

2003 DRAFTING REQUEST

Bill

Received: **02/04/2003**

Received By: **rchampag**

Wanted: **Today**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Hoadley**

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

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Bonding - state**

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Pre Topic:

DOA:.....Hoadley -

Topic:

Technical revisions relating to state debt, revenue obligations, and operating notes

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 02/05/2003	jdyer 02/05/2003	pgreensl 02/05/2003		mbarman 02/05/2003		State
/2	rchampag 02/05/2003	jdyer 02/05/2003	pgreensl 02/05/2003		sbasford 02/06/2003		State

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4 2/7 jld

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13 2/6 JLD *7/6 2/6* *J/P/S*

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1/2 JLD
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PS

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1/?	rchampag	1 2/5 jld	2/5 ps	2/5 ps/cph			

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**DRAFTING INSTRUCTIONS RELATING TO
TECHNICAL REVISIONS TO CHAPTERS 18 AND 20**

I. Purpose

Ch. 18 generally governs state debt, revenue obligations and operating notes. The proposed legislation makes certain technical revisions to ch. 18 and ch. 20 to (a) update and clarify the statutory language, (b) eliminate redundancy in the statute, (c) clarify certain statutory authority of the Building Commission, and (d) improve the operation of the funds established under ch. 18.

II. Proposed Legislation

A. Chapter 18 Subchapter I

- ✓ 1. Amend s. 18.01 (4) by deleting the phrase “or an interest exchange agreement”.
- ✓ 2. Amend the second line of s. 18.08 (1) (a) by inserting after the phrase “contracting of public debt” the phrase “or any payment to be received with respect to any agreement or ancillary arrangement entered into pursuant to s. 18.06 (8) (a) with respect to any such public debt”.
- ✓ 3. Amend the fifth line of s. 18.08 (1) (a) by deleting the words “premium and” and “or notes”.
- ✓ 4. Amend the ninth line of s. 18.08 (1) (a) by adding the following at the end: “Any such moneys which represent premium or any payments received pursuant to any agreement or ancillary arrangement entered into pursuant to s. 18.06 (8) (a) with respect to any such public debt, may be credited to one or more of the sinking funds of the bond security and redemption fund or to the capital improvement fund as determined by the commission.”
- ✓ 5. Amend of s. 18.08 (2) by inserting the word “public” in front of the word “debt” in both the third line and the sixth line.
- ✓ 6. Amend the fourth line of s. 18.08 (2) by inserting after the phrase “interest on loans or on notes” the phrase “for the payment due, if any, under an agreement or ancillary arrangement entered into pursuant to s. 18.06 (8) (a) with respect to any such public debt,”.
- ✓ 7. Amend the third line of s. 18.08 (4) by inserting after the phrase “interest on loans or on notes” the phrase “or for the payment due, if any, under an agreement or ancillary arrangement entered into pursuant to s. 18.06 (8) (a) with respect to any public debt,”.

- ✓ 8. Amend s. 18.09 (2) by deleting the word “and” before the word “premium”, replacing the word “refunding” in the fourth line with the word “redemption”, and replacing the period at the end of the sentence with a comma and inserting the following phrase “and payment due, if any, under an agreement or ancillary arrangement entered into pursuant to s. 18.06 (8) (a) with respect to any such bonds.”
- ✓ 9. Amend the third sentence of s. 18.10(5) by inserting after the phrase “shall be by” the phrase “electronic funds transfer,”.
- ✓ 10. Amend s. 18.10(8) by deleting the fourth and sixth sentences thereof.
- ✓ 11. Amend ch. 18, subch. I by removing outdated references to interest coupons.

[Note: 9, 10 and 11 correspond to changes in the appropriation obligations statute]

B. Chapter 18 Subchapter II

✓ 1. Amend s. 18.51 by adding a reference to s. 18.10 (12) to incorporate the authorization for the Building Commission to enter into contracts for financial services for the performance of its duties under ch. 18, subch. II.

✓ 2. Amend s. 18.51 by deleting the reference to s. 18.06(8). Create a new s. 18.55(6) addressing the matters covered in s. 18.06(8) and providing that any payments made or received pursuant to such provision will be made from or deposited into a fund relating to the relevant revenue obligation, as determined by the Building Commission.

✓ 3. Amend s. 18.52 by adding a new defined term “ancillary payments” to mean payments for issuance costs and expenses, payments under contracts entered into pursuant to s.18.55(6), payment of accrued or funded interest, and payment of other costs and expenses of administering revenue obligations.

✓ 4. Amend s. 18.53(4) to provide that ancillary payments and the establishment of reserves are in addition to amount specified by the legislature for each purpose specified in sub. (3) and, unless limited in the legislation which authorizes that revenue obligation, shall be in amounts determined by the Building Commission.

see other draft
✓ 5. Expand the permitted investments under s. 18.561(5), s. 18.562(3), and s. 18.57(3).

✓ 6. 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.”*

7. 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,”.*

8. Amend the first sentence of s. 18.561(5) and the first sentence of s. 18.562(3) by adding after the phrase “as they accrue and are received” and after the phrase “payment of the principal and interest of the special fund obligations”, respectively, the phrase “and as directed by the commission, payments to be received with respect to an agreement or ancillary arrangement entered into pursuant to s. [18.55(6)] [new section corresponding to 18.06(8)]”.

9. Amend the second sentence of s. 18.561(5) and the second sentence of s. 18.562(3) to make more explicit the purposes for which the redemption fund may be expended by deleting the phrases, “and for other obligations that are secured by the property or income, or both, of the enterprise or program” and “and for other obligations that are secured by any fees, penalties, or excise taxes deposited in the special fund”, respectively, and inserting the following in lieu thereof: “and for payment of obligations under an agreement or ancillary arrangement entered into pursuant to s. 18.55(6) to the extent provided for in an authorizing resolution.”

10. Amend s. 18.57 (1) by inserting the following sentence at the end of the subsection “As determined by the commission, payments to be received with respect to an agreement or ancillary arrangement entered into pursuant to s. 18.55 (6) with respect to any such issuance of evidences of revenue obligation shall be credited to the appropriate fund.”

11. Amend s. 18.57 (2) by deleting the last phrase “for expenses incurred in issuing such obligations” and replacing it with the following phrase “to make ancillary payments”.

12. Amend s. 18.58 by deleting s. 18.58(2) to eliminate redundancy with s. 18.55(6).

* Note: These revisions are already proposed in tobacco securitization refinancing legislation.

13. Amend s. 18.61(5) to conform to the changes proposed to 16.526(9) in our comments on LRB 0854/1

✓ 14. Amend subch. II of ch. 18 by removing outdated references to interest coupons.

✓ 15. Amend s. 18.60(2) by deleting the second sentence and inserting the following in lieu thereof: "Refunding obligations may be exchanged for such principal amount of the obligations or notes being exchanged therefore as may be determined by the commission to be necessary or advisable."

C. Chapter 18 Subchapter III

✓ 1. Amend s. 18.70 by deleting the reference to s. 18.06(8). Create a new s. 18.73(5) addressing the matters covered in s. 18.06(8) and providing that any payments received pursuant to such provision will be deposited in the general fund or the operating note redemption fund, as determined by the Building Commission and any payments made pursuant to such provision will be made from the operating note redemption fund.

✓ 2. Amend s. 18.74 by inserting after "contracting of operating notes" the phrase "or any payment to be received with respect to an agreement or ancillary arrangement entered into pursuant to s. [18.73 (5)] [new section corresponding to s. 18.06 (8)] with respect to any such operating notes".

✓ 3. Amend s. 18.75 (2) by inserting after "redemption of such operating notes" the phrase ", and for the payment due, if any, under an agreement or ancillary arrangement entered into pursuant to s. 18.73 (5) with respect to such operating notes".

4. Amend s. 18.75 (4) by inserting after "premium due, if any" the phrase "for the payment due, if any, under an agreement or ancillary arrangement entered into pursuant to s. 18.73 (5) with respect to such operating notes".

D. Chapter 20

✓ 1. Amend s. 20.866 by deleting the word "and" before the phrase "premium due", deleting the word "on" before the phrase "public debt contracted", and inserting after "if any," the phrase "and payment due, if any, under an agreement or ancillary arrangement entered into pursuant to s. 18.06 (8) (a) with respect to any".

✓ 2. Amend s. 20.866 (1) (u) by deleting the word "and" between "principal and interest", inserting after "payment of principal and interest" the phrase "premium due, if and payment due, if any, under an agreement or ancillary arrangement entered into pursuant to s. 18.06 (8) (a) with respect to any",

and deleting the word "on" before the phrase "public debt contracted under".



jd

NOW

DOA:.....Hoadley – Technical revisions relating to state debt, revenue obligations, and operating notes

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 ✓

The bill makes clarifying and technical changes to laws governing the issuance of public debt, revenue obligations, and operating notes. ✓

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:

2 SECTION 1. 18.01 (4) (intro.) ✓ of the statutes is amended to read:

3 18.01 (4) (intro.) "Public debt" or "debt" means every voluntary, unconditional

4 undertaking by the state, other than an operating note ~~or an interest exchange~~

5 agreement, ✓ to repay a sum certain:

1 **SECTION 2.** 18.07 (2) of the statutes is amended to read:

2 18.07 (2) Every loan agreement entered into pursuant to s. 18.06 (2) and every
3 evidence of indebtedness given under such a loan agreement shall be executed in the
4 name of and for the state by the secretary of the commission. Every other evidence
5 of indebtedness shall be executed in the name of and for the state by the governor and
6 by the state treasurer and shall be sealed with the great seal of the state or a facsimile
7 thereof of any size, and every interest coupon appurtenant thereto shall be executed
8 in the name of and for the state by the governor. The facsimile signature of either
9 the governor or state treasurer or both may be imprinted in lieu of the manual
10 signature of such officer, as the commission directs, if approved by such officer, and
11 shall be so imprinted in the case of interest coupons. Evidence of indebtedness and
12 interest coupons appurtenant thereto bearing the manual or facsimile signature of
13 a person in office at the time such signature was signed or imprinted shall be fully
14 valid notwithstanding that before or after the delivery thereof such person ceased to
15 hold such office.

