

**2017 DRAFTING REQUEST****Senate Substitute Amendment (SSA-AB842)**

For: **Dave Hansen (608) 266-5670** Drafter: **fknepp**  
 By: **Jay** Secondary Drafters:  
 Date: **3/19/2018** May Contact:

Same as LRB:

Submit via email: **YES**  
 Requester's email: **Sen.Hansen@legis.wisconsin.gov**  
 Carbon copy (CC) to: **fern.knepp@legis.wisconsin.gov**  
**krista.pleviak@legis.wisconsin.gov**

**Pre Topic:**

No specific pre topic given

**Topic:**

Private retirement security plan

**Instructions:**

See attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	fknepp 3/19/2018	wjackson 3/19/2018			
/1			lparisi 3/19/2018	lparisi 3/19/2018	

FE Sent For:

<END>

**Knepp, Fern**

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**From:** Wadd, Jay  
**Sent:** Monday, March 19, 2018 3:27 PM  
**To:** Knepp, Fern  
**Subject:** Drafting Request: Floor Amendment

Hi, Fern,

Would you please draft AB-403 (WI Private Retirement Board) as an amendment to AB-842 (changes to WRS)?

Thanks,

Jay

Jay Wadd  
Office of Senator Dave Hansen  
608-266-5670

*AS a sub,  
per Jay*



State of Wisconsin  
2017 - 2018 LEGISLATURE

LRBs0422/1  
FFK:  
WjRmk

In 3-19  
TODAY or  
tomorrow  
by 12

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**  
**SENATE SUBSTITUTE AMENDMENT ,**  
**TO ASSEMBLY BILL 842**

1 AN ACT ...; relating to: *Inc I*

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

(END)

*Insert  
AB 403<sup>2</sup> →  
1 change  
last page*



State of Wisconsin  
2017 - 2018 LEGISLATURE

LRB-0769/1  
FFK&KRP:amn&jld

**2017 ASSEMBLY BILL 403**

*Inserts*

June 21, 2017 - Introduced by Representatives GENRICH, CROWLEY, ANDERSON, BERCEAU, BILLINGS, BROSTOFF, CONSIDINE, DOYLE, GOYKE, HEBL, HINTZ, KOLSTE, POPE, RIEMER, SARGENT, SHANKLAND, SPREITZER, SUBECK, C. TAYLOR, VRUWINK, WACHS, ZAMARRIPA and ZEPNICK, cosponsored by Senators HANSEN, RINGHAND, CARPENTER, ERPENBACH, JOHNSON, LARSON, MILLER, SHILLING, VINEHOUT and WIRCH. Referred to Committee on State Affairs.

1 AN ACT *to amend* chapter 40 (title); and *to create* 15.165 (5), 20.515 (1) (k),  
2 20.515 (2), 25.17 (1) (yu), 25.52 and subchapter X of chapter 40 [precedes 40.99]  
3 of the statutes; **relating to:** the creation of a private retirement security plan  
4 and making appropriations.

*Ins  
1*

***Analysis by the Legislative Reference Bureau***

Under current law, the Employee Trust Fund Board (ETF board) administers the Wisconsin Retirement System under which public employees who are covered under the WRS and their employers pay contributions to the WRS and the WRS, from those contributions and the earnings on those contributions, provides retirement annuities to those public employees.

This bill creates a Wisconsin Private Retirement Security Board (board) and requires the board to establish a private retirement security plan (plan) to provide retirement benefits for residents of this state who choose to participate in the plan. Specifically, the bill requires the board to do all of the following:

1. Conduct a study to determine the feasibility of establishing a plan. The feasibility study must estimate the potential population that is likely to choose to participate in the plan and the potential cost of implementing the plan and must recommend a design and structure for the plan that is most reasonable in light of that potential population and cost.

2. Hold public hearings to receive testimony relating to the feasibility study and the recommended design and structure of the plan. The board must hold not less than five public hearings and must hold those hearings over a period of not more than

*Substitute amendment*

**ASSEMBLY BILL 403**

three months. The board may hold no more than one public hearing in Madison and must ensure that at least one public hearing is held in each geographic area of the state, including the southeastern part of the state, the western part of the state, the northern part of the state, and the northeastern part of the state.

