or security interest

Riders for LRB-1797/1

Rider 2:

(2) The net proceeds of revenue obligations issued under subch. II of ch. 18, as authorized under this section, shall be deposited in a fund in the state treasury, or an account maintained by a trustee, created under s. 18.57(1). Those moneys shall be applied for ancillary payments and the provision of reserves, as determined by the building commission, and for the purchase by the department of any bonds issued by Badger Tobacco Asset Securitization Corporation, as determined by the department, and any remainder shall be paid into the tobacco settlement bond purchase program redemption fund created under s. 18.561(5).

+ Frank should understand that this wording does not provide for a transfer up front to the general fund.

Rider 3:

(b) The requirements for funds for the tobacco settlement bond purchase program to be paid from revenue obligations issued under this section shall be determined by the secretary of administration, but shall not exceed [[\$1,600,000,000]]* to purchase, acquire, conduct, control, operate or manage the tobacco settlement bond purchase program [[, plus any amounts required for ancillary payments and the establishment of reserves as determined by the commission in the authorizing resolution]]**.

* My only question is whether we are sure this will be enough to pay principal *and accrued interest on the BTASC Bonds* in connection with a tender offer. It may make sense for Frank to build in a larger number just to be sure.

** This language is unnecessary assuming changes we will be separately sending to you for s.18.53(4) are made; those changes will effectively say the same thing.

Rider 18.561-1

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

Rider 18.561-2

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

Rider 18.561-3

The lien or security interest for the benefit of the owners of the enterprise obligations and other persons specified in the authorizing resolution providing for the issuance of the particular enterprise obligations shall have priority over all conflicting security interests in the income and property of the revenue-producing enterprise or program.

Rider 18.561-4

in the statute authorizing a particular issue of enterprise obligations, or the authorizing resolution providing for the issuance of a particular enterprise obligation, permits the issue of additional enterprise obligations or other obligations on a parity therewith or senior thereto.



D-Note
State of Wisconsin
2003 - 2004 LEGISLATURE

Today

LRB-1797/1 2
RAC:wlj:pg
RMR

DOA:.....Hoadley – Revenue obligation program to purchase Tobacco Settlement Asset-Backed Bonds

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1

DON'T GEN. CAT.
AN ACT relating to: the budget.

\$1,591,000,000

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

In 2002, a nonstock corporation organized by the secretary of administration, called the Badger Tobacco Asset Securitization Corporation (BTASC) entered into an arrangement with the state to issue bonds secured by payments owed the state under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998. To date, approximately ~~\$1,567,000,000~~ in such bonds have been issued.

This bill creates a program, to be administered by DOA, to purchase any of the outstanding bonds issued by BTASC. Under the bill, the Building Commission may issue revenue obligations in an amount up to \$1,600,000,000 to purchase bonds issued by BTASC. The principal of and interest on the revenue obligations issued by the Building Commission are to be secured by principal and interest payments received from the bonds issued by BTASC and purchased by the state. In addition, the bill contains a moral obligation pledge in which the legislature expresses its expectation and aspiration that, if the BTASC bond principal and interest payments are insufficient to pay the principal of and interest on the revenue obligations issued by the Building Commission, the legislature will make an appropriation from the general fund sufficient to pay the principal of 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. 16.523 of the statutes is created to read:

2 16.523 Purchase of bonds issued by the Badger Tobacco Asset
3 Securitization Corporation; revenue obligations. (1) There is established a
4 tobacco settlement bond purchase program, to be administered by the department,
5 to purchase any bonds issued by the Badger Tobacco Asset Securitization
6 Corporation. The legislature finds and determines that the tobacco settlement bond
7 purchase program is likely to produce sufficient net income to pay when due the
8 principal of and interest on revenue obligations issued by the state to make the
9 purchase and, thereby, constitutes a revenue-producing enterprise or program, as
10 defined in s. 18.52 (6).

11 (2) From the net proceeds of revenue obligations issued under this section and
12 deposited into a fund in the state treasury created under s. 18.57 (1), the department
13 shall purchase any bonds issued by the Badger Tobacco Asset Securitization
14 Corporation, as determined by the department.

Insert 2-15

15 (3) The department shall have all powers necessary and convenient to
16 distribute the proceeds of the revenue obligations issued under this section in
17 accordance with subch. II of ch. 18.