16 History: 1973 c. 90 s. 555m (2); 1981 c. 20.

16 **SECTION 3.** 18.08 (1) (a) of the statutes is amended to read:

17 18.08 (1) (a) All moneys resulting from the contracting of public debt or any
18 payment to be received with respect to any agreement or ancillary arrangement
19 entered into under s. 18.06 (8) (a) with respect to any such public debt shall be
20 credited to a separate and distinct fund, established in the state treasury, designated
21 as the capital improvement fund, except that such moneys which represent premium
22 and accrued interest on bonds or notes issued, or are for purposes of funding or
23 refunding bonds pursuant to s. 18.06 (5) shall be credited to one or more of the sinking
24 funds of the bond security and redemption fund or to the state building trust fund.

1 Any such moneys that represent premium or any payments received pursuant to any
 2 agreement or ancillary arrangement entered into under s. 18.06 (8) (a) with respect
 3 to any such public debt, may be credited to one or more of the sinking funds of the
 4 bond security and redemption fund or to the capital improvement fund as
 5 determined by the commission.

History: 1971 c. 125; 1973 c. 90 ss. 32c, 555m (2); 1973 c. 243; 1975 c. 39; 1977 c. 29 ss. 1652, 1654 (1); 1977 c. 317, 418; 1979 c. 34; 1983 a. 27 ss. 111n, 2202 (5); 1987 a. 27.

6 **SECTION 4.** 18.08 (2) of the statutes is amended to read:

7 18.08 (2) The capital improvement fund may be expended, pursuant to
 8 appropriations, only for the purposes and in the amounts for which the public debts
 9 have been contracted, for the payment of principal and interest on loans or on notes,
 10 for the payment due, if any, under an agreement or ancillary arrangement entered
 11 into under s. 18.06 (8) (a) with respect to any such public debt, for the purposes
 12 identified under s. 20.867 (2) (v) and (4) (q), and for expenses incurred in contracting
 13 public debt.

History: 1971 c. 125; 1973 c. 90 ss. 32c, 555m (2); 1973 c. 243; 1975 c. 39; 1977 c. 29 ss. 1652, 1654 (1); 1977 c. 317, 418; 1979 c. 34; 1983 a. 27 ss. 111n, 2202 (5); 1987 a. 27.

14 **SECTION 5.** 18.08 (4) of the statutes is amended to read:

15 18.08 (4) If at any time it appears that there will not be on hand in the capital
 16 improvement fund sufficient moneys for the payment of principal and interest on
 17 loans or on notes or for the payment due, if any, under an agreement or ancillary
 18 arrangement entered into under s. 18.06 (8) (a) with respect to any public debt, the
 19 department of administration shall transfer to such fund, out of the appropriation
 20 made pursuant to s. 20.866, a sum sufficient which, together with any available
 21 money on hand in such fund, is sufficient to make such payment.

History: 1971 c. 125; 1973 c. 90 ss. 32c, 555m (2); 1973 c. 243; 1975 c. 39; 1977 c. 29 ss. 1652, 1654 (1); 1977 c. 317, 418; 1979 c. 34; 1983 a. 27 ss. 111n, 2202 (5); 1987 a. 27.

22 **SECTION 6.** 18.09 (2) of the statutes is amended to read:

1 18.09 (2) Each sinking fund shall be expended, and all moneys from time to
2 time on hand therein are irrevocably appropriated, in sums sufficient, only for the
3 payment of principal and interest on the bonds giving rise to it and, premium, if any,
4 due upon refunding redemption of any such bonds, and payment due, if any, under
5 an agreement or ancillary arrangement entered into under s. 18.06 (8) (a) with
6 respect to any such bonds.

7 History: 1971 c. 125; 1983 a. 27 s. 2202 (5); 1985 a. 6; 1987 a. 27.

7 **SECTION 7.** 18.10 (4) of the statutes is amended to read:

8 18.10 (4) DEBT HELD BY STATE. All evidence of indebtedness owned or held by
9 any state fund shall be deemed to be outstanding in all respects and the agency
10 having such fund under its control shall have the same rights with respect to such
11 evidence of indebtedness as a private party, but if any sinking fund acquires bonds
12 which gave rise to such fund, such bonds shall be deemed paid for all purposes and
13 no longer outstanding and, ~~together with any interest coupons appurtenant thereto,~~
14 shall be canceled as provided in sub. (11). All evidence of indebtedness owned by any
15 state fund shall be registered to the fullest extent registrable.

16 History: 1973 c. 90 s. 555m (2); 1979 c. 34; 1979 c. 110 s. 40 (13); 1981 c. 20; 1983 a. 368; 1987 a. 27, 403; 1989 a. 31; 1991 a. 299, 316.

16 **SECTION 8.** 18.10 (5) of the statutes is amended to read:

17 18.10 (5) REGISTRATION. The state treasurer shall act as registrar for evidence
18 of indebtedness registrable as to principal or interest or both. No transfer of a
19 registered evidence of indebtedness is valid unless made on the register maintained
20 by the state treasurer for that purpose, and the state shall be entitled to treat the
21 registered owner as the owner of such instrument for all purposes. Payments of
22 principal and interest, when registered as to interest, of registered instruments shall
23 be by electronic funds transfer, check, share draft or other draft to the registered
24 owner at the owner's address as it appears on the register, unless the commission has

1 otherwise provided. Information in the register relating to the owners of evidence
2 of indebtedness is not available for inspection and copying under s. 19.35 (1). The
3 commission may make such other provisions respecting registration as it deems
4 necessary or useful. The state treasurer may enter into a contract for the
5 performance of any of his or her functions under this subsection and sub. (7).

6 History: 1973 c. 90 s. 555m (2); 1979 c. 34; 1979 c. 110[✓]60 (13); 1981 c. 20; 1983 a. 368; 1987 a. 27, 403; 1989 a. 31; 1991 a. 299, 316.

SECTION 9. 18.10 (8) of the statutes is amended to read:

7 **18.10 (8) TRUSTEES AND FISCAL AGENTS.** The commission may appoint one or
8 more trustees and fiscal agents for each issue of bonds or notes. The state treasurer
9 may be denominated the trustee and the sole fiscal agent or a cofiscal agent for any
10 issue of bonds or notes. Every other such fiscal agent shall be an incorporated bank
11 or trust company authorized by the laws of the United States or of the state in which
12 it is located to do a banking or trust company business. ~~The commission shall~~
13 ~~periodically require competitive proposals, under procedures established by the~~
14 ~~commission, for fiscal agent services and, in so doing, shall consult the state~~
15 ~~treasurer.~~[✓] There may be deposited with a trustee, in a special account administered
16 as provided in this chapter, moneys to be used only for the purposes expressly
17 provided in a resolution authorizing the issuance of debt or an agreement between
18 the commission and the trustee. ~~There may be deposited with a fiscal agent, in a~~
19 ~~special account for such purpose only, a sum estimated to be sufficient to enable such~~
20 ~~fiscal agent to pay the principal and interest on public debt which will come due not~~
21 ~~more than 15 days after the date of such deposit.~~[✓] The commission may make such
22 other provisions respecting trustees and fiscal agents as it deems necessary or useful
23 and may enter into a contract with any trustee or fiscal agent containing such terms,

1 including compensation, and conditions in regard to the trustee or fiscal agent as it
2 deems necessary or useful.

3 History: 1973 c. 90 s. 555m (2); 1979 c. 34; 1979 c. 10 s. 60 (13); 1981 c. 20; 1983 a. 368; 1987 a. 27, 403; 1989 a. 31; 1991 a. 299, 316.

3 SECTION 10. 18.51 of the statutes is amended to read:

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

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

9 SECTION 11. 18.52 (1) of the statutes is renumbered 18.52 (1m).

10 SECTION 12. 18.52 (1e) of the statutes is created to read:

11 18.52 (1e) "Ancillary payments" means payments for issuance costs and
12 expenses, payments under contracts entered into under s. 18.55 (6), payments of
13 accrued or funded interest, and payments of other costs and expenses of
14 administering revenue obligations.

15 SECTION 13. 18.53 (4) of the statutes is amended to read:

16 18.53 (4) Each purpose specified in sub. (3) shall include the expenses of
17 issuance of the revenue obligations, ancillary payments, and the establishment of
18 reserves. Unless otherwise provided in laws applicable to the issuance of a specific
19 revenue obligation, the commission shall determine the amount required for
20 expenses, ancillary payments, and establishment of reserves.

21 History: 1977 c. 29; 1999 a. 9.

21 SECTION 14. 18.55 (6) of the statutes is created to read:

22 18.55 (6) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF REVENUE
23 OBLIGATIONS. (a) The commission may enter into agreements and ancillary
24 arrangements for the revenue obligations, including liquidity facilities, remarketing

1 or dealer agreements, letter of credit agreements, insurance policies, guaranty
2 agreements, reimbursement agreements, indexing agreements, or interest
3 exchange agreements. Any payment made or received pursuant to any such
4 agreements or ancillary arrangements shall be made from or deposited into a fund
5 relating to the relevant revenue obligation, as determined by the commission.

6 (b) The commission may delegate to other persons the authority and
7 responsibility to take actions necessary and appropriate to implement agreements
8 and ancillary arrangements under par. (a).

9 (c) Any revenue obligations may include revenue obligations contracted to fund
10 interest, accrued or to accrue, on the revenue obligations.