3. Based on the feasibility study, the recommended design and structure of the plan, and the testimony received at the public hearings, design the plan. The board must design the plan so that, to the greatest extent possible, the design and structure of the plan are reasonably commensurate with the design and structure of the WRS. In designing the plan, the board must provide for the State of Wisconsin Investment Board to assist the board in managing and investing the assets of the fund and the assets of the accounts of participants in the plan and must provide for the ETF board to assist the board in administering the plan.

4. By no later than the first day of the 18th month beginning after the effective date of the bill, submit a report to the legislature, the governor, and the members of the Joint Committee on Finance summarizing the conclusions of the feasibility study, the testimony received at the public hearings, and the design of the plan. The report must also include an estimate of the cost of initial establishment and administration of the plan, an estimate of the amount of time necessary to make the plan viable, and a recommendation for any legislation that is necessary to implement the plan. If no legislation is recommended, the board must implement the plan.

In addition, the bill requires the Department of Employee Trust Funds to 1) provide staff and other resources to assist the board in the performance of the board's duties under the bill; and 2) submit an estimate to JCF for supplemental funds from the general fund to be credited to the general purpose revenue (GPR) appropriation of the board created under the bill. The estimate must include the initial cost of establishing the board, conducting the feasibility study, holding the public hearings, designing the plan, and preparing and submitting the report. JCF must, from its GPR general program supplementation appropriation, supplement the GPR appropriation of the board in an amount equal to the estimate.

Finally, the bill permits the board to charge reasonable fees to participants in the plan to cover the costs of administering the plan, to recover the investment costs of the accounts of those participants, and to repay the general fund for amounts provided to the board for the costs of conducting the feasibility study, holding the public hearings, designing the plan, and preparing and submitting the report and for the costs of the initial establishment and administration of the plan.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1            **SECTION 1.** 15.165 (5) of the statutes is created to read:

**ASSEMBLY BILL 403**

1           15.165 (5) WISCONSIN PRIVATE RETIREMENT SECURITY BOARD. (a) There is created  
2 in the department of employee trust funds a Wisconsin private retirement security  
3 board consisting of the following members appointed for 5-year terms:

4           1. One member appointed by the employee trust funds board.

5           2. One member appointed by the investment board.

6           3. One member appointed by the agricultural education and workforce  
7 development council.

8           4. One member appointed by the Wisconsin Women's Business Initiative  
9 Corporation.

10          5. One member appointed by the senate majority leader.

11          6. One member appointed by the senate minority leader.

12          7. One member appointed by the speaker of the assembly.

13          8. One member appointed by the assembly minority leader.

14          9. One member appointed by the governor.

15          (b) Not less than 5 of the members appointed under par. (a) shall have at least  
16 10 years of experience in making investments, but any person having a financial  
17 interest in, or whose employer is primarily a dealer or broker in, securities or  
18 mortgage or real estate investments is not eligible for appointment, and any member  
19 who acquires such an interest or accepts such employment shall thereupon vacate  
20 his or her membership.

21          **SECTION 2.** 20.515 (1) (k) of the statutes is created to read:

22           20.515 (1) (k) *Assistance to Wisconsin private retirement security board.* All  
23 moneys transferred from the appropriation account under sub. (2) (a) for the  
24 activities of the department under s. 40.99 (3).

25          **SECTION 3.** 20.515 (2) of the statutes is created to read:

**ASSEMBLY BILL 403****SECTION 3**

1           20.515 (2) PRIVATE RETIREMENT SECURITY PLAN. (a) *Initial costs.* A sum sufficient  
2 to be transferred to the Wisconsin private retirement security plan administration  
3 trust fund and expended for the activities of the Wisconsin private retirement  
4 security board under s. 40.99 (2) (a) to (c) and for the initial establishment and  
5 administration of the Wisconsin private retirement security plan under s. 40.99 (2)  
6 (d) and to be transferred to the appropriation account under sub. (1) (k) and expended  
7 for the activities of the department under s. 40.99 (3).

