

2003 DRAFTING REQUEST

Senate Amendment (SA-SB44)

Received: **05/19/2003**

Received By: **rmarchan**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Runde (FA)**

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

Drafter: **rmarchan**

May Contact:

Addl. Drafters:

Subject: **State Finance - miscellaneous**

Extra Copies: **RAC**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to: **robert.marchant@legis.state.wi.us**

Pre Topic:

LFB:.....Runde (FA) -

Topic:

Unfunded pension obligation and sick leave conversion bonds

Instructions:

LFB Paper #191, alternative 2 a. to c. Also add bonding authority for sick leave conversion liability (\$600 million) (See LRBb0150).

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rmarchan 05/19/2003	csicilia 05/20/2003		_____			
/P1	rmarchan 05/23/2003	csicilia 05/23/2003	jfrantze 05/20/2003	_____	sbasford 05/20/2003		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	rmarchan 06/09/2003	csicilia 06/09/2003	rschluet 05/23/2003	_____	sbasford 05/23/2003		
/2			chaugen 06/09/2003	_____	lemery 06/09/2003		

FE Sent For:

<END>

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/1			rschluet 05/23/2003	_____	sbasford 05/23/2003		

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1/2 cjs 6/9
03

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Topic:

Unfunded pension obligation and sick leave conversion bonds

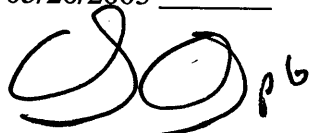
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/P1			jfrantze 05/20/2003	_____	sbasford 05/20/2003		

1 4 = 5/23
03


5-23-03

FE Sent For:

<END>

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/?	rmarchan	P1 5/20 03	26 5/20	26 /			

FE Sent For:

<END>



State of Wisconsin
2003 - 2004 LEGISLATURE

b0210/PI
LRBb0150122
RJM:cjs&jd:~~1~~
stays

RMNR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
SENATE AMENDMENT,
TO 2003 SENATE BILL 44

INS 1-1

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 95, line 23: delete “prior service liability” and substitute
3 “liabilities”.

4 **2.** Page 95, line 25: delete “purpose of” and substitute “purposes of obtaining
5 proceeds to pay the state’s anticipated unfunded prior service liability under s. 40.05
6 (2) (b) and of”.

7 **3.** Page 96, line 1: after “(b)” insert “and the state’s unfunded liability under
8 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

9 **4.** Page 96, line 4: after “(b)” insert “and the state’s unfunded liability under
10 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

11 **5.** Page 96, line 12: after “(b)” insert “and the state’s unfunded liability under
12 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

INS 2-1

6. Page 96, line 13: delete "prior service" and substitute "retirement benefit".

7. Page 97, line 1: after "funds" insert "obtained to pay the state's anticipated unfunded prior service liability under s. 40.05 (2) (b) and funds".

8. Page 97, line 2: after "(b)" insert "and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40,".

9. Page 97, line 3: after "section" insert a comma.

INS 2-6

10. Page 97, line 4: delete "\$750,000,000" and substitute "??".

****NOTE: Need to insert new dollar amount.

11. Page 97, line 21: delete "prior service liability" and substitute "liabilities".

12. Page 97, line 24: after "(b)" insert "and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40".

13. Page 98, line 3: after "to" insert "obtain proceeds to pay the state's anticipated unfunded prior service liability under s. 40.05 (2) (b) and to".

14. Page 98, line 4: after "(b)" insert "and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40".

15. Page 98, line 11: after "(b)" insert "and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40".

16. Page 98, line 23: delete "\$750,000,000" and substitute "??".

****NOTE: Need to insert new dollar amount.

17. Page 393, line 25: after "(b)" insert "and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40".

- 1 **18.** Page 395, line 18: after “(b)” insert “and the state’s unfunded liability
2 under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.
- 3 **19.** Page 395, line 20: delete “prior service” and substitute “retirement
4 benefit”.
- 5 **20.** Page 395, line 25: delete “prior service” and substitute “retirement
6 benefit”.
- 7 **21.** Page 396, line 13: delete “prior service” and substitute “retirement
8 benefit”.
- 9 **22.** Page 1058, line 9: delete “PRIOR SERVICE LIABILITY” and substitute
10 “LIABILITIES”.
- 11 **23.** Page 1058, line 17: delete “section” and substitute “sections”.
- 12 **24.** Page 1058, line 17: after “(b)” insert “and 40.05 (4) (b), (bc), and (bw) and
13 subchapter IX of chapter 40”.

14

(END)

INS 3-13

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0210/lins
RJM:.....

INSERT 1-1

- 1 **1.** Page 89, line 25: after that line insert:
2 “SECTION 171m. 16.42 (1) (g) of the statutes is created to read:
3 16.42 (1) (g) The information required under s. 16.529 (2).”
4 **2.** Page 90, line 10: after that line insert:
5 “SECTION 172m. 16.47 (1) of the statutes is amended to read:
6 16.47 (1) The Except as provided in s. 16.529 (2), the executive budget bill or
7 bills shall incorporate the governor’s recommendations for appropriations for the
8 succeeding biennium. The appropriation method shown in the bill or bills shall in
9 no way affect the amount of detail or manner of presentation which may be requested
10 by the joint committee on finance. Appropriation requests may be divided into 3
11 allotments: personal services, other operating expenses and capital outlay or such
12 other meaningful classifications as may be approved by the joint committee on
13 finance.”

History: 1971 c. 125; 1979 c. 34, 221; 1981 c. 20; 1983 a. 27; 1987 a. 4.

INSERT 2-1

- 14 **3.** Page 97, line 1: delete “The” and substitute “Except as otherwise provided
15 in this paragraph, the” requirements

INSERT 2-6

- 16 # Page 97, line 3: delete “, but shall”.
17 # Page 97, line 4: delete “~~but shall~~ not exceed \$750,000,000” and substitute
18 “The sum of revenue obligations issued under this section and appropriation
19 obligations issued under s. 16.527, if any, excluding any appropriation obligations
that have been defeased under a cash optimization program administered by the

1 building commission and any appropriation obligations issued pursuant to s. 16.527 ✓
2 (3) (b) 3., shall not exceed \$1,350,000,000." ✓

INSERT 2-17

3 5. Page 98, line 22: delete "Appropriation" and substitute "The sum of
4 appropriation".

5 6. Page 98, line 22: delete the material beginning with "may" and ending with
6 "amount" on line 23.

7 7. Page 98, line 25: after "commission" insert "and revenue obligations issued
8 under s. 16.526, if any, shall not exceed \$1,350,000,000." ✓
9 (Note: "may" is written above "shall" and circled)

9 8. Page 98, line 25: delete that line and substitute "commission and any
10 obligations issued pursuant to subd. 3." ✓

11 9. Page 99, line 1: before "contract" insert:
12 3. The department may".

12 9. Page 106, line 24: after that line insert:

13 "SECTION 182d. 16.529 of the statutes is created to read:
14

14 16.529 Lapses and fund transfers relating to unfunded retirement
15 benefit liability debt service. (1) DEFINITIONS. The definitions in s. 20.001 are ✓
16 applicable in this section, except that "state agency" does not include the department
17 of employee trust funds or the investment board.

18 (2) LAPSES AND TRANSFERS REQUIRED. If obligations are issued under s. 16.526 ✓
19 or 16.527, or both, the executive budget bill or bills shall require the secretary during ✓
20 the succeeding fiscal biennium to lapse to the general fund from each appropriation ✓
21 of program revenues, program revenues service, and federal revenues and to
22 transfer to the applicable fund from each appropriation of segregated fund revenues,

lapse

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an amount equal to

1 segregated fund revenues — service, and segregated federal revenues and
 2 subsequently lapse to the general fund that portion of the total amount of principal
 3 and interest to be paid on the obligations during the succeeding fiscal biennium that
 4 is allocable to the appropriation, as determined under sub. (3). The secretary shall
 5 ensure that each state agency includes in the program and financial information
 6 forwarded under s. 16.42 (1) an itemization of each amount that is required to be
 7 lapsed, or ^{lapsed and} transferred ~~and lapsed~~, under this subsection.

8 (3) DETERMINATION OF ALLOCATED AMOUNT. The secretary shall determine the
 9 amount of the allocations required under sub. (2) as follows:

10 1. The secretary shall first compute the total amount that would have been
 11 expended from all appropriations, had obligations under s. 16.526 or 16.527 not been
 12 issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch. 40 during
 13 the fiscal biennium during which the obligations are issued.

14 2. The secretary shall then calculate the percentage of the total computed
 15 under subd. 1. that is allocable to each appropriation of program revenues, program
 16 revenues ^{service}, segregated fund revenues, segregated fund revenues — service,
 17 federal revenues, and segregated federal revenues from which moneys would have
 18 been expended under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch.
 19 40 had the obligations not been issued. The percentage shall be based upon the
 20 amount that would have been required to be expended from the appropriation, had
 21 the obligations not been issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and
 22 subch. IX of ch. 40 during the fiscal biennium during which the obligations are
 23 issued.

24 3. For each appropriation identified under subd. 2., the secretary shall then
 25 apply the percentage calculated under subd. 2. to the total amount of principal and

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issued under SS. 16.526 and 16.527

1 interest to be paid on ~~the~~ obligations during the succeeding fiscal biennium. This
2 amount is the portion of the total amount of principal and interest paid on the
3 obligations during that fiscal biennium that is allocable to each appropriation. ”.

INSERT ~~221~~
3-13

4 **10.** Page 1060, line 8: after that line insert:

5 ⁹⁹“(99) APPROPRIATION ACCOUNT LAPSES AND FUND TRANSFERS RESULTING FROM
6 WISCONSIN RETIREMENT SYSTEM CONTRIBUTIONS SAVINGS.

7 (a) *Definitions.* The definitions in section 20.001 of the statutes are applicable
8 in this subsection, except that “state agency” does not include the department of
9 employee trust funds or the investment board.

10 (b) *Determination of credit amounts.* If obligations are issued under section
11 16.526 or 16.527 of the statutes, or both, during the 2003–04 fiscal year, the secretary
12 of administration shall determine for each state agency any amount credited by the
13 department of employee trust funds to the state agency’s appropriations from
14 program revenues, program revenues^{m-dash} service, segregated fund revenues, and
15 segregated fund revenues^{m-dash} service during the 2003–04 fiscal year, other than
16 amounts described in SECTION 9101 (9) (b) of this Act, ~~which~~ ^{that} represents an
17 overpayment of a liability due to the issuance of the obligations.

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18 (c) *Lapses and transfers.* 1. During the 2003–04 fiscal year, the secretary of
19 administration shall lapse from each state agency’s appropriations from program
20 revenues and program revenues^{m-dash} service to the general fund the amounts calculated
21 by the secretary under paragraph (b) for those appropriations.

