

**2019 DRAFTING REQUEST**

**Bill**

For: **Administration-Budget** Drafter: **kpaczusk**  
 By: **Sherwin** Secondary Drafters: **mgallagh**  
 Date: **2/12/2019** May Contact:  
 Same as LRB:

Submit via email: **YES**  
 Requester's email:  
 Carbon copy (CC) to: **doasbostatlanguage@wisconsin.gov**  
**michael.gallagher@legis.wisconsin.gov**  
**konrad.paczuski@legis.wisconsin.gov**

**Pre Topic:**

DOA:.....Sherwin, BB0348 -

**Topic:**

DOA Asset Sales

**Instructions:**

See attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mgallagh 2/17/2019	wjackson 2/18/2019			
/P1	mgallagh 2/19/2019	kmochal 2/19/2019	lparisi 2/18/2019		State
/P2			wjackson 2/19/2019		State

FE Sent For: **<END>**

## Paczuski, Konrad

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**To:** Hanaman, Cathlene  
**Subject:** RE: Statutory Language Drafting Request - 2019-21

**From:** Hanaman, Cathlene <Cathlene.Hanaman@legis.wisconsin.gov>  
**Sent:** Tuesday, February 12, 2019 4:52 PM  
**To:** Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>; Paczuski, Konrad <Konrad.Paczuski@legis.wisconsin.gov>  
**Subject:** FW: Statutory Language Drafting Request - 2019-21

**From:** Sherwin, Derek - DOA <Derek.Sherwin@wisconsin.gov>  
**Sent:** Tuesday, February 12, 2019 4:48 PM  
**To:** Hanaman, Cathlene <Cathlene.Hanaman@legis.wisconsin.gov>  
**Cc:** Kraus, Jennifer - DOA <Jennifer.Kraus@wisconsin.gov>; Sherwin, Derek - DOA <Derek.Sherwin@wisconsin.gov>  
**Subject:** Statutory Language Drafting Request - 2019-21

Biennial Budget: 2019-21

Topic: DOA Asset Sales

Tracking Code: BB0348

SBO Team: GGCF

SBO Analyst: Derek Sherwin  
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Agency Acronym: 505

Agency Number: 505

Priority: High

Intent:

Please see attached document for requested statutory language changes.

Note that similar adjustments should occur in s. 13.48(14).

Attachments: True

Please send completed drafts to [SBOSatlanguage@spmail.enterprise.wistate.us](mailto:SBOSatlanguage@spmail.enterprise.wistate.us)

**16.848 Sale or lease of state property or facilities.**

(1)

- (a) Except as provided in sub. (2), the department may offer for sale or lease any state-owned real property, if the department determines that the sale or lease is in the best interest of the state, unless prohibited under the state or federal constitution or federal law or the sale is conducted as a part of a procedure to enforce an obligation to this state. Any sale may be either on the basis of public bids, with the department reserving the right to reject any bid in the best interest of the state, or on the basis of negotiated prices as determined through a competitive or transparent process. If the department receives an offer to purchase or lease property offered under this subsection, the department may submit a report to the building commission recommending acceptance of the offer. The report shall contain a description of the property and the reasons for the recommendation. The department may recommend the sale or lease of property with or without the approval of the agency, as defined in s. 16.52 (7), having jurisdiction over the property and regardless of whether the property is included in an inventory submitted under s. 13.48 (14) (d). If the building commission approves the proposed sale or lease, the department shall submit the proposed sale or lease to the joint committee on finance for approval under par. (b).
- (b) If the department proposes to sell or lease any property identified in par. (a), the department shall first notify the joint committee on finance in writing of its proposed action. The department shall not proceed with the proposed action unless the proposed action is approved by the committee. Together with any notification, the department shall also provide all of the following:
1. The estimated value of the property as determined by the department and by at least one qualified privately owned assessor.
  2. The full cost of retiring any remaining public debt incurred to finance the acquisition, construction, or improvement of the property.
  3. A cost-benefit analysis that considers the short-term and long-term costs and benefits to the state from selling or leasing the property.
  4. The length and conditions of any proposed sale or lease between this state and a proposed purchaser or lessee.
  5. The estimated budgetary impact of the proposed sale or lease upon affected state agencies for at least the current and following fiscal biennium.
  - 5m. The methodology to ensure the competitive and transparent sale of the property.
  6. Any other information requested by the committee.
- (c) Except with respect to property identified in sub. (2), if any agency, as defined in s. 16.52 (7), has authority to sell or lease real property under any other law, the authority of that agency does not apply after the department notifies the agency in writing that an offer of sale or lease, or a lease agreement, is pending with respect to the property under this paragraph. If the sale or lease is not completed and no further action is pending with respect to the property, the authority of the agency to sell or lease the property is restored. If the department sells or leases any state-owned real property under this paragraph, the department may attach such conditions to the sale or lease as it finds to be necessary or

appropriate to carry out the sale or lease in the best interest of the state. If the department sells or leases a state-owned heating, cooling, or power plant under this paragraph, the department may contract with the purchaser or lessee to purchase the output of the plant.

- (1e) If the department sells or leases any real property under sub. (1) that was under the jurisdiction of an agency, as defined in s. 16.52 (7), prior to the sale or lease, the agency shall convey all systems, fixtures, or additional property interests specified by the department to the purchaser or lessee of the property on terms specified by the department. If the department sells or leases a state-owned heating, cooling, or power plant that is under the jurisdiction of an agency, as defined in s. 16.52 (7), the agency shall convey all real and personal property associated with the plant to the purchaser or lessee on terms specified by the department.
- (1m) If any property that is proposed to be sold by the department under sub. (1) is co-owned by a nonstate entity, the department shall afford to that entity the right of first refusal to purchase the share of the property owned by the state on reasonable financial terms established by the department.
- (1s)
- (a) If the department sells or leases any facility under sub. (1) that is operated by an agency, as defined in s. 16.52 (7), on the day prior to the effective date of the sale or lease the secretary shall, notwithstanding s. 16.50 (1), require submission of expenditure estimates for approval under s. 16.50 (2) for each agency that proposes to expend moneys from any appropriation for the operation of the facility during the fiscal biennium in which the facility is sold or leased.
- (b) Notwithstanding s. 16.50 (2), the secretary shall disapprove any such estimate for the period during which the facility is not operated by the agency. Subject to approval under par. (d), the secretary may then require the use of the amounts of any disapproved expenditure estimates for the purpose of purchase of contractual services from the facility or payment of the costs of purchasing services that were provided by the facility from an alternative source. Subject to approval under par. (d), if the department sells or leases a facility under this subsection, the secretary may identify any full-time equivalent positions authorized for the agency that was operating the facility the duties of which primarily relate to the management or operation of the facility, and may decrease the authorized full-time equivalent positions for the agency by the number of positions so identified effective on the effective date of the sale or lease.
- (c) Notwithstanding s. 20.001 (3) (a) to (c) and subject to approval under par. (d), the secretary may lapse or transfer to the general fund from the unencumbered balance of appropriations to any agency, other than sum sufficient appropriations or appropriations of program revenues to the Board of Regents of the University of Wisconsin System or appropriations of segregated or federal revenues, any amount appropriated to an agency that is determined by the secretary to be allocated for the management or operation of the facility that was sold or leased effective on the effective date of the sale or lease.
- (d) Prior to taking any action to reallocate authorized expenditures, decrease authorized positions, or lapse or transfer moneys under par. (b) or (c), the secretary shall submit the

