

2003 ASSEMBLY BILL 611

October 27, 2003 – Introduced by Representatives GARD and KAUFERT, cosponsored by Senators PANZER and DARLING. Referred to Joint Committee on Finance.

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

Current law provides that the Building Commission may contract revenue obligations and the Department of Administration may contract appropriations obligations in an amount not to exceed \$1,350,000,000 to pay the state's unfunded prior service liability under the Wisconsin Retirement System and to pay the state's unfunded liability under the unused accumulated sick leave conversion credit and supplemental credit programs. This bill increases that amount to \$1,500,000,000. In addition, the bill makes several technical changes to the appropriations obligations program.

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

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

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

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15 is repealed and recreated to read:

16 16.527 (2) (a) “Appropriation obligation” means an undertaking by the state
17 to repay a certain amount of borrowed money that is payable from all of the following:

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

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

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

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

4 **SECTION 3.** 16.527 (3) (b) 1. of the statutes, as created by 2003 Wisconsin Act
5 33, is amended to read:

6 16.527 **(3)** (b) 1. Subject to the limitation under subd. 2., the department may
7 contract appropriation obligations of the state under this section for the purpose of
8 paying part or all of the state's unfunded prior service liability under s. 40.05 (2) (b)
9 and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX
10 of ch. 40.

11 **SECTION 4.** 16.527 (3) (b) 2. of the statutes, as created by 2003 Wisconsin Act
12 33, is amended to read:

13 16.527 **(3)** (b) 2. The sum of appropriation obligations issued under this section,
14 excluding any obligations that have been defeased under a cash optimization
15 program administered by the building commission and any obligations issued
16 pursuant to subd. 3., and revenue obligations issued under s. 16.526, if any, may not
17 exceed ~~\$1,350,000,000~~ \$1,500,000,000.

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

20 16.527 **(4)** (e) At the time of, or in anticipation of, contracting for the
21 appropriation obligations and at any time thereafter so long as the appropriation
22 obligations are outstanding, the department may enter into agreements and
23 ancillary arrangements relating to the appropriation obligations, including trust
24 indentures, liquidity facilities, remarketing or dealer agreements, letter of credit
25 agreements, insurance policies, guaranty agreements, reimbursement agreements,

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1 indexing agreements, or interest exchange agreements. Any payments made or
2 received pursuant to any such agreement or ancillary arrangement shall be made
3 from or deposited into a program revenue appropriation account in the general fund
4 as provided in the agreement or ancillary arrangement.

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

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

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

16 20.505 (1) (br) *Appropriation obligations repayment.* The amounts in the
17 schedule to pay debt service costs due in the current fiscal year on appropriation
18 obligations issued under s. 16.527, to make payments of the state under agreements
19 and ancillary arrangements entered into under s. 16.527 (4) (e), to make deposits into
20 reserve funds created under s. 16.527 (3) (b) 3., and to pay related issuance or
21 administrative expenses.

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

24 20.505 (1) (iq) *Appropriation obligation proceeds.* All As a continuing
25 appropriation, all moneys received as proceeds from appropriation obligations that

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1 are issued under s. 16.527, and any earnings on the proceeds and on any other
2 moneys held for the purpose of this paragraph, to pay part or all of the state's
3 unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded
4 liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, as determined
5 by the department of administration, and to provide for reserves and for expenses
6 of issuance and administration of the appropriation obligations, and to pay interest
7 on the appropriation obligations, the redemption price of refunded appropriation
8 obligations and any related obligations incurred under agreements entered into
9 under s. 16.527 (4) (e), as determined by the department of administration.
10 Estimated disbursements under this paragraph shall not be included in the schedule
11 under s. 20.005.

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

13 20.505 (1) (it) *Appropriation obligations; agreements and ancillary*
14 *arrangements.* As a continuing appropriation, all moneys received as payments to
15 the state under agreements and ancillary arrangements entered into in connection
16 with appropriation obligations under s. 16.527 (4) (e) to pay debt service on the
17 appropriation obligations and for the other purposes for which such agreements and
18 ancillary arrangements were entered into, as determined by the department of
19 administration.

20 (END)