22 2. During the 2003–04 fiscal year, the secretary of administration shall lapse
23 from each state agency’s appropriations from segregated fund revenues and

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1 segregated fund revenues ~~service~~ to the appropriate segregated fund the amount
 2 calculated by the secretary under paragraph (b) for those appropriations. After
 3 making this lapse, the secretary shall transfer from the appropriate segregated
 4 funds to the general fund an amount equal to the lapse.”.

9

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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

03b0210/P1dn

RJM:.....

Al Runde:

Attached is a preliminary draft of the amendment dealing with the unfunded WRS liabilities. This amendment incorporates alternatives 2. a. to c. from LFB paper #191 and also permits the revenue and appropriation obligations to be issued for the purpose of covering the expected and actual sick leave conversion liability. Please review the amendment carefully to ensure that it accomplishes the committee's intent. Also, please note that proposed s. 16.529 (2), which requires the executive budget bill to include provisions lapsing certain amounts, may be difficult to enforce in the courts due to the separation of powers concerns. However, as a practical matter, this may not be much of an issue—the legislature could always refuse to consider any budget bill that doesn't contain the desired lapses.

Please feel free to call if you have any questions or if you desire any changes to the amendment.

Robert J. Marchant
Legislative Attorney
Phone: (608) 261-4454
E-mail: robert.marchant@legis.state.wi.us

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

03b0210/P1dn
RJM:cjs:jf

May 20, 2003

Al Runde:

Attached is a preliminary draft of the amendment dealing with the unfunded WRS liabilities. This amendment incorporates alternatives 2. a. to c. from LFB paper #191 and also permits the revenue and appropriation obligations to be issued for the purpose of covering the expected and actual sick leave conversion liability. Please review the amendment carefully to ensure that it accomplishes the committee's intent. Also, please note that proposed s. 16.529 (2), which requires the executive budget bill to include provisions lapsing certain amounts, may be difficult to enforce in the courts due to the separation of powers concerns. However, as a practical matter, this may not be much of an issue—the legislature could always refuse to consider any budget bill that doesn't contain the desired lapses.

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E-mail: robert.marchant@legis.state.wi.us

stays

Runde
DR 13

LFB:.....Runde (FA) – Unfunded pension obligation and sick leave conversion bonds

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO 2003 SENATE BILL 44

1 At the locations indicated, amend the bill as follows:

2 1. Page 89, line 25: after that line insert:

3 "SECTION 171m. 16.42 (1) (g) of the statutes is created to read:

4 16.42 (1) (g) The information required under s. 16.529 (2).".

5 2. Page 90, line 10: after that line insert:

6 "SECTION 172m. 16.47 (1) of the statutes is amended to read:

7 16.47 (1) The Except as provided in s. 16.529 (2), the executive budget bill or
8 bills shall incorporate the governor's recommendations for appropriations for the
9 succeeding biennium. The appropriation method shown in the bill or bills shall in
10 no way affect the amount of detail or manner of presentation which may be requested

1 by the joint committee on finance. Appropriation requests may be divided into 3
2 allotments: personal services, other operating expenses and capital outlay or such
3 other meaningful classifications as may be approved by the joint committee on
4 finance.”.

5 **3.** Page 95, line 23: delete “prior service liability” and substitute
6 “liabilities”.

7 **4.** Page 95, line 25: delete “purpose of” and substitute “purposes of obtaining
8 proceeds to pay the state’s anticipated unfunded prior service liability under s. 40.05
9 (2) (b) and of”.

10 **5.** Page 96, line 1: after “(b)” insert “and the state’s unfunded liability under
11 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

12 **6.** Page 96, line 4: after “(b)” insert “and the state’s unfunded liability under
13 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

14 **7.** Page 96, line 12: after “(b)” insert “and the state’s unfunded liability under
15 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

16 **8.** Page 96, line 13: delete “prior service” and substitute “retirement benefit”.

17 **9.** Page 97, line 1: delete “The requirements” and substitute “Except as
18 otherwise provided in this paragraph, the requirements”.

19 **10.** Page 97, line 1: after “funds” insert “obtained to pay the state’s anticipated
20 unfunded prior service liability under s. 40.05 (2) (b) and funds”.

s. 40.05 (4) (b), (bc),
and (bw) and subch. IX
of ch. 40

21 **11.** Page 97, line 2: after “(b)” insert “and the state’s unfunded liability under
22 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

23 **12.** Page 97, line 3: after “section” insert a comma.

1 **13.** Page 97, line 3: delete “, but shall”.

2 **14.** Page 97, line 4: delete “not exceed \$750,000,000” and substitute “. The
3 sum of revenue obligations issued under this section and appropriation obligations
4 issued under s. 16.527, if any, excluding any appropriation obligations that have
5 been defeased under a cash optimization program administered by the building
6 commission and any appropriation obligations issued pursuant to s. 16.527 (3) (b) 3.,
7 shall not exceed \$1,350,000,000”.

8 **15.** Page 97, line 21: delete “**prior service liability**” and substitute
9 “**liabilities**”.

10 **16.** Page 97, line 24: after “(b)” insert “and the state’s unfunded liability under
11 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

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and subch. IX of
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15 **18.** Page 98, line 4: after “(b)” insert “and the state’s unfunded liability under
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17 **19.** Page 98, line 11: after “(b)” insert “and the state’s unfunded liability under
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19 **20.** Page 98, line 22: delete “Appropriation” and substitute “The sum of
20 appropriation”.

21 **21.** Page 98, line 22: delete the material beginning with “may” and ending
with “amount” on line 23.