proposed action in writing to the joint committee on finance. The secretary shall not proceed with the proposed action unless the proposed action is approved by the committee.

(2)

- (am) Subsection (1) does not apply to any property for which the cost of acquisition, construction, and improvement was financed with at least 50 percent federal funds or at least 50 percent gift or grant funds.
- (b) Subsection (1) does not apply to agricultural land acquired by the Board of Regents of the University of Wisconsin System under s. 36.33 (1).
- (c) Subsection (1) does not apply to property sold by the department under s. 16.98 (3).
- (d) Subsection (1) does not apply to lands under the jurisdiction of the board of commissioners of public lands.
- (e) Subsection (1) does not apply to property under the jurisdiction of the department of natural resources, except central or district office facilities.
- (f) Subsection (1) does not apply to lands acquired with revenues paid into the conservation fund under s. 70.58.
- (g) Subsection (1) does not apply to property that is subject to sale by the department of veterans affairs under s. 45.32 (7).
- (gc) Subsection (1) does not apply to property that is subject to sale by the department of military affairs under s. 321.03 (2) (b).
- (gg) Subsection (1) does not apply to property that is conveyed by the department of corrections under s. 301.25.
- (gn) Subsection (1) does not apply to property that is subject to sale by the state under s. 20.909 (2).
- (gr) Subsection (1) does not apply to land that is sold or traded by the Kickapoo reserve management board under s. 41.41 (7).
- (gt) Subsection (1) does not apply to property that is donated by the department of transportation under s. 84.09 (5r).
- (gx) Subsection (1) does not apply to any property that is owned or leased by the investment board.
- (h) The department shall not sell any property under this section that is leased by the state until the lease expires or the lease is modified, renewed, or extended, whichever first occurs, without consent of the lessee.
- (i) Subsection (1) does not apply to property that is traded by the department under sub. (5).

(4)

- (a) Except as provided in s. 13.48 (14) (e), if there is any outstanding public debt used to finance the acquisition, construction, or improvement of any property that is sold or leased under sub. (1), the department shall deposit a sufficient amount of the net proceeds from the sale or lease of the property in the bond security and redemption fund under s. 18.09 to repay the principal and pay the interest on the debt, and any premium due upon refunding any of the debt, and/or may deposit the net proceeds or a portion thereof in the capital improvement fund and may use such deposited amount as a substitute of funding for

borrowing authority as set forth in s. 20.924(1)(em) to fund a project enumerated under the authorized building program for which public debt could be issued, within the same statutory bond purpose. If there is any outstanding public debt used to finance the acquisition, construction, or improvement of any property that is sold or leased under sub. (1), the department shall then provide a sufficient amount of the net proceeds from the sale or lease of the property for the costs of maintaining federal tax law compliance applicable to the debt. If the property was acquired, constructed, or improved with federal financial assistance, the department shall pay to the federal government any of the net proceeds required by federal law. If the property was acquired by gift or grant or acquired with gift or grant funds, the department shall adhere to any restriction governing use of the proceeds. Except as required under ss. 13.48 (14) (e), 20.395 (9) (qd), and 51.06 (6), if there is no such debt outstanding, there are no moneys payable to the federal government, and there is no restriction governing use of the proceeds, and if the net proceeds exceed the amount required to be deposited, paid, or used for another purpose under this subsection, the department shall use the net proceeds or remaining net proceeds to pay principal and interest costs on outstanding public debt issued to finance the acquisition, construction, or improvement of property, and/or may deposit the net proceeds or a portion thereof in the capital improvement fund and may use such deposited amount as a substitute source of funding for borrowing authority as set forth in s. 20.924(1)(em) to fund a project enumerated under the authorized building program for which public debt could be issued, within the same statutory bond purpose. If any net proceeds remain thereafter, the department shall use the proceeds to pay principal and interest costs on other outstanding public debt, and/or may deposit the proceeds or a portion thereof in the capital improvement fund and may use such deposited amount as a substitute source of funding for borrowing authority as set forth in s. 20.924(1)(em) to fund a project enumerated under the authorized building program for which public debt could be issued., within the same statutory bond purpose.

(am) If the department deposits net proceeds in the capital improvement fund under par. (a), the amount of public debt that may be contracted for the applicable statutory bond purpose or purposes under s. 20.866 (2) shall be reduced by the amount so deposited.

(ar) In this subsection, "statutory bond purpose" means and includes any purpose under a paragraph within s. 20.866 (2).

(b) For the purpose of paying principal and interest costs on other outstanding public debt under par. (a), the secretary may cause outstanding bonds to be called for redemption on or following their optional redemption date, establish one or more escrow accounts to redeem bonds at their optional redemption date, or purchase bonds in the open market. For the purpose of funding a project enumerated under the authorized building program for which public debt could be issued, within the same statutory bond purpose, the secretary shall determine which project or projects to fund and shall authorize expenditures for therefor. To the extent practical, the secretary shall consider all of the following in determining which public debt to redeem, whether to use the net proceeds or remaining net proceeds to fund a project enumerated under the authorized building program for

which public debt could be issued, within the same statutory bond purpose, and which project or projects to fund:

1. To the extent that debt service on the property being sold or leased was paid from a segregated fund, other outstanding public debt related to that segregated fund should be redeemed.
  3. The extent to which general obligation debt that was issued to acquire, build, or improve the property being sold or leased is subject to current optional redemption, would require establishment of an escrow, or could be assigned for accounting purposes to another statutory bond purpose.
  4. The fiscal benefit of redeeming outstanding debt with higher interest costs and the costs of establishing any escrow needed to redeem such outstanding debt.
  5. The costs of maintaining federal tax law compliance in the selection of general obligation debt to be redeemed or the enumerated project to be financed.
  6. The avoided costs of contracting additional debt to finance acquisition, construction, or improvement of property in connection with any such enumerated project.
- (c) If there are any outstanding revenue obligations, issued pursuant to subch. II of ch. 18, used to finance the acquisition, construction, or improvement of any property that is sold or leased under sub. (1), the department shall adhere to any restrictions in the authorizing resolution for such revenue obligations governing the use of the proceeds. To the extent the authorizing resolution does not restrict such use, the department shall deposit a sufficient amount of the net proceeds from the sale or lease of the property in the respective redemption fund provided under s. 18.561 (5) or 18.562 (3) to repay the principal and pay the interest on the revenue obligations, and any premium due upon refunding-redeeming any of the revenue obligations, or shall deposit amounts in the appropriate fund provided under s. 18.57, or otherwise apply such amounts for the purposes for which revenue obligations may be issued under s. 18.53 (3) or (4), as applicable. If there are any outstanding revenue obligations, issued pursuant to subch. II of ch. 18, used to finance the acquisition, construction, or improvement of any property that is sold or leased under sub. (1), the department shall then provide a sufficient amount of the net proceeds from the sale or lease of the property for the costs of maintaining federal tax law compliance applicable to the revenue obligations. For the purpose of paying principal and interest costs on ~~other~~ outstanding revenue obligations, the secretary may cause outstanding revenue obligations to be called for redemption on or following their optional redemption date, establish one or more escrow accounts to redeem obligations at their optional redemption date, or purchase bonds on the open market. Except as required under ss. 13.48 (14) (e), 20.395 (9) (qd), and 51.06 (6), if the net proceeds exceed the amount required to be deposited, paid, or used for another purpose under this paragraph, the department shall use the net proceeds or remaining net proceeds to pay principal and interest costs on other similar revenue obligations or for purposes for which similar revenue obligations could be issued under s. 18.53 (3) or (4), as applicable.
- (d) If the department deposits net proceeds into the appropriate fund provided under s. 18.57, or otherwise applies such net proceeds to the purposes for which revenue obligations could

be issued, under par. (b), the amount of revenue obligations permitted under s. 18.54 (2) shall be reduced by the amount so deposited or applied.

(5)

(a) In this subsection, "navigational system" has the meaning given in s. 237.01 (5).

(b) The department may trade a parcel of land that is part of the navigational system for another parcel of land if the parcels are of comparable value and any of the following applies:

1. The parcel to be received by the department is more suitable to the purposes of the navigational system than the parcel to be traded by the department.
2. The trade consolidates navigational system land.
3. The trade settles a boundary dispute or encroachment.





In: 2/17

LRB-1987?  
KP&MPG:...  
Wlj

DOA:.....Sherwin, BB0348 - DOA Asset Sales

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

1/P1

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

*Analysis by the Legislative Reference Bureau*

**STATE GOVERNMENT**

**OTHER STATE GOVERNMENT**

~~#~~ ***Use of proceeds from the sale or lease of state-owned real property***

Currently, with certain exceptions, DOA or the Building Commission may sell or lease state-owned real property. Any sale by DOA is subject to approval of the Building Commission and any sale by DOA or the Building Commission is subject to approval by JCF. Current law specifies how the net proceeds of the sale or lease of state-owned real property must be used and, in doing so, establishes several steps DOA or the Building Commission must follow in succession.

First, the net proceeds must be used to retire any public debt that was used to finance the acquisition, construction, or improvement of the property that is sold or leased. This bill authorizes DOA or the Building Commission at this step in the process to deposit some or all of the net proceeds in the Capital Improvement Fund for use as a substitute source of funding for a project enumerated under the authorized state building program that is within the same statutory bond purpose, as defined in the bill, as the property that is sold or leased.

Next, current law specifies several required uses of the remaining net proceeds. For example, if the sold or leased property was acquired, constructed, or improved with federal financial assistance, DOA or the Building Commission must pay to the

payments  
 federal government any of the net proceeds required by federal law. Once those required purposes are satisfied, any remaining net proceeds must be used to pay principal and interest costs on outstanding public debt issued to finance the acquisition, construction, or improvement of property. The bill again authorizes DOA or the Building Commission at this step to deposit some or all of the net proceeds in the Capital Improvement Fund for use as a substitute source of funding for a project enumerated under the authorized state building program that is within the same statutory bond purpose as the property that is sold or leased.

Finally, if net proceeds remain after the first two steps in the process, current law requires that the net proceeds be used to retire other outstanding public debt. The bill authorizes DOA or the Building Commission at this step to deposit some or all of the net proceeds in the Capital Improvement Fund for use as a substitute source of funding for any statutory bond purpose.

Under the bill, if DOA or the Building Commission deposits an amount in the Capital Improvement Fund for use as a substitute source of funding for a statutory bond purpose, the amount of public debt that may be contracted under the statutory bond purpose for which the amount deposited under is used as a substitute source of funding is reduced by the amount used as a substitute source of funding for that statutory bond purpose.

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.** 13.48 (14) (a) of the statutes is renumbered 13.48 (14) (a) (intro.)  
 2           and amended to read:

3           13.48 (14) (a) (intro.) In this subsection, "agency":

4           1. "Agency" has the meaning given in s. 16.52 (7). ✓

History: 1971 c. 125; 1973 c. 90; 1973 c. 243 s. 82; 1973 c. 335 s. 13; 1975 c. 39, 40, 198, 199; 1977 c. 26; 1977 c. 29 ss. 7, 8r, 1654 (8) (c); 1977 c. 325; 1977 c. 418 ss. 5, 5m, 924 (18) (c); 1979 c. 34, 221, 350; 1981 c. 341; 1983 a. 27 ss. 11 to 12n, 2202 (5); 1983 a. 36 ss. 18 to 20, 96 (3); 1983 a. 207; 1985 a. 29, 120; 1987 a. 27, 186, 395, 399; 1989 a. 31, 366; 1991 a. 39, 269, 315; 1993 a. 16, 288, 414; 1995 a. 27, 216, 225, 227; 1997 a. 5, 27, 35, 237; 1999 a. 9; 1999 a. 150 s. 672; 1999 a. 197; 2001 a. 16, 103; 2003 a. 33 ss. 25 to 26i, 9160; 2003 a. 91; 2005 a. 25, 253, 391; 2007 a. 20; 2009 a. 28, 185, 361; 2011 a. 7, 10, 32; 2013 a. 20; 2015 a. 55, 185, 230; 2017 a. 59, 185, 237.

