



State of Wisconsin  
2003 - 2004 LEGISLATURE

LRB-1932/3  
RAC:jld:pg

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 <sup>§ 1.</sup> 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, 2.

25 any such moneys that represent premium or any payments received pursuant to any

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 <sup>✓</sup>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).

evidences  
↙

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

*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.

9 *Fix component* SECTION 13. 18.53 (4) of the statutes is *repealed and recreated* 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 <sup>establish</sup> determine the amounts required for  
14 expenses ancillary payments and establishment of reserves. *relating to the revenue obligations*

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* <sup>*the*</sup> commission may enter into agreements and ancillary  
18 *relating to* arrangements ~~for~~ the revenue obligations, including liquidity facilities, remarketing  
19 or dealer agreements, letter of credit agreements, insurance policies, guaranty  
20 *relating to* 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,*

*Insert 6-15*

*At the time of, or in anticipation of, contracting revenue obligations and at any time thereafter while the revenue obligations are outstanding,*

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:

*I shall, at such times as provided in the authorizing resolution plain comma*

*Score →*

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



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

\*\*\*NOTE: This is reconciled s. 18.57 (1). This SECTION has been affected by drafts with the following LRB numbers: LRB-1581 and LRB-1932.

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

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

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

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

21 18.60 (2) If the commission determines to exchange refunding obligations, they  
22 may be exchanged privately for and in payment and discharge of any of the  
23 outstanding obligations or notes being refinanced. Refunding obligations may be

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

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

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

1 obligation to do so, the legislature hereby expresses its expectation and aspiration  
2 that it shall make such appropriation.

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

4 18.70 Provisions applicable. The following sections apply to this  
5 subchapter, except that all references to "public debt", "debt" or "revenue obligation"  
6 are deemed to refer to "operating notes", all references to "evidence of indebtedness"  
7 are deemed to refer to "evidence of operating note", and all references to "evidences  
8 of indebtedness" are deemed to refer to "evidences of operating notes": ss. 18.03,  
9 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  
10 (1), 18.62 and 18.63.

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

12 18.73 (5) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF OPERATING NOTES.

13 (a) <sup>+</sup>The commission may enter into agreements and ancillary arrangements <sup>✓</sup> ~~for~~ <sup>relating</sup> ~~to~~ <sup>to</sup>  
14 operating notes, including liquidity facilities, remarketing or dealer agreements,  
15 letter of credit agreements, insurance policies, guaranty agreements,  
16 reimbursement agreements, indexing agreements, or interest exchange  
17 agreements. Any payment received pursuant to any such agreements or ancillary  
18 arrangements shall be deposited in the general fund or the operating note  
19 redemption fund, as determined by the commission, and any payments made  
20 pursuant to any such agreements or ancillary arrangements will be made from ~~the~~  
21 ~~operating note redemption funds~~ <sup>plain</sup> ~~period~~

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

*NO* At the time of, or in anticipation of, contracting operating notes and at any time thereafter while the operating notes are outstanding,

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

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

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

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

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

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

19 18.75 (4) There shall be transferred, under s. 20.855 (1) (a), a sum sufficient  
20 for the payment of the principal, interest and premium due, if any, and for the  
21 payment due, if any, under an agreement or ancillary arrangement entered into  
22 pursuant to s. 18.73 (5) with respect to such operating notes on the operating notes  
23 giving rise to it as the same falls due. Such transfers shall be so timed that there is  
24 at all times on hand in the fund an amount not less than the amount to be paid out  
25 of it during the ensuing 30 days or such other period if so provided for in the

1 authorizing resolution. The commission may pledge the deposit of additional  
2 amounts at periodic intervals and the secretary of the department may impound  
3 moneys of the general fund, including moneys temporarily reallocated from other  
4 funds under s. 20.002 (11), in accordance with the pledge of revenues in the  
5 authorizing resolution, and all such impoundments are deemed to be payments for  
6 purposes of s. 16.53 (10), but no such impoundment may be made until the amounts  
7 to be paid into the bond security and redemption fund under s. 18.09 during the  
8 ensuing 30 days have been deposited in the bond security and redemption fund.

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

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

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

17 **20.866 (1) (u) Principal repayment and interest.** A sum sufficient from moneys  
18 appropriated under sub. (2) (zp) and ss. 20.115 (2) (d) and (7) (b) and (f), 20.190 (1)  
19 (c), (d), (i), and (j), 20.225 (1) (c) and (i), 20.245 (1) (e) and (j), 20.250 (1) (c) and (e),  
20 20.255 (1) (d), ~~20.275 (1) and (4)~~ (er), (es), (h), and (hb), 20.285 (1) (d), (db), (fh), (ih),  
21 (kd), and (km) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (ag),  
22 (aq), (ar), (at), (au), ~~(ba)~~, (bq), (ca), (cb), (cc), (cd), (ce), (cf), (cg), (ea), (eq), and (er),  
23 20.395 (6) (af), (aq), (ar), and (at), 20.410 (1) (e), (ec), and (ko) and (3) (e), 20.435 (2)  
24 (ee) and (6) (e), 20.465 (1) (d), 20.485 (1) (f) and (go), (3) (t) and (4) (qm), 20.505 (5)  
25 (c), (g) and (kc), 20.855 (8) (a) and 20.867 (1) (a) and (b) and (3) (a), (b), (bm), (bp), (br),

1 (bt), (g), (h), (i), and (q) for the payment of principal and, interest on, premium due,  
2 if any, and payment due, if any, under an agreement or ancillary arrangement  
3 entered into pursuant to s. 18.06 (8) (a) with respect to any public debt contracted  
4 under subchs. I and IV of ch. 18.

\*\*\*\*NOTE: This is reconciles LRB-0423/3, LRB-0666/8, LRB-1637/1, and  
LRB-1932/1.

5 (END)

6-15

Section #. 18.54 (2) <sup>✓</sup> of the statutes is amended to read:

18.54 (2) The amount of evidences of revenue obligation issued or outstanding for purposes specified by the legislature under s. 18.53 (3) <sup>✓</sup> and (4) are subject only to the limits provided in the legislation which authorizes that revenue obligation. No refunding obligation is subject to any limitation specified by that legislation.