1 **22.** Page 98, line 25: delete that line and substitute “commission and any
2 obligations issued pursuant to subd. 3., and revenue obligations issued under s.
3 16.526, if any, may not exceed \$1,350,000,000”.

4 **23.** Page 99, line 1: before “contract” insert:
5 “3. The department may”.

6 **24.** Page 106, line 24: after that line insert:

7 “SECTION 182d. 16.529 of the statutes is created to read:

8 **16.529 Lapses and fund transfers relating to unfunded retirement**

9 **benefit liability debt service.** (1) DEFINITIONS. The definitions in s. 20.001 are
10 applicable in this section, except that “state agency” does not include the department
11 of employee trust funds or the investment board. *prepared under s. 16.47 (1) ✓*

12 (2) LAPSES AND TRANSFERS REQUIRED. If obligations are issued under s. 16.526
13 or 16.527, or both, ^{any} the executive budget bill ~~or bills~~ shall require the secretary during
14 the ~~succeeding~~ ^{to which the executive budget bill relates} fiscal biennium to lapse to the general fund from each appropriation
15 of program revenues, program revenues — service, and federal revenues and to lapse
16 to the applicable fund from each appropriation of segregated fund revenues,
17 segregated fund revenues — service, and segregated federal revenues and
18 subsequently transfer to the general fund an amount equal to that portion of the total
19 amount of principal and interest to be paid on the obligations during the succeeding
20 fiscal biennium that is allocable to the appropriation, as determined under sub. (3).
21 The secretary shall ensure that each state agency includes in the program and
22 financial information forwarded under s. 16.42 (1) an itemization of each amount
23 that is required to be lapsed, or lapsed and transferred, under this subsection.

1 **(3) DETERMINATION OF ALLOCATED AMOUNT.** The secretary shall determine the
2 amount of the allocations required under sub. (2) as follows:

3 1. The secretary shall first compute the total amount that would have been
4 expended from all appropriations, had obligations under s. 16.526 or 16.527 not been
5 issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch. 40 during
6 the fiscal biennium during which the obligations are issued.

7 2. The secretary shall then calculate the percentage of the total computed
8 under subd. 1. that is allocable to each appropriation of program revenues, program
9 revenues — service, segregated fund revenues, segregated fund revenues — service,
10 federal revenues, and segregated federal revenues from which moneys would have
11 been expended under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch.
12 40 had the obligations not been issued. The percentage shall be based upon the
13 amount that would have been required to be expended from the appropriation, had
14 the obligations not been issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and
15 subch. IX of ch. 40 during the fiscal biennium during which the obligations are
16 issued.

17 3. For each appropriation identified under subd. 2., the secretary shall then
18 apply the percentage calculated under subd. 2. to the total amount of principal and
19 interest to be paid during the succeeding fiscal biennium on obligations issued under
20 ss. 16.526 and 16.527. This amount is the portion of the total amount of principal
21 and interest paid on the obligations during that fiscal biennium that is allocable to
22 each appropriation.”.

23 **25.** Page 393, line 25: after “(b)” insert “and the state’s unfunded liability
24 under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

Item #1 Page 395, line 12: delete the material beginning with “prior” and ending
with “service” on line 13.

1 **26.** Page 395, line 18: after “(b)” insert “and the state’s unfunded liability
2 under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

3 **27.** Page 395, line 20: delete “prior service” and substitute “retirement
4 benefit”.

5 **28.** Page 395, line 25: delete “prior service” and substitute “retirement
6 benefit”.

7 **29.** Page 396, line 13: delete “prior service” and substitute “retirement
8 benefit”.

9 **30.** Page 1058, line 9: delete “PRIOR SERVICE LIABILITY” and substitute
10 “LIABILITIES”.

11 **31.** Page 1058, line 17: delete “section” and substitute “sections”.

12 **32.** Page 1058, line 17: after “(b)” insert “and 40.05 (4) (b), (bc), and (bw) and
13 subchapter IX of chapter 40”.

14 **33.** Page 1060, line 8: after that line insert:
15 “(9q) APPROPRIATION ACCOUNT LAPSES AND FUND TRANSFERS RESULTING FROM
16 WISCONSIN RETIREMENT SYSTEM CONTRIBUTIONS SAVINGS.

17 (a) *Definitions.* The definitions in section 20.001 of the statutes are applicable
18 in this subsection, except that “state agency” does not include the department of
19 employee trust funds or the investment board.

20 (b) *Determination of credit amounts.* If obligations are issued under section
21 16.526 or 16.527 of the statutes, or both, during the 2003–04 fiscal year, the secretary
22 of administration shall determine for each state agency any amount credited by the
23 department of employee trust funds to the state agency’s appropriations from

1 program revenues, program revenues — service, segregated fund revenues, and
2 segregated fund revenues — service during the 2003–04 fiscal year, other than
3 amounts described in SECTION 9101 (9) (b) of this act, that represents an overpayment
4 of a liability due to the issuance of the obligations.

5 (c) *Lapses and transfers.* 1. During the 2003–04 fiscal year, the secretary of
6 administration shall lapse from each state agency's appropriations from program
7 revenues and program revenues — service to the general fund the amounts
8 calculated by the secretary under paragraph (b) for those appropriations.

9 2. During the 2003–04 fiscal year, the secretary of administration shall lapse
10 from each state agency's appropriations from segregated fund revenues and
11 segregated fund revenues — service to the appropriate segregated fund the amount
12 calculated by the secretary under paragraph (b) for those appropriations. After
13 making this lapse, the secretary shall transfer from the appropriate segregated fund
14 to the general fund an amount equal to the lapse.”

15 (END)

d-note

DNOTE

At Runde:

Attached is the redraft of the WRS bonding draft. I made some clarifications to proposed s. 16.529 (2) to ensure that the required lapses take place for the entire term of the bonds. As previously drafted, the provision could have been read to require the lapses only during the fiscal biennium following the issuance of the bonds.

(RJM)

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

LRBb0210/1dn
RJM:cjs:rs

May 23, 2003

Al Runde:

Attached is the redraft of the WRS bonding draft. I made some clarifications to proposed s. 16.529 (2) to ensure that the required lapses take place for the entire term of the bonds. As previously drafted, the provision could have been read to require the lapses only during the fiscal biennium following the issuance of the bonds.

Robert J. Marchant
Legislative Attorney
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State of Wisconsin
2003 - 2004 LEGISLATURE

LRBb0210~~1~~ a
RJM:cjs&jld:rs

Stays
RWNR
DWR

LFB:.....Runde (FA) – Unfunded pension obligation and sick leave conversion
bonds

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO 2003 SENATE BILL 44

- 1 At the locations indicated, amend the bill as follows:
- 2 **1.** Page 89, line 25: after that line insert:
- 3 “SECTION 171m. 16.42 (1) (g) of the statutes is created to read:
- 4 16.42 (1) (g) The information required under s. 16.529 (2).”
- 5 **2.** Page 90, line 10: after that line insert:
- 6 “SECTION 172m. 16.47 (1) of the statutes is amended to read:
- 7 16.47 (1) The Except as provided in s. 16.529 (2), the executive budget bill or
- 8 bills shall incorporate the governor’s recommendations for appropriations for the
- 9 succeeding biennium. The appropriation method shown in the bill or bills shall in
- 10 no way affect the amount of detail or manner of presentation which may be requested

1 by the joint committee on finance. Appropriation requests may be divided into 3
2 allotments: personal services, other operating expenses and capital outlay or such
3 other meaningful classifications as may be approved by the joint committee on
4 finance.”.

5 **3.** Page 95, line 23: delete “**prior service liability**” and substitute
6 “**liabilities**”.

7 **4.** Page 95, line 25: delete “purpose of” and substitute “purposes of obtaining
8 proceeds to pay the state’s anticipated unfunded prior service liability under s. 40.05
9 (2) (b) and of”.

10 **5.** Page 96, line 1: after “(b)” insert “and the state’s unfunded liability under
11 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

12 **6.** Page 96, line 4: after “(b)” insert “and the state’s unfunded liability under
13 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

14 **7.** Page 96, line 12: after “(b)” insert “and the state’s unfunded liability under
15 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

16 **8.** Page 96, line 13: delete “prior service” and substitute “retirement”.

17 **9.** Page 97, line 1: delete “The requirements” and substitute “Except as
18 otherwise provided in this paragraph, the requirements”.

19 **10.** Page 97, line 1: after “funds” insert “obtained to pay the state’s anticipated
20 unfunded ^{prior service} liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40 and
21 funds”. (a) (b)

22 **11.** Page 97, line 2: after “(b)” insert “and the state’s unfunded liability under
23 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

1 **12.** Page 97, line 3: after “section” insert a comma.

2 **13.** Page 97, line 3: delete “, but shall”.

3 **14.** Page 97, line 4: delete “not exceed \$750,000,000” and substitute “. The
4 sum of revenue obligations issued under this section and appropriation obligations
5 issued under s. 16.527, if any, excluding any appropriation obligations that have
6 been defeased under a cash optimization program administered by the building
7 commission and any appropriation obligations issued pursuant to s. 16.527 (3) (b) 3.,
8 shall not exceed \$1,350,000,000”.

9 **15.** Page 97, line 21: delete “**prior service liability**” and substitute
10 “**liabilities**”.

11 **16.** Page 97, line 24: after “(b)” insert “and the state’s unfunded liability under
12 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

13 **17.** Page 98, line 3: after “to” insert “obtain proceeds to pay the state’s
14 anticipated unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of
15 ch. 40 and to”. ^{prior service} (2)(b)

16 **18.** Page 98, line 4: after “(b)” insert “and the state’s unfunded liability under
17 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

18 **19.** Page 98, line 11: after “(b)” insert “and the state’s unfunded liability under
19 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

20 **20.** Page 98, line 22: delete “Appropriation” and substitute “The sum of
21 appropriation”.

22 **21.** Page 98, line 22: delete the material beginning with “may” and ending
23 with “amount” on line 23.

1 **22.** Page 98, line 25: delete that line and substitute “commission and any
2 obligations issued pursuant to subd. 3., and revenue obligations issued under s.
3 16.526, if any, may not exceed \$1,350,000,000”.

4 **23.** Page 99, line 1: before “contract” insert:

5 “3. The department may”.

6 **24.** Page 106, line 24: after that line insert:

7 “SECTION 182d. 16.529 of the statutes is created to read:

8 **16.529 Lapses and fund transfers relating to unfunded retirement**
9 **liability debt service. (1) DEFINITIONS.** The definitions in s. 20.001 are applicable
10 in this section, except that “state agency” does not include the department of
11 employee trust funds or the investment board.

