



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3399/3

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2003 BILL

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

Analysis by the Legislative Reference Bureau

Current law provides that the Building Commission may contract revenue obligations and appropriations obligations in an amount not to exceed \$1,300,000,000 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.

\$1,350,000,000

BILL

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 (1) of the statutes, as created by 2003 Wisconsin Act 33, is
15 amended to read:

16 ~~16.527 (1) LEGISLATIVE FINDING AND DETERMINATION. Recognizing that the state,
17 by prepaying part or all of the state's unfunded prior service liability under s. 40.05
18 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and
19 subch. IX of ch. 40, may reduce its costs and better ensure the timely and full
20 payment of retirement benefits to participants and their beneficiaries under the
21 Wisconsin Retirement System, the legislature finds and determines that it is in the~~

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1 public interest for the state to issue appropriation obligations to obtain proceeds to
2 pay the state's anticipated unfunded prior service liability under s. 40.05 (2) (b) and,
3 to reimburse the appropriate fund or appropriation account part or all of the amounts
4 paid by the state under s. 40.05 (2) (b) in the calendar year in which the appropriation
5 obligations are contracted, and to pay part or all of the state's unfunded prior service
6 liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b),
7 (bc), and (bw) and subch. IX of ch. 40.

8 **SECTION 3.** 16.527 (2) (a) 2. of the statutes, as created by 2003 Wisconsin Act
9 33, is amended to read:

10 16.527 (2) (a) 2. Used for the purpose of paying part or all of the state's
11 unfunded prior service liability under s. 40.05 (2) (b) and, reimbursing the
12 appropriate fund or appropriation account part or all of the amounts paid by the state
13 under s. 40.05 (2) (b) in the calendar year in which the appropriation obligations are
14 contracted, and paying part or all of the state's unfunded liability under s. 40.05 (4)
15 (b), (bc), and (bw) and subch. IX of ch. 40.

16 **SECTION 4.** 16.527 (3) (b) 2. of the statutes, as created by 2003 Wisconsin Act
17 33, is amended to read:

18 16.527 (3) (b) 2. The sum of appropriation obligations issued under this section,
19 excluding any obligations that have been defeased under a cash optimization
20 program administered by the building commission and any obligations issued
21 pursuant to subd. 3., and revenue obligations issued under s. 16.526, if any, may not
22 exceed ~~\$1,350,000,000~~ \$1,500,000,000.

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

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1 16.527 (4) (e) At the time of, or in anticipation of, contracting for the
 2 appropriation obligations and at any time thereafter so long as the appropriation
 3 obligations are outstanding, the department may enter into agreements and
 4 ancillary arrangements relating to the appropriation obligations, including trust
 5 indentures, liquidity facilities, remarketing or dealer agreements, letter of credit
 6 agreements, insurance policies, guaranty agreements, reimbursement agreements,
 7 indexing agreements, or interest exchange agreements. ~~Any payments made or~~
 8 ~~received pursuant to any such agreement or ancillary arrangement shall be made~~
 9 ~~from or deposited into a program revenue appropriation account in the general fund.~~

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

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

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

21 20.505 (1) (br) *Appropriation obligations repayment.* The amounts in the
 22 schedule to pay debt service costs due in the current fiscal year on appropriation
 23 obligations issued under s. 16.527, to make payments of the state under agreements
 24 and ancillary ^{payments} entered into under s. 16.527 (4) (e), to make deposits into

arrangements

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1 reserve funds created under s. 16.527 (3) (b) 3., and to pay related issuance or
2 administrative expenses.

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

5 20.505 (1) (iq) *Appropriation obligation proceeds.* All moneys received as
6 proceeds from appropriation obligations that are issued under s. 16.527 to pay part
7 or all of the state's unfunded prior service liability under s. 40.05 (2) (b) and, to
8 reimburse the appropriate fund or appropriation account part or all of the amounts
9 paid by the state under s. 40.05 (2) (b) in the calendar year in which the appropriation
10 obligations are contracted, and to pay part or all of the state's unfunded liability
11 under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, as determined by the
12 department of administration, and to provide for reserves and for expenses of
13 issuance and administration of the appropriation obligations, and any related
14 obligations incurred under agreements entered into under s. 16.527 (4) (e).
15 Estimated disbursements under this paragraph shall not be included in the schedule
16 under s. 20.005.

17

(END)

Champagne, Rick

From: Hoadley, Frank
Sent: Tuesday, October 14, 2003 3:16 PM
To: Champagne, Rick
Cc: Runde, Al
Subject: LRB3399/3 - Modifications to Pension Obligation Bonding

Rick -

One more change: In Section 3, lines 9 to 11. Change the sentence that we were striking to read, "Any payments made or received pursuant to any such agreement or ancillary arrangement shall be made from or deposited as provided in such agreement or ancillary arrangement." This is intended to avoid the problem Al identified where monies received might have to be deposited to the general fund, absent other authority.

Since this moves us to a /4, please also make the correction in the analysis we discussed yesterday regarding the authority to issue appropriation obligations.

Thanks.

Frank Hoadley 6-2305



State of Wisconsin
2003 - 2004 LEGISLATURE

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2003 BILL

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

Analysis by the Legislative Reference Bureau

Current law provides that the Building Commission may contract revenue obligations and 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.

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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 (3) (b) 2. of the statutes, as created by 2003 Wisconsin Act
15 33, is amended to read:

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

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

3 16.527 (4) (e) At the time of, or in anticipation of, contracting for the
4 appropriation obligations and at any time thereafter so long as the appropriation
5 obligations are outstanding, the department may enter into agreements and
6 ancillary arrangements relating to the appropriation obligations, including trust
7 indentures, liquidity facilities, remarketing or dealer agreements, letter of credit
8 agreements, insurance policies, guaranty agreements, reimbursement agreements,
9 indexing agreements, or interest exchange agreements.