5           **SECTION 2.** 13.48 (14) (c) (intro.) of the statutes is amended to read:

6           **SECTION 3.** 13.48 (14) (a) 2. of the statutes is created to read:

7           13.48 (14) (a) 2. "Statutory bond purpose" means a purpose specified in s.  
 8           20.866 (2).

1           13.48 (14) (c) (intro.) Except as provided in par. (e), if there is any outstanding  
2 public debt used to finance the acquisition, construction, or improvement of any  
3 property that is sold or leased under par. (am), the building commission shall deposit  
4 a sufficient amount of the net proceeds from the sale or lease of the property in the  
5 bond security and redemption fund under s. 18.09 to repay the principal and pay the  
6 interest on the debt, and any premium due upon refunding any of that debt, except  
7 that the commission may deposit some or all of the net proceeds in the capital  
8 improvement fund for use as a substitute source of funding under s. 20.924 (1) (em)  
9 for a project enumerated under the authorized state building program that is within  
10 the same statutory bond purpose as the property sold or leased under par. (am). If  
11 there is any outstanding public debt used to finance the acquisition, construction, or  
12 improvement of any property that is sold or leased under par. (am), the building  
13 commission shall then provide a sufficient amount of the net proceeds from the sale  
14 or lease of the property for the costs of maintaining federal tax law compliance  
15 applicable to the debt. If the property was acquired, constructed, or improved with  
16 federal financial assistance, the commission shall pay to the federal government any  
17 of the proceeds required by federal law. If the property was acquired by gift or grant  
18 or with gift or grant funds, the commission shall adhere to any restriction governing  
19 use of the proceeds. Except as required under par. (e) and ss. 20.395 (9) (qd) and 51.06  
20 (6), if there is no such debt outstanding, there are no moneys payable to the federal  
21 government, and there is no restriction governing use of the proceeds, and if the net  
22 proceeds exceed the amount required to be deposited, paid, or used for another  
23 purpose under this subsection, the building commission shall use the net proceeds  
24 or remaining net proceeds to pay principal and interest costs on outstanding public  
25 debt issued to finance the acquisition, construction, or improvement of property,

1 except that the commission may deposit some or all of the net proceeds in the capital  
2 improvement fund for use as a substitute source of funding under s. 20.924 (1) (em)  
3 for a project enumerated under the authorized state building program that is within  
4 the same statutory bond purpose as the property sold or leased under par. (am).<sup>✓</sup> If  
5 any net proceeds remain thereafter, the commission shall use the proceeds to pay  
6 principal and interest costs on other outstanding public debt, except that the  
7 commission may deposit some or all of the net proceeds <sup>etc.</sup> in the capital improvement  
8 fund for use as a substitute source of funding under s. 20.924 (1) (em) for any  
9 statutory bond purpose. For the purpose of paying principal and interest costs on  
10 other outstanding public debt under this paragraph, the commission may cause  
11 outstanding bonds to be called for redemption on or following their optional  
12 redemption date, establish one or more escrow accounts to redeem bonds at their  
13 optional redemption date, or purchase bonds in the open market. For the purpose  
14 of using an amount deposited under this paragraph as a substitute source of funding  
15 under s. 20.924 (1) (em), the commission shall determine which projects to fund and  
16 shall authorize expenditures for those projects. To the extent practical, the  
17 commission shall consider all of the following in determining which public debt to  
18 redeem, whether to use any net proceeds as a substitute source of funding under s.  
19 20.924 (1) (em), and which projects to fund:

**History:** 1971 c. 125; 1973 c. 90; 1973 c. 243 s. 82; 1973 c. 335 s. 13; 1975 c. 39, 40, 198, 199; 1977 c. 26; 1977 c. 29 ss. 7, 8r, 1654 (8) (c); 1977 c. 325; 1977 c. 418 ss. 5, 5m, 924 (18) (c); 1979 c. 34, 221, 350; 1981 c. 341; 1983 a. 27 ss. 11 to 12n, 2202 (5); 1983 a. 36 ss. 18 to 20, 96 (3); 1983 a. 207; 1985 a. 29, 120; 1987 a. 27, 186, 395, 399; 1989 a. 31, 366; 1991 a. 39, 269, 315; 1993 a. 16, 288, 414; 1995 a. 27, 216, 225, 227; 1997 a. 5, 27, 35, 237; 1999 a. 9; 1999 a. 150 s. 672; 1999 a. 197; 2001 a. 16, 103; 2003 a. 33 ss. 25 to 26i, 9160; 2003 a. 91; 2005 a. 25, 253, 391; 2007 a. 20; 2009 a. 28, 185, 361; 2011 a. 7, 10, 32; 2013 a. 20; 2015 a. 55, 185, 230; 2017 a. 59, 185, 237.

\*\*\*\*NOTE: Please note our changes and let us know if any of the changes are not consistent with your intent. We did not include language from the drafting instructions that was unnecessary because the language is included under s. 20.924 (1) (em), which provides that the building commission “[m]ay substitute any available source of funding in whole or in part for borrowing authority under s. 20.866 (2) (s) to (zm) and (zz) that is authorized to be used to fund a project enumerated under the authorized state building program.”

first

\*\*\*\*NOTE: Is it necessary to include the "same statutory bond purpose" authorization twice?

\*\*\*\*NOTE: Is it the intent that the new use of the net proceeds may be accomplished without using the net proceeds to pay debt associated with the property that is sold or leased?

and to satisfy federal and other obligations attached to the property

1 SECTION 4. 13.48 (14) (c) 3. of the statutes is amended to read:  
2 13.48 (14) (c) 3. The fiscal benefit of redeeming outstanding debt with higher  
3 interest costs and the costs of establishing an escrow needed to redeem the  
4 outstanding debt.

History: 1971 c. 125; 1973 c. 90; 1973 c. 243 s. 82; 1973 c. 335 s. 13; 1975 c. 39, 40, 198, 199; 1977 c. 26; 1977 c. 29 ss. 7, 8r, 1654 (8) (c); 1977 c. 325; 1977 c. 418 ss. 5, 5m, 924 (18) (c); 1979 c. 34, 221, 350; 1981 c. 341; 1983 a. 27 ss. 11 to 12n, 2202 (5); 1983 a. 36 ss. 18 to 20, 96 (3); 1983 a. 207; 1985 a. 29, 120; 1987 a. 27, 186, 395, 399; 1989 a. 31, 366; 1991 a. 39, 269, 315; 1993 a. 16, 288, 414; 1995 a. 27, 216, 225, 227; 1997 a. 5, 27, 35, 237; 1999 a. 9; 1999 a. 150 s. 672; 1999 a. 197; 2001 a. 16, 103; 2003 a. 33 ss. 25 to 26i, 9160; 2003 a. 91; 2005 a. 25, 253, 391; 2007 a. 20; 2009 a. 28, 185, 361; 2011 a. 7, 10, 32; 2013 a. 20; 2015 a. 55, 185, 230; 2017 a. 59, 185, 237.