12 **(2) LAPSES AND TRANSFERS REQUIRED.** If obligations are issued under s. 16.526
13 or 16.527, or both, any executive budget bill prepared under s. 16.47 (1) shall require
14 the secretary during the fiscal biennium to which the executive budget bill relates
15 to lapse to the general fund from each appropriation of program revenues, program
16 revenues — service, and federal revenues and to lapse to the applicable fund from
17 each appropriation of segregated fund revenues, segregated fund revenues —
18 service, and segregated federal revenues and subsequently transfer to the general
19 fund an amount equal to that portion of the total amount of principal and interest
20 to be paid on the obligations during the succeeding fiscal biennium that is allocable
21 to the appropriation, as determined under sub. (3). The secretary shall ensure that
22 each state agency includes in the program and financial information forwarded
23 under s. 16.42 (1) an itemization of each amount that is required to be lapsed, or
24 lapsed and transferred, under this subsection.

1 **(3) DETERMINATION OF ALLOCATED AMOUNT.** The secretary shall determine the
2 amount of the allocations required under sub. (2) as follows:

3 1. The secretary shall first compute the total amount that would have been
4 expended from all appropriations, had obligations under s. 16.526 or 16.527 not been
5 issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch. 40 during
6 the fiscal biennium during which the obligations are issued.

7 2. The secretary shall then calculate the percentage of the total computed
8 under subd. 1. that is allocable to each appropriation of program revenues, program
9 revenues — service, segregated fund revenues, segregated fund revenues — service,
10 federal revenues, and segregated federal revenues from which moneys would have
11 been expended under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch.
12 40 had the obligations not been issued. The percentage shall be based upon the
13 amount that would have been required to be expended from the appropriation, had
14 the obligations not been issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and
15 subch. IX of ch. 40 during the fiscal biennium during which the obligations are
16 issued.

17 3. For each appropriation identified under subd. 2., the secretary shall then
18 apply the percentage calculated under subd. 2. to the total amount of principal and
19 interest to be paid during the succeeding fiscal biennium on obligations issued under
20 ss. 16.526 and 16.527. This amount is the portion of the total amount of principal
21 and interest paid on the obligations during that fiscal biennium that is allocable to
22 each appropriation.”

23 **25.** Page 393, line 25: after “(b)” insert “and the state’s unfunded liability
24 under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

1 **26.** Page 395, line 12: delete the material beginning with “*prior*” and ending
2 with “*service*” on line 13.

3 **27.** Page 395, line 18: after “(b)” insert “and the state’s unfunded liability
4 under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

5 **28.** Page 395, line 20: delete “prior service” and substitute “retirement”.

6 **29.** Page 395, line 25: delete “prior service” and substitute “retirement”.

7 **30.** Page 396, line 13: delete “prior service” and substitute “retirement”.

8 **31.** Page 1058, line 9: delete “PRIOR SERVICE LIABILITY” and substitute
9 “LIABILITIES”.

10 **32.** Page 1058, line 17: delete “section” and substitute “sections”.

11 **33.** Page 1058, line 17: after “(b)” insert “and 40.05 (4) (b), (bc), and (bw) and
12 subchapter IX of chapter 40”.

13 **34.** Page 1060, line 8: after that line insert:

14 “(9q) APPROPRIATION ACCOUNT LAPSES AND FUND TRANSFERS RESULTING FROM
15 WISCONSIN RETIREMENT SYSTEM CONTRIBUTIONS SAVINGS.

16 (a) *Definitions.* The definitions in section 20.001 of the statutes are applicable
17 in this subsection, except that “state agency” does not include the department of
18 employee trust funds or the investment board.

19 (b) *Determination of credit amounts.* If obligations are issued under section
20 16.526 or 16.527 of the statutes, or both, during the 2003–04 fiscal year, the secretary
21 of administration shall determine for each state agency any amount credited by the
22 department of employee trust funds to the state agency’s appropriations from
23 program revenues, program revenues — service, segregated fund revenues, and

1 segregated fund revenues — service during the 2003–04 fiscal year, other than
2 amounts described in SECTION 9101 (9) (b) of this act, that represents an overpayment
3 of a liability due to the issuance of the obligations.

4 (c) *Lapses and transfers.* 1. During the 2003–04 fiscal year, the secretary of
5 administration shall lapse from each state agency's appropriations from program
6 revenues and program revenues — service to the general fund the amounts
7 calculated by the secretary under paragraph (b) for those appropriations.

8 2. During the 2003–04 fiscal year, the secretary of administration shall lapse
9 from each state agency's appropriations from segregated fund revenues and
10 segregated fund revenues — service to the appropriate segregated fund the amount
11 calculated by the secretary under paragraph (b) for those appropriations. After
12 making this lapse, the secretary shall transfer from the appropriate segregated fund
13 to the general fund an amount equal to the lapse.”

14 (END)

d-note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

60210/2 du
LRB0150/P1dm
RJM:cjs:jf
T
slays

~~May 9, 2003~~

Al Runde

Frank Hoadley:

Attached is a ~~preliminary~~^{re} draft of the amendment you requested concerning obligations to finance sick leave conversion and any expected unfunded prior service liability. ~~Once you approve of the amendment, I will redraft it in introducible form. Please review the draft to ensure that it accomplishes your intent. In particular, please note the following issues:~~

Please note that

1. The phrase "obtaining proceeds to pay the state's anticipated unfunded prior service liability under s. 40.05 (2) (b)" is intended to ensure that the obligations may be issued to cover any expected unfunded prior service liability. I did not include the phrase in the last sentence of proposed s. 16.526 (1) or in proposed s. 16.526 (2) or (5) (b) or 20.505 (1) (sd) because it didn't seem to make sense to require or allow proceeds to be used to pay expected liabilities. Proceeds raised to cover expected liabilities will generally be used to pay for actual liabilities, as I understand your intent. See also proposed ss. 16.527 (2) (a) 2. and 20.505 (1) (iq).