10 ~~Any payments made or received pursuant to any such agreement or ancillary arrangement shall be made~~
11 ~~from or deposited into a program revenue appropriation account in the general fund.~~

12 **SECTION 4.** 16.527 (10) of the statutes, as created by 2003 Wisconsin Act 33, is
13 amended to read:

14 16.527 (10) MORAL OBLIGATION PLEDGE. Recognizing its moral obligation to do
15 so, the legislature expresses its expectation and aspiration that it shall make timely
16 appropriations from moneys in the general fund that are sufficient to pay the
17 principal and interest due with respect to any appropriation obligations in any year,
18 to make payments of the state under agreements and ancillary arrangements
19 entered into under sub. (4) (e), to make deposits into reserve funds created under sub.
20 (3) (b) 3., and to pay related issuance or administrative expenses.

21 **SECTION 5.** 20.505 (1) (br) of the statutes, as created by 2003 Wisconsin Act 33,
22 is amended to read:

23 20.505 (1) (br) *Appropriation obligations repayment.* The amounts in the
24 schedule to pay debt service costs due in the current fiscal year on appropriation
25 obligations issued under s. 16.527, to make payments of the state under agreements

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as provided in the agreement or ancillary arrangement

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1 and ancillary arrangements entered into under s. 16.527 (4) (e), to make deposits into
2 reserve funds created under s. 16.527 (3) (b) 3., and to pay related issuance or
3 administrative expenses.

4 (END)

(7) As determined by the building commission, any moneys deposited in the excise tax fund that are not required for the retirement of revenue obligations and providing for reserves and for ancillary payments authorized to be paid from such moneys are transferred to the general fund.

(8) Recognizing its moral obligation to do so, the legislature expresses its expectation and aspiration that, if the funds in the excise tax fund are insufficient to pay the principal of and interest on the revenue obligations issued under subch. II of ch. 18 pursuant to this section, the legislature shall make an appropriation from the general fund sufficient to pay the principal and interest on the obligations or to replenish a reserve fund, if applicable.

SECTION 182. 16.527 of the statutes is created to read:

16.527 Retirement of state's unfunded liabilities under the Wisconsin Retirement System; appropriation obligations. (1) LEGISLATIVE FINDING AND DETERMINATION.

Recognizing that the state, by prepaying part or all of the state's unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, may reduce its costs and better ensure the timely and full payment of retirement benefits to participants and their beneficiaries under the Wisconsin Retirement System, the legislature finds and determines that it is in the public interest for the state to issue appropriation obligations to obtain proceeds to pay the state's anticipated unfunded prior service liability under s. 40.05 (2) (b) ~~and~~ to pay part or all of the state's unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40.

(2) DEFINITIONS. In this section:

(a) "Appropriation obligation" means an undertaking by the state to repay a certain amount of borrowed money that is all of the following:

1. Payable from moneys annually appropriated by law for debt service due with respect to such undertaking in that year.

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

3. Not public debt under s. 18.01 (4).

(b) "Evidence of appropriation obligation" means a written promise to pay an appropriation obligation.

(c) "Refunding obligation" means an appropriation obligation contracted to fund or refund all or any part of one or more outstanding appropriation obligations.

(3) AUTHORIZATION OF APPROPRIATION OBLIGATIONS.

(a) The department shall have all powers necessary and convenient to carry out its duties, and exercise its authority, under this section.

(b) 1. Subject to the limitation under subd. 2., the department may contract appropriation obligations of the state under this section.

2. The sum of appropriation obligations issued under this section, excluding any obligations that have been defeased under a cash optimization program administered by the building commission and any obligations issued pursuant to subd. 3., and revenue obligations issued under s. 16.526, if any, may not exceed \$350,000,000.

3. The department may contract appropriation obligations as the department determines is desirable to fund or refund outstanding appropriation obligations issued under this section, to pay issuance or administrative expenses, to make deposits to reserve funds, to pay accrued or funded interest, to pay the costs of credit enhancement, or to make payments under other agreements entered into under sub. (4) (e).

(4) TERMS. (a) Money may be borrowed and evidences of appropriation obligation issued therefor pursuant to one or more written authorizing certifications under sub. (5), unless otherwise provided in the certification, at any time, 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 that the department considers necessary or useful. Appropriation obligations may bear interest at variable or fixed rates, bear no interest, or bear interest payable only at maturity or upon redemption prior to maturity.

(b) The department may authorize evidences of appropriation obligation having any provisions for prepayment considered necessary or useful, including the payment of any premium.

(c) Interest shall cease to accrue on an appropriation obligation on the date that the obligation becomes due for payment if payment is made or duly provided for, but the obligation and accrued interest shall continue to be a binding obligation according to its terms until 6 years overdue for payment, or such longer period as may be required by federal law. At that time, unless demand for its payment has been made, it shall be extinguished and considered no longer outstanding.

(d) All money borrowed by the state pursuant to evidences of appropriation obligation issued under this section shall be lawful money of the United States, and all appropriation obligations shall be payable in such money.

(e) 1. At the time of, or in anticipation of, contracting for the appropriation obligations and at any time thereafter so long as the appropriation obligations are outstanding, the department may enter into agreements and ancillary arrangements relating to the appropriation obligations, including trust indentures, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received pursuant to any such agreement or ancillary

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arrangement shall be made from or deposited into a program revenue appropriation account in the general fund.

(f) All evidences of appropriation obligation owned or held by any state fund are outstanding in all respects and the state agency controlling the fund shall have the same rights with respect to an evidence of appropriation obligation as a private party, but if any sinking fund acquires evidences of appropriation obligation that gave rise to such fund, the obligations are considered paid for all purposes and no longer outstanding and shall be canceled as provided in sub. (8) (e). All evidences of appropriation obligation owned by any state fund shall be registered to the fullest extent registrable.

