

☛ **11hr\_SC-IH\_Misc\_pt02**



☛ Details: Miscellaneous correspondence

(FORM UPDATED: 08/11/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

### 2011-12

(session year)

### Senate

(Assembly, Senate or Joint)

### Committee on Insurance and Housing...

#### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

#### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)  
(**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)  
(**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

in SJR21  
folder

**Urso, Tony**

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**From:** Gasper, Greg  
**Sent:** Friday, October 07, 2011 4:57 PM  
**To:** Urso, Tony  
**Subject:** Tax Exemptions items for Monday

Hi Tony –

It was good to meet you today. I wanted to give you an idea what we need to accomplish Monday in preparation for the Tuesday Tax Exemptions meeting at noon.

1 – **Leg. Council report** – Sometime Monday afternoon, we will receive a report from Scott Grosz at Leg. Council detailing the tax exemptions in SB 203/AB 277. I will go ahead and forward it to committee members. Make sure to get a copy to Sen. Lasee.

2 – **Policy statement** – The official business of the committee on Tuesday is to make a statement as to whether or not the bill(s) is good public policy. On Monday, I will put together a draft committee statement saying that the bill constitutes good public policy. I will send it to you and you can share it with Sen. Lasee and get any changes he would like to see and we will hammer something out. Once we get this worked out, we will want to share it with other committee members so they know ahead of time what the game plan is for Tuesday.

3 – **Draft motion** – After we hammer out the policy statement, I will put together a motion for the executive session. Rep. Knodl will make the motion, which will contain the policy statement.

\*\*\*Senator Lasee will need to chair the meeting in order for it to be allowable for Senator Zipperer to phone in (he can't make it in person – I've already made the call-in arrangements with Sherab). That means you will have to be there taking attendance, handling hearing slips and taking roll call votes. If you are not comfortable with that, please let me know. Maybe there is a way I can clerk the meeting or at least sit next to you and help you through it.

**Greg Gasper**  
*Office of Rep. Dan Knodl*

*Room 218 North, State Capitol  
Madison, WI 53708  
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*Please note that all communications are subject to open records law under Chapter 19, Wis. Stats.*





**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
Robert J. Conlin  
SECRETARY

in SB 504 file

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January 10, 2012

State Representative Duey Stroebel  
Room 8 West  
State Capitol  
P.O. Box 8953  
Madison, WI 53708

DELIVERED VIA EMAIL

Dear Rep. Stroebel:

At your request, we have reviewed the draft substitute to 2011 AB 318 (LRBs 0256/2). You asked ETF to provide an opinion on how the substitute amendment may or may not impact the WRS in terms of rehired annuitants.

At the recent hearing on 2011 AB 318 before the Assembly Committee on Insurance, we expressed several primary concerns. We recommended that any solution should do the following:

- Increase the break-in-service requirement to better reflect a true intent to terminate the employment relationship, a requirement of state and federal law.
- Maintain the solid funding structure of the WRS by discouraging the replacement of new contributing employees with non-contributing employees.
- Achieve clear and straightforward administration for the nearly 1500 employers who participate in the WRS, the employee and retiree members of the system, and ETF.

*Increased break-in-service.* The 75-day break in service required by the substitute amendment is, in our opinion, an improvement over current law. Generally, a longer break reinforces the concept of a valid termination. However, we understand that workforce needs must weigh into the policy decision.

*Funding.* The required contributions from rehired annuitants who work more than half time and their employers is, in our opinion, an improvement over current law. Current law may provide employers an incentive to substitute non-contributing retirees for contributing new employees. If the pool of WRS-covered employees decreases as a result, the normal cost (contribution rate) for covered employees may increase. The substitute amendment addresses this incentive to some extent. Please note, however, that the overall effect of the substitute amendment on the finances of the WRS would be best determined by a review of the proposal by the Joint Survey Committee on Retirement Systems.

*Clear and straightforward administration.* The 50% employment requirement established in the substitute amendment is easy to understand. Upon careful review, however, for purposes of administration, the substitute presents certain issues that are not likely to occur under current law. For example, if ETF is not notified in a timely manner by an employer or employee that the 50% threshold has been exceeded, it is likely that we will need to recoup overpaid benefits. We experienced similar issues under a prior law that capped rehired annuitants' earnings.

Finally, we note that the substitute amendment includes a technical change concerning the manner in which past employment may affect an employee's eligibility to participate in the WRS. This change will clarify an issue that has been of concern to many WRS participating employers.

We hope this memorandum is responsive to your request. As always, we appreciate the opportunity to provide information concerning legislation affecting the WRS.

Sincerely,

Shawn Smith, Director  
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