11 SECTION 15. 18.561 (5) of the statutes is amended to read:

12 18.561 (5) REDEMPTION FUND. The proportion which shall be set aside for the
13 payment of the principal and interest on the enterprise obligations shall from month
14 to month as they accrue and are received and, as directed by the commission,
15 payments to be received with respect to an agreement or ancillary arrangement
16 entered into pursuant to s. 18.55(6), be set apart and paid into a separate fund in the
17 treasury or in an account maintained by a trustee appointed for that purpose in the
18 authorizing resolution to be identified as "the ... redemption fund". Each redemption
19 fund shall be expended, and all moneys from time to time on hand therein are
20 irrevocably appropriated, in sums sufficient, only for the payment of principal and
21 interest on the enterprise obligations giving rise to it and premium, if any, due upon
22 redemption of any such obligations, ^{plain} ~~and for other obligations that are secured by the~~
23 ~~property or income, or both, of the enterprise or program and for payment of~~
24 obligations under an agreement or ancillary arrangement entered into under s.
25 18.55(6) to the extent provided for in an authorizing resolution. Moneys in the

1 redemption funds may be commingled only for the purpose of investment with other
2 public funds, but they shall be invested only in investment instruments permitted
3 in s. 25.17 (3) (dr). All such investments shall be the exclusive property of the fund
4 and all earnings on or income from such investments shall be credited to the fund.

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

5 SECTION 16. 18.562 (3) of the statutes is amended to read:

6 18.562 (3) REDEMPTION FUND. The special fund revenues that are to be set aside
7 for the payment of the principal and interest of the special fund obligations and, as
8 directed by the commission, payments to be received with respect to an agreement
9 or ancillary arrangement entered into under s. 18.55 (6), shall be paid into a separate
10 fund in the treasury or in an account maintained by a trustee appointed for that
11 purpose in the authorizing resolution to be identified as "the ... redemption fund".
12 Each redemption fund shall be expended, and all moneys from time to time on hand
13 therein are irrevocably appropriated, in sums sufficient, only for the payment of
14 principal and interest on the special fund obligations giving rise to it and premium,
15 if any, due upon redemption of any such obligations, ^{plain} ~~and for other obligations that~~
16 ~~are secured by any fees, penalties, or excise taxes deposited in the special fund~~
17 for payment of obligations under an agreement or ancillary arrangement entered
18 into under s. 18.55 (6) to the extent provided for in an authorizing resolution. Moneys
19 in the redemption funds may be commingled only for the purpose of investment with
20 other public funds, but they shall be invested only in investment instruments
21 permitted in s. 25.17 (3) (dr). All such investments shall be the exclusive property
22 of the fund and all earnings on or income from such investments shall be credited to
23 the fund.

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

24 SECTION 17. 18.57 (1) of the statutes is amended to read:

1 18.57 (1) A separate and distinct fund shall be established in the state treasury
2 or in an account maintained by a trustee appointed for that purpose by the
3 authorizing resolution with respect to each revenue-producing enterprise or
4 program the income from which is to be applied to the payment of any enterprise
5 obligation. A separate and distinct fund shall be established in the state treasury
6 or in an account maintained by a trustee appointed for that purpose by the
7 authorizing resolution with respect to any special fund that is created by the
8 imposition of fees, penalties or excise taxes and is applied to the payment of special
9 fund obligations. All moneys resulting from the issuance of evidences of revenue
10 obligation shall be credited to the appropriate fund, applied for refunding or note
11 renewal purposes, or to make deposits to reserve funds, except that moneys which
12 represent premium or accrued interest received on the issuance of evidences shall
13 be credited to the appropriate redemption fund. As determined by the commission,
14 payments to be received with respect to an agreement or ancillary arrangement
15 entered into under s. 18.55 (6) and with respect to any such issuance of evidences of
16 revenue obligation shall be credited to the appropriate 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.

17 **SECTION 18.** 18.57 (2) of the statutes is amended to read:

18 18.57 (2) Moneys in such funds may be expended, pursuant to appropriations,
19 only for the purposes and in the amounts for which borrowed, for the payment of the
20 principal of and interest on related revenue obligations, to make deposits to reserve
21 funds, and ~~for expenses incurred in issuing such obligations to make ancillary~~
22 payments.

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

23 **SECTION 19.** 18.58 (2) of the statutes is repealed.

24 **SECTION 20.** 18.60 (2) of the statutes is amended to read:

1 18.60 (2) If the commission determines to exchange refunding obligations, they
 2 may be exchanged privately for and in payment and discharge of any of the
 3 outstanding obligations or notes being refinanced. (Refunding obligations may be plain
 4 exchanged for a like or greater principal amount of the obligations or notes being plain
 5 exchanged therefor except that the principal amount of the refunding obligations
 6 may exceed the principal amount of the obligations or notes being exchanged
 7 therefor only to the extent determined by the commission to be necessary or
 8 advisable to pay redemption premiums and unpaid interest to the date of exchange
 9 not otherwise provided for. Refunding obligations may be exchanged for such
 10 principal amount of the obligations or notes being exchanged therefore as may be
 11 determined by the commission to be necessary or advisable. plain The owners of the
 12 obligations or notes being refunded who elect to exchange need not pay accrued
 13 interest on the refunding obligations if and to the extent that interest is accrued and
 14 unpaid on the obligations or notes being refunded and to be surrendered. If any of
 15 the obligations or notes to be refinanced are to be called for redemption, the
 16 commission shall determine which redemption dates shall be used, if more than one
 17 date is applicable and shall, prior to the issuance of the refunding obligations,
 18 provide for notice of redemption to be given in the manner and at the times required
 19 by the proceedings authorizing the outstanding obligations or notes.

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

20 **SECTION 21.** 18.61 (5) of the statutes is amended to read:

21 18.61 (5) The legislature may provide, with respect to any specific issue of
 22 revenue obligations, prior to their issuance, that if the special fund income or the
 23 enterprise or program income pledged to the payment of the principal and interest
 24 of the issue is insufficient for that purpose, it will consider supplying the deficiency

1 or to replenish a reserve fund, if applicable, ✓ by appropriation of funds, from time to
2 time, out of the treasury. If the legislature so provides, the commission may make
3 the necessary provisions therefor in the authorizing resolution and other
4 proceedings of the issue. Thereafter, if the contingency occurs, recognizing its moral
5 obligation to do so, the legislature hereby expresses its expectation and aspiration
6 that it shall make such appropriation.

History: 1977 c. 29; 1979 c. 32 s. 92 (5); 1979 c. 107; 1981 c. 336; 1983 a. 228 s. 16; 1993 a. 301; 1999 a. 9; 2001 a. 103.

7 **SECTION 22.** 18.70 of the statutes is amended to read:

8 **18.70 Provisions applicable.** The following sections apply to this
9 subchapter, except that all references to “public debt”, “debt” or “revenue obligation”
10 are deemed to refer to “operating notes”, all references to “evidence of indebtedness”
11 are deemed to refer to “evidence of operating note”, and all references to “evidences
12 of indebtedness” are deemed to refer to “evidences of operating notes”: ss. 18.03,
13 ~~18.06 (8)~~, ✓ 18.07, 18.10 (1), (2), (4) to (9) and (11), 18.17, 18.52 ~~(1)~~, ~~18.58 (2)~~, ^{score → (m) ✓} 18.61 (1),
14 18.62 and 18.63.

History: 1983 a. 3; 1991 a. 39.

15 **SECTION 23.** 18.73 (5) of the statutes is created to read:

16 **18.73 (5) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF OPERATING NOTES.**
17 (a) The commission may enter into agreements and ancillary arrangements for the
18 operating notes, including liquidity facilities, remarketing or dealer agreements,
19 letter of credit agreements, insurance policies, guaranty agreements,
20 reimbursement agreements, indexing agreements, or interest exchange
21 agreements. Any payment received pursuant to any such agreements or ancillary
22 arrangements shall be deposited in the general fund or the operating note
23 redemption fund, as determined by the commission, and any payments made

check
↙ ↘

1 pursuant to any such agreements or ancillary arrangements will be made from the
2 operating note redemption fund.

3 (b) The commission may delegate to other persons the authority and
4 responsibility to take actions necessary and appropriate to implement agreements
5 and ancillary arrangements under par. (a).

6 (c) Any operating notes may include operating notes contracted to fund
7 interest, accrued or to accrue, on the operating notes.

8 SECTION 24. 18.74 of the statutes is amended to read:

9 18.74 Application of operating note proceeds. All moneys resulting from
10 the contracting of operating notes or any payment to be received with respect to an
11 agreement or ancillary arrangement entered into under s. 18.73 (5) and with respect
12 to any such operating notes shall be credited to the general fund, except that moneys
13 which represent premium and accrued interest on operating notes, or moneys for
14 purposes of funding or refunding operating notes pursuant to s. 18.72 (1) shall be
15 credited to the operating note redemption fund.

History: 1983 a. 3.

16 SECTION 25. 18.75 (2) of the statutes is amended to read:

17 18.75 (2) The operating note redemption fund shall be expended and all
18 moneys from time to time on hand therein are irrevocably appropriated, in sums
19 sufficient, only for the payment of principal and interest on operating notes giving
20 rise to it and premium, if any, due upon refunding or early redemption of such
21 operating notes, and for the payment due, if any, under an agreement or ancillary
22 arrangement entered into under s. 18.73 (5) with respect to such operating notes.

History: 1983 a. 3; 1985 a. 29 s. 3202 (56).