(g) The state shall not be generally liable on ~~evidences of appropriation obligation~~ and evidences of ~~appropriation obligation~~ shall not be a debt of the state for any purpose whatsoever. ~~Evidences of appropriation obligation~~ including the principal thereof and interest thereon, shall be payable only from amounts that the legislature may, from year to year, appropriate for the payment thereof.

(S)

and other amounts described in sub. (2)(4)

(5) PROCEDURES. (a) No evidence of appropriation obligation may be issued by the state unless the issuance is pursuant to a written authorizing certification. The certification shall set forth the aggregate principal amount of appropriation obligations authorized thereby, the manner of sale of the evidences of appropriation obligation, and the form and terms thereof. The certification shall be signed by the secretary, or his or her designee, and shall be transmitted to the governor. ~~no such~~

(b) Appropriation obligations may be sold at either public or private sale and may be sold at any price or percentage of par value. The department may provide in any authorizing certification for refunding obligations under sub. (7) that they be exchanged privately in payment and discharge of any of the outstanding obligations being refinanced. All appropriation obligations sold at public sale shall be noticed as provided in the authorizing certification. Any bid received at public sale may be rejected.

(6) FORM. (a) Evidences of appropriation obligation may be in the form of bonds, notes, or other evidences of obligation, and may be issued in book-entry form or in certificated form. Notwithstanding s. 403.104 (1), every evidence of appropriation obligation is a negotiable instrument.

(b) Every evidence of appropriation obligation shall be executed in the name of and for the state by the governor and shall be sealed with the great seal of the state or a facsimile thereof. The facsimile signature of the governor may be imprinted in lieu of the manual signature of such officer, as the department directs, if approved by such officer. An evidence of appropriation obligation bearing the manual or facsimile signature of a person in office at the time such signature was signed or imprinted shall be fully valid notwithstanding that before or after

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s of obligations incurred under sub. 4(e)1.

the delivery thereof such person ceased to hold such office.

(c) Every evidence of appropriation obligation shall be dated not later than the date issued, shall contain a reference by date to the appropriate authorizing certification, shall state the limitation established in sub. (4) (g), and shall be in accordance with the authorizing certification.

(d) An evidence of appropriation obligation shall be in such form and contain such statements or terms as determined by the department, and may not conflict with law or with the appropriate authorizing certification.

(7) REFUNDING OBLIGATIONS. (a) 1. The department may authorize the issuance of appropriation obligation refunding obligations. Refunding obligations may be issued, subject to any contract rights vested in owners of obligations being refinanced, to refinance all or any part of one or more issue of obligations notwithstanding that the obligations may have been issued at different times. The principal amount of the refunding obligations may not exceed the sum of: the principal amount of the obligations being refinanced; applicable redemption premiums; unpaid interest on the obligations to the date of delivery or exchange of the refunding obligations; in the event the proceeds are to be deposited in trust as provided in par. (c), interest to accrue on the obligations from the date of delivery to the date of maturity or to the redemption date selected by the department, whichever is earlier; and the expenses incurred in the issuance of the refunding obligations and the payment of the obligations.

2. A determination by the department that a refinancing is advantageous or that any of the amounts provided subd. 1. should be included in the refinancing shall be conclusive.

(b) If the department determines to exchange refunding obligations, they may be exchanged privately for and in payment and discharge of any of the outstanding obligations being refinanced. Refunding obligations may be exchanged for such principal amount of the obligations being exchanged therefor as may be determined by the department to be necessary or advisable. The owners of the obligations being refunded who elect to exchange need not pay accrued interest on the refunding obligations if and to the extent that interest is accrued and unpaid on the obligations being refunded and to be surrendered. If any of the obligations to be refinanced are to be called for redemption, the department shall determine which redemption dates are to be used, if more than one date is applicable and shall, prior to the issuance of the refunding obligations, provide for notice of redemption to be given in the manner and at the times required by the certification authorizing the outstanding obligations.

(c) 1. The principal proceeds from the sale of any refunding obligations shall be applied either to the im-

Note: This suggests

this \$ would not go into a general commingled proceeds or debt service fund.

diate payment and retirement of the obligations being refinanced or, if the obligations have not matured and are not presently redeemable, to the creation of a trust for and shall be pledged to the payment of the obligations being refinanced.

2. If a trust is created, a separate deposit shall be made for each issue of appropriation obligations being refinanced. Each deposit shall be with the secretary of administration or a bank or trust company that is a member of the Federal Deposit Insurance Corporation. If the total amount of any deposit, including money other than sale proceeds but legally available for such purpose, is less than the principal amount of the obligations being refinanced and for the payment of which the deposit has been created and pledged, together with applicable redemption premiums and interest accrued and to accrue to maturity or to the date of redemption, then the application of the sale proceeds shall be legally sufficient only if the money deposited is invested in securities issued by the United States or one of its agencies, or securities fully guaranteed by the United States, and only if the principal amount of the securities at maturity and the income therefrom to maturity will be sufficient and available, without the need for any further investment or reinvestment, to pay at maturity or upon redemption the principal amount of the obligations being refinanced together with applicable redemption premiums and interest accrued and to accrue to maturity or to the date of redemption. The income from the principal proceeds of the securities shall be applied solely to the payment of the principal of and interest and redemption premiums on the obligations being refinanced, but provision may be made for the pledging and disposition of any surplus.

3. Nothing in this paragraph may be construed as a limitation on the duration of any deposit in trust for the retirement of obligations being refinanced that have not matured and that are not presently redeemable. Nothing in this paragraph may be construed to prohibit reinvestment of the income of a trust if the reinvestments will mature at such times that sufficient cash will be available to pay interest, applicable premiums, and principal on the obligations being refinanced.