History: 1977 c. 29; 1987 a. 27.

(end ins 6-15)

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

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3 18.01 (4) (intro.) "Public debt" or "debt" means every voluntary, unconditional  
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5 ~~agreement~~, to repay a sum certain:



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RAC:jld:jf  
SECTION 2

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: 1. such moneys which represent  
22 ~~premium and~~ accrued interest on bonds or notes issued, or are for purposes of  
23 funding or refunding bonds pursuant to s. 18.06 (5) shall be credited to one or more  
24 of the sinking funds of the bond security and redemption fund or to the state building  
25 trust fund; ~~and 2. any such moneys that represent premium or any payments~~

- should these start  
Separate line or paragraphs

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.

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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 repealed and recreated to read:

10 18.53 (4) Unless otherwise provided in laws applicable to the issuance of a  
11 specific revenue obligation, in addition to the requirements established under sub.  
12 (3), the commission shall establish the amounts required for ancillary payments and  
13 establishment of reserves relating to the revenue obligations.

14 SECTION 14. 18.54 (2) of the statutes is amended to read:

15 18.54 (2) The amount of evidences of revenue obligation issued or outstanding  
16 for purposes specified by the legislature under s. 18.53 (3) ~~and (4)~~ are subject only  
17 to the limits provided in the legislation which authorizes that revenue obligation.  
18 No refunding obligation is subject to any limitation specified by that legislation.

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

20 18.55 (6) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF REVENUE  
21 OBLIGATIONS. (a) At the time of, or in anticipation of, contracting revenue obligations  
22 and at any time thereafter while the revenue obligations are outstanding, the  
23 commission may enter into agreements and ancillary arrangements relating to the  
24 revenue obligations, including trust indentures, liquidity facilities, remarketing or  
25 dealer agreements, letter of credit agreements, insurance policies, guaranty

Amend the last sentence of s. 18.55(5) by deleting the word "shorter" and insert the word "different" (or the words "shorter or longer") in lieu thereof

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

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

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

10 SECTION 16. 18.561 (5) <sup>of</sup> of the statutes is amended to read:

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

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

5 SECTION 17. 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 <sup>COF</sup> and interest <sup>COF</sup> 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 <sup>COF</sup> 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, and for ~~other obligations that~~  
16 ~~are secured by any fees, penalties, or excise taxes deposited in the special fund~~  
17 payment of obligations under an agreement or ancillary arrangement entered into  
18 under s. 18.55 (6) to the extent provided for in an authorizing resolution. Moneys in  
19 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.

24 SECTION 18. 18.57 (1) of the statutes is amended to read:

is insufficient

1           18.61 (5) The legislature may provide, with respect to any specific issue of  
2 revenue obligations, prior to their issuance, that if the special fund income or the  
3 enterprise or program income pledged to the payment of the principal of and interest  
4 of on the issue is insufficient for that purpose, or to replenish a reserve fund, if  
5 applicable, it will consider supplying the deficiency by appropriation of funds, from  
6 time to time, out of the treasury. If the legislature so provides, the commission may  
7 make the necessary provisions therefor in the authorizing resolution and other  
8 proceedings of the issue. Thereafter, if the contingency occurs, recognizing its moral  
9 obligation to do so, the legislature hereby expresses its expectation and aspiration  
10 that it shall make such appropriation.

11           **SECTION 23.** 18.70 of the statutes is amended to read:

12           **18.70 Provisions applicable.** The following sections apply to this  
13 subchapter, except that all references to "public debt", "debt" or "revenue obligation"  
14 are deemed to refer to "operating notes", all references to "evidence of indebtedness"  
15 are deemed to refer to "evidence of operating note", and all references to "evidences  
16 of indebtedness" are deemed to refer to "evidences of operating notes": ss. 18.03,  
17 ~~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  
18 (1), 18.62 and 18.63.

19           **SECTION 24.** 18.73 (5) of the statutes is created to read:

20           **18.73 (5) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF OPERATING NOTES.**

21           (a) At the time of, or in anticipation of, contracting operating notes and at any time  
22 thereafter while the operating notes are outstanding, the commission may enter into  
23 agreements and ancillary arrangements relating to the operating notes, including  
24 liquidity facilities, remarketing or dealer agreements, letter of credit agreements,  
25 insurance policies, guaranty agreements, reimbursement agreements, indexing



State of Wisconsin  
2003 - 2004 LEGISLATURE

4  
LRB-193218  
RAC:jld:jf

RMR

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.

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*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.

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*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: 1. such moneys which represent  
22 ~~premium and accrued interest on bonds or notes~~ issued, or are for purposes of  
23 funding or refunding bonds pursuant to s. 18.06 (5) shall be credited to one or more  
24 of the sinking funds of the bond security and redemption fund or to the state building  
25 trust fund.; and, 2. any such moneys that represent premium or any payments

1 received pursuant to any agreement or ancillary arrangement entered into under s.  
2 18.06 (8) (a) with respect to any such public debt may be credited to one or more of  
3 the sinking funds of the bond security and redemption fund or to the capital  
4 improvement fund as determined by 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 evidences of indebtedness registrable as to principal or interest or both. No transfer  
15 of a registered evidence of indebtedness is valid unless made on the register  
16 maintained by the state treasurer for that purpose, and the state shall be entitled  
17 to treat the registered owner as the owner of such instrument for all purposes.  
18 Payments of principal and interest, when registered as to interest, of registered  
19 instruments shall be by electronic funds transfer, check, share draft or other draft  
20 to the registered owner at the owner's address as it appears on the register, unless  
21 the commission has otherwise provided. Information in the register relating to the  
22 owners of evidence of indebtedness is not available for inspection and copying under  
23 s. 19.35 (1). The commission may make such other provisions respecting registration  
24 as it deems 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 repealed and recreated to read:

10 18.53 (4) Unless otherwise provided in laws applicable to the issuance of a  
11 specific revenue obligation, in addition to the requirements established under sub.  
12 (3), the commission shall establish the amounts required for ancillary payments and  
13 establishment of reserves relating to the revenue obligations.