23 SECTION 26. 18.75 (4) of the statutes is amended to read:

1 18.75 (4) There shall be transferred, under s. 20.855 (1) (a), a sum sufficient
2 for the payment of the principal, interest and premium due, if any, and for the
3 payment due, if any, under an agreement or ancillary arrangement entered into
4 pursuant to s. 18.73 (5) with respect to such operating notes on the operating notes
5 giving rise to it as the same falls due. Such transfers shall be so timed that there is
6 at all times on hand in the fund an amount not less than the amount to be paid out
7 of it during the ensuing 30 days or such other period if so provided for in the
8 authorizing resolution. The commission may pledge the deposit of additional
9 amounts at periodic intervals and the secretary of the department may impound
10 moneys of the general fund, including moneys temporarily reallocated from other
11 funds under s. 20.002 (11), in accordance with the pledge of revenues in the
12 authorizing resolution, and all such impoundments are deemed to be payments for
13 purposes of s. 16.53 (10), but no such impoundment may be made until the amounts
14 to be paid into the bond security and redemption fund under s. 18.09 during the
15 ensuing 30 days have been deposited in the bond security and redemption fund.

History: 1983 a. 3; 1985 a. 29 s. 3202 (56).

16 **SECTION 27.** 20.866 (intro.) of the statutes is amended to read:

17 **20.866 Public debt.** (intro.) There are irrevocably appropriated to the bond
18 security and redemption fund and to the capital improvement fund, as a first charge
19 upon all revenues of this state, sums sufficient for payment of principal, interest and,
20 premium due, if any, ~~on~~ and payment due, if any, under an agreement or ancillary
21 arrangement entered into under s. 18.06 (8) (a) with respect to any public debt
22 contracted under subchs. I and IV of ch. 18.

History: 1971 c. 42; 1971 c. 100 s. 23; 1971 c. 125, 211, 215, 236, 307, 330, 336; 1973 c. 90 ss. 148 to 149m, 555m (2); 1973 c. 333; 1975 c. 26, 39, 40, 41, 200, 224, 422; 1977 c. 4, 6; 1977 c. 29 ss. 385 to 387, 1650m (4), 1656 (43); 1977 c. 418; 1979 c. 4; 1979 c. 34 ss. 675a to 677v, 2102 (6) (a), (39) (a), (52) (a); 1979 c. 107, 221; 1981 c. 1 ss. 17, 18, 47; 1981 c. 20, 108, 317, 336; 1983 a. 27; 1983 a. 36 s. 96 (4); 1983 a. 97, 192, 195, 212; 1983 a. 410 s. 2202 (2); 1985 a. 6; 1985 a. 8 ss. 4, 12; 1985 a. 29 ss. 589m to 598, 3202 (23) (c), (26) (a), (53) (a); 1985 a. 77, 120, 332; 1987 a. 27, 295, 298, 399, 403, 409; 1989 a. 31, 46, 107, 122, 219, 336, 359, 366; 1991 a. 39, 51, 269, 309, 324; 1993 a. 2, 16, 98, 115, 213, 343, 377, 413, 437, 453, 485; 1995 a. 27 ss. 1159 to 1168s, 9126 (19), 9145 (1); 1995 a. 40, 57, 60, 113; 1995 a. 216, s. 30m and 9127; 1995 a. 227, 246, 372, 388, 416, 452; 1997 a. 27, 35, 61, 164, 237, 252; 1999 a. 4, 9, 146; 1999 a. 150 s. 672; 1999 a. 184; 2001 a. 12, 16, 103, 109.

23 **SECTION 28.** 20.866 (1) (u) of the statutes is amended to read:

1 20.866 (1) (u) *Principal repayment and interest.* A sum sufficient from moneys
2 appropriated under sub. (2) (zp) and ss. 20.115 (2) (d) and (7) (b) and (f), 20.190 (1)
3 (c), (d), (i), and (j), 20.225 (1) (c) and (i), 20.245 (1) (e) and (j), 20.250 (1) (c) and (e),
4 20.255 (1) (d), 20.275 (1) (er), (es), (h), and (hb), 20.285 (1) (d), (db), (fh), (ih), (kd), and
5 (km) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (ag), (aq), (ar),
6 (at), (au), (ba), (bq), (ca), (cb), (cc), (cd), (ce), (cf), (ea), (eq), and (er), 20.395 (6) (af), (aq),
7 (ar), and (at), 20.410 (1) (e), (ec), and (ko) and (3) (e), 20.435 (2) (ee) and (6) (e), 20.465
8 (1) (d), 20.485 (1) (f) and (go), (3) (t) and (4) (qm), 20.505 (5) (c), (g) and (kc), 20.855
9 (8) (a) and 20.867 (1) (a) and (b) and (3) (a), (b), (bm), (bp), (br), (bt), (g), (h), (i), and
10 (q) for the payment of principal [✓]and ~~interest on~~, premium due, if any, and payment
11 due, if any, under an agreement or ancillary arrangement entered into pursuant to
12 s. 18.06 (8) (a) [✓]with respect to any public debt contracted under subchs. I and IV of
13 ch. 18.

History: 1971 c. 42; 1971 c. 100 s. 23; 1971 c. 125, 211, 215, 236, 307, 330, 336; 1973 c. 90 ss. 148 to 149m, 555m (2); 1973 c. 333; 1975 c. 26, 39, 40, 41, 200, 224, 422; 1977 c. 4, 6; 1977 c. 29 ss. 385 to 387, 1650m (4), 1656 (43); 1977 c. 418; 1979 c. 4; 1979 c. 34 ss. 675a to 677v, 2102 (6) (a), (39) (a), (52) (a); 1979 c. 107, 221; 1981 c. 1 ss. 17, 18, 47; 1981 c. 20, 108, 317, 336; 1983 a. 27; 1983 a. 36 s. 96 (4); 1983 a. 97, 192, 195, 212; 1983 a. 410 s. 2202 (2); 1985 a. 6; 1985 a. 8 ss. 4, 12; 1985 a. 29 ss. 589m to 598, 3202 (23) (c), (26) (a), (53) (a); 1985 a. 77, 120, 332; 1987 a. 27, 295, 298, 399, 403, 409; 1989 a. 31, 46, 107, 122, 219, 336, 359, 366; 1991 a. 39, 51, 269, 309, 324; 1993 a. 2, 16, 98, 115, 213, 343, 377, 413, 437, 453, 485; 1995 a. 27 ss. 1159 to 1168s, 9126 (19), 9145 (1); 1995 a. 40, 57, 60, 113; 1995 a. 216, s. 30m and 9127; 1995 a. 227, 246, 372, 388, 416, 452; 1997 a. 27, 35, 61, 164, 237, 252; 1999 a. 4, 9, 146; 1999 a. 150 s. 672; 1999 a. 184; 2001 a. 12, 16, 103, 109.

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(END)

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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1932/1dn

RAC: :....

Jld

Frank Hoadley:

Bond counsel will need to review carefully the changes I made to ch. 18[✓] as I prepared this draft in an extremely short time frame last evening because of the budget bill deadline. The only provision I did not address in the instructions was the item to expand the permitted investments in ss. 18.561 (5),[✓] 18.562 (3),[✓] and 18.57 (1).[✓] This was because there was no direction as to what new investment options to include. Please note that another draft that is in the budget bill does increase the investment options under s. 25. 17 (3) (dr).[✓]

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

LRB-1932/1dn
RAC:jld:pg

February 5, 2003

Frank Hoadley:

Bond counsel will need to review carefully the changes I made to ch. 18 as I prepared this draft in an extremely short time frame last evening because of the budget bill deadline. The only provision I did not address in the instructions was the item to expand the permitted investments in ss. 18.561 (5), 18.562 (3), and 18.57 (1). This was because there was no direction as to what new investment options to include. Please note that another draft that is in the budget bill does increase the investment options under s. 25. 17 (3) (dr).

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RMR

DOA:.....Hoadley – Technical revisions relating to state debt, revenue obligations, and operating notes

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

The bill makes clarifying and technical changes to laws governing the issuance of public debt, revenue obligations, and operating notes.

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:

2 SECTION 1. 18.01 (4) (intro.) of the statutes is amended to read:

3 18.01 (4) (intro.) "Public debt" or "debt" means every voluntary, unconditional
4 undertaking by the state, other than an operating note ~~or an interest exchange~~
5 agreement, to repay a sum certain:

1 **SECTION 2.** 18.07 (2) of the statutes is amended to read:

2 18.07 (2) Every loan agreement entered into pursuant to s. 18.06 (2) and every
3 evidence of indebtedness given under such a loan agreement shall be executed in the
4 name of and for the state by the secretary of the commission. Every other evidence
5 of indebtedness shall be executed in the name of and for the state by the governor and
6 by the state treasurer and shall be sealed with the great seal of the state or a facsimile
7 thereof of any size, ~~and every interest coupon appurtenant thereto shall be executed~~
8 ~~in the name of and for the state by the governor.~~ The facsimile signature of either
9 the governor or state treasurer or both may be imprinted in lieu of the manual
10 signature of such officer, as the commission directs, if approved by such officer, ~~and~~
11 ~~shall be so imprinted in the case of interest coupons.~~ Evidence of indebtedness and
12 ~~interest coupons appurtenant thereto~~ bearing the manual or facsimile signature of
13 a person in office at the time such signature was signed or imprinted shall be fully
14 valid notwithstanding that before or after the delivery thereof such person ceased to
15 hold such office.

16 **SECTION 3.** 18.08 (1) (a) of the statutes is amended to read:

17 18.08 (1) (a) All moneys resulting from the contracting of public debt or any
18 payment to be received with respect to any agreement or ancillary arrangement
19 entered into under s. 18.06 (8) (a) with respect to any such public debt shall be
20 credited to a separate and distinct fund, established in the state treasury, designated
21 as the capital improvement fund, except that such moneys which represent ~~premium~~
22 ~~and~~ accrued interest on bonds ~~or notes~~ issued, or are for purposes of funding or
23 refunding bonds pursuant to s. 18.06 (5) shall be credited to one or more of the sinking
24 funds of the bond security and redemption fund or to the state building trust fund.
25 Any such moneys that represent premium or any payments received pursuant to any

1 agreement or ancillary arrangement entered into under s. 18.06 (8) (a) with respect
2 to any such public debt may be credited to one or more of the sinking funds of the bond
3 security and redemption fund or to the capital improvement fund as determined by
4 the commission.