(8) FISCAL REGULATIONS. (a) The department shall act as registrar for each evidence of appropriation obligation. No transfer of a registered evidence of appropriation obligation is valid unless made on a register maintained by the department, and the state may treat the registered owner as the owner of the instrument for all purposes. Payments of principal and interest shall be by electronic funds transfer, check, share draft, or other draft to the registered owner at the owner's address as it appears on the register, unless the department has otherwise provided. Information in the register is not available for inspection and copying under s. 19.35 (1). The department may make any other provision respecting registration as it considers necessary or useful. The

department may enter into a contract for the performance of any of its functions relating to appropriation obligations.

(b) The department, or the department's agent, shall maintain records containing a full and correct description of each evidence of appropriation obligation issued, identifying it, and showing its date, issue, amount, interest rate, payment dates, payments made, registration, destruction, and every other relevant transaction.

(c) The secretary may appoint one or more trustees and fiscal agents for each issue of appropriation obligations. The secretary may be denominated the trustee and the sole fiscal agent or a cofiscal agent for any issue of appropriation obligations. Every other fiscal agent shall be an incorporated bank or trust company authorized by the laws of the United States or of the state in which it is located to do a banking or trust company business. There may be deposited with a trustee, in a special account, moneys to be used only for the purposes expressly provided in the certification authorizing the issuance of evidences of appropriation obligation or an agreement between the department and the trustee. The department may make other provisions respecting trustees and fiscal agents as the department considers necessary or useful and may enter into a contract with any trustee or fiscal agent containing such terms, including compensation, and conditions in regard to the trustee or fiscal agent as the department considers necessary or useful.

(d) If any evidence of appropriation obligation is destroyed, lost, or stolen, the department shall execute and deliver a new evidence of appropriation obligation, upon filing with the department evidence satisfactory to the department that the evidence of appropriation obligation has been destroyed, lost, or stolen, upon providing proof of ownership thereof, and upon furnishing the department with indemnity satisfactory to it and complying with such other rules of the department and paying any expenses that the department may incur. The department shall cancel the evidences of appropriation obligation surrendered to the department.

(e) Unless otherwise directed by the department, every evidence of appropriation obligation paid or otherwise retired shall be marked "canceled" and delivered, through the secretary if delivered to a fiscal agent other than the secretary, to the auditor who shall destroy them and deliver to the department a certificate to that effect.

(9) APPROPRIATION OBLIGATIONS AS LEGAL INVESTMENTS. Any of the following may legally invest any sinking funds, moneys, or other funds belonging to them or under their control in any appropriation obligations issued under this section:

(a) The state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies.

(b) Banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and

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institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business.

(c) Personal representatives, guardians, trustees, and other fiduciaries.

(10) MORAL OBLIGATION PLEDGE. Recognizing its moral obligation to do so, the legislature expresses its expectation and aspiration that it shall make timely appropriations from moneys in the general fund that are sufficient to pay the principal and interest due with respect to any appropriation obligations in any year.

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

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

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

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

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

(b) The secretary shall then calculate the percentage of the total computed under par. (a) that is allocable to each appropriation of program revenues, program revenues—service, segregated fund revenues, segregated fund revenues — service, federal revenues, and segregated federal revenues from which moneys would have been expended under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch. 40 had the obligations not been issued. The percentage shall be based upon the amount

that would have been required to be expended from the appropriation, had the obligations not been issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch. 40 during the fiscal biennium during which the obligations are issued.

(c) For each appropriation identified under par. (b), the secretary shall then apply the percentage calculated under par. (b) to the total amount of principal and interest to be paid during the succeeding fiscal biennium on obligations issued under ss. 16.526 and 16.527. This amount is the portion of the total amount of principal and interest paid on the obligations during that fiscal biennium that is allocable to each appropriation.

SECTION 183. 16.53 (1) (d) 1. of the statutes is amended to read:

16.53 (1) (d) 1. The secretary, with the approval of the joint committee on employment relations, shall fix the time, ~~except as provided in ss. 106.21-(9)-(e) and s. 106.215-(10)-(e),~~ and frequency for payment of salaries due elective and appointive officers and employees of the state. As determined under this subdivision, the salaries shall be paid either monthly, semimonthly or for each 2-week period.

SECTION 184. 16.53 (5) of the statutes is amended to read:

16.53 (5) WARRANTS; WHAT TO SPECIFY. The secretary shall draw a warrant on the state treasurer treasury payable to the claimant for the amount allowed by the secretary upon every claim audited under sub. (1), except as authorized in s. 16.52 (7), 20.920, or 20.929, specifying from what fund to be paid, the particular law ~~which that~~ that authorizes the claim to be paid out of the state treasury, and at the secretary's discretion the post-office address of the payee. ~~The secretary shall not credit the treasurer for any sum of money paid out by the treasurer~~ No moneys may be paid out of the state treasury under this section otherwise than upon such warrants.

SECTION 185. 16.53 (10) (a) of the statutes is amended to read:

16.53 (10) (a) If an emergency arises which requires the department to draw vouchers for payments which will be in excess of available moneys in any state fund, the secretary, ~~in consultation with the state treasurer, and~~ after notifying the joint committee on finance under par. (b), may prorate and establish priority schedules for all payments within each fund, including those payments for which a specific payment date is provided by statute, except as otherwise provided in this paragraph. The secretary shall draw all vouchers according to the preference provided in this paragraph. All direct or indirect payments of principal or interest on state bonds and notes issued under subch. I of ch. 18 have first priority. All direct or indirect payments of principal or interest on state notes issued under subch. III of ch. 18 have 2nd priority. No payment having a 1st or 2nd priority may be prorated or reduced under this subsection. All state

Vetoed
In Part ~~payments under s. 165.82 (1) shall be credited to this appropriation.~~

SECTION 556t. 20.455 (2) (i) of the statutes is amended to read:

20.455 (2) (i) *Penalty assessment surcharge, receipts.* The amounts in the schedule for the purposes of s. 165.85 (5) (b) and for crime laboratory equipment. All moneys received from the penalty assessment surcharge on court fines and forfeitures as allocated to this appropriation account under s. 757.05 (2) (a), and all moneys transferred under 2003 Wisconsin Act ... (this act), sections 9201 (1p), 9210 (1p), 9215 (1) (gp), 9232 (1p), 9240 (1p), and 9241 (1p), shall be credited to this appropriation account. Moneys may be transferred from this paragraph to pars. (j), (ja), and (jb) by the secretary of administration for expenditures based upon determinations by the department of justice.