5 SECTION 5. 13.48 (14) (c) 4. of the statutes is amended to read:  
6 13.48 (14) (c) 4. The costs of maintaining federal tax law compliance in the  
7 selection of general obligation debt to be redeemed or the project to be financed under  
8 s. 20.924 (1) (em).

History: 1971 c. 125; 1973 c. 90; 1973 c. 243 s. 82; 1973 c. 335 s. 13; 1975 c. 39, 40, 198, 199; 1977 c. 26; 1977 c. 29 ss. 7, 8r, 1654 (8) (c); 1977 c. 325; 1977 c. 418 ss. 5, 5m, 924 (18) (c); 1979 c. 34, 221, 350; 1981 c. 341; 1983 a. 27 ss. 11 to 12n, 2202 (5); 1983 a. 36 ss. 18 to 20, 96 (3); 1983 a. 207; 1985 a. 29, 120; 1987 a. 27, 186, 395, 399; 1989 a. 31, 366; 1991 a. 39, 269, 315; 1993 a. 16, 288, 414; 1995 a. 27, 216, 225, 227; 1997 a. 5, 27, 35, 237; 1999 a. 9; 1999 a. 150 s. 672; 1999 a. 197; 2001 a. 16, 103; 2003 a. 33 ss. 25 to 26i, 9160; 2003 a. 91; 2005 a. 25, 253, 391; 2007 a. 20; 2009 a. 28, 185, 361; 2011 a. 7, 10, 32; 2013 a. 20; 2015 a. 55, 185, 230; 2017 a. 59, 185, 237.

9 SECTION 6. 13.48 (14) (c) 5. of the statutes is created to read:  
10 13.48 (14) (c) 5. The costs associated with contracting additional debt to finance  
11 acquisition, construction, or improvement of property that would be avoided by using  
12 net proceeds as a substitute source of funding under s. 20.924 (1) (em). ✓

13 SECTION 7. 13.48 (14) (cf) of the statutes is created to read:  
14 13.48 (14) (cf) If, under par. (c), the commission deposits an amount in the  
15 capital improvement fund for use as a substitute source of funding under s. 20.924  
16 (1) (em), the amount of public debt that may be contracted under the statutory bond  
17 purpose for which the amount deposited under par. (c) is used as a substitute source  
18 of funding shall be reduced by the amount used as a substitute source of funding for  
19 that statutory bond purpose.

✗  
A

1 SECTION 8. 13.48 (14) (cm) of the statutes is amended to read:

2 13.48 (14) (cm) If there are any outstanding revenue obligations, issued  
3 pursuant to subch. II of ch. 18, used to finance the acquisition, construction, or  
4 improvement of any property that is sold or leased under par. (am), the commission  
5 shall adhere to any restrictions in the authorizing resolution of the revenue  
6 obligations governing the use of the proceeds. To the extent the authorizing  
7 resolution does not restrict such use, the commission shall deposit a sufficient  
8 amount of the net proceeds from the sale or lease of the property in the respective  
9 redemption fund provided under s. 18.561 (5) or 18.562 (3) to repay the principal and  
10 pay the interest on the revenue obligations, and any premium due upon refunding  
11 any of the revenue obligations, or shall deposit an amount in the appropriate fund  
12 under s. 18.57 or apply the amount for a purpose for which revenue obligations may  
13 be issued under s. 18.53 (3) or (4). If there are any outstanding revenue obligations,  
14 issued pursuant to subch. II of ch. 18, used to finance the acquisition, construction,  
15 or improvement of any property that is sold or leased under par. (am), the commission  
16 shall then provide a sufficient amount of the net proceeds from the sale or lease of  
17 the property for the costs of maintaining federal tax law compliance applicable to the  
18 revenue obligations. For the purpose of paying principal and interest costs on other  
19 outstanding revenue obligations, the commission may cause outstanding revenue  
20 obligations to be called for redemption on or following their optional redemption  
21 date, establish one or more escrow accounts to redeem obligations at their optional  
22 redemption date, or purchase bonds on the open market. Except as required under  
23 par. (e) and ss. 20.395 (9) (qd) and 51.06 (6), if the net proceeds exceed the amount  
24 required to be deposited, paid, or used for another purpose under this paragraph, the  
25 department shall use the net proceeds or the remaining net proceeds to pay principal

Section 106f

1 and interest costs on other similar revenue obligations or for a purpose for which  
2 similar revenue obligations may be issued under s. 18.53 (3) or (4). ✓

History: 1971 c. 125; 1973 c. 90; 1973 c. 243 s. 82; 1973 c. 335 s. 13; 1975 c. 39, 40, 198, 199; 1977 c. 26; 1977 c. 29 ss. 7, 8r, 1654 (8) (c); 1977 c. 325; 1977 c. 418 ss. 5, 5m, 924 (18) (c); 1979 c. 34, 221, 350; 1981 c. 341; 1983 a. 27 ss. 11 to 12n, 2202 (5); 1983 a. 36 ss. 18 to 20, 96 (3); 1983 a. 207; 1985 a. 29, 120; 1987 a. 27, 186, 395, 399; 1989 a. 31, 366; 1991 a. 39, 269, 315; 1993 a. 16, 288, 414; 1995 a. 27, 216, 225, 227; 1997 a. 5, 27, 35, 237; 1999 a. 9; 1999 a. 150 s. 672; 1999 a. 197; 2001 a. 16, 103; 2003 a. 33 ss. 25 to 26i, 9160; 2003 a. 91; 2005 a. 25, 253, 391; 2007 a. 20; 2009 a. 28, 185, 361; 2011 a. 7, 10, 32; 2013 a. 20; 2015 a. 55, 185, 230; 2017 a. 59, 185, 237.

3 **SECTION 9.** 13.48 (14) (ct) of the statutes is created to read:

4 13.48 (14) (ct) If under par. (cm) the commission deposits net proceeds into an  
5 appropriate fund provided in s. 18.57 or applies net proceeds for a purpose for which  
6 revenue obligations may be issued, the amount of revenue obligations authorized  
7 under s. 18.54 (2) shall be reduced by the amount deposited or applied.