14 **SECTION 14.** 18.54 (2) of the statutes is amended to read:

15 18.54 (2) The amount of evidences of revenue obligation issued or outstanding  
16 for purposes specified by the legislature under s. 18.53 (3) and (4) are subject only  
17 to the limits provided in the legislation which authorizes that revenue obligation.  
18 No refunding obligation is subject to any limitation specified by that legislation.

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

20 18.55 (6) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF REVENUE  
21 OBLIGATIONS. (a) At the time of, or in anticipation of, contracting revenue obligations  
22 and at any time thereafter while the revenue obligations are outstanding, the  
23 commission may enter into agreements and ancillary arrangements relating to the  
24 revenue obligations, including trust indentures, liquidity facilities, remarketing or  
25 dealer ~~agreements~~, letter of credit agreements, insurance policies, guaranty

Insert 6-19 ✓

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

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

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

10 **SECTION 16.** 18.561 (5) of the statutes is amended to read:

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

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

5 **SECTION 17.** 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<sup>of</sup> and interest<sup>of</sup> ~~of~~ the special fund obligations <sup>ON</sup> 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<sup>of</sup> and interest<sup>of</sup> ~~of~~ on the special fund obligations giving rise to it and premium,  
15 if any, due upon redemption of any such obligations, and for ~~other obligations that~~  
16 ~~are secured by any fees, penalties, or excise taxes deposited in the special fund~~  
17 payment of obligations under an agreement or ancillary arrangement entered into  
18 under s. 18.55 (6) to the extent provided for in an authorizing resolution. Moneys in  
19 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.

24 **SECTION 18.** 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 program that is created by  
8 ~~the imposition of fees, penalties or excise taxes and is applied to the payment~~  
9 financed through the issuance of special fund obligations. All moneys resulting from  
10 the issuance of evidences of revenue obligation shall be credited to the appropriate  
11 fund, applied for refunding or note renewal purposes, or to make deposits to reserve  
12 funds, except that moneys which represent ~~premium or accrued interest or, to the~~  
13 extent provided in the resolution authorizing the issuance of such evidences of  
14 revenue obligation, premium received on the issuance of evidences shall be credited  
15 to the appropriate redemption fund. As determined by the commission, payments  
16 to be received under an agreement or ancillary arrangement entered into under s.  
17 18.55 (6) with respect to any such issuance of evidences of revenue obligation shall  
18 be credited to the appropriate fund.

\*\*\*\*NOTE: This is reconciled s. 18.57 (1). This SECTION has been affected by drafts  
with the following LRB numbers: LRB-1581 and LRB-1932.

19           **SECTION 19.** 18.57 (2) of the statutes is amended to read:

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

1 funds, and ~~for expenses incurred in issuing such obligations to make ancillary~~  
2 payments.

3 **SECTION 20.** 18.58 (2) of the statutes is repealed.

4 **SECTION 21.** 18.60 (2) of the statutes is amended to read:

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

24 **SECTION 22.** 18.61 (5) of the statutes is amended to read:

is insufficient

1           18.61 (5) The legislature may provide, with respect to any specific issue of  
2 revenue obligations, prior to their issuance, that if the special fund income or the  
3 enterprise or program income pledged to the payment of the principal of and interest  
4 of on the issue is insufficient for that purpose, or to replenish a reserve fund, if  
5 applicable, it will consider supplying the deficiency by appropriation of funds, from  
6 time to time, out of the treasury. If the legislature so provides, the commission may  
7 make the necessary provisions therefor in the authorizing resolution and other  
8 proceedings of the issue. Thereafter, if the contingency occurs, recognizing its moral  
9 obligation to do so, the legislature hereby expresses its expectation and aspiration  
10 that it shall make such appropriation.

11           **SECTION 23.** 18.70 of the statutes is amended to read:

12           **18.70 Provisions applicable.** The following sections apply to this  
13 subchapter, except that all references to “public debt”, “debt” or “revenue obligation”  
14 are deemed to refer to “operating notes”, all references to “evidence of indebtedness”  
15 are deemed to refer to “evidence of operating note”, and all references to “evidences  
16 of indebtedness” are deemed to refer to “evidences of operating notes”: ss. 18.03,  
17 ~~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  
18 (1), 18.62 and 18.63.

19           **SECTION 24.** 18.73 (5) of the statutes is created to read:

20           **18.73 (5) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF OPERATING NOTES.**  
21 (a) At the time of, or in anticipation of, contracting operating notes and at any time  
22 thereafter while the operating notes are outstanding, the commission may enter into  
23 agreements and ancillary arrangements relating to the operating notes, including  
24 liquidity facilities, remarketing or dealer agreements, letter of credit agreements,  
25 insurance policies, guaranty agreements, reimbursement agreements, indexing



1 agreements, or interest exchange agreements. Any payment received pursuant to  
2 any such agreements or ancillary arrangements shall be deposited in, and any  
3 payments made pursuant to any such agreements or ancillary arrangements will be  
4 made from, the general fund or the operating note redemption fund, as determined  
5 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 operating notes may include operating notes contracted to fund  
10 interest, accrued or to accrue, on the operating notes.

11 **SECTION 25.** 18.74 of the statutes is amended to read:

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

19 **SECTION 26.** 18.75 (2) of the statutes is amended to read:

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

1           **SECTION 27.** 18.75 (4) of the statutes is amended to read:

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

17           **SECTION 28.** 20.866 (intro.) of the statutes is amended to read:

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

24           **SECTION 29.** 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) and (4)~~ (4) (er), (es), (h), and (hb), 20.285 (1) (d), (db), (fh), (ih),  
5 (kd), and (km) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (ag),  
6 (aq), (ar), (at), (au), ~~(ba)~~, (bq), (ca), (cb), (cc), (cd), (ce), (cf), ~~(cg)~~, (ea), (eq), and (er),  
7 20.395 (6) (af), (aq), (ar), and (at), 20.410 (1) (e), (ec), and (ko) and (3) (e), 20.435 (2)  
8 (ee) and (6) (e), 20.465 (1) (d), 20.485 (1) (f) and (go), (3) (t) and (4) (qm), 20.505 (5)  
9 (c), (g) and (kc), 20.855 (8) (a) and 20.867 (1) (a) and (b) and (3) (a), (b), (bm), (bp), (br),  
10 (bt), (g), (h), (i), and (q) for the payment of principal ~~and~~, interest ~~on~~, premium due,  
11 if any, and payment due, if any, under an agreement or ancillary arrangement  
12 entered into pursuant to s. 18.06 (8) (a) with respect to any public debt contracted  
13 under subchs. I and IV of ch. 18.