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

the revenues from the tobacco settlement bond purchase program and

*from the tobacco settlement
bond purchase program*

1 (5) (a) Subject to the limitation under par. (b), the building commission may
2 contract revenue obligations under this subsection in the maximum amount that the
3 building commission believes can be fully paid on a timely basis from moneys
4 received or anticipated to be received.

5 (b) Revenue obligations issued under this subsection may not exceed
6 \$1,600,000,000 in principal amount, excluding any obligations that have been
7 defeased under a cash optimization program administered by the building
8 commission. In addition to this limit on principal amount, the building commission
9 may contract revenue obligations as the building commission determines is desirable
10 to fund or refund outstanding revenue obligations issued under this section, to pay
11 issuance or administrative expenses, to make deposits to reserve funds, to pay
12 accrued or capitalized interest, or to pay the costs of credit enhancement.

13 (6) Unless otherwise expressly provided in resolutions authorizing the
14 issuance of revenue obligations under this section or in other agreements with the
15 owners of revenue obligations, each issue of revenue obligations under this section
16 shall be on a parity with every other revenue obligation issued under this section and
17 in accordance with subch. II of ch. 18.

18 (7) As determined by the building commission, any moneys deposited into the
19 tobacco settlement bond purchase program repayment fund that are not required for
20 retiring revenue obligations and providing for reserves and for ~~operations relating~~
21 ~~to the management and retirement of revenue obligations issued under this section~~
22 are transferred to the general fund.

23 (8) Recognizing its moral obligation to do so, the legislature expresses its
24 expectation and aspiration that, if the funds in the tobacco settlement bond purchase
25 program repayment fund are insufficient to pay the principal of and interest on the

*ancillary payments authorized to be paid from
such moneys*

Insert 3-13

or to replenish a reserve fund, if applicable

1 revenue obligations issued under subch. II of ch. 18 pursuant to this section, the
2 legislature shall make an appropriation from the general fund sufficient to pay the
3 principal of and interest on the obligations.

4 SECTION 2. 18.51 of the statutes is amended to read:

5 18.51 Provisions applicable. The following sections apply to this
6 subchapter, except that all references to "public debt" or "debt" shall be read to refer
7 to a "revenue obligation" and all references to "evidences of indebtedness" shall be
8 read to refer to "evidences of revenue obligation": ss. 18.02, 18.03, 18.06 (8), 18.07,
9 18.10 (1), (2), (4) to (9) ~~and~~, (11), ~~and~~ (12), and 18.17.

10 SECTION 3. 18.561 (3) of the statutes is amended to read:

11 18.561 (3) DEDICATION OF REVENUES. As accurately as possible in advance, the
12 commission and the state department or agency carrying out program
13 responsibilities for which enterprise obligations are to be issued shall determine, and
14 the commission shall fix in the authorizing resolution for such enterprise obligations:
15 the proportion of the revenues of the revenue-producing enterprise or program
16 which shall be necessary for the reasonable and proper operation and maintenance
17 thereof; the proportion of the revenues which shall be set aside as a proper and
18 adequate replacement and reserve fund; ~~and~~ the proportion of the revenues which
19 shall be set aside and applied to the payment of the principal of and interest of on
20 the enterprise obligations; and the proportion of the revenues which shall be
21 available for other purposes, and shall provide that the revenues be set aside in
22 separate funds. At Subject to the provisions and covenants of the authorizing
23 resolution, at any time after one year's operation, the state department or agency and
24 the commission may recompute the proportion of the revenues which shall be

and ancillary payments authorized to be paid from such moneys

1 assignable under this subsection based upon the experience of operation or upon the
2 basis of further financing.

3 **SECTION 4.** 20.505 (1) (te) of the statutes is created to read:

4 20.505 (1) (te) *Revenue obligation proceeds to purchase any bonds issued by the*
5 *Badger Tobacco Asset Securitization Corporation.* As a continuing appropriation, all
6 proceeds from revenue obligations that are issued under subch. II of ch. 18,
7 authorized under s. 16.523, and deposited into a fund in the state treasury created
8 under s. 18.57 (1), to purchase any bonds issued by the Badger Tobacco Asset
9 Securitization Corporation, as determined by the department, and to provide for
10 reserves and for expenses of issuance, and the remainder to be transferred to the
11 tobacco settlement bond purchase program repayment fund. Estimated
12 disbursements under this paragraph shall not be included in the schedule under s.
13 20.005.

