

2005 ASSEMBLY BILL 267

March 28, 2005 – Introduced by Representatives GOTTLIEB, JESKEWITZ, BALLWEG, GARD, GIELOW, HINES, HONADEL, JENSEN, KERKMAN, F. LASEE, LEMAHIEU, LOTHIAN, MEYER, MONTGOMERY, MUSSER, NISCHKE, OTT, OWENS, STRACHOTA, STONE, TOWNSEND, VAN ROY, VOS and WOOD, cosponsored by Senators BROWN, DARLING, GROTHMAN, LEIBHAM, REYNOLDS and ROESSLER. Referred to Joint Survey Committee on Retirement Systems.

1 **AN ACT** *to renumber and amend* 40.05 (1) (b); and *to create* 40.05 (1) (b) 2. of
2 the statutes; **relating to:** payment of employee required contributions under
3 the Wisconsin Retirement System.

Analysis by the Legislative Reference Bureau

Under current law, required employer and employee contributions under the Wisconsin Retirement System (WRS), and the earnings on these contributions, fund the cost of providing retirement annuities to public employees who are covered under the WRS. Current law permits the employer, on behalf of its employees, to pay all or part of the employee required contributions.

This bill provides that a participating employer in the WRS who is covered by the Municipal Employment Relations Act (MERA) may not pay, on behalf of any employee, the first 3 percent of earnings that the participating employee is required to pay as employee required contributions under the WRS if that employee first becomes a participating employee in the WRS on or after the bill's effective date. Employers covered by MERA generally include any city, county, village, town, metropolitan sewerage district, school district, family care district, or any other political subdivision of the state, or instrumentality of one or more political subdivisions of the state.

This bill will be referred to the Joint Survey Committee on Retirement Systems for a detailed analysis, which will be printed as an appendix to this bill.

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For further information see the *state and local* 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.** 40.05 (1) (b) of the statutes is renumbered 40.05 (1) (b) 1. and
2 amended to read:

3 40.05 (1) (b) 1. ~~In~~ Subject to subd. 2., in lieu of employee payment, the employer
4 may pay all or part of the contributions required by par. (a), but all the payments
5 shall be available for benefit purposes to the same extent as required contributions
6 deducted from earnings of the participating employees. Action to assume employee
7 contributions as provided under this paragraph shall be taken at the time and in the
8 form determined by the governing body of the participating employer. The state shall
9 pay under this paragraph for employees who are covered by a collective bargaining
10 agreement under subch. V of ch. 111 and for employees whose fringe benefits are
11 determined under s. 230.12 an amount equal to 4% 4 percent of the earnings paid by
12 the state unless otherwise provided in a collective bargaining agreement under
13 subch. V of ch. 111 or unless otherwise determined under s. 230.12. The University
14 of Wisconsin Hospitals and Clinics Authority shall pay under this paragraph for
15 employees who are covered by a collective bargaining agreement under subch. I of
16 ch. 111 and for employees whose fringe benefits are determined under s. 233.10 an
17 amount equal to 4% 4 percent of the earnings paid by the authority unless otherwise
18 provided in a collective bargaining agreement under subch. I of ch. 111 or unless
19 otherwise determined under s. 233.10. The state shall pay under this paragraph for
20 employees who are not covered by a collective bargaining agreement under subch.
21 V of ch. 111 and for employees whose fringe benefits are not determined under s.

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1 230.12 an amount equal to 4% 4 percent of the earnings paid by the state unless a
2 different amount is recommended by the director of the office of state employment
3 relations and approved by the joint committee on employment relations in the
4 manner provided for approval of changes in the compensation plan under s. 230.12
5 (3). The University of Wisconsin Hospitals and Clinics Authority shall pay under
6 this paragraph for its employees who are not covered by a collective bargaining
7 agreement under subch. I of ch. 111 an amount equal to 4% 4 percent of the earnings
8 paid by the authority unless a different amount is established by the board of
9 directors of the authority under s. 233.10.

10 **SECTION 2.** 40.05 (1) (b) 2. of the statutes is created to read:

11 40.05 (1) (b) 2. A participating employer that is a municipal employer, as
12 defined in s. 111.70 (1) (j), may not pay, on behalf of a participating employee, the first
13 3 percent of earnings that a participating employee is required to pay as
14 contributions under par. (a) if that employee first becomes a participating employee
15 on or after the effective date of this subdivision [revisor inserts date].

16 **SECTION 3. Initial applicability.**

17 (1) This act first applies to participating employees in the Wisconsin retirement
18 system who are covered by a collective bargaining agreement under subchapter IV
19 of chapter 111 of the statutes that contains provisions inconsistent with this act on
20 the day on which the agreement expires or is extended, modified, or renewed,
21 whichever occurs first.

22 (END)