\*\*\*\*NOTE: This reconciles LRB-0423/3, LRB-0666/8, LRB-1637/1, and  
LRB-1932/1.

(END)

6-19

Section #. 18.55 (5) of the statutes is amended to read:

18.55 (5) EXERCISE OF AUTHORITY. Money may be borrowed and evidences of revenue obligation issued therefor pursuant to one or more authorizing resolutions, unless otherwise provided in the resolution or in this subchapter, at any time and from time to time, for any combination of purposes, in any specific amounts, at any rates of interest, for any term, payable at any intervals, at any place, in any manner and having any other terms or conditions deemed necessary or useful. Revenue obligation bonds may bear interest at variable or fixed rates, bear no interest or bear interest payable only at maturity or upon redemption prior to maturity. Unless sooner exercised or unless a ~~shorter~~ period is provided in the resolution, every authorizing resolution, except as provided in s. 18.59 (1), shall expire one year after the date of its adoption.

History: 1977 c. 29; 1985 a. 29; 1987 a. 69; 1989 a. 31, 46; 1999 a. 9.

different ✓



State of Wisconsin  
2003 - 2004 LEGISLATURE

5  
LRB-1932/4

RAC:jld:rs

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

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT <sup>revised</sup> ...; relating to: the budget.

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*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.

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*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 <sup>renumbered 18.08(1)(a)(intro.) and</sup> amended to read:

17 18.08 (1) (a) <sup>(intro.)</sup> 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: <sup>Such</sup> 1. ~~such~~ <sup>Such</sup> moneys which represent  
22 ~~premium and accrued interest on bonds or notes issued, or are for purposes of~~  
23 funding or refunding bonds pursuant to s. 18.06 (5) shall be credited to one or more  
24 of the sinking funds of the bond security and redemption fund or to the state building  
25 trust fund; and 2. any such moneys that represent premium or any payments

9 Section #. 18.08 (1) (a) 2. is added to read:  
9 18.08 (1) (a)  
9

not under scored

*not underscored*

1 received pursuant to any agreement or ancillary arrangement entered into under s.  
2 18.06 (8) (a) with respect to any such public debt may be credited to one or more of  
3 the sinking funds of the bond security and redemption fund or to the capital  
4 improvement fund as determined by 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 evidences of indebtedness registrable as to principal or interest or both. No transfer  
15 of a registered evidence of indebtedness is valid unless made on the register  
16 maintained by the state treasurer for that purpose, and the state shall be entitled  
17 to treat the registered owner as the owner of such instrument for all purposes.  
18 Payments of principal and interest, when registered as to interest, of registered  
19 instruments shall be by electronic funds transfer, check, share draft or other draft  
20 to the registered owner at the owner's address as it appears on the register, unless  
21 the commission has otherwise provided. Information in the register relating to the  
22 owners of evidence of indebtedness is not available for inspection and copying under  
23 s. 19.35 (1). The commission may make such other provisions respecting registration  
24 as it deems 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 repealed and recreated to read:

10 18.53 (4) Unless otherwise provided in laws applicable to the issuance of a  
11 specific revenue obligation, in addition to the requirements established under sub.  
12 (3), the commission shall establish the amounts required for ancillary payments and  
13 establishment of reserves relating to the revenue obligations.

14 **SECTION 14.** 18.54 (2) of the statutes is amended to read:

15 18.54 (2) The amount of evidences of revenue obligation issued or outstanding  
16 for purposes specified by the legislature under s. 18.53 (3) and (4) are subject only  
17 to the limits provided in the legislation which authorizes that revenue obligation.  
18 No refunding obligation is subject to any limitation specified by that legislation.

19 **SECTION 15.** 18.55 (5) of the statutes is amended to read:

20 18.55 (5) **EXERCISE OF AUTHORITY.** Money may be borrowed and evidences of  
21 revenue obligation issued therefor pursuant to one or more authorizing resolutions,  
22 unless otherwise provided in the resolution or in this subchapter, at any time and  
23 from time to time, for any combination of purposes, in any specific amounts, at any  
24 rates of interest, for any term, payable at any intervals, at any place, in any manner  
25 and having any other terms or conditions deemed necessary or useful. Revenue

1 obligation bonds may bear interest at variable or fixed rates, bear no interest or bear  
2 interest payable only at maturity or upon redemption prior to maturity. Unless  
3 sooner exercised or unless a ~~shorter~~ different period is provided in the resolution,  
4 every authorizing resolution, except as provided in s. 18.59 (1), shall expire one year  
5 after the date of its adoption.

6 **SECTION 16.** 18.55 (6) of the statutes is created to read:

7 18.55 (6) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF REVENUE  
8 OBLIGATIONS. (a) At the time of, or in anticipation of, contracting revenue obligations  
9 and at any time thereafter while the revenue obligations are outstanding, the  
10 commission may enter into agreements and ancillary arrangements relating to the  
11 revenue obligations, including trust indentures, liquidity facilities, remarketing or  
12 dealer agreements, letter of credit agreements, insurance policies, guaranty  
13 agreements, reimbursement agreements, indexing agreements, or interest  
14 exchange agreements. Any payment made or received pursuant to any such  
15 agreements or ancillary arrangements shall be made from or deposited into a fund  
16 relating to the relevant revenue obligation, as determined by the commission.