14 **SECTION 5.** 20.505 (1) (tm) of the statutes is created to read:

15 20.505 (1) (tm) *Tobacco settlement bond purchase program repayment fund —*
16 *revenue obligation repayment and payment of certain expenses.* From the tobacco
17 settlement bond purchase program repayment fund, a sum sufficient to pay the
18 separate and distinct fund in the state treasury under s. 18.561 (5) the amount
19 needed to retire revenue obligations issued under subch. II of ch. 18, as authorized
20 under s. 16.523, and to pay expenses related to the management of the revenue
21 obligations and interest rate exchange agreement payments, and for the remainder
22 to be transferred to the general fund. Estimated disbursements under this
23 paragraph shall not be included in the schedule under s. 20.005.

24 **SECTION 6.** 20.505 (1) (tr) of the statutes is created to read:

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1797/2ins
RAC:.....

Insert 2-15: ✓

(2) The net proceeds of revenue obligations issued under subch. II[✓] of ch. 18, as authorized under this section, shall be deposited in a fund in the state treasury, or an account maintained by a trustee, created under s. 18.57 (1)[✓]. The moneys shall be applied for ancillary payments and the provision of reserves, as determined by the building commission, and for the purchase by the department of any bonds issued by ^{the} Badger Tobacco Asset Securitization Corporation, as determined by the department, and any remainder shall be paid into a tobacco settlement bond purchase program redemption fund created under s. 18.561 (5)[✓].

Insert 3-13: ✓

(b) The requirements for funds for the tobacco settlement bond purchase program[✓] to be paid from revenue obligations issued under this section shall be determined by the secretary of administration, but the amount of obligations that may be issued shall not exceed \$1,600,000,000 to purchase, acquire, conduct, control, operate, or manage the tobacco settlement bond purchase program[✓].

Insert 6-10: ✓

SECTION 1. 18.561 (2) of the statutes is amended to read:

18.561 (2) SECURITY INTERESTS OF OWNERS OF ENTERPRISE OBLIGATIONS. There is a mortgage lien upon or security interest in the income and property of each revenue-producing enterprise or program for the benefit of the owners of the related enterprise obligations and other persons specified in the authorizing resolution providing for the issuance of the particular enterprise obligations. No physical delivery, recordation or other action is required to perfect the security interest. The

Sort;
out-of-order

income and property of the revenue-producing enterprise or program shall remain subject to the lien or security interest until provision for payment in full of the principal of and interest of on the enterprise obligations, and other obligations specified in the authorizing resolution providing for the issuance of the particular enterprise obligations, has been made, as provided in the authorizing resolution. The lien or security interest for the benefit of the owners of the enterprise obligations and other persons specified in the authorizing resolution providing for the issuance of the particular enterprise obligations shall have priority over all conflicting security interests in the income and property of the revenue-producing enterprise or program. Any owner of such enterprise obligations may either at law or in equity protect and enforce the lien and compel performance of all duties required by this section. If there is any default in the payment of the principal or interest of any of such enterprise obligations, any court having jurisdiction of the action may appoint a receiver to administer the revenue-producing enterprise or program on behalf of the state and the owners of the enterprise obligations, with power to charge and collect rates sufficient to provide for the payment of the operating expenses and also to pay any enterprise obligations outstanding against the revenue-producing enterprise or program, and to apply the income and revenues thereof in conformity with this subchapter and the authorizing resolution, or the court may declare the whole amount of the enterprise obligations due and payable, if such relief is requested, and may order and direct the sale of the revenue-producing enterprise or program. Under any sale so ordered, the purchaser shall be vested with an indeterminate permit to maintain and operate the revenue-producing enterprise or program. The legislature may provide for additions, extensions and improvements to a revenue-producing enterprise or program to be financed by additional issues of

enterprise obligations as provided by this section. Such additional issues of enterprise obligations shall be subordinate to all prior related issues of enterprise obligations which may have been made under this section, unless the legislature, in the statute authorizing ~~the initial issue of enterprise obligations, permits the issue of additional enterprise obligations on a parity therewith~~ a particular issue of enterprise obligations, or the authorizing resolution providing for the issuance of a particular enterprise obligation, permits the issue of additional enterprise obligations or other obligations on a parity therewith or senior thereto.

History: 1999 a. 9 ss. 133 to 141; 2001 a. 16.

