

2007 DRAFTING REQUEST

Bill

Received: **12/20/2006**

Received By: **rchampag**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Frederick**

This file may be shown to any legislator: **NO**

Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **State Finance - investment board**

Extra Copies: **ARG**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Frederick, BB0235 -

Topic:

SWIB Budget Authority

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			State
/1	rchampag 12/20/2006	jdye 12/21/2006	nmatzke 12/21/2006	_____	cdurst 12/21/2006		

FE Sent For:

<END>

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/?	rchampag	1/12/20jld	nwn 12/21	nwn/pg 12/21			

FE Sent For:

<END>

2007-09 Budget Bill Statutory Language Drafting Request

- Topic: Budget Authority for the Investment Board
- Tracking Code: BBO235
- SBO team: SGO
- SBO analyst: Caitlin Morgan Frederick
 - Phone: 6-8777
 - Email: Caitlin.frederick@wisconsin.gov
- Agency acronym: SWIB
- Agency number: 536

Priority: High

State of Wisconsin Investment Board
2007-09 Biennial Budget
Statutory Changes

1. Funds Billing

Under current law, SWIB bills the trust funds under management on January 1 and July 1 for its projected operating expenses for the next six-month period. The bill for the next six-month period is adjusted to reflect the difference between projected and actual operating expenses in the prior six months.

Under the amendment, the trust funds would be billed on September 1 for expenses for the fiscal year and the billing adjustment process for each six-month period would be eliminated. (This will simplify the billing process and should result in bills that are more predictable and that fluctuate less.)

Amendment

1. s. 25.187(2)(a) of the statutes is amended to read:

(a) Subject to pars. ~~(b) and (c)~~, on September 1 ~~July 1 and January 1~~ of each year, the investment board ~~estimate shall assess the amounts required for its operating expenditures for the current fiscal year next 6 month period and~~ shall assess each fund for which the board has management responsibility for its share of the board's estimated operating expenditures for the current fiscal year in an equitable manner. The board shall pay the assessment from the current income of each fund, unless an appropriation is made for payment of the assessment, in which case the assessment shall be paid from that appropriation account.

2. s. 25.187(2)(b) of the statutes is repealed.

2. Operating Expenses

Under current law, the maximum amount SWIB may assess trust funds under management for agency operating expenses is the greater of 0.0275% of the market value of assets under management or \$20,352,800.

Under the amendment, SWIB could assess up to the greater of 0.0325% of the market value of assets under management or the amount SWIB was authorized to assess in the second year of the prior biennium. No later June 15 each year, SWIB would certify to the Department of Administration and the Joint Committee on Finance the maximum dollar amount it may assess the trust funds in the next fiscal year.

Amendment

1. s. 25.187(2)(c)1. of the statutes is amended to read:

1. Except as provided subd. 2, the total amount that the board may assess the funds for which the board has management responsibility for any fiscal year may not exceed the greater of the amount the board may assess the funds in the second year of the prior fiscal biennium \$20,352,800 or 0.0275% 0.0325% of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the preceding fiscal year.

2. s. 25.187(2)(c)3.b. is amended to read:

b. Annually, no later than June 15, certify to the department of administration and to the joint committee on finance the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the current fiscal year. The board shall also certify the maximum dollar amount it may assess the trust funds under (2) (c)(1). in the next fiscal year.

December 14, 2006



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1202/1

RAC:.....

Joar

Jld

DOA:.....Frederick, BB0235 - SWIB Budget Authority

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

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1

AN ACT ...; relating to: the budget.

the State of Wisconsin Investment Board

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

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Current law requires SWIB to estimate its operating expenses for the next 6-month period and to assess each fund for which it has management responsibility its share of the expenses in an equitable manner. However, SWIB's assessment may not exceed the greater of \$20,352,800 or 0.0275% of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the preceding fiscal year.

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This bill requires SWIB, annually on September 1, to assess each such fund for its share of SWIB's operating expenses for the current fiscal year and caps the assessment at the greater of the amount that SWIB could have assessed the funds in the second year of the prior fiscal biennium or 0.0325% of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the preceding fiscal year.

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.** 25.187 (2) (a) [✓] of the statutes is amended to read:

2 25.187 (2) (a) Subject to ~~pars. (b) and par. (c)~~ [✓], on ~~July 1 and January~~ [✓] September
3 1 of each year, the investment board shall ~~estimate the amounts required for its~~
4 operating expenditures ~~for the next 6-month period and shall~~ [✓] assess each fund for
5 which the board has management responsibility [✓] for its share of the estimated board's
6 operating expenditures for the current fiscal year [✓] in an equitable manner. The board
7 shall pay the assessment from the current income of each fund, unless an
8 appropriation is made for payment of the assessment, in which case the assessment
9 shall be paid from that appropriation account.

10 History: 1999 a. 9, 185; 2005 a. 25, 153.

10 **SECTION 2.** 25.187 (2) (b) [✓] of the statutes is repealed.

11 **SECTION 3.** 25.187 (2) (c) 1. [✓] of the statutes is amended to read:

12 25.187 (2) (c) 1. Except as provided in subd. 2., the total amount that the board
13 may assess the funds for which the board has management responsibility for any
14 fiscal year may not exceed the greater of \$20,352,800 or ~~0.0275%~~ the amount that the
15 board [✓] could have assessed the funds in the second ^{2nd} year of the prior fiscal biennium
16 or 0.0325% [✓] of the average market value of the assets of the funds at the end of each
17 month between November 30 and April 30 of the preceding fiscal year.

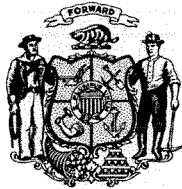
18 History: 1999 a. 9, 185; 2005 a. 25, 153.

18 **SECTION 4.** 25.187 (2) (c) 3. c. [✓] of the statutes is created to read:

19 25.187 (2) (c) 3. c. Annually, no later than June 15, [✓] certify to the [✓] department
20 of administration and to the joint committee on finance the maximum amount that
21 the board may assess the funds for which the board has management responsibility
22 in the next fiscal year. [✓]

23

(END)



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1202/1
RAC:jld:nwn

DOA:.....Frederick, BB0235 - SWIB Budget Authority

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

Current law requires the State of Wisconsin Investment Board (SWIB) to estimate its operating expenses for the next six-month period and to assess each fund for which it has management responsibility for its share of the expenses in an equitable manner. However, SWIB's assessment may not exceed the greater of \$20,352,800 or 0.0275 percent of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the preceding fiscal year.

This bill requires SWIB, annually on September 1, to assess each such fund for its share of SWIB's operating expenses for the current fiscal year and caps the assessment at the greater of the amount that SWIB could have assessed the funds in the second year of the prior fiscal biennium or 0.0325 percent of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the preceding fiscal year.

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:

