

2003 ASSEMBLY BILL 611

1 **AN ACT** *to amend* 16.526 (5) (b), 16.527 (3) (b) 1., 16.527 (3) (b) 2., 16.527 (4) (e),
2 16.527 (10), 20.505 (1) (br) and 20.505 (1) (iq); *to repeal and recreate* 16.527
3 (2) (a); and *to create* 20.505 (1) (it) of the statutes; **relating to:** limitations on
4 the amount of revenue obligations and appropriation obligations that may be
5 contracted to pay the state's unfunded prior service liability under the
6 Wisconsin Retirement System and the state's unfunded liability under the
7 unused accumulated sick leave conversion credit and supplemental credit
8 programs and making appropriations.

Analysis by the Legislative Reference Bureau

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

9 **SECTION 1.** 16.526 (5) (b) of the statutes, as created by 2003 Wisconsin Act 33,
10 is amended to read:

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1 16.526 (5) (b) Except as otherwise provided in this paragraph, the
2 requirements for funds obtained to pay the state’s anticipated unfunded prior service
3 liability under s. 40.05 (2) (b) and funds used for the payment of the state’s unfunded
4 prior service liability under s. 40.05 (2) (b) and the state’s unfunded liability under
5 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, that are to be paid from revenue
6 obligations issued under this section, shall be determined by the secretary. The sum
7 of revenue obligations issued under this section and appropriation obligations issued
8 under s. 16.527, if any, excluding any appropriation obligations that have been
9 defeased under a cash optimization program administered by the building
10 commission and any appropriation obligations issued pursuant to s. 16.527 (3) (b) 3.,
11 shall not exceed ~~\$1,350,000,000~~ \$1,500,000,000.

12 **SECTION 2.** 16.527 (2) (a) of the statutes, as created by 2003 Wisconsin Act 33,
13 is repealed and recreated to read:

14 16.527 (2) (a) “Appropriation obligation” means an undertaking by the state
15 to repay a certain amount of borrowed money that is payable from all of the following:

16 1. Moneys annually appropriated by law for debt service due with respect to
17 such undertaking in that year.

18 2. Proceeds of the sale of appropriation obligations described in sub. (3) (b) 3.

19 3. Payments received for that purpose under agreements and ancillary
20 arrangements described in sub. (4) (e).

21 4. Investment earnings on amounts in subds. 1. to 3.

22 **SECTION 3.** 16.527 (3) (b) 1. of the statutes, as created by 2003 Wisconsin Act
23 33, is amended to read:

24 16.527 (3) (b) 1. Subject to the limitation under subd. 2., the department may
25 contract appropriation obligations of the state under this section for the purpose of

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1 paying part or all of the state's unfunded prior service liability under s. 40.05 (2) (b)
2 and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX
3 of ch. 40.

4 **SECTION 4.** 16.527 (3) (b) 2. of the statutes, as created by 2003 Wisconsin Act
5 33, is amended to read:

6 16.527 (3) (b) 2. The sum of appropriation obligations issued under this section,
7 excluding any obligations that have been defeased under a cash optimization
8 program administered by the building commission and any obligations issued
9 pursuant to subd. 3., and revenue obligations issued under s. 16.526, if any, may not
10 exceed ~~\$1,350,000,000~~ \$1,500,000,000.

11 **SECTION 5.** 16.527 (4) (e) of the statutes, as created by 2003 Wisconsin Act 33,
12 is amended to read:

13 16.527 (4) (e) At the time of, or in anticipation of, contracting for the
14 appropriation obligations and at any time thereafter so long as the appropriation
15 obligations are outstanding, the department may enter into agreements and
16 ancillary arrangements relating to the appropriation obligations, including trust
17 indentures, liquidity facilities, remarketing or dealer agreements, letter of credit
18 agreements, insurance policies, guaranty agreements, reimbursement agreements,
19 indexing agreements, or interest exchange agreements. Any payments made or
20 received pursuant to any such agreement or ancillary arrangement shall be made
21 from or deposited into ~~a program revenue appropriation account in the general fund~~
22 as provided in the agreement or ancillary arrangement.

23 **SECTION 6.** 16.527 (10) of the statutes, as created by 2003 Wisconsin Act 33, is
24 amended to read:

ASSEMBLY BILL 611**SECTION 6**

1 16.527 (10) MORAL OBLIGATION PLEDGE. Recognizing its moral obligation to do
2 so, the legislature expresses its expectation and aspiration that it shall make timely
3 appropriations from moneys in the general fund that are sufficient to pay the
4 principal and interest due with respect to any appropriation obligations in any year,
5 to make payments of the state under agreements and ancillary arrangements
6 entered into under sub. (4) (e), to make deposits into reserve funds created under sub.
7 (3) (b) 3., and to pay related issuance or administrative expenses.

8 **SECTION 7.** 20.505 (1) (br) of the statutes, as created by 2003 Wisconsin Act 33,
9 is amended to read:

10 20.505 (1) (br) *Appropriation obligations repayment.* The amounts in the
11 schedule to pay debt service costs due in the current fiscal year on appropriation
12 obligations issued under s. 16.527, to make payments of the state under agreements
13 and ancillary arrangements entered into under s. 16.527 (4) (e), to make deposits into
14 reserve funds created under s. 16.527 (3) (b) 3., and to pay related issuance or
15 administrative expenses.

16 **SECTION 8.** 20.505 (1) (iq) of the statutes, as created by 2003 Wisconsin Act 33,
17 is amended to read:

18 20.505 (1) (iq) *Appropriation obligation proceeds.* All moneys received as
19 ~~proceeds~~ from the sale of appropriation obligations that are issued under s. 16.527,
20 and any earnings on such moneys and on any other moneys held for the purpose of
21 this paragraph, to pay part or all of the state's unfunded prior service liability under
22 s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw)
23 and subch. IX of ch. 40, as determined by the department of administration, and to
24 provide for reserves and for expenses of issuance and administration of the
25 appropriation obligations, and to pay interest on the appropriation obligations, the

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1 redemption price of refunded appropriation obligations and any related obligations
2 incurred under agreements entered into under s. 16.527 (4) (e), as determined by the
3 department of administration. Estimated disbursements under this paragraph
4 shall not be included in the schedule under s. 20.005.

5 **SECTION 9.** 20.505 (1) (it) of the statutes is created to read:

6 20.505 (1) (it) *Appropriation obligations; agreements and ancillary*
7 *arrangements*. All moneys received from payments to the state under agreements
8 and ancillary arrangements entered into in connection with appropriation
9 obligations under s. 16.527 (4) (e) to pay debt service on the appropriation obligations
10 and for the other purposes for which such agreements and ancillary arrangements
11 were entered into, as determined by the department of administration.

12

(END)