5 **SECTION 4.** 18.08 (2) of the statutes is amended to read:

6 18.08 (2) The capital improvement fund may be expended, pursuant to
7 appropriations, only for the purposes and in the amounts for which the public debts
8 have been contracted, for the payment of principal and interest on loans or on notes,
9 for the payment due, if any, under an agreement or ancillary arrangement entered
10 into under s. 18.06 (8) (a) with respect to any such public debt, for the purposes
11 identified under s. 20.867 (2) (v) and (4) (q), and for expenses incurred in contracting
12 public debt.

13 **SECTION 5.** 18.08 (4) of the statutes is amended to read:

14 18.08 (4) If at any time it appears that there will not be on hand in the capital
15 improvement fund sufficient moneys for the payment of principal and interest on
16 loans or on notes or for the payment due, if any, under an agreement or ancillary
17 arrangement entered into under s. 18.06 (8) (a) with respect to any public debt, the
18 department of administration shall transfer to such fund, out of the appropriation
19 made pursuant to s. 20.866, a sum sufficient which, together with any available
20 money on hand in such fund, is sufficient to make such payment.

21 **SECTION 6.** 18.09 (2) of the statutes is amended to read:

22 18.09 (2) Each sinking fund shall be expended, and all moneys from time to
23 time on hand therein are irrevocably appropriated, in sums sufficient, only for the
24 payment of principal and interest on the bonds giving rise to it ~~and~~, premium, if any,
25 due upon ~~refunding~~ redemption of any such bonds, and payment due, if any, under

1 an agreement or ancillary arrangement entered into under s. 18.06 (8) (a) with
2 respect to any such bonds.

3 **SECTION 7.** 18.10 (4) of the statutes is amended to read:

4 18.10 (4) DEBT HELD BY STATE. All evidence of indebtedness owned or held by
5 any state fund shall be deemed to be outstanding in all respects and the agency
6 having such fund under its control shall have the same rights with respect to such
7 evidence of indebtedness as a private party, but if any sinking fund acquires bonds
8 which gave rise to such fund, such bonds shall be deemed paid for all purposes and
9 no longer outstanding and, ~~together with any interest coupons appurtenant thereto,~~
10 shall be canceled as provided in sub. (11). All evidence of indebtedness owned by any
11 state fund shall be registered to the fullest extent registrable.

12 **SECTION 8.** 18.10 (5) of the statutes is amended to read:

13 18.10 (5) REGISTRATION. The state treasurer shall act as registrar for evidence
14 of indebtedness registrable as to principal or interest or both. No transfer of a
15 registered evidence of indebtedness is valid unless made on the register maintained
16 by the state treasurer for that purpose, and the state shall be entitled to treat the
17 registered owner as the owner of such instrument for all purposes. Payments of
18 principal and interest, when registered as to interest, of registered instruments shall
19 be by electronic funds transfer, check, share draft or other draft to the registered
20 owner at the owner's address as it appears on the register, unless the commission has
21 otherwise provided. Information in the register relating to the owners of evidence
22 of indebtedness is not available for inspection and copying under s. 19.35 (1). The
23 commission may make such other provisions respecting registration as it deems
24 necessary or useful. The state treasurer may enter into a contract for the
25 performance of any of his or her functions under this subsection and sub. (7).

1 **SECTION 9.** 18.10 (8) of the statutes is amended to read:

2 **18.10 (8) TRUSTEES AND FISCAL AGENTS.** The commission may appoint one or
3 more trustees and fiscal agents for each issue of bonds or notes. The state treasurer
4 may be denominated the trustee and the sole fiscal agent or a cofiscal agent for any
5 issue of bonds or notes. Every other such fiscal agent shall be an incorporated bank
6 or trust company authorized by the laws of the United States or of the state in which
7 it is located to do a banking or trust company business. ~~The commission shall~~
8 ~~periodically require competitive proposals, under procedures established by the~~
9 ~~commission, for fiscal agent services and, in so doing, shall consult the state~~
10 ~~treasurer.~~ There may be deposited with a trustee, in a special account administered
11 as provided in this chapter, moneys to be used only for the purposes expressly
12 provided in a resolution authorizing the issuance of debt or an agreement between
13 the commission and the trustee. ~~There may be deposited with a fiscal agent, in a~~
14 ~~special account for such purpose only, a sum estimated to be sufficient to enable such~~
15 ~~fiscal agent to pay the principal and interest on public debt which will come due not~~
16 ~~more than 15 days after the date of such deposit.~~ The commission may make such
17 other provisions respecting trustees and fiscal agents as it deems necessary or useful
18 and may enter into a contract with any trustee or fiscal agent containing such terms,
19 including compensation, and conditions in regard to the trustee or fiscal agent as it
20 deems necessary or useful.

21 **SECTION 10.** 18.51 of the statutes is amended to read:

22 **18.51 Provisions applicable.** The following sections apply to this
23 subchapter, except that all references to “public debt” or “debt” shall be read to refer
24 to a “revenue obligation” and all references to “evidences of indebtedness” shall be

1 read to refer to “evidences of revenue obligation”: ss. 18.02, 18.03, ~~18.06 (8)~~, 18.07,
2 18.10 (1), (2), (4) to (9) ~~and, (11), and (12)~~, and 18.17.

3 **SECTION 11.** 18.52 (1) of the statutes is renumbered 18.52 (1m).

4 **SECTION 12.** 18.52 (1e) of the statutes is created to read:

5 18.52 (1e) “Ancillary payments” means payments for issuance costs and
6 expenses, payments under contracts entered into under s. 18.55 (6), payments of
7 accrued or funded interest, and payments of other costs and expenses of
8 administering revenue obligations.

9 **SECTION 13.** 18.53 (4) of the statutes is amended to read:

10 18.53 (4) Each purpose specified in sub. (3) shall include the expenses of
11 issuance of the revenue obligations, ancillary payments, and the establishment of
12 reserves. Unless otherwise provided in laws applicable to the issuance of a specific
13 revenue obligation, the commission shall determine the amount required for
14 expenses, ancillary payments, and establishment of reserves.

15 **SECTION 14.** 18.55 (6) of the statutes is created to read:

16 18.55 (6) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF REVENUE
17 OBLIGATIONS. (a) The commission may enter into agreements and ancillary
18 arrangements for the revenue obligations, including liquidity facilities, remarketing
19 or dealer agreements, letter of credit agreements, insurance policies, guaranty
20 agreements, reimbursement agreements, indexing agreements, or interest
21 exchange agreements. Any payment made or received pursuant to any such
22 agreements or ancillary arrangements shall be made from or deposited into a fund
23 relating to the relevant revenue obligation, as determined by the commission.

1 (b) The commission may delegate to other persons the authority and
2 responsibility to take actions necessary and appropriate to implement agreements
3 and ancillary arrangements under par. (a).

4 (c) Any revenue obligations may include revenue obligations contracted to fund
5 interest, accrued or to accrue, on the revenue obligations.

6 **SECTION 15.** 18.561 (5) of the statutes is amended to read:

7 18.561 (5) REDEMPTION FUND. The proportion which shall be set aside for the
8 payment of the principal and interest on the enterprise obligations shall from month
9 to month as they accrue and are received and, as directed by the commission,
10 payments to be received with respect to an agreement or ancillary arrangement
11 entered into pursuant to s. 18.55 (6), be set apart and paid into a separate fund in
12 the treasury or in an account maintained by a trustee appointed for that purpose in
13 the authorizing resolution to be identified as “the ... redemption fund”. Each
14 redemption fund shall be expended, and all moneys from time to time on hand
15 therein are irrevocably appropriated, in sums sufficient, only for the payment of
16 principal and interest on the enterprise obligations giving rise to it and premium, if
17 any, due upon redemption of any such obligations, and for ~~other obligations that are~~
18 ~~secured by the property or income, or both, of the enterprise or program~~ payment of
19 obligations under an agreement or ancillary arrangement entered into under s. 18.55
20 (6) to the extent provided for in an authorizing resolution. Moneys in the redemption
21 funds may be commingled only for the purpose of investment with other public funds,
22 but they shall be invested only in investment instruments permitted in s. 25.17 (3)
23 (dr). All such investments shall be the exclusive property of the fund and all earnings
24 on or income from such investments shall be credited to the fund.

25 **SECTION 16.** 18.562 (3) of the statutes is amended to read:

1 18.562 (3) REDEMPTION FUND. The special fund revenues that are to be set aside
2 for the payment of the principal and interest of the special fund obligations and, as
3 directed by the commission, payments to be received with respect to an agreement
4 or ancillary arrangement entered into under s. 18.55 (6), shall be paid into a separate
5 fund in the treasury or in an account maintained by a trustee appointed for that
6 purpose in the authorizing resolution to be identified as “the ... redemption fund”.
7 Each redemption fund shall be expended, and all moneys from time to time on hand
8 therein are irrevocably appropriated, in sums sufficient, only for the payment of
9 principal and interest on the special fund obligations giving rise to it and premium,
10 if any, due upon redemption of any such obligations, and for ~~other obligations that~~
11 ~~are secured by any fees, penalties, or excise taxes deposited in the special fund~~
12 payment of obligations under an agreement or ancillary arrangement entered into
13 under s. 18.55 (6) to the extent provided for in an authorizing resolution. Moneys in
14 the redemption funds may be commingled only for the purpose of investment with
15 other public funds, but they shall be invested only in investment instruments
16 permitted in s. 25.17 (3) (dr). All such investments shall be the exclusive property
17 of the fund and all earnings on or income from such investments shall be credited to
18 the fund.