2. This draft does not increase the authorized amount of obligations under proposed s. 16.526 (5) (b) or 16.527 (3) (b) 2. Please let me know what amount should be authorized under those sections. Also, with regard to item 4. from your instructions, I am not aware of any other statutes that need to be revised to allow the deposit of proceeds in respect of future unfunded prior service liabilities. This amendment authorizes obligations for the purpose of raising these proceeds and requires the proceeds to be credited to the appropriation account under s. 20.505 (1) (iq) or (sd), for use in paying the unfunded prior service liability and sick leave conversion liability.

3. With regard to item 7. from Option 1. of your instructions, it did not appear as though you wanted anything drafted at this time. Please let me know if I was mistaken.

4. Please let me know if the treatment of the nonstatutory provision is inappropriate.

Robert J. Marchant
Legislative Attorney
Phone: (608) 261-4454
E-mail: robert.marchant@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0210/2dn
RJM:cjs&jld:ch

June 9, 2003

Al Runde:

Attached is a redraft of the amendment you requested concerning obligations to finance sick leave conversion and any expected unfunded prior service liabilities.

Please note that the phrase "obtaining proceeds to pay the state's anticipated unfunded prior service liability under s. 40.05 (2) (b)" is intended to ensure that the obligations may be issued to cover any expected unfunded prior service liability. I did not include the phrase in the last sentence of proposed s. 16.526 (1) or in proposed s. 16.526 (2) or (5) (b) or 20.505 (1) (sd) because it didn't seem to make sense to require or allow proceeds to be used to pay expected liabilities. Proceeds raised to cover expected liabilities will generally be used to pay for actual liabilities, as I understand your intent. See also proposed ss. 16.527 (2) (a) 2. and 20.505 (1) (iq).

Robert J. Marchant
Legislative Attorney
Phone: (608) 261-4454
E-mail: robert.marchant@legis.state.wi.us



State of Wisconsin
2003 - 2004 LEGISLATURE

LRBb0210/2
RJM:cjs&jld:ch

LFB:.....Runde (FA) – Unfunded pension obligation and sick leave conversion
bonds

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO 2003 SENATE BILL 44

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 89, line 25: after that line insert:

3 “SECTION 171m. 16.42 (1) (g) of the statutes is created to read:

4 16.42 (1) (g) The information required under s. 16.529 (2).”.

5 **2.** Page 90, line 10: after that line insert:

6 “SECTION 172m. 16.47 (1) of the statutes is amended to read:

7 16.47 (1) The Except as provided in s. 16.529 (2), the executive budget bill or
8 bills shall incorporate the governor’s recommendations for appropriations for the
9 succeeding biennium. The appropriation method shown in the bill or bills shall in
10 no way affect the amount of detail or manner of presentation which may be requested

1 by the joint committee on finance. Appropriation requests may be divided into 3
2 allotments: personal services, other operating expenses and capital outlay or such
3 other meaningful classifications as may be approved by the joint committee on
4 finance.”.

5 **3.** Page 95, line 23: delete “**prior service liability**” and substitute
6 “**liabilities**”.

7 **4.** Page 95, line 25: delete “purpose of” and substitute “purposes of obtaining
8 proceeds to pay the state’s anticipated unfunded prior service liability under s. 40.05
9 (2) (b) and of”.

10 **5.** Page 96, line 1: after “(b)” insert “and the state’s unfunded liability under
11 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

12 **6.** Page 96, line 4: after “(b)” insert “and the state’s unfunded liability under
13 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

14 **7.** Page 96, line 12: after “(b)” insert “and the state’s unfunded liability under
15 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

16 **8.** Page 96, line 13: delete “prior service” and substitute “retirement”.

17 **9.** Page 97, line 1: delete “The requirements” and substitute “Except as
18 otherwise provided in this paragraph, the requirements”.

19 **10.** Page 97, line 1: after “funds” insert “obtained to pay the state’s anticipated
20 unfunded prior service liability under s. 40.05 (2) (b) and funds”.

21 **11.** Page 97, line 2: after “(b)” insert “and the state’s unfunded liability under
22 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40,”.

23 **12.** Page 97, line 3: after “section” insert a comma.

1 **13.** Page 97, line 3: delete “, but shall”.

2 **14.** Page 97, line 4: delete “not exceed \$750,000,000” and substitute “. The
3 sum of revenue obligations issued under this section and appropriation obligations
4 issued under s. 16.527, if any, excluding any appropriation obligations that have
5 been defeased under a cash optimization program administered by the building
6 commission and any appropriation obligations issued pursuant to s. 16.527 (3) (b) 3.,
7 shall not exceed \$1,350,000,000”.

8 **15.** Page 97, line 21: delete “**prior service liability**” and substitute
9 “**liabilities**”.

10 **16.** Page 97, line 24: after “(b)” insert “and the state’s unfunded liability under
11 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

12 **17.** Page 98, line 3: after “to” insert “obtain proceeds to pay the state’s
13 anticipated unfunded prior service liability under s. 40.05 (2) (b) and to”.

14 **18.** Page 98, line 4: after “(b)” insert “and the state’s unfunded liability under
15 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

16 **19.** Page 98, line 11: after “(b)” insert “and the state’s unfunded liability under
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18 **20.** Page 98, line 22: delete “Appropriation” and substitute “The sum of
19 appropriation”.