SECTION 2. 20.505 (1) (te) of the statutes is created to read:

20.505 (1) (te) *Revenue obligation proceeds to purchase any bonds issued by Badger Tobacco Asset Securitization Corporation.* ~~(As a continuing appropriation)~~ *all* proceeds from revenue obligations that are issued under subch. II of ch. 18, as authorized under s. 16.523, and deposited into a fund in the state treasury created under s. 18.57 (1), as authorized under s. 16.523 (2), to purchase any bonds issued by Badger Tobacco Asset Securitization Corporation, as determined by the department, to provide for reserves, to make ancillary payments, as determined by the building commission, and the remainder to be transferred to the tobacco settlement bond purchase program repayment fund. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

Keep

SECTION 3. 20.505 (1) (tm) of the statutes is created to read:

20.505 (1) (tm) *Tobacco settlement bond purchase program repayment fund — revenue obligation repayment and payment of certain expenses.* From the tobacco settlement bond purchase program repayment fund, a sum sufficient to provide for reserves and the making of ancillary payments and to pay a tobacco settlement bond

purchase redemption fund created under s. 18.561 (5) the amount needed to retire revenue obligations issued under subch. II of ch. 18, as authorized under s. 16.523, and to make ancillary payments relating to revenue obligations issued under subch. II of ch. 18, as authorized under s. 16.523 and the resolution authorizing the revenue obligations, and for the remainder to be transferred to the general fund. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

SECTION 4. 20.505 (1) (tr) of the statutes is created to read:

20.505 (1) (tr) *Debt service on revenue obligations used to purchase bonds issued by the Badger Tobacco Asset Securitization Corporation.* From a tobacco settlement bond purchase redemption fund created under s. 18.561 (5), all moneys received by the fund for the retirement of revenue obligations issued under subch. II of ch. 18, as authorized under s. 16.523, and for ancillary payments authorized by the authorizing resolution for the revenue obligations. All moneys received by the fund are irrevocably appropriated in accordance with subch. II of ch. 18 and further established in resolutions authorizing the issuance of the revenue obligations under s. 16.523 and setting forth the distribution of funds to be received thereafter. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

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

LRB-1797/2dn

RAC:pg



Frank Hoadley:

This draft incorporates the comments of bond counsel. Please note that I have referred to *a* tobacco settlement bond purchase redemption fund created under s. 18.561 (5) ✓ instead of *the* tobacco settlement bond purchase redemption fund created under s. 18.561 (5). The reason is that, technically, no specific, *named* redemption fund is created under that subsection. I still believe that it is clear in the draft that what is being referred to is a redemption fund created under s. 18.561 (5) for the obligations issued under s. 16.523. ✓ Also, please note that you do not need to specifically create a tobacco settlement bond purchase redemption fund, since s. 18.561 (5) already authorizes the creation of such a fund for the purpose of redeeming obligations.

With respect to the issue of whether we need an appropriation in which to deposit the bond proceeds, please note it is not necessary to create an appropriation for the deposit of moneys; it is only necessary to create an appropriation to expend moneys. Section 18.57 (1) ✓ authorizes the establishment of a proceeds fund into which the obligation proceeds are deposited and s. 20.505 (1) (te) ✓ appropriates moneys from the proceeds fund for the purpose specified in the appropriation.

I held off making the change ^{that} you requested in s. 20.505 (1) (te) ✓ to have the remainder of funds transferred to a tobacco settlement bond purchase program *redemption* fund. I think the remainder needs to be transferred to the tobacco settlement bond purchase program *repayment* fund. Otherwise, there are no moneys at all going into the *repayment* fund; under s. 20.505 (1) (tm) moneys are then paid from the *repayment* fund to the *redemption* fund. Please advise.

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

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1797/2dn
RAC:kmg:ch

February 1, 2003

Frank Hoadley:

This draft incorporates the comments of bond counsel. Please note that I have referred to *a* tobacco settlement bond purchase redemption fund created under s. 18.561 (5) instead of *the* tobacco settlement bond purchase redemption fund created under s. 18.561 (5). The reason is that, technically, no specific, *named* redemption fund is created under that subsection. I still believe that it is clear in the draft that what is being referred to is a redemption fund created under s. 18.561 (5) for the obligations issued under s. 16.523. Also, please note that you do not need to specifically create a tobacco settlement bond purchase redemption fund, since s. 18.561 (5) already authorizes the creation of such a fund for the purpose of redeeming obligations.

