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

Because this bill relates to public employee retirement or pensions, it may be
referred to the Joint Survey Committee on Retirement Systems for a report to be
printed as an appendix to the bill.
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:

\textbf{SECTION 1.} 40.05 (1) (b) of the statutes is renumbered 40.05 (1) (b) 1. and amended to read:

40.05 (1) (b) 1. In subject to subd. 2., in lieu of employee payment, the employer may pay all or part of the contributions required by par. (a), but all the payments shall be available for benefit purposes to the same extent as required contributions deducted from earnings of the participating employees. Action to assume employee contributions as provided under this paragraph shall be taken at the time and in the form determined by the governing body of the participating employer. The state shall pay under this paragraph for employees who are covered by a collective bargaining agreement under subch. V of ch. 111 and for employees whose fringe benefits are determined under s. 230.12 an amount equal to 4\% of the earnings paid by the state unless otherwise provided in a collective bargaining agreement under subch. V of ch. 111 or unless otherwise determined under s. 230.12. The University of Wisconsin Hospitals and Clinics Authority shall pay under this paragraph for employees who are covered by a collective bargaining agreement under subch. I of ch. 111 and for employees whose fringe benefits are determined under s. 233.10 an amount equal to 4\% of the earnings paid by the authority unless otherwise provided in a collective bargaining agreement under subch. I of ch. 111 or unless otherwise determined under s. 233.10. The state shall pay under this paragraph for employees who are not covered by a collective bargaining agreement under subch. V of ch. 111 and for employees whose fringe benefits are not determined under s.
ASSEMBLY BILL 449

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

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

SECTION 3. Initial applicability.
(1) This act first applies to participating employees in the Wisconsin
Retirement System who are covered by a collective bargaining agreement under
subchapter IV of chapter 111 of the statutes that contains provisions inconsistent
with this act on the day on which the agreement expires or is extended, modified, or
renewed, whichever occurs first.