19 **SECTION 17.** 18.57 (1) of the statutes is amended to read:

20 18.57 (1) A separate and distinct fund shall be established in the state treasury
21 or in an account maintained by a trustee appointed for that purpose by the
22 authorizing resolution with respect to each revenue-producing enterprise or
23 program the income from which is to be applied to the payment of any enterprise
24 obligation. A separate and distinct fund shall be established in the state treasury
25 or in an account maintained by a trustee appointed for that purpose by the

program

1 authorizing resolution with respect to any special fund that is ~~created by the~~
 2 ~~imposition of fees, penalties or excise taxes and is applied to the payment of special~~
 3 financed through the issuance fund obligations. All moneys resulting from the issuance of evidences of revenue
 4 obligation shall be credited to the appropriate fund, applied for refunding or note
 5 renewal purposes, or to make deposits to reserve funds, except that moneys which
 6 represent ~~premium~~ or accrued interest received on the issuance of evidences shall
 7 be credited to the appropriate redemption fund. As determined by the commission
 8 payments to be received with respect to an agreement or ancillary arrangement
 9 entered into under s. 18.55 (6) and with respect to any such issuance of evidences of
 10 revenue obligation shall be credited to the appropriate fund.

plain

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

11 SECTION 18. 18.57 (2) of the statutes is amended to read:

12 18.57 (2) Moneys in such funds may be expended, pursuant to appropriations,
 13 only for the purposes and in the amounts for which borrowed, for the payment of the
 14 principal of and interest on related revenue obligations, to make deposits to reserve
 15 funds, and ~~for expenses incurred in issuing such obligations to make ancillary~~
 16 payments.

17 SECTION 19. 18.58 (2) of the statutes is repealed.

18 SECTION 20. 18.60 (2) of the statutes is amended to read:

19 18.60 (2) If the commission determines to exchange refunding obligations, they
 20 may be exchanged privately for and in payment and discharge of any of the
 21 outstanding obligations or notes being refinanced. Refunding obligations may be
 22 exchanged for ~~a like or greater principal amount of the obligations or notes being~~
 23 ~~exchanged therefor except that the principal amount of the refunding obligations~~
 24 ~~may exceed the principal amount of the obligations or notes being exchanged~~
 25 ~~therefor only to the extent determined by the commission to be necessary or~~

NOTE: This is reconciled s. 18.57(1). It reconciles CRB-1581 and CRB-1932.

1 ~~advisable to pay redemption premiums and unpaid interest to the date of exchange~~
2 ~~not otherwise provided for such principal amount of the obligations or notes being~~
3 ~~exchanged therefore as may be determined by the commission to be necessary or~~
4 ~~advisable.~~ The owners of the obligations or notes being refunded who elect to
5 exchange need not pay accrued interest on the refunding obligations if and to the
6 extent that interest is accrued and unpaid on the obligations or notes being refunded
7 and to be surrendered. If any of the obligations or notes to be refinanced are to be
8 called for redemption, the commission shall determine which redemption dates shall
9 be used, if more than one date is applicable and shall, prior to the issuance of the
10 refunding obligations, provide for notice of redemption to be given in the manner and
11 at the times required by the proceedings authorizing the outstanding obligations or
12 notes.

13 **SECTION 21.** 18.61 (5) of the statutes is amended to read:

14 18.61 (5) The legislature may provide, with respect to any specific issue of
15 revenue obligations, prior to their issuance, that if the special fund income or the
16 enterprise or program income pledged to the payment of the principal and interest
17 of the issue is insufficient for that purpose, it will consider supplying the deficiency
18 or to replenish a reserve fund, if applicable, by appropriation of funds, from time to
19 time, out of the treasury. If the legislature so provides, the commission may make
20 the necessary provisions therefor in the authorizing resolution and other
21 proceedings of the issue. Thereafter, if the contingency occurs, recognizing its moral
22 obligation to do so, the legislature hereby expresses its expectation and aspiration
23 that it shall make such appropriation.

24 **SECTION 22.** 18.70 of the statutes is amended to read:

1 **18.70 Provisions applicable.** The following sections apply to this
2 subchapter, except that all references to “public debt”, “debt” or “revenue obligation”
3 are deemed to refer to “operating notes”, all references to “evidence of indebtedness”
4 are deemed to refer to “evidence of operating note”, and all references to “evidences
5 of indebtedness” are deemed to refer to “evidences of operating notes”: ss. 18.03,
6 ~~18.06 (8)~~, 18.07, 18.10 (1), (2), (4) to (9) and (11), 18.17, 18.52 (1), ~~18.58 (2)~~ (1m), 18.61
7 (1), 18.62 and 18.63.

8 **SECTION 23.** 18.73 (5) of the statutes is created to read:

9 **18.73 (5) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF OPERATING NOTES.**

10 (a) The commission may enter into agreements and ancillary arrangements for the
11 operating notes, including liquidity facilities, remarketing or dealer agreements,
12 letter of credit agreements, insurance policies, guaranty agreements,
13 reimbursement agreements, indexing agreements, or interest exchange
14 agreements. Any payment received pursuant to any such agreements or ancillary
15 arrangements shall be deposited in the general fund or the operating note
16 redemption fund, as determined by the commission, and any payments made
17 pursuant to any such agreements or ancillary arrangements will be made from the
18 operating note redemption fund.

19 (b) The commission may delegate to other persons the authority and
20 responsibility to take actions necessary and appropriate to implement agreements
21 and ancillary arrangements under par. (a).

22 (c) Any operating notes may include operating notes contracted to fund
23 interest, accrued or to accrue, on the operating notes.

24 **SECTION 24.** 18.74 of the statutes is amended to read:

1 **18.74 Application of operating note proceeds.** All moneys resulting from
2 the contracting of operating notes or any payment to be received with respect to an
3 agreement or ancillary arrangement entered into under s. 18.73 (5) and with respect
4 to any such operating notes shall be credited to the general fund, except that moneys
5 which represent premium and accrued interest on operating notes, or moneys for
6 purposes of funding or refunding operating notes pursuant to s. 18.72 (1) shall be
7 credited to the operating note redemption fund.

8 **SECTION 25.** 18.75 (2) of the statutes is amended to read:

9 18.75 (2) The operating note redemption fund shall be expended and all
10 moneys from time to time on hand therein are irrevocably appropriated, in sums
11 sufficient, only for the payment of principal and interest on operating notes giving
12 rise to it and premium, if any, due upon refunding or early redemption of such
13 operating notes, and for the payment due, if any, under an agreement or ancillary
14 arrangement entered into under s. 18.73 (5) with respect to such operating notes.

15 **SECTION 26.** 18.75 (4) of the statutes is amended to read:

16 18.75 (4) There shall be transferred, under s. 20.855 (1) (a), a sum sufficient
17 for the payment of the principal, interest and premium due, if any, and for the
18 payment due, if any, under an agreement or ancillary arrangement entered into
19 pursuant to s. 18.73 (5) with respect to such operating notes on the operating notes
20 giving rise to it as the same falls due. Such transfers shall be so timed that there is
21 at all times on hand in the fund an amount not less than the amount to be paid out
22 of it during the ensuing 30 days or such other period if so provided for in the
23 authorizing resolution. The commission may pledge the deposit of additional
24 amounts at periodic intervals and the secretary of the department may impound
25 moneys of the general fund, including moneys temporarily reallocated from other

1 funds under s. 20.002 (11), in accordance with the pledge of revenues in the
2 authorizing resolution, and all such impoundments are deemed to be payments for
3 purposes of s. 16.53 (10), but no such impoundment may be made until the amounts
4 to be paid into the bond security and redemption fund under s. 18.09 during the
5 ensuing 30 days have been deposited in the bond security and redemption fund.

6 SECTION 27. 20.866 (intro.) of the statutes is amended to read:

7 20.866 Public debt. (intro.) There are irrevocably appropriated to the bond
8 security and redemption fund and to the capital improvement fund, as a first charge
9 upon all revenues of this state, sums sufficient for payment of principal, interest and,
10 premium due, if any, ~~on~~ and payment due, if any, under an agreement or ancillary
11 arrangement entered into under s. 18.06 (8) (a) with respect to any public debt
12 contracted under subchs. I and IV of ch. 18.

13 SECTION 28. 20.866 (1) (u) of the statutes is amended to read:

14 20.866 (1) (u) *Principal repayment and interest.* A sum sufficient from moneys
15 appropriated under sub. (2) (zp) and ss. 20.115 (2) (d) and (7) (b) and (f), 20.190 (1)
16 (c), (d), (i), and (j), 20.225 (1) (c) and (i), 20.245 (1) (e) and (j), 20.250 (1) (c) and (e),
17 20.255 (1) (d), ~~20.275 (1)~~ ^{and (4)} (er), (es), (h), and (hb), 20.285 (1) (d), (db), (fh), (ih), (kd), and
18 (km) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (ag), (aq), (ar),
19 (at), (au), ~~(ba)~~ (bq), (ca), (cb), (cc), (cd), (ce), (cf), ^(cf) (ea), (eq), and (er), 20.395 (6) (af), (aq),
20 (ar), and (at), 20.410 (1) (e), (ec), and (ko) and (3) (e), 20.435 (2) (ee) and (6) (e), 20.465
21 (1) (d), 20.485 (1) (f) and (go), (3) (t) and (4) (qm), 20.505 (5) (c), (g) and (kc), 20.855
22 (8) (a) and 20.867 (1) (a) and (b) and (3) (a), (b), (bm), (bp), (br), (bt), (g), (h), (i), and
23 (q) for the payment of principal and, interest ~~on~~ premium due, if any, and payment
24 due, if any, under an agreement or ancillary arrangement entered into pursuant to

MOVE TO next page
*** Note - This reconciles LRB-0423/3, LRB-0666/8, LRB-1637/1, and LRB-1932/1

1 s. 18.06 (8) (a) with respect to any public debt contracted under subchs. I and IV of
2 ch. 18.