SECTION 561. 20.465 (1) (i) of the statutes is created to read:

20.465 (1) (i) *Distance learning centers.* All moneys received from renting the distance learning centers, for the operation and maintenance of the centers under s. 21.19 (13).

SECTION 562. 20.465 (3) (c) of the statutes is repealed.

Vetoed
In Part ~~SECTION 562m. 20.465 (3) (mg) of the statutes is created to read:~~

~~20.465 (3) (mg) *Federal aid, homeland security.* All moneys received from the federal government, as authorized by the governor under s. 16.54, for homeland security programs.~~

SECTION 563d. 20.475 (1) (i) of the statutes is amended to read:

20.475 (1) (i) *Other employees.* The amounts in the schedule to reimburse Milwaukee County for the costs of clerks necessary for the prosecution of violent crime cases under s. 978.13 (1) (c) and, clerks providing clerical services under s. 978.13 (1) (b) to prosecutors handling cases involving felony violations under ch. 961, and clerks providing clerical services under s. 978.13 (1) (d) to prosecutors handling cases involving the unlawful possession or use of firearms. All moneys received under s. 814.635 (1m) shall be credited to this appropriation account.

SECTION 564. 20.485 (1) (gk) of the statutes is amended to read:

20.485 (1) (gk) *Institutional operations.* The amounts in the schedule for the care of the Wisconsin Veterans Home at King, the Southern Wisconsin Veterans Retirement Center, and veterans facilities, and for the payment of stipends under s. 45.365 (7). All moneys received under par. (m) and s. 45.37 (9) (d) and (9d) shall be credited to this appropriation.

SECTION 564d. 20.485 (2) (kg) of the statutes is repealed.

SECTION 564f. 20.485 (2) (km) of the statutes is repealed.

SECTION 564g. 20.485 (2) (tf) of the statutes is amended to read:

20.485 (2) (tf) *Veterans' tuition and-fee reimbursement program.* The Biennially, the amounts in the schedule for the veterans' tuition and-fee reimbursement program under s. 45.25. Notwithstanding s. 20.001 (3) (a), the department may encumber moneys under this appropriation for the fiscal-year biennium up to 60 days after the end of that fiscal-year biennium if an estimate is first submitted to the department of administration showing the amounts that will be encumbered during that 60-day period.

SECTION 564m. 20.485 (2) (th) of the statutes is amended to read:

20.485 (2) (th) *Correspondence courses and part-time classroom study.* The Biennially, the amounts in the schedule for the veterans' correspondence courses and part-time classroom study program under s. 45.396. Notwithstanding ss. 16.52 (5) and 20.001 (3) (a), after June 30, 1998, the department may encumber moneys under this appropriation for the fiscal-year biennium up to 60 days after the end of that fiscal-year biennium if an estimate is first submitted to and approved by the secretary of administration showing the amounts that will be encumbered during that 60-day period.

SECTION 564t. 20.485 (2) (vy) of the statutes is created to read:

20.485 (2) (vy) *American Indian services coordinator.* The amounts in the schedule for an American Indian services veterans benefits coordinator position.

SECTION 564v. 20.485 (2) (vz) of the statutes is created to read:

20.485 (2) (vz) *American Indian grants.* The amounts in the schedule for grants to American Indian tribes and bands under s. 45.35 (14) (h).

SECTION 565. 20.485 (5) (gm) of the statutes is created to read:

20.485 (5) (gm) *Student protection.* All moneys received from the fees received under s. 45.54 (10) (c) 4., for the purpose of indemnifying students, parents, or sponsors under s. 45.54 (10) (a).

SECTION 567. 20.505 (1) (br) of the statutes is created to read:

20.505 (1) (br) *Appropriation obligations repayment.* The amounts in the schedule to pay debt service costs due in the current fiscal year on appropriation obligations issued under s. 16.527. Rider 5

SECTION 568. 20.505 (1) (dm) of the statutes is repealed.

SECTION 569. 20.505 (1) (fe) of the statutes is repealed.

SECTION 570. 20.505 (1) (im) of the statutes is amended to read:

AS A CONTINUING APPROPRIATION,

2003 Senate Bill 44

2003 Wisconsin Act 33

20.505 (1) (im) *Services to nonstate governmental units; entity contract.* The amounts in the schedule to provide services and to repurchase inventory items that are provided primarily to purchasers other than state agencies and, to transfer to the appropriation account under par. (kc) the amounts received from school districts under s. 16.85 (15), and to contract with an entity under s. 153.05 (2m) (a). All moneys received from the sale of services, other than services provided under par. (is), and inventory items which are provided primarily to purchasers other than state agencies shall be credited to this appropriation account.

SECTION 571. 20.505 (1) (iq) of the statutes is created to read:

20.505 (1) (iq) *Appropriation obligation proceeds.* All moneys received as proceeds from appropriation obligations that are issued under s. 16.527 to pay part or all of the state's unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, as determined by the department of administration, and to provide for reserves and for expenses of issuance and administration of the appropriation obligations, and any related obligations incurred under agreements entered into under s. 16.527 (4) (e). Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

SECTION 572. 20.505 (1) (is) of the statutes is created to read:

20.505 (1) (is) *Information technology and communications services; nonstate entities.* From the sources specified in ss. 16.972 (2) (b) and (c), 16.974 (2) and (3), and 16.997 (2) (d), to provide computer, telecommunications, electronic communications, and supercomputer services to state authorities, units of the federal government, local governmental units, and entities in the private sector, the amounts in the schedule.