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

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

22 **SECTION 17.** 18.561 (5) of the statutes is amended to read:

23 18.561 (5) REDEMPTION FUND. The proportion which shall be set aside for the  
24 payment of the principal of and interest on the enterprise obligations ~~shall from~~  
25 ~~month to month as they accrue and are received~~ and, as directed by the commission,

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

17 **SECTION 18.** 18.562 (3) of the statutes is amended to read:

18 18.562 (3) REDEMPTION FUND. The special fund revenues that are to be set aside  
19 for the payment of the principal of and interest ~~of~~ on the special fund obligations and,  
20 as directed by the commission, payments to be received with respect to an agreement  
21 or ancillary arrangement entered into under s. 18.55 (6), shall be paid into a separate  
22 fund in the treasury or in an account maintained by a trustee appointed for that  
23 purpose in the authorizing resolution to be identified as “the ... redemption fund”.  
24 Each redemption fund shall be expended, and all moneys from time to time on hand  
25 therein are irrevocably appropriated, in sums sufficient, only for the payment of

1 principal of and interest on the special fund obligations giving rise to it and premium,  
2 if any, due upon redemption of any such obligations, and for ~~other obligations that~~  
3 ~~are secured by any fees, penalties, or excise taxes deposited in the special fund~~  
4 payment of obligations under an agreement or ancillary arrangement entered into  
5 under s. 18.55 (6) to the extent provided for in an authorizing resolution. Moneys in  
6 the redemption funds may be commingled only for the purpose of investment with  
7 other public funds, but they shall be invested only in investment instruments  
8 permitted in s. 25.17 (3) (dr). All such investments shall be the exclusive property  
9 of the fund and all earnings on or income from such investments shall be credited to  
10 the fund.

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

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

1 to the appropriate redemption fund. As determined by the commission, payments  
2 to be received under an agreement or ancillary arrangement entered into under s.  
3 18.55 (6) with respect to any such issuance of evidences of revenue obligation shall  
4 be credited to the appropriate fund.

\*\*\*\*NOTE: This is reconciled s. 18.57 (1). This SECTION has been affected by drafts  
with the following LRB numbers: LRB-1581 and LRB-1932.

5 **SECTION 20.** 18.57 (2) of the statutes is amended to read:

6 18.57 (2) Moneys in such funds may be expended, pursuant to appropriations,  
7 only for the purposes and in the amounts for which borrowed, for the payment of the  
8 principal of and interest on related revenue obligations, to make deposits to reserve  
9 funds, and ~~for expenses incurred in issuing such obligations~~ to make ancillary  
10 payments.

11 **SECTION 21.** 18.58 (2) of the statutes is repealed.

12 **SECTION 22.** 18.60 (2) of the statutes is amended to read:

13 18.60 (2) If the commission determines to exchange refunding obligations, they  
14 may be exchanged privately for and in payment and discharge of any of the  
15 outstanding obligations or notes being refinanced. Refunding obligations may be  
16 exchanged for ~~a like or greater principal amount of the obligations or notes being~~  
17 ~~exchanged therefor except that the principal amount of the refunding obligations~~  
18 ~~may exceed the principal amount of the obligations or notes being exchanged~~  
19 ~~therefor only to the extent determined by the commission to be necessary or~~  
20 ~~advisable to pay redemption premiums and unpaid interest to the date of exchange~~  
21 ~~not otherwise provided for~~ such principal amount of the obligations or notes being  
22 exchanged therefore as may be determined by the commission to be necessary or  
23 advisable. The owners of the obligations or notes being refunded who elect to

1 exchange need not pay accrued interest on the refunding obligations if and to the  
2 extent that interest is accrued and unpaid on the obligations or notes being refunded  
3 and to be surrendered. If any of the obligations or notes to be refinanced are to be  
4 called for redemption, the commission shall determine which redemption dates shall  
5 be used, if more than one date is applicable and shall, prior to the issuance of the  
6 refunding obligations, provide for notice of redemption to be given in the manner and  
7 at the times required by the proceedings authorizing the outstanding obligations or  
8 notes.

9 **SECTION 23.** 18.61 (5) of the statutes is amended to read:

10 18.61 (5) The legislature may provide, with respect to any specific issue of  
11 revenue obligations, prior to their issuance, that if the special fund income or the  
12 enterprise or program income pledged to the payment of the principal of and interest  
13 of on the issue is insufficient for that purpose, or is insufficient to replenish a reserve  
14 fund, if applicable, it will consider supplying the deficiency by appropriation of funds,  
15 from time to time, out of the treasury. If the legislature so provides, the commission  
16 may make the necessary provisions therefor in the authorizing resolution and other  
17 proceedings of the issue. Thereafter, if the contingency occurs, recognizing its moral  
18 obligation to do so, the legislature hereby expresses its expectation and aspiration  
19 that it shall make such appropriation.

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

21 **18.70 Provisions applicable.** The following sections apply to this  
22 subchapter, except that all references to “public debt”, “debt” or “revenue obligation”  
23 are deemed to refer to “operating notes”, all references to “evidence of indebtedness”  
24 are deemed to refer to “evidence of operating note”, and all references to “evidences  
25 of indebtedness” are deemed to refer to “evidences of operating notes”: ss. 18.03,

1 ~~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  
2 (1), 18.62 and 18.63.

3 **SECTION 25.** 18.73 (5) of the statutes is created to read:

4 **18.73 (5) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF OPERATING NOTES.**

5 (a) At the time of, or in anticipation of, contracting operating notes and at any time  
6 thereafter while the operating notes are outstanding, the commission may enter into  
7 agreements and ancillary arrangements relating to the operating notes, including  
8 liquidity facilities, remarketing or dealer agreements, letter of credit agreements,  
9 insurance policies, guaranty agreements, reimbursement agreements, indexing  
10 agreements, or interest exchange agreements. Any payment received pursuant to  
11 any such agreements or ancillary arrangements shall be deposited in, and any  
12 payments made pursuant to any such agreements or ancillary arrangements will be  
13 made from, the general fund or the operating note redemption fund, as determined  
14 by the commission.

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

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

20 **SECTION 26.** 18.74 of the statutes is amended to read:

21 **18.74 Application of operating note proceeds.** All moneys resulting from  
22 the contracting of operating notes or any payment to be received under an agreement  
23 or ancillary arrangement entered into under s. 18.73 (5) with respect to any such  
24 operating notes shall be credited to the general fund, except that moneys which  
25 represent premium and accrued interest on operating notes, or moneys for purposes



1 of funding or refunding operating notes pursuant to s. 18.72 (1) shall be credited to  
2 the operating note redemption fund.