3 (END)

To: HoADley, WAlker, MAWdsley, & MIlIoto

This draft reconciles LRB-0423,
LRB-0666, LRB-1637, ~~LRB-1581~~,
LRB-1581, LRB-1797, and LRB-1932.

^{continue}
all drafts will continue to appear in the
compiled bill.

RAC

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

LRB-1932/2dn
RAC:jld:pg

February 5, 2003

To: Hoadley, Walker, Mawdsley, and Milioto

This draft reconciles LRB-0423, LRB-0666, LRB-1637, LRB-1581, LRB-1797, and LRB-1932. All of these drafts will continue to appear in the compiled bill.

Rick A. Champagne
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DOA:.....Hoadley - Technical revisions relating to state debt, revenue obligations, and operating notes

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

The bill makes clarifying and technical changes to laws governing the issuance of public debt, revenue obligations, and operating notes.

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:

2 SECTION 1. 18.01 (4) (intro.) of the statutes is amended to read:

3 18.01 (4) (intro.) "Public debt" or "debt" means every voluntary, unconditional
4 undertaking by the state, other than an operating note ~~or an interest exchange~~
5 ~~agreement~~, to repay a sum certain:

1 SECTION 2. 18.07 (2) of the statutes is amended to read:

2 18.07 (2) Every loan agreement entered into pursuant to s. 18.06 (2) and every
3 evidence of indebtedness given under such a loan agreement shall be executed in the
4 name of and for the state by the secretary of the commission. Every other evidence
5 of indebtedness shall be executed in the name of and for the state by the governor and
6 by the state treasurer and shall be sealed with the great seal of the state or a facsimile
7 thereof of any size, ~~and every interest coupon appurtenant thereto shall be executed~~
8 ~~in the name of and for the state by the governor.~~ The facsimile signature of either
9 the governor or state treasurer or both may be imprinted in lieu of the manual
10 signature of such officer, as the commission directs, if approved by such officer, ~~and~~
11 ~~shall be so imprinted in the case of interest coupons.~~ Evidence of indebtedness ~~and~~
12 ~~interest coupons appurtenant thereto~~ bearing the manual or facsimile signature of
13 a person in office at the time such signature was signed or imprinted shall be fully
14 valid notwithstanding that before or after the delivery thereof such person ceased to
15 hold such office.

16 SECTION 3. 18.08 (1) (a) of the statutes is amended to read:

17 18.08 (1) (a) All moneys resulting from the contracting of public debt or any
18 payment to be received with respect to any agreement or ancillary arrangement
19 entered into under s. 18.06 (8) (a) with respect to any such public debt shall be
20 credited to a separate and distinct fund, established in the state treasury, designated
21 as the capital improvement fund, except that such moneys which represent ~~premium~~
22 ~~and~~ accrued interest on bonds ~~or notes~~ issued, or are for purposes of funding or
23 refunding bonds pursuant to s. 18.06 (5) shall be credited to one or more of the sinking
24 funds of the bond security and redemption fund or to the state building trust fund *; and*
25 Any such moneys that represent premium or any payments received pursuant to any

2.

1 an agreement or ancillary arrangement entered into under s. 18.06 (8) (a) with
2 respect to any such bonds.

3 SECTION 7. 18.10 (4) of the statutes is amended to read:

4 18.10 (4) DEBT HELD BY STATE. All evidence of indebtedness owned or held by
5 any state fund shall be deemed to be outstanding in all respects and the agency
6 having such fund under its control shall have the same rights with respect to such
7 evidence of indebtedness as a private party, but if any sinking fund acquires bonds
8 which gave rise to such fund, such bonds shall be deemed paid for all purposes and
9 no longer outstanding and, ~~together with any interest coupons appurtenant thereto,~~
10 shall be canceled as provided in sub. (11). All evidence of indebtedness owned by any
11 state fund shall be registered to the fullest extent registrable.

12 SECTION 8. 18.10 (5) of the statutes is amended to read:

13 18.10 (5) REGISTRATION. The state treasurer shall act as registrar for evidence
14 of indebtedness registrable as to principal or interest or both. No transfer of a
15 registered evidence of indebtedness is valid unless made on the register maintained
16 by the state treasurer for that purpose, and the state shall be entitled to treat the
17 registered owner as the owner of such instrument for all purposes. Payments of
18 principal and interest, when registered as to interest, of registered instruments shall
19 be by electronic funds transfer, check, share draft or other draft to the registered
20 owner at the owner's address as it appears on the register, unless the commission has
21 otherwise provided. Information in the register relating to the owners of evidence
22 of indebtedness is not available for inspection and copying under s. 19.35 (1). The
23 commission may make such other provisions respecting registration as it deems
24 necessary or useful. The state treasurer may enter into a contract for the
25 performance of any of his or her functions under this subsection and sub. (7).

In addition to the requirements established under sub. (3),

1 read to refer to "evidences of revenue obligation": ss. 18.02, 18.03, 18.06 (8), 18.07,
2 18.10 (1), (2), (4) to (9) and (11), and (12), and 18.17.

3 SECTION 11. 18.52 (1) of the statutes is renumbered 18.52 (1m)

4 SECTION 12. 18.52 (1e) of the statutes is created to read:

5 18.52 (1e) "Ancillary payments" means payments for issuance costs and
6 expenses, payments under contracts entered into under s. 18.55 (6), payments of
7 accrued or funded interest, and payments of other costs and expenses of
8 administering revenue obligations.

relating to the revenue obligations

9 SECTION 13. 18.53 (4) of the statutes is amended to read:

10 18.53 (4) Each purpose specified in sub. (3) shall include the expenses of
11 issuance of the revenue obligations, ancillary payments, and the establishment of
12 reserves. Unless otherwise provided in laws applicable to the issuance of a specific
13 revenue obligation, the commission shall determine the amount required for
14 expenses, ancillary payments, and establishment of reserves.

establish

(s)

15 SECTION 14. 18.55 (6) of the statutes is created to read:

16 18.55 (6) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF REVENUE
17 OBLIGATIONS. (a) The commission may enter into agreements and ancillary
18 arrangements for the revenue obligations, including liquidity facilities, remarketing
19 or dealer agreements, letter of credit agreements, insurance policies, guaranty
20 agreements, reimbursement agreements, indexing agreements, or interest
21 exchange agreements. Any payment made or received pursuant to any such
22 agreements or ancillary arrangements shall be made from or deposited into a fund
23 relating to the relevant revenue obligation, as determined by the commission.

trust indentures,

relating to

R.D. 6

At the time of contracting ~~public debt~~ revenue obligations and at any time thereafter while the revenue obligations are outstanding,

amendment of

Rider 6:

Amend section 18.54(2) by adding "and (4)" after "s. 18.53 (3)"

*, at such times as provided
in the authorizing resolution,*

1 (b) The commission may delegate to other persons the authority and
2 responsibility to take actions necessary and appropriate to implement agreements
3 and ancillary arrangements under par. (a).

4 (c) Any revenue obligations may include revenue obligations contracted to fund
5 interest, accrued or to accrue, on the revenue obligations.

6 SECTION 15. 18.561 (5) of the statutes is amended to read:

7 18.561 (5) REDEMPTION FUND. The proportion which shall be set aside for the
8 payment of the principal and interest on the enterprise obligations shall from month

9 to month as they accrue and are received and, as directed by the commission,
10 payments to be received with respect to an agreement or ancillary arrangement

11 entered into pursuant to s. 18.55 (6), be set apart and paid into a separate fund in
12 the treasury or in an account maintained by a trustee appointed for that purpose in

13 the authorizing resolution to be identified as "the ... redemption fund". Each
14 redemption fund shall be expended, and all moneys from time to time on hand

15 therein are irrevocably appropriated, in sums sufficient, only for the payment of
16 principal and interest on the enterprise obligations giving rise to it and premium, if

17 any, due upon redemption of any such obligations, and for ~~other obligations that are~~
18 ~~secured by the property or income, or both, of the enterprise or program~~ payment of

19 obligations under an agreement or ancillary arrangement entered into under s. 18.55
20 (6) to the extent provided for in an authorizing resolution. Moneys in the redemption

21 funds may be commingled only for the purpose of investment with other public funds,
22 but they shall be invested only in investment instruments permitted in s. 25.17 (3)

23 (dr). All such investments shall be the exclusive property of the fund and all earnings
24 on or income from such investments shall be credited to the fund.

25 SECTION 16. 18.562 (3) of the statutes is amended to read:

1 18.562 (3) REDEMPTION FUND. The special fund revenues that are to be set aside
2 for the payment of the principal and interest of the special fund obligations and, as
3 directed by the commission, payments to be received with respect to an agreement
4 or ancillary arrangement entered into under s. 18.55 (6), shall be paid into a separate
5 fund in the treasury or in an account maintained by a trustee appointed for that
6 purpose in the authorizing resolution to be identified as "the ... redemption fund".
7 Each redemption fund shall be expended, and all moneys from time to time on hand
8 therein are irrevocably appropriated, in sums sufficient, only for the payment of
9 principal and interest on the special fund obligations giving rise to it and premium,
10 if any, due upon redemption of any such obligations, and for ~~other obligations that~~
11 ~~are secured by any fees, penalties, or excise taxes deposited in the special fund~~
12 payment of obligations under an agreement or ancillary arrangement entered into
13 under s. 18.55 (6) to the extent provided for in an authorizing resolution. Moneys in
14 the redemption funds may be commingled only for the purpose of investment with
15 other public funds, but they shall be invested only in investment instruments
16 permitted in s. 25.17 (3) (dr). All such investments shall be the exclusive property
17 of the fund and all earnings on or income from such investments shall be credited to
18 the fund.