With respect to the issue of whether we need an appropriation in which to deposit the bond proceeds, please note it is not necessary to create an appropriation for the deposit of moneys; it is only necessary to create an appropriation to expend moneys. Section 18.57 (1) authorizes the establishment of a proceeds fund into which the obligation proceeds are deposited and s. 20.505 (1) (te) appropriates moneys from the proceeds fund for the purpose specified in the appropriation.

I held off making the change that you requested in s. 20.505 (1) (te) to have the remainder of funds transferred to a tobacco settlement bond purchase program *redemption* fund. I think the remainder needs to be transferred to the tobacco settlement bond purchase program *repayment* fund. Otherwise, there are no moneys at all going into the *repayment* fund; under s. 20.505 (1) (tm) moneys are then paid from the *repayment* fund to the *redemption* fund. Please advise.

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

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1797/2dn
RAC:kmg:ch

February 1, 2003

Reicher comments
2/4/03 4:15pm

Frank Hoadley:

✓ This draft incorporates the comments of bond counsel. Please note that I have referred to a tobacco settlement bond purchase redemption fund created under s. 18.561 (5) instead of *the* tobacco settlement bond purchase redemption fund created under s. 18.561 (5). The reason is that, technically, no specific, *named* redemption fund is created under that subsection. I still believe that it is clear in the draft that what is being referred to is a redemption fund created under s. 18.561 (5) for the obligations issued under s. 16.523. Also, please note that you do not need to specifically create a tobacco settlement bond purchase redemption fund, since s. 18.561 (5) already authorizes the creation of such a fund for the purpose of redeeming obligations.

✓ With respect to the issue of whether we need an appropriation in which to deposit the bond proceeds, please note it is not necessary to create an appropriation for the deposit of moneys; it is only necessary to create an appropriation to expend moneys. Section 18.57 (1) authorizes the establishment of a proceeds fund into which the obligation proceeds are deposited and s. 20.505 (1) (te) appropriates moneys from the proceeds fund for the purpose specified in the appropriation.

I held off making the change that you requested in s. 20.505 (1) (te) to have the remainder of funds transferred to a tobacco settlement bond purchase program *redemption* fund. I think the remainder needs to be transferred to the tobacco settlement bond purchase program *repayment* fund. Otherwise, there are no moneys at all going into the repayment fund; under s. 20.505 (1) (tm) moneys are then paid from the *repayment* fund to the *redemption* fund. Please advise.

→ I don't think I am troubled by going into repayment fund; however,

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

all payments + revenues under the program will go into the "repayment fund" first. (20.505(1)(te) is only bond proceeds from 18.57(1) fund).

(16)

DOA:.....Hoadley - Revenue obligation program to purchase Tobacco
Settlement Asset-Backed Bonds

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

In 2002, a nonstock corporation organized by the secretary of administration, called the Badger Tobacco Asset Securitization Corporation (BTASC) entered into an arrangement with the state to issue bonds secured by payments owed the state under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998. To date, approximately \$1,591,000,000 in such bonds have been issued.

This bill creates a program, to be administered by DOA, to purchase any of the outstanding bonds issued by BTASC. Under the bill, the Building Commission may issue revenue obligations in an amount up to \$1,600,000,000 to purchase bonds issued by BTASC. The principal of and interest on the revenue obligations issued by the Building Commission are to be secured by principal and interest payments received from the bonds issued by BTASC and purchased by the state. In addition, the bill contains a moral obligation pledge in which the legislature expresses its expectation and aspiration that, if the BTASC bond principal and interest payments are insufficient to pay the principal of and interest on the revenue obligations issued by the Building Commission, the legislature will make an appropriation from the general fund sufficient to pay the principal of 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.** 16.523 of the statutes is created to read:

2 **16.523 Purchase of bonds issued by the Badger Tobacco Asset**
3 **Securitization Corporation; revenue obligations. (1)** There is established a
4 tobacco settlement bond purchase program, to be administered by the department,
5 to purchase any bonds issued by the Badger Tobacco Asset Securitization
6 Corporation. The legislature finds and determines that the tobacco settlement bond
7 purchase program is likely to produce sufficient net income to pay when due the
8 principal of and interest on revenue obligations issued by the state to make the
9 purchase and, thereby, constitutes a revenue-producing enterprise or program, as
10 defined in s. 18.52 (6).