3 **SECTION 27.** 18.75 (2) of the statutes is amended to read:

4 18.75 (2) The operating note redemption fund shall be expended and all  
5 moneys from time to time on hand therein are irrevocably appropriated, in sums  
6 sufficient, only for the payment of principal and interest on operating notes giving  
7 rise to it and premium, if any, due upon refunding or early redemption of such  
8 operating notes, and for the payment due, if any, under an agreement or ancillary  
9 arrangement entered into under s. 18.73 (5) with respect to such operating notes.

10 **SECTION 28.** 18.75 (4) of the statutes is amended to read:

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

1           **SECTION 29.** 20.866 (intro.) of the statutes is amended to read:

2           **20.866 Public debt.** (intro.) There are irrevocably appropriated to the bond  
3 security and redemption fund and to the capital improvement fund, as a first charge  
4 upon all revenues of this state, sums sufficient for payment of principal, interest and,  
5 premium due, if any, ~~on~~ and payment due, if any, under an agreement or ancillary  
6 arrangement entered into under s. 18.06 (8) (a) with respect to any public debt  
7 contracted under subchs. I and IV of ch. 18.

8           **SECTION 30.** 20.866 (1) (u) of the statutes is amended to read:

9           **20.866 (1) (u) Principal repayment and interest.** A sum sufficient from moneys  
10 appropriated under sub. (2) (zp) and ss. 20.115 (2) (d) and (7) (b) and (f), 20.190 (1)  
11 (c), (d), (i), and (j), 20.225 (1) (c) and (i), 20.245 (1) (e) and (j), 20.250 (1) (c) and (e),  
12 20.255 (1) (d), ~~20.275 (1) and (4)~~ (er), (es), (h), and (hb), 20.285 (1) (d), (db), (fh), (ih),  
13 (kd), and (km) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (ag),  
14 (aq), (ar), (at), (au), ~~(ba)~~, (bq), (ca), (cb), (cc), (cd), (ce), (cf), ~~(cg)~~, (ea), (eq), and (er),  
15 20.395 (6) (af), (aq), (ar), and (at), 20.410 (1) (e), (ec), and (ko) and (3) (e), 20.435 (2)  
16 (ee) and (6) (e), 20.465 (1) (d), 20.485 (1) (f) and (go), (3) (t) and (4) (qm), 20.505 (5)  
17 (c), (g) and (kc), 20.855 (8) (a) and 20.867 (1) (a) and (b) and (3) (a), (b), (bm), (bp), (br),  
18 (bt), (g), (h), (i), and (q) for the payment of principal and, interest ~~on~~, premium due,  
19 if any, and payment due, if any, under an agreement or ancillary arrangement  
20 entered into pursuant to s. 18.06 (8) (a) with respect to any public debt contracted  
21 under subchs. I and IV of ch. 18.

22           \*\*\*\*NOTE: This reconciles LRB-0423/3, LRB-0666/8, LRB-1637/1, and  
LRB-1932/1.

(END)



State of Wisconsin  
2003 - 2004 LEGISLATURE

LRB-1932/5  
RAC:jld:pg

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.

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*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.

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*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 renumbered 18.08 (1) (a) (intro.) and  
17 amended to read:

18           18.08 (1) (a) (intro.) All moneys resulting from the contracting of public debt  
19 or any payment to be received with respect to any agreement or ancillary  
20 arrangement entered into under s. 18.06 (8) (a) with respect to any such public debt  
21 shall be credited to a separate and distinct fund, established in the state treasury,  
22 designated as the capital improvement fund, except that such:

23           1. Such moneys which represent ~~premium and~~ accrued interest on bonds or  
24 notes issued, or are for purposes of funding or refunding bonds pursuant to s. 18.06

1 (5) shall be credited to one or more of the sinking funds of the bond security and  
2 redemption fund or to the state building trust fund; and

3 **SECTION 4.** 18.08 (1) (a) 2. of the statutes is created to read:

4 18.08 (1) (a) 2. Any such moneys that represent premium or any payments  
5 received pursuant to any agreement or ancillary arrangement entered into under s.  
6 18.06 (8) (a) with respect to any such public debt may be credited to one or more of  
7 the sinking funds of the bond security and redemption fund or to the capital  
8 improvement fund as determined by the commission.

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

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

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

18 18.08 (4) If at any time it appears that there will not be on hand in the capital  
19 improvement fund sufficient moneys for the payment of principal and interest on  
20 loans or on notes or for the 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, the  
22 department of administration shall transfer to such fund, out of the appropriation  
23 made pursuant to s. 20.866, a sum sufficient which, together with any available  
24 money on hand in such fund, is sufficient to make such payment.

25 **SECTION 7.** 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           **SECTION 8.** 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           **SECTION 9.** 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 evidences of indebtedness registrable as to principal or interest or both. No transfer  
19 of a registered evidence of indebtedness is valid unless made on the register  
20 maintained by the state treasurer for that purpose, and the state shall be entitled  
21 to treat the registered owner as the owner of such instrument for all purposes.  
22 Payments of principal and interest, when registered as to interest, of registered  
23 instruments shall be by electronic funds transfer, check, share draft or other draft  
24 to the registered owner at the owner's address as it appears on the register, unless  
25 the commission has otherwise provided. Information in the register relating to the

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

5 **SECTION 10.** 18.10 (8) of the statutes is amended to read:

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

25 **SECTION 11.** 18.51 of the statutes is amended to read:

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

6           **SECTION 12.** 18.52 (1) of the statutes is renumbered 18.52 (1m).

7           **SECTION 13.** 18.52 (1e) of the statutes is created to read:

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

12           **SECTION 14.** 18.53 (4) of the statutes is repealed and recreated to read:

13           **18.53 (4)** Unless otherwise provided in laws applicable to the issuance of a  
14 specific revenue obligation, in addition to the requirements established under sub.  
15 (3), the commission shall establish the amounts required for ancillary payments and  
16 establishment of reserves relating to the revenue obligations.

17           **SECTION 15.** 18.54 (2) of the statutes is amended to read:

18           **18.54 (2)** The amount of evidences of revenue obligation issued or outstanding  
19 for purposes specified by the legislature under s. 18.53 (3) and (4) are subject only  
20 to the limits provided in the legislation which authorizes that revenue obligation.  
21 No refunding obligation is subject to any limitation specified by that legislation.