20 **21.** Page 98, line 22: delete the material beginning with “may” and ending
21 with “amount” on line 23.

1 **22.** Page 98, line 25: delete that line and substitute “commission and any
2 obligations issued pursuant to subd. 3., and revenue obligations issued under s.
3 16.526, if any, may not exceed \$1,350,000,000”.

4 **23.** Page 99, line 1: before “contract” insert:

5 “3. The department may”.

6 **24.** Page 106, line 24: after that line insert:

7 “**SECTION 182d.** 16.529 of the statutes is created to read:

8 **16.529 Lapses and fund transfers relating to unfunded retirement**
9 **liability debt service. (1) DEFINITIONS.** The definitions in s. 20.001 are applicable
10 in this section, except that “state agency” does not include the department of
11 employee trust funds or the investment board.

12 **(2) LAPSES AND TRANSFERS REQUIRED.** If obligations are issued under s. 16.526
13 or 16.527, or both, any executive budget bill prepared under s. 16.47 (1) shall require
14 the secretary during the fiscal biennium to which the executive budget bill relates
15 to lapse to the general fund from each appropriation of program revenues, program
16 revenues — service, and federal revenues and to lapse to the applicable fund from
17 each appropriation of segregated fund revenues, segregated fund revenues —
18 service, and segregated federal revenues and subsequently transfer to the general
19 fund an amount equal to that portion of the total amount of principal and interest
20 to be paid on the obligations during the succeeding fiscal biennium that is allocable
21 to the appropriation, as determined under sub. (3). The secretary shall ensure that
22 each state agency includes in the program and financial information forwarded
23 under s. 16.42 (1) an itemization of each amount that is required to be lapsed, or
24 lapsed and transferred, under this subsection.

1 **(3) DETERMINATION OF ALLOCATED AMOUNT.** The secretary shall determine the
2 amount of the allocations required under sub. (2) as follows:

3 1. The secretary shall first compute the total amount that would have been
4 expended from all appropriations, had obligations under s. 16.526 or 16.527 not been
5 issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch. 40 during
6 the fiscal biennium during which the obligations are issued.

7 2. The secretary shall then calculate the percentage of the total computed
8 under subd. 1. that is allocable to each appropriation of program revenues, program
9 revenues — service, segregated fund revenues, segregated fund revenues — service,
10 federal revenues, and segregated federal revenues from which moneys would have
11 been expended under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch.
12 40 had the obligations not been issued. The percentage shall be based upon the
13 amount that would have been required to be expended from the appropriation, had
14 the obligations not been issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and
15 subch. IX of ch. 40 during the fiscal biennium during which the obligations are
16 issued.

17 3. For each appropriation identified under subd. 2., the secretary shall then
18 apply the percentage calculated under subd. 2. to the total amount of principal and
19 interest to be paid during the succeeding fiscal biennium on obligations issued under
20 ss. 16.526 and 16.527. This amount is the portion of the total amount of principal
21 and interest paid on the obligations during that fiscal biennium that is allocable to
22 each appropriation.”.

23 **25.** Page 393, line 25: after “(b)” insert “and the state’s unfunded liability
24 under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

1 **26.** Page 395, line 12: delete the material beginning with “*prior*” and ending
2 with “*service*” on line 13.

3 **27.** Page 395, line 18: after “(b)” insert “and the state’s unfunded liability
4 under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40”.

5 **28.** Page 395, line 20: delete “prior service” and substitute “retirement”.

6 **29.** Page 395, line 25: delete “prior service” and substitute “retirement”.

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9 “LIABILITIES”.

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11 **33.** Page 1058, line 17: after “(b)” insert “and 40.05 (4) (b), (bc), and (bw) and
12 subchapter IX of chapter 40”.

13 **34.** Page 1060, line 8: after that line insert:

14 “(9q) APPROPRIATION ACCOUNT LAPSES AND FUND TRANSFERS RESULTING FROM
15 WISCONSIN RETIREMENT SYSTEM CONTRIBUTIONS SAVINGS.

16 (a) *Definitions.* The definitions in section 20.001 of the statutes are applicable
17 in this subsection, except that “state agency” does not include the department of
18 employee trust funds or the investment board.

19 (b) *Determination of credit amounts.* If obligations are issued under section
20 16.526 or 16.527 of the statutes, or both, during the 2003–04 fiscal year, the secretary
21 of administration shall determine for each state agency any amount credited by the
22 department of employee trust funds to the state agency’s appropriations from
23 program revenues, program revenues — service, segregated fund revenues, and

1 segregated fund revenues — service during the 2003–04 fiscal year, other than
2 amounts described in SECTION 9101 (9) (b) of this act, that represents an overpayment
3 of a liability due to the issuance of the obligations.

4 (c) *Lapses and transfers.* 1. During the 2003–04 fiscal year, the secretary of
5 administration shall lapse from each state agency’s appropriations from program
6 revenues and program revenues — service to the general fund the amounts
7 calculated by the secretary under paragraph (b) for those appropriations.

8 2. During the 2003–04 fiscal year, the secretary of administration shall lapse
9 from each state agency’s appropriations from segregated fund revenues and
10 segregated fund revenues — service to the appropriate segregated fund the amount
11 calculated by the secretary under paragraph (b) for those appropriations. After
12 making this lapse, the secretary shall transfer from the appropriate segregated fund
13 to the general fund an amount equal to the lapse.”

14 (END)