11 **(2)** The net proceeds of revenue obligations issued under subch. II of ch. 18, as
12 authorized under this section, shall be deposited in a fund in the state treasury, or
13 an account maintained by a trustee, created under s. 18.57 (1). The moneys shall be
14 applied for ancillary payments and the provision of reserves, as determined by the
15 building commission, and for the purchase by the department of any bonds issued
16 by the Badger Tobacco Asset Securitization Corporation, as determined by the
17 department, and any remainder shall be paid into a tobacco settlement bond
18 purchase program redemption fund created under s. 18.561 (5).

19 **(3)** The department shall have all powers necessary and convenient to
20 distribute the revenues from the tobacco settlement bond purchase program and the

1 proceeds of the revenue obligations issued under this section in accordance with
2 subch. II of ch. 18.

3 (4) The department may enter into agreements with the federal government
4 or 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
6 obligations issued under this section.

16-523
is not
a
subsection?
is it?

7 (5) (a) Subject to the limitation under par. (b), the building commission may
8 contract revenue obligations under this subsection in the maximum amount that the
9 building commission believes can be fully paid on a timely basis from moneys
10 received or anticipated to be received from the tobacco settlement bond purchase
11 program.

12 (b) The requirements for funds for the tobacco settlement bond purchase
13 program to be paid from revenue obligations issued under this section shall be
14 determined by the secretary of administration, but the amount of obligations that
15 may be issued shall not exceed \$1,600,000,000 to purchase, acquire, conduct, control,
16 operate, or manage the tobacco settlement bond purchase program.

This changes the intent of what I proposed,
which was to limit the amount required for
the program
(not the amount of obligations);
this needs some
ancillary payments
& reserves
in addition,
if our
other
changes to
S. 18.53(4) are
not made.

17 (6) Unless otherwise expressly provided in resolutions authorizing the
18 issuance of revenue obligations under this section or in other agreements with the
19 owners of revenue obligations, each issue of revenue obligations under this section
20 shall be on a parity with every other revenue obligation issued under this section and
21 in accordance with subch. II of ch. 18.

22 (7) As determined by the building commission, any moneys deposited into the
23 tobacco settlement bond purchase program repayment fund that are not required for
24 retiring revenue obligations and providing for reserves and for ancillary payments
25 authorized to be paid from such moneys are transferred to the general fund.

We were not planning on
limiting the amount of obligations.

1 (8) Recognizing its moral obligation to do so, the legislature expresses its
2 expectation and aspiration that, if the funds in the tobacco settlement bond purchase
3 program repayment fund are insufficient to pay the principal of and interest on the
4 revenue obligations issued under subch. II of ch. 18 pursuant to this section, the
5 legislature shall make an appropriation from the general fund sufficient to pay the
6 principal of and interest on the obligations or to replenish a reserve fund, if
7 applicable.

8 SECTION 2. 18.51 of the statutes is amended to read:

9 **18.51 Provisions applicable.** The following sections apply to this
10 subchapter, except that all references to "public debt" or "debt" shall be read to refer
11 to a "revenue obligation" and all references to "evidences of indebtedness" shall be
12 read to refer to "evidences of revenue obligation": ss. 18.02, 18.03, 18.06 (8), 18.07,
13 18.10 (1), (2), (4) to (9) ~~and (11) and (12)~~, and 18.17.

14 SECTION 3. 18.561 (2) of the statutes is amended to read:

15 **18.561 (2) SECURITY INTERESTS OF OWNERS OF ENTERPRISE OBLIGATIONS.** There is
16 a mortgage lien upon or security interest in the income and property of each
17 revenue-producing enterprise or program for the benefit of the owners of the related
18 enterprise obligations and other persons specified in the authorizing resolution
19 providing for the issuance of the particular enterprise obligations. No physical
20 delivery, recordation or other action is required to perfect the security interest. The
21 income and property of the revenue-producing enterprise or program shall remain
22 subject to the lien or security interest until provision for payment in full of the
23 principal ~~of~~ and interest ~~of~~ on the enterprise obligations, and other obligations
24 specified in the authorizing resolution providing for the issuance of the particular
25 enterprise obligations. has been made, as provided in the authorizing resolution.

*Frank:
understand
that moral
obligation
only covers
pt 1 on
rev. oblig
(not other
agreements)*

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

1 enterprise obligations, or the authorizing resolution providing for the issuance of a
2 particular enterprise obligation, permits the issue of additional enterprise
3 obligations or other obligations on a parity therewith or senior thereto.