8 **SECTION 10.** 16.848 (4) (a) of the statutes is renumbered 16.848 (4) (ag) and  
9 amended to read:

10 16.848 (4) (ag) Except as provided in s. 13.48 (14) (e), if there is any outstanding  
11 public debt used to finance the acquisition, construction, or improvement of any  
12 property that is sold or leased under sub. (1), the department shall deposit a  
13 sufficient amount of the net proceeds from the sale or lease of the property in the bond  
14 security and redemption fund under s. 18.09 to repay the principal and pay the  
15 interest on the debt, and any premium due upon refunding any of the debt, except  
16 that the department may deposit some or all of the net proceeds in the capital  
17 improvement fund for use as a substitute source of funding under s. 20.924 (1) (em)  
18 for a project enumerated under the authorized state building program that is within  
19 the same statutory bond purpose as the property sold or leased under sub. (1). ✓ If  
20 there is any outstanding public debt used to finance the acquisition, construction, or  
21 improvement of any property that is sold or leased under sub. (1), the department  
22 shall then provide a sufficient amount of the net proceeds from the sale or lease of  
23 the property for the costs of maintaining federal tax law compliance applicable to the

1 debt. If the property was acquired, constructed, or improved with federal financial  
2 assistance, the department shall pay to the federal government any of the net  
3 proceeds required by federal law. If the property was acquired by gift or grant or  
4 acquired with gift or grant funds, the department shall adhere to any restriction  
5 governing use of the proceeds. Except as required under ss. 13.48 (14) (e), 20.395 (9)  
6 (qd), and 51.06 (6), if there is no such debt outstanding, there are no moneys payable  
7 to the federal government, and there is no restriction governing use of the proceeds,  
8 and if the net proceeds exceed the amount required to be deposited, paid, or used for  
9 another purpose under this subsection, the department shall use the net proceeds  
10 or remaining net proceeds to pay principal and interest costs on outstanding public  
11 debt issued to finance the acquisition, construction, or improvement of property,  
12 except that the department may deposit some or all of the net proceeds in the capital  
13 improvement fund for use as a substitute source of funding under s. 20.924 (1) (em)  
14 for a project enumerated under the authorized state building program that is within  
15 the same statutory bond purpose as the property sold or leased under sub. (1). If any  
16 net proceeds remain thereafter, the department shall use the proceeds to pay  
17 principal and interest costs on other outstanding public debt, except that the  
18 department may deposit some or all of the net proceeds in the capital improvement  
19 fund for use as a substitute source of funding under s. 20.924 (1) (em) for any  
20 statutory bond purpose.

History: 2005 a. 25; 2007 a. 20 ss. 113, 114, 9121 (6) (a); 2007 a. 100; 2009 a. 180; 2011 a. 32; 2013 a. 20; 2013 a. 173 s. 33; 2015 a. 230, 357; 2017 a. 59.

\*\*\*\*NOTE: Please note our changes and let us know if any of the changes are not consistent with your intent. We did not include language from the drafting instructions that was unnecessary because the language is included under s. 20.924 (1) (em), which provides that the building commission “[m]ay substitute any available source of funding in whole or in part for borrowing authority under s. 20.866 (2) (s) to (zm) and (zz) that is authorized to be used to fund a project enumerated under the authorized state building program.” Also, note that the authorization under s. 20.924 (1) (em) applies only with respect to the building commission, not DOA. ✓



and to satisfy personal and other obligations attached to the property

\*\*\*\*NOTE: Is it necessary to include the "same statutory bond purpose" authorization twice?

first

\*\*\*\*NOTE: Is it the intent that the new use of the net proceeds may be accomplished without using the net proceeds to pay debt associated with the property that is sold or leased?

1 SECTION 11. 16.848 (4) (ab) of the statutes is created to read:

2 16.848 (4) (ab) In this subsection, "statutory bond purpose" has the meaning  
3 given in s. 13.48 (14) (a) 2. ✓

4 SECTION 12. 16.848 (4) (am) of the statutes is created to read:

5 16.848 (4) (am) If, under par. (ag), the department deposits an amount in the  
6 capital improvement fund for use as a substitute source of funding under s. 20.924  
7 (1) (em), the amount of public debt that may be contracted under the statutory bond  
8 purpose for which the amount deposited under par. (ag) is used as a substitute source  
9 of funding shall be reduced by the amount used as a substitute source of funding for  
10 that statutory bond purpose.

11 SECTION 13. 16.848 (4) (b) (intro.) of the statutes is amended to read:

12 16.848 (4) (b) (intro.) For the purpose of paying principal and interest costs on  
13 other outstanding public debt under par. (a) (ag), ✓ the secretary may cause  
14 outstanding bonds to be called for redemption on or following their optional  
15 redemption date, establish one or more escrow accounts to redeem bonds at their  
16 optional redemption date, or purchase bonds in the open market. For the purpose of  
17 using an amount deposited under par. (ag) as a substitute source of funding under  
18 s. 20.924 (1) (em), the department shall determine which projects to fund and shall  
19 authorize expenditures for those projects. To the extent practical, the secretary shall  
20 consider all of the following in determining which public debt to redeem, whether to

1 use any net proceeds as a substitute source of funding under s. 20.924 (1) (em), and  
2 which projects to fund:

History: 2005 a. 25; 2007 a. 20 ss. 113, 114, 9121 (6) (a); 2007 a. 100; 2009 a. 180; 2011 a. 32; 2013 a. 20; 2013 a. 173 s. 33; 2015 a. 230, 357; 2017 a. 59.

3 **SECTION 14.** 16.848 (4) (b) 4. of the statutes is amended to read:

4 16.848 (4) (b) 4. The fiscal benefit of redeeming outstanding debt with higher  
5 interest costs and the costs of establishing an escrow needed to redeem the  
6 outstanding debt.

History: 2005 a. 25; 2007 a. 20 ss. 113, 114, 9121 (6) (a); 2007 a. 100; 2009 a. 180; 2011 a. 32; 2013 a. 20; 2013 a. 173 s. 33; 2015 a. 230, 357; 2017 a. 59.

7 **SECTION 15.** 16.848 (4) (b) 5. of the statutes is amended to read:

8 16.848 (4) (b) 5. The costs of maintaining federal tax law compliance in the  
9 selection of general obligation debt to be redeemed or the project to be financed under  
10 s. 20.924 (1) (em).

History: 2005 a. 25; 2007 a. 20 ss. 113, 114, 9121 (6) (a); 2007 a. 100; 2009 a. 180; 2011 a. 32; 2013 a. 20; 2013 a. 173 s. 33; 2015 a. 230, 357; 2017 a. 59.

11 **SECTION 16.** 16.848 (4) (b) 6. of the statutes is created to read:

12 16.848 (4) (b) 6. The costs associated with contracting additional debt to finance  
13 acquisition, construction, or improvement of property that would be avoided by using  
14 net proceeds as a substitute source of funding under s. 20.924 (1) (em).

