



**Fiscal Estimate Narratives**  
**DOR 1/7/2008**

LRB Number	<b>07-2608/6</b>	Introduction Number	<b>AB-0666</b>	Estimate Type	<b>Original</b>
<b>Description</b> Unfunded pension liability financing in populous counties and membership on the pension study committee					

**Assumptions Used in Arriving at Fiscal Estimate**

Under the bill, Milwaukee County would be permitted issue, on a one-time basis, appropriation bonds to fund the unfunded prior service liability regarding its county-operated employee retirement system. The bonds would not constitute a general obligation of the county. The bonds would be repayable solely from the amounts that the county board may appropriate for repayment. The bonds would be repayable over a period of no more than 20 years.

Before these bonds could be issued, Milwaukee County would be required to enact an ordinance to implement a five-year financial plan for relating to paying its unfunded employee retirement benefits. The financial plan must also provide that, in the future, annual pension liabilities are funded on a current basis. The county board must annually report to the legislature, the Department of Revenue (DOR), the Department of Administration, and the governor on their progress regarding their fulfillment of the financial plan.

If the county fails to contribute sufficient funds to its retirement plan in given year, DOR must withhold from the following year's shared revenue an amount equal to the insufficiency. DOR must deposit the withheld amount into the county's employee retirement system.

Based on information from page 125 of Milwaukee County's Comprehensive Annual Fiscal Report for the year ended December 31, 2006, the unfunded liability of the county's retirement system was about \$405,688,000. Regarding the bonds that could be issued under the bill, DOR is unable to project the interest rate at which the bonds could be sold or the interest rate which could be earned on the proceeds. DOR is therefore unable to reasonable estimate the effect such bonds could have on the county's finances.

The bill imposes no costs on the DOR.

**Long-Range Fiscal Implications**