19 SECTION 17. 18.57 (1) of the statutes is amended to read:

20 18.57 (1) A separate and distinct fund shall be established in the state treasury
21 or in an account maintained by a trustee appointed for that purpose by the
22 authorizing resolution with respect to each revenue-producing enterprise or
23 program the income from which is to be applied to the payment of any enterprise
24 obligation. A separate and distinct fund shall be established in the state treasury
25 or in an account maintained by a trustee appointed for that purpose by the

*Note: Add'l changes
to this sub. are
made
in
LRB
1581*

1 authorizing resolution with respect to any special fund that is created by the
2 imposition of fees, penalties or excise taxes and is applied to the payment of special
3 fund obligations. All moneys resulting from the issuance of evidences of revenue
4 obligation shall be credited to the appropriate fund, applied for refunding or note
5 renewal purposes, or to make deposits to reserve funds, except that moneys which
6 represent premium or accrued interest received on the issuance of evidences shall
7 be credited to the appropriate redemption fund. As determined by the commission,
8 payments to be received with respect to an agreement or ancillary arrangement
9 entered into under s. 18.55 (6) and with respect to any such issuance of evidences of
10 revenue obligation shall be credited to the appropriate fund.

11 SECTION 18. 18.57 (2) of the statutes is amended to read:

12 18.57 (2) Moneys in such funds may be expended, pursuant to appropriations,
13 only for the purposes and in the amounts for which borrowed, for the payment of the
14 principal of and interest on related revenue obligations, to make deposits to reserve
15 funds, and ~~for expenses incurred in issuing such obligations~~ to make ancillary
16 payments.

17 SECTION 19. 18.58 (2) of the statutes is repealed.

18 SECTION 20. 18.60 (2) of the statutes is amended to read:

19 18.60 (2) If the commission determines to exchange refunding obligations, they
20 may be exchanged privately for and in payment and discharge of any of the
21 outstanding obligations or notes being refinanced. Refunding obligations may be
22 exchanged for ~~a like or greater principal amount of the obligations or notes being~~
23 ~~exchanged therefor except that the principal amount of the refunding obligations~~
24 ~~may exceed the principal amount of the obligations or notes being exchanged~~
25 ~~therefor only to the extent determined by the commission to be necessary or~~

under

1 ~~advisable to pay redemption premiums and unpaid interest to the date of exchange~~
2 ~~not otherwise provided for~~ such principal amount of the obligations or notes being
3 exchanged therefore as may be determined by the commission to be necessary or
4 advisable. The owners of the obligations or notes being refunded who elect to
5 exchange need not pay accrued interest on the refunding obligations if and to the
6 extent that interest is accrued and unpaid on the obligations or notes being refunded
7 and to be surrendered. If any of the obligations or notes to be refinanced are to be
8 called for redemption, the commission shall determine which redemption dates shall
9 be used, if more than one date is applicable and shall, prior to the issuance of the
10 refunding obligations, provide for notice of redemption to be given in the manner and
11 at the times required by the proceedings authorizing the outstanding obligations or
12 notes.

13 SECTION 21. 18.61 (5) of the statutes is amended to read:

14 18.61 (5) The legislature may provide, with respect to any specific issue of
15 revenue obligations, prior to their issuance, that if the special fund income or the
16 enterprise or program income pledged to the payment of the principal and interest
17 of the issue is insufficient for that purpose, it will consider supplying the deficiency
18 or to replenish a reserve fund, if applicable, by appropriation of funds, from time to
19 time, out of the treasury. If the legislature so provides, the commission may make
20 the necessary provisions therefor in the authorizing resolution and other
21 proceedings of the issue. Thereafter, if the contingency occurs, recognizing its moral
22 obligation to do so, the legislature hereby expresses its expectation and aspiration
23 that it shall make such appropriation.

24 SECTION 22. 18.70 of the statutes is amended to read:

1 **18.70 Provisions applicable.** The following sections apply to this
 2 subchapter, except that all references to "public debt", "debt" or "revenue obligation"
 3 are deemed to refer to "operating notes", all references to "evidence of indebtedness"
 4 are deemed to refer to "evidence of operating note", and all references to "evidences
 5 of indebtedness" are deemed to refer to "evidences of operating notes": ss. 18.03,
 6 ~~18.06 (8)~~, 18.07, 18.10 (1), (2), (4) to (9) and (11), 18.17, 18.52 (1), ~~18.58 (2) (1m)~~, 18.61
 7 (1), 18.62 and 18.63.

8 **SECTION 23.** 18.73 (5) of the statutes is created to read:

9 **18.73 (5) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF OPERATING NOTES.**

10 (a) The commission may enter into agreements and ancillary arrangements ^{relating to} for the
 11 operating notes, including liquidity facilities, remarketing or dealer agreements,
 12 letter of credit agreements, insurance policies, guaranty agreements,
 13 reimbursement agreements, indexing agreements, or interest exchange
 14 agreements. Any payment received pursuant to any such agreements or ancillary
 15 arrangements shall be deposited in the general fund or the operating note
 16 redemption fund, as determined by the commissioner, and any payments made
 17 pursuant to any such agreements or ancillary arrangements will be made from the
 18 operating note redemption fund.

19 (b) The commission may delegate to other persons the authority and
 20 responsibility to take actions necessary and appropriate to implement agreements
 21 and ancillary arrangements under par. (a).

22 (c) Any operating notes may include operating notes contracted to fund
 23 interest, accrued or to accrue, on the operating notes.

24 **SECTION 24.** 18.74 of the statutes is amended to read:

*At the time of contracting operating notes
 and at any time thereafter while the operating
 notes are outstanding,*

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under

1 **18.74 Application of operating note proceeds.** All moneys resulting from
2 the contracting of operating notes or any payment to be received with respect to an
3 agreement or ancillary arrangement entered into under s. 18.73 (5) and with respect
4 to any such operating notes shall be credited to the general fund, except that moneys
5 which represent premium and accrued interest on operating notes, or moneys for
6 purposes of funding or refunding operating notes pursuant to s. 18.72 (1) shall be
7 credited to the operating note redemption fund.

8 **SECTION 25.** 18.75 (2) of the statutes is amended to read:

9 18.75 (2) The operating note redemption fund shall be expended and all
10 moneys from time to time on hand therein are irrevocably appropriated, in sums
11 sufficient, only for the payment of principal and interest on operating notes giving
12 rise to it and premium, if any, due upon refunding or early redemption of such
13 operating notes, and for the payment due, if any, under an agreement or ancillary
14 arrangement entered into under s. 18.73 (5) with respect to such operating notes.

15 **SECTION 26.** 18.75 (4) of the statutes is amended to read:

16 18.75 (4) There shall be transferred, under s. 20.855 (1) (a), a sum sufficient
17 for the payment of the principal, interest and premium due, if any, and for the
18 payment due, if any, under an agreement or ancillary arrangement entered into
19 pursuant to s. 18.73 (5) with respect to such operating notes on the operating notes
20 giving rise to it as the same falls due. Such transfers shall be so timed that there is
21 at all times on hand in the fund an amount not less than the amount to be paid out
22 of it during the ensuing 30 days or such other period if so provided for in the
23 authorizing resolution. The commission may pledge the deposit of additional
24 amounts at periodic intervals and the secretary of the department may impound
25 moneys of the general fund, including moneys temporarily reallocated from other

1 funds under s. 20.002 (11), in accordance with the pledge of revenues in the
2 authorizing resolution, and all such impoundments are deemed to be payments for
3 purposes of s. 16.53 (10), but no such impoundment may be made until the amounts
4 to be paid into the bond security and redemption fund under s. 18.09 during the
5 ensuing 30 days have been deposited in the bond security and redemption fund.

6 SECTION 27. 20.866 (intro.) of the statutes is amended to read:

7 20.866 Public debt. (intro.) There are irrevocably appropriated to the bond
8 security and redemption fund and to the capital improvement fund, as a first charge
9 upon all revenues of this state, sums sufficient for payment of principal, interest and,
10 premium due, if any, ~~on and payment due, if any, under an agreement or ancillary~~
11 arrangement entered into under s. 18.06 (8) (a) with respect to any public debt
12 contracted under subchs. I and IV of ch. 18.

13 SECTION 28. 20.866 (1) (u) of the statutes is amended to read:

14 20.866 (1) (u) *Principal repayment and interest.* A sum sufficient from moneys
15 appropriated under sub. (2) (zp) and ss. 20.115 (2) (d) and (7) (b) and (f), 20.190 (1)
16 (c), (d), (i), and (j), 20.225 (1) (c) and (i), 20.245 (1) (e) and (j), 20.250 (1) (c) and (e),
17 20.255 (1) (d), 20.275 (1) (er), (es), (h), and (hb), 20.285 (1) (d), (db), (fh), (ih), (kd), and
18 (km) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (ag), (aq), (ar),
19 (at), (au), (ba), (bq), (ca), (cb), (cc), (cd), (ce), (cf), (ea), (eq), and (er), 20.395 (6) (af), (aq),
20 (ar), and (at), 20.410 (1) (e), (ec), and (ko) and (3) (e), 20.435 (2) (ee) and (6) (e), 20.465
21 (1) (d), 20.485 (1) (f) and (go), (3) (t) and (4) (qm), 20.505 (5) (c), (g) and (kc), 20.855
22 (8) (a) and 20.867 (1) (a) and (b) and (3) (a), (b), (bm), (bp), (br), (bt), (g), (h), (i), and
23 (q) for the payment of principal and, interest ~~on, premium due, if any, and payment~~
24 due, if any, under an agreement or ancillary arrangement entered into pursuant to

Q: Do these S's have references to principal + interest that need to be

revised to include payments under ancillary agreements?