4 SECTION 4. 18.561 (3) of the statutes is amended to read:

5 18.561 (3) DEDICATION OF REVENUES. As accurately as possible in advance, the
6 commission and the state department or agency carrying out program
7 responsibilities for which enterprise obligations are to be issued shall determine, and
8 the commission shall fix in the authorizing resolution for such enterprise obligations:
9 the proportion of the revenues of the revenue-producing enterprise or program
10 which shall be necessary for the reasonable and proper operation and maintenance
11 thereof; the proportion of the revenues which shall be set aside as a proper and
12 adequate replacement and reserve fund; ~~and~~ the proportion of the revenues which
13 shall be set aside and applied to the payment of the principal ~~of~~ and interest ~~of~~ on
14 the enterprise obligations, and ancillary payments authorized to be paid from such
15 moneys; and the proportion of the revenues which shall be available for other
16 purposes. and shall provide that the revenues be set aside in separate funds. At
17 Subject to the provisions and covenants of the authorizing resolution, at any time
18 after one year's operation, the state department or agency and the commission may
19 recompute the proportion of the revenues which shall be assignable under this
20 subsection based upon the experience of operation or upon the basis of further
21 financing.

22 SECTION 5. 20.505 (1) (te) of the statutes is created to read:

23 20.505 (1) (te) *Revenue obligation proceeds to purchase any bonds issued by*
24 *Badger Tobacco Asset Securitization Corporation.* As a continuing appropriation, all
25 proceeds from revenue obligations that are issued under subch. II of ch. 18, as

also ??
is on the account maintained by a trustee,

1 authorized under s. 16.523, and deposited into a fund in the state treasury created ✓
2 under s. 18.57 (1), as authorized under s. 16.523 (2), to purchase any bonds issued
3 by Badger Tobacco Asset Securitization Corporation, as determined by the
4 department, to provide for reserves, to make ancillary payments, as determined by
5 the building commission, and the remainder to be transferred to the tobacco
6 settlement bond purchase program ~~repayment~~ ^{redemption} fund. Estimated disbursements
7 under this paragraph shall not be included in the schedule under s. 20.005.

8 SECTION 6. 20.505 (1) (tm) of the statutes is created to read:

9 20.505 (1) (tm) *Tobacco settlement bond purchase program repayment fund* --
10 *revenue obligation repayment and payment of certain expenses.* From the tobacco
11 settlement bond purchase program repayment fund, a sum sufficient to provide for
12 reserves and the making of ancillary payments and to pay a tobacco settlement bond
13 purchase redemption fund created under s. 18.561 (5) the amount needed to retire
14 revenue obligations issued under subch. II of ch. 18, as authorized under s. 16.523,
15 and to make ancillary payments relating to revenue obligations issued under subch.
16 II of ch. 18, as authorized under s. 16.523 and the resolution authorizing the revenue
17 obligations, and for the remainder to be transferred to the general fund. Estimated
18 disbursements under this paragraph shall not be included in the schedule under s.
19 20.005. ✓

program ??

20 SECTION 7. 20.505 (1) (tr) of the statutes is created to read:

21 20.505 (1) (tr) *Debt service on revenue obligations used to purchase bonds issued*
22 *by the Badger Tobacco Asset Securitization Corporation.* From a tobacco settlement
23 *bond purchase redemption fund* created under s. 18.561 (5), all moneys received by ✓
24 the fund for the retirement of revenue obligations issued under subch. II of ch. 18,
25 as authorized under s. 16.523, and for ancillary payments authorized by the

1 authorizing resolution for the revenue obligations. All moneys received by the fund
2 are irrevocably appropriated in accordance with subch. II of ch. 18 and further
3 established in resolutions authorizing the issuance of the revenue obligations under
4 s. 16.523 and setting forth the distribution of funds to be received thereafter.
5 Estimated disbursements under this paragraph shall not be included in the schedule
6 under s. 20.005.

7 **SECTION 8.** 25.17 (1) (th) of the statutes is created to read:

8 25.17 (1) (th) Tobacco settlement bond purchase program repayment fund (s.
9 25.575);

10 **SECTION 9.** 25.575 of the statutes is created to read:

11 **25.575 Tobacco settlement bond purchase program repayment fund.**

12 There is created a separate nonlapsible trust fund, known as the tobacco settlement
13 bond purchase program repayment fund, consisting of all moneys transferred to the
14 fund under s. 20.505 (1) (te).

15

(END)