15 **SECTION 17.** 16.848 (4) (c) of the statutes is amended to read:

16 16.848 (4) (c) If there are any outstanding revenue obligations, issued pursuant  
17 to subch. II of ch. 18, used to finance the acquisition, construction, or improvement  
18 of any property that is sold or leased under sub. (1), the department shall adhere to  
19 any restrictions in the authorizing resolution of the revenue obligations governing  
20 the use of the proceeds. To the extent the authorizing resolution does not restrict  
21 such use, the department shall deposit a sufficient amount of the net proceeds from  
22 the sale or lease of the property in the respective redemption fund provided under  
23 s. 18.561 (5) or 18.562 (3) to repay the principal and pay the interest on the revenue

1 obligations, and any premium due upon refunding any of the revenue obligations, or  
2 shall deposit an amount in the appropriate fund under s. 18.57 or apply the amount  
3 for a purpose for which <sup>similar</sup> revenue obligations may be issued under s. 18.53 (3) or (4).

4 If there are any outstanding revenue obligations, issued pursuant to subch. II of ch.  
5 18, used to finance the acquisition, construction, or improvement of any property  
6 that is sold or leased under sub. (1), the department shall then provide a sufficient  
7 amount of the net proceeds from the sale or lease of the property for the costs of  
8 maintaining federal tax law compliance applicable to the revenue obligations. For  
9 the purpose of paying principal and interest costs on ~~other~~ outstanding revenue  
10 obligations, the secretary may cause outstanding revenue obligations to be called for  
11 redemption on or following their optional redemption date, establish one or more  
12 escrow accounts to redeem obligations at their optional redemption date, or purchase  
13 bonds on the open market. Except as required under ss. 13.48 (14) (e), 20.395 (9) (qd),  
14 and 51.06 (6), if the net proceeds exceed the amount required to be deposited, paid,  
15 or used for another purpose under this paragraph, the department shall use the net  
16 proceeds or remaining net proceeds to pay principal and interest costs on other  
17 similar revenue obligations or for a purpose for which similar revenue obligations  
18 may be issued under s. 18.53 (3) or (4).

History: 2005 a. 25; 2007 a. 20 ss. 113, 114, 9121 (6) (a); 2007 a. 100; 2009 a. 180; 2011 a. 32; 2013 a. 20; 2013 a. 173 s. 33; 2015 a. 230, 357; 2017 a. 59.

19 **SECTION 18.** 16.848 (4) (d) of the statutes is created to read:

20 16.848 (4) (d) If under par. (c) the department deposits net proceeds into an  
21 appropriate fund provided in s. 18.57 or applies net proceeds for a purpose for which  
22 revenue obligations may be issued, the amount of revenue obligations authorized  
23 under s. 18.54 (2) shall be reduced by the amount deposited or applied.

24 (END)

## Notes on LRB 1987/P1

1. Is this specific enough? I think the point is to authorize the substitution of any project within a purpose at the paragraph level (*i.e.*, (s) through (zz)), without regard to any sub-allocation to purposes within those paragraphs. Is this how LRB reads this? Would we rely on the building commission's interpretive authority? ✓
  2. Do we know why 20.924 (1) (em) doesn't provide authorization for substitution of other sources of funds for items 20.866 (2) (zn) through (zy)? Should 20.924(1)(em) be amended here to include all purposes? ✓
  3. This was reviewed during preparation of the drafting instructions and determined that the language as written is sufficient (to address DOA authority), because while section 20.924(1)(em) gives the authority to SBC to substitute other funds for bond proceeds, the SBC Policy Manual specifically vests authority in the SBC Secretary, who is the DOA DFDM Administrator, to make such substitutions. ✓
  4. Need to clarify the intent of the requested changes, being able to use net proceeds without first using them to pay debt associated with the property that is sold and to satisfy federal and other obligations attached to the property. The purpose of the change is to give us flexibility to use the proceeds in the manner that best maximizes their value to the state. Ask that LRB verify this clarification with the draft. The flow of net proceeds, as adhering to current language and with amendment is as follows: ✓
    - Repay debt on the property that is sold or leased, or use as a substitute source of funding for project enumerated under the state building program that is within the same statutory purpose as the property sold or leased. (See Note below)
    - If outstanding debt, costs of maintaining federal tax law compliance.
    - If acquired with federal assistance, pay the federal government as required by federal law.
    - If acquired with gift or grant, comply with restrictions of the gift or grant
    - Repay other debt (not related to the property sold), or use as a substitute source of funding for project enumerated under the state building program that is within the same statutory purpose as the property sold or leased. ✓
    - Repay other debt (not related to the property sold), or use as a substitute source of funding for project enumerated under the state building program (for any statutory purpose).
- NOTE: In order to maintain the flow of net sale proceeds included in current law, we should include a limit in the first dot point above so that the alternative for using net proceeds as substitute source of funding is limited to amount that would have been deposited to repay debt on the property sold or leased. This and the above flow of funds should address LRB questions on whether the "same statutory bond purpose" language that appears in line 10 on page 7 is needed again on line 4 on page 8. ✓
5. See #4 above.
  6. Deleting these sections as this analysis is intended to be addressed with amendments in Section 4 and Section 14 of the draft.



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-1987/P1  
KP&MPG:wlj

DOA:.....Sherwin, BB0348 - DOA Asset Sales

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

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

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*Analysis by the Legislative Reference Bureau*

**STATE GOVERNMENT**

**OTHER STATE GOVERNMENT**

**1. Use of proceeds from the sale or lease of state-owned real property**

Currently, with certain exceptions, DOA or the Building Commission may sell or lease state-owned real property. Any sale by DOA is subject to approval of the Building Commission, and any sale by DOA or the Building Commission is subject to approval by JCF. Current law specifies how the net proceeds of the sale or lease of state-owned real property must be used and, in doing so, establishes several steps DOA or the Building Commission must follow in succession.

First, the net proceeds must be used to retire any public debt that was used to finance the acquisition, construction, or improvement of the property that is sold or leased. This bill authorizes DOA or the Building Commission at this step in the process to deposit some or all of the net proceeds into the capital improvement fund for use as a substitute source of funding for a project enumerated under the authorized state building program that is within the same statutory bond purpose, as defined in the bill, as the property that is sold or leased.