22           **SECTION 16.** 18.55 (5) of the statutes is amended to read:

23           **18.55 (5) EXERCISE OF AUTHORITY.** Money may be borrowed and evidences of  
24 revenue obligation issued therefor pursuant to one or more authorizing resolutions,  
25 unless otherwise provided in the resolution or in this subchapter, at any time and



1 from time to time, for any combination of purposes, in any specific amounts, at any  
2 rates of interest, for any term, payable at any intervals, at any place, in any manner  
3 and having any other terms or conditions deemed necessary or useful. Revenue  
4 obligation bonds may bear interest at variable or fixed rates, bear no interest or bear  
5 interest payable only at maturity or upon redemption prior to maturity. Unless  
6 sooner exercised or unless a ~~shorter~~ different period is provided in the resolution,  
7 every authorizing resolution, except as provided in s. 18.59 (1), shall expire one year  
8 after the date of its adoption.

9 **SECTION 17.** 18.55 (6) of the statutes is created to read:

10 18.55 (6) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF REVENUE  
11 OBLIGATIONS. (a) At the time of, or in anticipation of, contracting revenue obligations  
12 and at any time thereafter while the revenue obligations are outstanding, the  
13 commission may enter into agreements and ancillary arrangements relating to the  
14 revenue obligations, including trust indentures, liquidity facilities, remarketing or  
15 dealer agreements, letter of credit agreements, insurance policies, guaranty  
16 agreements, reimbursement agreements, indexing agreements, or interest  
17 exchange agreements. Any payment made or received pursuant to any such  
18 agreements or ancillary arrangements shall be made from or deposited into a fund  
19 relating to the relevant revenue obligation, as determined by the commission.

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

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

25 **SECTION 18.** 18.561 (5) of the statutes is amended to read:

1           18.561 (5) REDEMPTION FUND. The proportion which shall be set aside for the  
2 payment of the principal of and interest on the enterprise obligations shall ~~from~~  
3 ~~month to month as they accrue and are received and, as directed by the commission,~~  
4 payments to be received with respect to an agreement or ancillary arrangement  
5 entered into pursuant to s. 18.55 (6), shall, at such times as provided in the  
6 authorizing resolution, be set apart and paid into a separate fund in the treasury or  
7 in an account maintained by a trustee appointed for that purpose in the authorizing  
8 resolution to be identified as “the ... redemption fund”. Each redemption fund shall  
9 be expended, and all moneys from time to time on hand therein are irrevocably  
10 appropriated, in sums sufficient, only for the payment of principal of and interest on  
11 the enterprise obligations giving rise to it and premium, if any, due upon redemption  
12 of any such obligations, and for ~~other obligations that are secured by the property or~~  
13 ~~income, or both, of the enterprise or program~~ payment of obligations under an  
14 agreement or ancillary arrangement entered into under s. 18.55 (6) to the extent  
15 provided for in an authorizing resolution. Moneys in the redemption funds may be  
16 commingled only for the purpose of investment with other public funds, but they  
17 shall be invested only in investment instruments permitted in s. 25.17 (3) (dr). All  
18 such investments shall be the exclusive property of the fund and all earnings on or  
19 income from such investments shall be credited to the fund.

20           **SECTION 19.** 18.562 (3) of the statutes is amended to read:

21           18.562 (3) REDEMPTION FUND. The special fund revenues that are to be set aside  
22 for the payment of the principal of and interest ~~of on~~ on the special fund obligations and,  
23 as directed by the commission, payments to be received with respect to an agreement  
24 or ancillary arrangement entered into under s. 18.55 (6), shall be paid into a separate  
25 fund in the treasury or in an account maintained by a trustee appointed for that

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

14 **SECTION 20.** 18.57 (1) of the statutes is amended to read:

15 18.57 (1) A separate and distinct fund shall be established in the state treasury  
16 or in an account maintained by a trustee appointed for that purpose by the  
17 authorizing resolution with respect to each revenue-producing enterprise or  
18 program the income from which is to be applied to the payment of any enterprise  
19 obligation. A separate and distinct fund shall be established in the state treasury  
20 or in an account maintained by a trustee appointed for that purpose by the  
21 authorizing resolution with respect to any special fund program that is ~~created by~~  
22 ~~the imposition of fees, penalties or excise taxes and is applied to the payment~~  
23 financed through the issuance of special fund obligations. All moneys resulting from  
24 the issuance of evidences of revenue obligation shall be credited to the appropriate  
25 fund, applied for refunding or note renewal purposes, or to make deposits to reserve

1 funds, except that moneys which represent ~~premium or~~ accrued interest or, to the  
2 extent provided in the resolution authorizing the issuance of such evidences of  
3 revenue obligation, premium received on the issuance of evidences shall be credited  
4 to the appropriate redemption fund. As determined by the commission, payments  
5 to be received under an agreement or ancillary arrangement entered into under s.  
6 18.55 (6) with respect to any such issuance of evidences of revenue obligation shall  
7 be credited to the appropriate fund.

\*\*\*\*NOTE: This is reconciled s. 18.57 (1). This SECTION has been affected by drafts  
with the following LRB numbers: LRB-1581 and LRB-1932.

8 **SECTION 21.** 18.57 (2) of the statutes is amended to read:

9 18.57 (2) Moneys in such funds may be expended, pursuant to appropriations,  
10 only for the purposes and in the amounts for which borrowed, for the payment of the  
11 principal of and interest on related revenue obligations, to make deposits to reserve  
12 funds, and ~~for expenses incurred in issuing such obligations~~ to make ancillary  
13 payments.

14 **SECTION 22.** 18.58 (2) of the statutes is repealed.