8           (q) *Initial administrative expenses; Wisconsin private retirement security plan*  
9 *administration trust fund.* From the Wisconsin private retirement security plan  
10 administration trust fund, all moneys transferred to that fund under par. (a) for the  
11 activities of the Wisconsin private retirement security board under s. 40.99 (2) (a) to  
12 (c) and for the initial establishment and administration of the Wisconsin private  
13 retirement security plan under s. 40.99 (2) (d).

14           (r) *Operating administrative expenses; Wisconsin private retirement security*  
15 *plan administration trust fund.* From the Wisconsin private retirement security  
16 plan administration trust fund, all moneys deposited in that fund under s. 40.99 (4)  
17 (b) for the administrative costs of the Wisconsin private retirement security plan  
18 under s. 40.99 (2) (d), for the investment costs of accounts under that plan, and for  
19 repayment of the amounts appropriated under par. (a).

20           **SECTION 4.** 25.17 (1) (yu) of the statutes is created to read:

21           25.17 (1) (yu) Wisconsin private retirement security plan administration trust  
22 fund (s. 25.52).

23           **SECTION 5.** 25.52 of the statutes is created to read:

24           **25.52 Wisconsin private retirement security plan administration trust**  
25 **fund.** There is established a separate nonlapsible trust fund designated as the

**ASSEMBLY BILL 403**

1 Wisconsin private retirement security plan administration trust fund, to consist of  
2 all moneys transferred to that fund under s. 20.515 (2) (a) and all moneys deposited  
3 in that fund under s. 40.99 (4) (b).

4 **SECTION 6.** Chapter 40 (title) of the statutes is amended to read:

5 **CHAPTER 40**

6 **PUBLIC EMPLOYEE TRUST FUND**

7 **AND PRIVATE RETIREMENT**

8 **SECURITY PLAN**

9 **SECTION 7.** Subchapter X of chapter 40 [precedes 40.99] of the statutes is  
10 created to read:

11 **CHAPTER 40**

12 **SUBCHAPTER X**

13 **PRIVATE RETIREMENT SECURITY PLAN**

14 **40.99 Private retirement security plan. (1) DEFINITIONS.** In this section:

15 (a) "Board" means the Wisconsin private retirement security board.

16 (b) "Fund" means the Wisconsin private retirement security plan  
17 administration trust fund.

18 (c) "Plan" means the private retirement security plan established under this  
19 section.

20 **(2) DUTIES OF BOARD.** The board shall do all of the following:

21 (a) *Feasibility study.* Conduct a study to determine the feasibility of  
22 establishing a private retirement security plan to provide retirement benefits for  
23 residents of this state who choose to participate in the plan. The feasibility study  
24 shall estimate the potential population that is likely to choose to participate in the  
25 plan and the potential cost of implementing the plan and shall recommend a design



**ASSEMBLY BILL 403****SECTION 7**

1 and structure for the plan that is most reasonable in light of that potential population  
2 and cost. In conducting the feasibility study, the board may contract with actuarial  
3 consultants and any other person whose services are necessary for the board to  
4 conduct the feasibility study.

5 (b) *Public hearings.* Hold public hearings to receive testimony relating to the  
6 feasibility study conducted, and the design and structure recommended, under par.

7 (a). The board shall hold not less than 5 public hearings under this paragraph and  
8 shall hold those hearings over a period of not more than 3 months. The board may  
9 hold no more than one public hearing under this paragraph in Madison and shall  
10 ensure that at least one public hearing under this paragraph is held in each  
11 geographic area of the state, including the southeastern part of the state, the western  
12 part of the state, the northern part of the state, and the northeastern part of the state.