SECTION 573. 20.505 (1) (kj) of the statutes is amended to read:

20.505 (1) (kj) *Financial services.* The amounts in the schedule to provide accounting, auditing, payroll, and other financial services to state agencies, to provide banking service cost analysis and cash management assistance for state agencies and state funds under s. 25.19 (3), and to transfer the amounts appropriated under s. 20.585 (1) (kb) to the appropriation account under s. 20.585 (1) (kb). All moneys received from the provision of accounting, auditing, payroll, and other financial services to state agencies and from assessments paid under s. 25.14 (3) shall be credited to this appropriation.

SECTION 574. 20.505 (1) (kL) of the statutes is created to read:

20.505 (1) (kL) *Printing, mail, communication, and information technology services; agencies.* From the sources specified in ss. 16.971, 16.972, 16.973, and 16.974 (3), to provide printing, mail processing, elec-

tronic communications, and information technology development, management, and processing services to state agencies, the amounts in the schedule.

SECTION 576. 20.505 (1) (n) of the statutes is created to read:

20.505 (1) (n) *Federal aid; local assistance.* All moneys received from the federal government for local assistance related to s. 16.27, as authorized by the governor under s. 16.54, for the purposes of providing local assistance.

SECTION 577. 20.505 (1) (sd) of the statutes is created to read:

20.505 (1) (sd) *Revenue obligation proceeds to pay the state's unfunded liability under the Wisconsin Retirement System.* As a continuing appropriation, all proceeds from revenue obligations that are issued under subch. II of ch. 18, as authorized under s. 16.526, and deposited in a fund in the state treasury, or in an account maintained by a trustee, created under s. 18.57 (1), as authorized under s. 16.526 (2), to pay part or all of the state's unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, as determined by the department of administration, and to provide for reserves and to make ancillary payments, as determined by the building commission, and the remainder to be transferred to a retirement liability redemption fund created under s. 18.562 (3). Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

SECTION 578. 20.505 (1) (sh) of the statutes is created to read:

20.505 (1) (sh) *Excise tax fund — revenue obligation repayment.* From the excise tax fund, a sum sufficient to pay a retirement liability redemption fund created under s. 18.562 (3) the amount needed to pay the principal of and premium, if any, and interest on revenue obligations issued under subch. II of ch. 18, as authorized under s. 16.526, and to make ancillary payments authorized by the authorizing resolution for the revenue obligations. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

SECTION 579. 20.505 (1) (sm) of the statutes is created to read:

20.505 (1) (sm) *Excise tax fund — provision of reserves and payment of ancillary costs relating to revenue obligations.* From the excise tax fund, a sum sufficient to provide for reserves and for ancillary payments relating to revenue obligations issued under subch. II of ch. 18, as authorized under s. 16.526 and the resolution authorizing the revenue obligations.

SECTION 580. 20.505 (1) (sp) of the statutes is created to read:

20.505 (1) (sp) *Revenue obligation debt service.* From a retirement liability redemption fund created under s. 18.562 (3), all moneys received by the fund for

IGNORE

REPEAL RIDER

Include Rider 6

Rider 8

together with earnings on such proceeds and on other moneys held for such purposes,

Include

Rider 1:

, to reimburse part or all of the amounts paid by the state under s. 40.05(2)(b) in the calendar year in which the appropriation obligations are contracted, and to pay part of all of

Rider 2:

2. Proceeds of the sale of appropriation obligations described in sub. (3)(b)3.
3. Payments received for that purpose under agreements and ancillary arrangements described in sub. (4)(e)1.
4. Investment earnings on amounts described in this par. (a).

Rider 3:

, reimbursing part or all of the amounts paid by the state under s. 40.05(2)(b) in the calendar year in which the appropriation obligations are contracted, and paying part of all of

Rider 4:

2. The [secretary][department] may agree, for the benefit of owners of evidences of appropriation obligations or parties to agreements and ancillary arrangements described in subd. 1., to include payments due under the appropriation obligations or such agreements in the [department's][its] biennial budget [request][estimate] under s. 16.42.
3. The [secretary][department] may agree, for the benefit of owners of evidences of appropriation obligations or parties to agreements and ancillary arrangements described in subd. 1., to assign a priority under s.16.53(10) of not higher than 4th to the payment of amounts appropriated to the payment of such appropriation obligations or amounts due under such agreements. *{Do we need a reference to 20.002(11), as in 18.75(4)?}*

Rider 5:

, payments by the state under agreements and ancillary arrangements entered into under s. 16.527(4)(e)1., and the replenishment of reserves created under s. 16.527(3)(b)(3).

Rider 6:

and to pay interest on the appropriation obligations, the redemption price of refunded appropriation obligations

Rider 7:

, as determined by the department of administration

Rider 8:

A new s. 20.505(1)() is created to read as follows:

[As a continuing appropriation,] all moneys received as payments to the state under agreements and ancillary arrangements entered into in connection with the appropriation obligations under s. 16.527(4)(e)1. to pay debt service on the appropriation obligations and for the other purposes for which such agreements and ancillary arrangements were entered into, as determined by the department of administration.

A new s. 16.42(3) is created to read as follows:

If the [secretary][department] has so agreed under s. 16.527(4)(e)2., then the department's budget [request][estimate] shall include payments due under appropriation obligations contracted under s. 16.527 or under agreements or ancillary arrangements described in s. 16.527(4)(e)1.