15 **SECTION 23.** 18.60 (2) of the statutes is amended to read:

16 18.60 (2) If the commission determines to exchange refunding obligations, they  
17 may be exchanged privately for and in payment and discharge of any of the  
18 outstanding obligations or notes being refinanced. Refunding obligations may be  
19 exchanged for ~~a like or greater principal amount of the obligations or notes being~~  
20 ~~exchanged therefor except that the principal amount of the refunding obligations~~  
21 ~~may exceed the principal amount of the obligations or notes being exchanged~~  
22 ~~therefor only to the extent determined by the commission to be necessary or~~  
23 ~~advisable to pay redemption premiums and unpaid interest to the date of exchange~~

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

12 **SECTION 24.** 18.61 (5) of the statutes is amended to read:

13 18.61 (5) The legislature may provide, with respect to any specific issue of  
14 revenue obligations, prior to their issuance, that if the special fund income or the  
15 enterprise or program income pledged to the payment of the principal of and interest  
16 of on the issue is insufficient for that purpose, or is insufficient to replenish a reserve  
17 fund, if applicable, it will consider supplying the deficiency by appropriation of funds,  
18 from time to time, out of the treasury. If the legislature so provides, the commission  
19 may make the necessary provisions therefor in the authorizing resolution and other  
20 proceedings of the issue. Thereafter, if the contingency occurs, recognizing its moral  
21 obligation to do so, the legislature hereby expresses its expectation and aspiration  
22 that it shall make such appropriation.

23 **SECTION 25.** 18.70 of the statutes is amended to read:

24 **18.70 Provisions applicable.** The following sections apply to this  
25 subchapter, except that all references to “public debt”, “debt” or “revenue obligation”

1 are deemed to refer to “operating notes”, all references to “evidence of indebtedness”  
2 are deemed to refer to “evidence of operating note”, and all references to “evidences  
3 of indebtedness” are deemed to refer to “evidences of operating notes”: ss. 18.03,  
4 ~~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  
5 (1), 18.62 and 18.63.

6 **SECTION 26.** 18.73 (5) of the statutes is created to read:

7 **18.73 (5) AGREEMENTS AND ARRANGEMENTS; DELEGATION; USE OF OPERATING NOTES.**

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

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

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

23 **SECTION 27.** 18.74 of the statutes is amended to read:

24 **18.74 Application of operating note proceeds.** All moneys resulting from  
25 the contracting of operating notes or any payment to be received under an agreement

1 or ancillary arrangement entered into under s. 18.73 (5) with respect to any such  
2 operating notes shall be credited to the general fund, except that moneys which  
3 represent premium and accrued interest on operating notes, or moneys for purposes  
4 of funding or refunding operating notes pursuant to s. 18.72 (1) shall be credited to  
5 the operating note redemption fund.

6 **SECTION 28.** 18.75 (2) of the statutes is amended to read:

7 18.75 (2) The operating note redemption fund shall be expended and all  
8 moneys from time to time on hand therein are irrevocably appropriated, in sums  
9 sufficient, only for the payment of principal and interest on operating notes giving  
10 rise to it and premium, if any, due upon refunding or early redemption of such  
11 operating notes, and for the payment due, if any, under an agreement or ancillary  
12 arrangement entered into under s. 18.73 (5) with respect to such operating notes.

13 **SECTION 29.** 18.75 (4) of the statutes is amended to read:

14 18.75 (4) There shall be transferred, under s. 20.855 (1) (a), a sum sufficient  
15 for the payment of the principal, interest and premium due, if any, and for the  
16 payment due, if any, under an agreement or ancillary arrangement entered into  
17 pursuant to s. 18.73 (5) with respect to such operating notes on the operating notes  
18 giving rise to it as the same falls due. Such transfers shall be so timed that there is  
19 at all times on hand in the fund an amount not less than the amount to be paid out  
20 of it during the ensuing 30 days or such other period if so provided for in the  
21 authorizing resolution. The commission may pledge the deposit of additional  
22 amounts at periodic intervals and the secretary of the department may impound  
23 moneys of the general fund, including moneys temporarily reallocated from other  
24 funds under s. 20.002 (11), in accordance with the pledge of revenues in the  
25 authorizing resolution, and all such impoundments are deemed to be payments for

1 purposes of s. 16.53 (10), but no such impoundment may be made until the amounts  
2 to be paid into the bond security and redemption fund under s. 18.09 during the  
3 ensuing 30 days have been deposited in the bond security and redemption fund.

4 **SECTION 30.** 20.866 (intro.) of the statutes is amended to read:

5 **20.866 Public debt.** (intro.) There are irrevocably appropriated to the bond  
6 security and redemption fund and to the capital improvement fund, as a first charge  
7 upon all revenues of this state, sums sufficient for payment of principal, interest and,  
8 premium due, if any, ~~on~~ and payment due, if any, under an agreement or ancillary  
9 arrangement entered into under s. 18.06 (8) (a) with respect to any public debt  
10 contracted under subchs. I and IV of ch. 18.

11 **SECTION 31.** 20.866 (1) (u) of the statutes is amended to read:

12 20.866 (1) (u) *Principal repayment and interest.* A sum sufficient from moneys  
13 appropriated under sub. (2) (zp) and ss. 20.115 (2) (d) and (7) (b) and (f), 20.190 (1)  
14 (c), (d), (i), and (j), 20.225 (1) (c) and (i), 20.245 (1) (e) and (j), 20.250 (1) (c) and (e),  
15 20.255 (1) (d), ~~20.275 (1) and (4)~~ (er), (es), (h), and (hb), 20.285 (1) (d), (db), (fh), (ih),  
16 (kd), and (km) and (5) (i), 20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (ag),  
17 (aq), (ar), (at), (au), ~~(ba)~~, (bq), (ca), (cb), (cc), (cd), (ce), (cf), ~~(cg)~~, (ea), (eq), and (er),  
18 20.395 (6) (af), (aq), (ar), and (at), 20.410 (1) (e), (ec), and (ko) and (3) (e), 20.435 (2)  
19 (ee) and (6) (e), 20.465 (1) (d), 20.485 (1) (f) and (go), (3) (t) and (4) (qm), 20.505 (5)  
20 (c), (g) and (kc), 20.855 (8) (a) and 20.867 (1) (a) and (b) and (3) (a), (b), (bm), (bp), (br),  
21 (bt), (g), (h), (i), and (q) for the payment of principal and, interest ~~on~~, premium due,  
22 if any, and payment due, if any, under an agreement or ancillary arrangement  
23 entered into pursuant to s. 18.06 (8) (a) with respect to any public debt contracted  
24 under subchs. I and IV of ch. 18.



\*\*\*NOTE: This reconciles LRB-0423/3, LRB-0666/8, LRB-1637/1, and  
LRB-1932/1.

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(END)