13 (c) *Design of plan.* Based on the feasibility study conducted, and the design and  
14 structure recommended, under par. (a) and the testimony received under par. (b),  
15 design a private retirement security plan to provide retirement benefits for residents  
16 of this state who choose to participate in the plan. The board shall design the plan  
17 so that, to the greatest extent possible, the design and structure of the plan are  
18 reasonably commensurate with the design and structure of the Wisconsin  
19 Retirement System. In designing the plan, the board shall provide for the  
20 investment board to assist the board in managing and investing the assets of the  
21 fund and the assets of the accounts of participants in the plan and shall provide for  
22 the employee trust funds board to assist the board in administering the plan. In  
23 designing the plan, the board may contract with actuarial consultants and any other  
24 person whose services are necessary for the board to design the plan.

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1           (d) *Implementation of plan.* By no later than the first day of the 18th month  
2 beginning after the effective date of this paragraph .... [LRB inserts date], submit a  
3 report to the legislature under s. 13.172 (2), the governor, and the members of the  
4 joint committee on finance summarizing the conclusions of the feasibility study  
5 conducted under par. (a), the testimony received at the public hearings held under  
6 par. (b), and the design of the plan under par. (c). The report shall also include an  
7 estimate of the cost of initial establishment and administration of the plan, an  
8 estimate of the amount of time necessary to make the plan viable, and a  
9 recommendation for any legislation that is necessary to implement the plan. If no  
10 legislation is recommended, the board shall implement the plan.

11           **(3) DUTIES OF DEPARTMENT.** (a) *Assistance to board.* From the appropriation  
12 account under s. 20.515 (1) (k), the department shall be reimbursed for all of its costs  
13 incurred in establishing the board and plan and for providing staff and other  
14 resources to assist the board in the performance of the board's duties under sub. (2).  
15 The department may not expend any moneys from the public employee trust fund  
16 for its activities under this subsection.

17           (b) *Funding of initial costs.* The department shall submit an estimate to the  
18 joint committee on finance of the initial cost of establishing the board, conducting the  
19 feasibility study under sub. (2) (a), holding the public hearings under sub. (2) (b),  
20 designing the plan under sub. (2) (c), and preparing and submitting the report under  
21 sub. (2) (d). The joint committee on finance shall, from the appropriation under s.  
22 20.865 (4) (a), supplement the appropriation under s. 20.515 (2) (a) in an amount  
23 equal to the estimated amount.

24           **(4) REPAYMENT OF GENERAL FUND.** (a) The board may charge reasonable fees to  
25 participants in the plan to cover the costs of administering the plan, to recover the

**ASSEMBLY BILL 403**

1 investment costs of the accounts of those participants, and to repay the general fund  
2 for amounts transferred to the fund under s. 20.515 (2) (a) as provided in par. (b).

3 (b) A fee collected under par. (a) shall be deposited in the Wisconsin private  
4 retirement security plan administration trust fund and credited to the appropriation  
5 account under s. 20.515 (2) (r). From that appropriation, the board shall transfer to  
6 the general fund an amount equal to the amount expended from the appropriation  
7 under s. 20.515 (2) (a) when the board determines that the balance in the fund is  
8 sufficient to make the transfer. The board may transfer that amount in installments.

9 (c) Annually, by June 1, the board shall submit a report to the joint committee  
10 on finance on the amounts available for transfer under par. (b), the amounts  
11 previously transferred under par. (b), and the outstanding balance that remains to  
12 be transferred under par. (b).

**SECTION 8. Nonstatutory provisions.**

13 (1) WISCONSIN PRIVATE RETIREMENT SECURITY BOARD; INITIAL TERMS.  
14 Notwithstanding the length of terms for the members of the Wisconsin private  
15 retirement security board specified in section 15.165 (5) (a) of the statutes, the initial  
16 terms of the members appointed under section 15.165 (5) (a) 3. and 4. of the statutes  
17 shall expire on May 1, 2021, the initial terms of the members appointed under section  
18 15.165 (5) (a) 5. and 6. of the statutes shall expire on May 1, 2020, <sup>and</sup> the initial terms  
19 of the members appointed under section 15.165 (5) (a) 7. <sup>and 8.</sup> of the statutes shall  
20 expire on May 1, 2019, <sup>and 9.</sup> and the initial term of the member appointed under section  
21 15.165 (5) (a) 9. of the statutes shall expire on May 1, 2018.

22 (END)  
23