A new seventh sentence is added to s. 16.53(10) to read as follows:

If the [secretary][department] has agreed under s. 16.527(4)(e)3. to assign a particular priority not higher than 4th to payments of amounts appropriated to the payment of appropriation obligations under s. 16.527 or amounts due under agreements or ancillary arrangements described in s. 16.527(4)(e)1., such payments shall have the priority that the [secretary][department] agreed to assign.

Additional Q's:

Have we abandoned the thought of funding future required deposits under 40.05(2)(b)?

Do we want a commitment by legislature not to change the appropriation for any current fiscal year?



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3399/4 5
RAC:kjf&csj/v

FRIDAY
Monday AM

RMK

2003 BILL

Regen

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

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.

→ No P → In addition, the bill makes several technical changes to the appropriations obligations program.

BILL

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 (3) (b) 2. of the statutes, as created by 2003 Wisconsin Act
15 33, is amended to read:

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

Insert 2-13

BILL

1 ~~SECTION 3~~ 16.527 (4) (e) of the statutes, as created by 2003 Wisconsin Act 33,
2 is amended to read:

3 16.527 (4) (e) At the time of, or in anticipation of, contracting for the
4 appropriation obligations and at any time thereafter so long as the appropriation
5 obligations are outstanding, the department may enter into agreements and
6 ancillary arrangements relating to the appropriation obligations, including trust
7 indentures, liquidity facilities, remarketing or dealer agreements, letter of credit
8 agreements, insurance policies, guaranty agreements, reimbursement agreements,
9 indexing agreements, or interest exchange agreements. Any payments made or
10 received pursuant to any such agreement or ancillary arrangement shall be made
11 from or deposited ~~into a program revenue appropriation account in the general fund~~
12 as provided in the agreement or ancillary arrangement.

13 ~~SECTION 4~~ 16.527 (10) of the statutes, as created by 2003 Wisconsin Act 33, is
14 amended to read:

15 16.527 (10) MORAL OBLIGATION PLEDGE. Recognizing its moral obligation to do
16 so, the legislature expresses its expectation and aspiration that it shall make timely
17 appropriations from moneys in the general fund that are sufficient to pay the
18 principal and interest due with respect to any appropriation obligations in any year,
19 to make payments of the state under agreements and ancillary arrangements
20 entered into under sub. (4) (e), to make deposits into reserve funds created under sub.
21 (3) (b) 3., and to pay related issuance or administrative expenses.

22 ~~SECTION 5~~ 20.505 (1) (br) of the statutes, as created by 2003 Wisconsin Act 33,
23 is amended to read:

24 20.505 (1) (br) *Appropriation obligations repayment.* The amounts in the
25 schedule to pay debt service costs due in the current fiscal year on appropriation

BILL

1 obligations issued under s. 16.527, to make payments of the state under agreements
2 and ancillary arrangements entered into under s. 16.527 (4) (e), to make deposits into
3 reserve funds created under s. 16.527 (3) (b) 3., and to pay related issuance or
4 administrative expenses.

5

(END)

Insert 4-4

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3399/5ins
RAC::

Insert 2-13:

SECTION 16.527 (2) (a) of the statutes is repealed and recreated to read:

16.527 (2) (a) "Appropriation obligation" means an undertaking by the state to repay a certain amount of borrowed money that is payable only from moneys annually appropriated by law for debt service due with respect to such undertaking in that year.

SECTION 16.527 (3) (b) 1. of the statutes is amended to read:

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

History: 2003 a. 33.

Insert 4-4:

SECTION 20.505 (1) (iq) of the statutes is amended to read:

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

incurred under agreements entered into under s. 16.527 (4) (e), as determined by the department of administration. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

History: 1971 c. 108, 125, 215; 1971 c. 270 s. 104; 1973 c. 90 and supp., 157, 305; 1975 c. 39 ss. 179 to 184f, 735 (5); 1975 Ex. Order No. 24; 1975 c. 224, 397; 1977 c. 29; 1977 c. 196 ss. 70, 131; 1977 c. 377 s. 30; 1977 c. 418 s. 929 (1), (55); 1979 c. 32 s. 92 (5); 1979 c. 34, 175, 221; 1979 c. 355 s. 241; 1979 c. 361; 1981 c. 20 ss. 400b to 421, 2202 (57) (b); 1981 c. 44 s. 3; 1981 c. 62, 121; 1981 c. 202 s. 23; 1981 c. 314, 374, 391; 1983 a. 27 ss. 439 to 456, 2202 (1); 1983 a. 36, 187, 282, 371, 393; 1985 a. 29, 31, 57, 120, 296, 297, 332; 1987 a. 27 ss. 296n, 296q, 297b, 297d, 299a to 299r, 300a, 301a, 418 to 432; 1987 a. 142, 147, 342, 399; 1989 a. 31, 56, 107, 122, 336, 339, 345, 366; 1991 a. 39 s. 469, 593q to 614; 1991 a. 105, 269, 315; 1993 a. 16 ss. 470g, 470m, 470r, 488 to 506m; 1993 a. 33, 75, 193, 349, 358, 374, 414, 437, 477, 491; 1995 a. 27, 56, 201, 216, 225, 227, 370, 403; 1997 a. 3; 1997 a. 27 ss. 199, 227 to 229m, 233, 666g to 692; 1997 a. 237, 283; 1999 a. 5, 9, 24, 52, 105, 113, 148, 185; 2001 a. 16 ss. 684d, 685d, 800 to 905; 2001 a. 104, 109; 2003 a. 33 ss. 364d, 365d, 369d, 370d, 374d, 376d, 378d, 380d to 384d, 567 to 615f, 639, 640, 642d to 644, 2811 to 2813; 2003 a. 48 s. 11.

SECTION 4 20.505 (1) ~~(a)~~ of the statutes is created to read:

20.505 (1) ~~(a)~~ ^{it} ~~(a)~~ ^{it} *Appropriation obligations; agreements and ancillary arrangements.* All moneys received as payments to the state under agreements and ancillary arrangements entered into in connection with appropriation obligations under s. 16.527 (4) (e) ~~to~~ [✓] to pay debt service on the appropriation obligations and for the other purposes for which such agreements and ancillary arrangements were entered into, as determined by the department of administration.

X

X

Marchant, Robert

From: Hoadley, Frank
Sent: Friday, October 24, 2003 11:35 AM
To: Marchant, Robert
Subject: FW: Draft 3399/5

-----Original Message-----

From: Hoadley, Frank
Sent: Friday, October 24, 2003 11:27 AM
To: Champagne, Rick
Subject: Draft 3399/5

Rick -

The following changes are necessary:

✓ Page 2, line 17, delete the word "only".

Page 2, line 17, following the word "from", insert a colon, then drop the remainder of the paragraph into a new sub-paragraph, numbered "1."

Following this new sub-paragraph, insert Rider 2.

Within Rider 2, paragraph 3, delete the "1" at the end of that paragraph.

✓ Page 4, line 20, insert the words, "As a continuing appropriation," at the beginning of the paragraph.

Page 5, line 2, delete the "s" at the end of the word "appropriations."

Page 5, line 9, insert the words, "As a continuing appropriation," at the beginning of the paragraph.

Frank Hoadley 6-2305

TODAY

2003 BILL

RSM

PLM NR

stays

DRR NR

SA

Re Gov cont

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.

BILL

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 ~~only~~ from ~~moneys~~
18 annually appropriated by law for debt service due with respect to such undertaking
19 in that year.

all of the following: P1.

17
18
19
2-19

20 **SECTION 3.** 16.527 (3) (b) 1. of the statutes, as created by 2003 Wisconsin Act
21 33, is amended to read:

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

6 **SECTION 4.** 16.527 (3) (b) 2. of the statutes, as created by 2003 Wisconsin Act
7 33, is amended to read:

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

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

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

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

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

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

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

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

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

As a continuing appropriation, all

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1 provide for reserves and for expenses of issuance and administration of the
 2 appropriation obligations, and to pay interest on the appropriations obligations, the
 3 redemption price of refunded appropriation obligations and any related obligations
 4 incurred under agreements entered into under s. 16.527 (4) (e), as determined by the
 5 department of administration. Estimated disbursements under this paragraph
 6 shall not be included in the schedule under s. 20.005.

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

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

14 (END)

As a continuing appropriation, all

D-note

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Rider 1:

, to reimburse part or all of the amounts paid by the state under s. 40.05(2)(b) in the calendar year in which the appropriation obligations are contracted, and to pay part of all of

Rider 2:

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

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

4. Investment earnings on amounts described in ~~sub. (4)(e)~~ subds. 1. to 3.

Rider 3:

, reimbursing part or all of the amounts paid by the state under s. 40.05(2)(b) in the calendar year in which the appropriation obligations are contracted, and paying part of all of

Rider 4:

2. The [secretary][department] may agree, for the benefit of owners of evidences of appropriation obligations or parties to agreements and ancillary arrangements described in subd. 1., to include payments due under the appropriation obligations or such agreements in the [department's][its] biennial budget [request][estimate] under s. 16.42.

3. The [secretary][department] may agree, for the benefit of owners of evidences of appropriation obligations or parties to agreements and ancillary arrangements described in subd. 1., to assign a priority under s.16.53(10) of not higher than 4th to the payment of amounts appropriated to the payment of such appropriation obligations or amounts due under such agreements. *{Do we need a reference to 20.002(11), as in 18.75(4)?}*

Rider 5:

, payments by the state under agreements and ancillary arrangements entered into under s. 16.527(4)(e)1., and the replenishment of reserves created under s. 16.527(3)(b)(3).

Rider 6:

and to pay interest on the appropriation obligations, the redemption price of refunded appropriation obligations

Rider 7:

, as determined by the department of administration

Ben

DRAFT

The ^{inclusion} of the phrase "As a continuing appropriation" in proposed s. 20.505 (1) (i) and (ii) is unnecessary as a matter of law. Including the phrase may cause confusion concerning the ^{meaning} of ^{these} statutes and other statutes that ^{properly} omit ^{the} phrase. Please let me know if you ^{would} like the phrase deleted.

[ROM]

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

LRB-3399/6dn
RJM:cs:rs

October 24, 2003

The inclusion of the phrase "As a continuing appropriation" in proposed s. 20.505 (1) (iq) and (it) is unnecessary as a matter of law. Including the phrase may cause confusion concerning the meaning of these statutes and other statutes that properly omit the phrase. Please let me know if you would like the phrase deleted.

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

Memo

To: Senator Representative DOA - Frank Hoadley (The Draft's Requester)

Per your request: ... the attached fiscal estimate was prepared for your unIntroduced 2003 draft.

LRB Number: LRB - 3399

Version: "16"

Fiscal Estimate Prepared By: (agency abbr.) DOA

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 10 / 27 / 2003

* * * * *

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

- > **If redrafted** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.
- > **If introduced** ... and the version of the attached fiscal estimate is for a **previous version** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Lynn) get the ball rolling on getting a fiscal estimate prepared for the introduced version.
- > **If introduced** ... and the version of the attached fiscal estimate is for the **current version** ... please write the draft's introduction number below and give to Mike (or Lynn) to process.

THIS DRAFT WAS INTRODUCED AS: 2003 AB-611

Emery, Lynn

From: Emery, Lynn
Sent: Monday, October 27, 2003 9:01 AM
To: Hoadley, Frank
Subject: LRB-3399/6 (FE by DOA - attached - for your review)



03-3399feDOA.pdf

Lynn Emery
Program Assistant
Legislative Reference Bureau
608-266-3561
lynn.emery@legis.state.wi.us