Next, current law specifies several required uses of the remaining net proceeds. For example, if the sold or leased property was acquired, constructed, or improved with federal financial assistance, DOA or the Building Commission must pay to the

federal government any of the net proceeds required by federal law. Once those required payments are satisfied, any remaining net proceeds must be used to pay principal and interest costs on outstanding public debt issued to finance the acquisition, construction, or improvement of property. The bill again authorizes DOA or the Building Commission at this step to deposit some or all of the net proceeds into the capital improvement fund for use as a substitute source of funding for a project enumerated under the authorized state building program that is within the same statutory bond purpose as the property that is sold or leased.

Finally, if net proceeds remain after the first two steps in the process, current law requires that the net proceeds be used to retire other outstanding public debt. The bill authorizes DOA or the Building Commission at this step to deposit some or all of the net proceeds into the capital improvement fund for use as a substitute source of funding for any statutory bond purpose.

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. 13.48 (14) (a) of the statutes is renumbered 13.48 (14) (a) (intro.)

2 and amended to read:

3 13.48 (14) (a) (intro.) In this subsection, "agency":

4 1. "Agency" has the meaning given in s. 16.52 (7).

5 SECTION 2. 13.48 (14) (a) 2. of the statutes is created to read:

6 13.48 (14) (a) 2. "Statutory bond purpose" means a purpose specified in s. H1  
7 20.866 (2).

8 SECTION 3. 13.48 (14) (c) (intro.) of the statutes is amended to read:

9 13.48 (14) (c) (intro.) Except as provided in par. (e), if there is any outstanding  
10 public debt used to finance the acquisition, construction, or improvement of any  
11 property that is sold or leased under par. (am), the building commission shall deposit  
12 a sufficient amount of the net proceeds from the sale or lease of the property in the  
13 bond security and redemption fund under s. 18.09 to repay the principal and pay the  
14 interest on the debt, and any premium due upon ~~refunding~~ any of that debt, except

redeeming

1 that the commission may deposit some or all of the net proceeds in the capital  
2 improvement fund for use as a substitute source of funding under s. 20.924 (1) (em)  
3 for a project enumerated under the authorized state building program that is within  
4 the same statutory bond purpose as the property sold or leased under par. (am). If  
5 there is any outstanding public debt used to finance the acquisition, construction, or  
6 improvement of any property that is sold or leased under par. (am), the building  
7 commission shall then provide a sufficient amount of the net proceeds from the sale  
8 or lease of the property for the costs of maintaining federal tax law compliance  
9 applicable to the debt. If the property was acquired, constructed, or improved with  
10 federal financial assistance, the commission shall pay to the federal government any  
11 of the proceeds required by federal law. If the property was acquired by gift or grant  
12 or with gift or grant funds, the commission shall adhere to any restriction governing  
13 use of the proceeds. Except as required under par. (e) and ss. 20.395 (9) (qd) and 51.06  
14 (6), if there is no such debt outstanding, there are no moneys payable to the federal  
15 government, and there is no restriction governing use of the proceeds, and if the net  
16 proceeds exceed the amount required to be deposited, paid, or used for another  
17 purpose under this subsection, the building commission shall use the net proceeds  
18 or remaining net proceeds to pay principal and interest costs on outstanding public  
19 debt issued to finance the acquisition, construction, or improvement of property,  
20 except that the commission may deposit some or all of the net proceeds in the capital  
21 improvement fund for use as a substitute source of funding under s. 20.924 (1) (em)  
22 for a project enumerated under the authorized state building program that is within  
23 the same statutory bond purpose as the property sold or leased under par. (am). If  
24 any net proceeds remain thereafter, the commission shall use the proceeds to pay  
25 principal and interest costs on other outstanding public debt, except that the

~~See 15/12/12 H~~  
~~DA 1/18~~

OK

1 commission may deposit some or all of the net proceeds in the capital improvement  
 2 fund for use as a substitute source of funding under s. 20.924 (1) (em) for any  
 3 statutory bond purpose. For the purpose of paying principal and interest costs on  
 4 other outstanding public debt under this paragraph, the commission may cause  
 5 outstanding bonds to be called for redemption on or following their optional  
 6 redemption date, establish one or more escrow accounts to redeem bonds at their  
 7 optional redemption date, or purchase bonds in the open market. For the purpose  
 8 of using an amount deposited under this paragraph as a substitute source of funding  
 9 under s. 20.924 (1) (em), the commission shall determine which projects to fund and  
 10 shall authorize expenditures for those projects. To the extent practical, the  
 11 commission shall consider all of the following in determining which public debt to  
 12 redeem, whether to use any net proceeds as a substitute source of funding under s.  
 13 20.924 (1) (em), and which projects to fund:

\*\*\*\*NOTE: Please note our changes and let us know if any of the changes are not consistent with your intent. We did not include language from the drafting instructions that was unnecessary because the language is included under s. 20.924 (1) (em), which provides that the building commission "[m]ay substitute any available source of funding in whole or in part for borrowing authority under s. 20.866 (2) (s) to (zm) and (zz) that is authorized to be used to fund a project enumerated under the authorized state building program."

\*\*\*\*NOTE: Is it necessary to include the "same statutory bond purpose" authorization twice?

\*\*\*\*NOTE: Is it the intent that the new use of the net proceeds may be accomplished without first using the net proceeds to pay debt associated with the property that is sold or leased and to satisfy federal and other obligations attached to the property?

See notes  
2-5  
01  
p. 8

14 **SECTION 4.** 13.48 (14) (c) 3. of the statutes is amended to read:

15 13.48 (14) (c) 3. The fiscal benefit of redeeming outstanding debt with higher  
 16 interest costs and the costs of establishing an escrow needed to redeem the  
 17 outstanding debt.

18 **SECTION 5.** 13.48 (14) (c) 4. of the statutes is amended to read:



1           13.48 (14) (c) 4. The costs of maintaining federal tax law compliance in the  
2           selection of general obligation debt to be redeemed or the project to be financed under  
3           s. 20.924 (1) (em).

4           **SECTION 6.** 13.48 (14) (c) 5. of the statutes is created to read:

5           13.48 (14) (c) 5. The costs associated with contracting additional debt to finance  
6           acquisition, construction, or improvement of property that would be avoided by using  
7           net proceeds as a substitute source of funding under s. 20.924 (1) (em). e  
6

8           **SECTION 7.** 13.48 (14) (cf) of the statutes is created to read:

9           13.48 (14) (cf) If, under par. (c), the commission deposits an amount in the  
10          capital improvement fund for use as a substitute source of funding under s. 20.924  
11          (1) (em), the amount of public debt that may be contracted under the statutory bond  
12          purpose for which the amount deposited under par. (c) is used as a substitute source  
13          of funding shall be reduced by the amount used as a substitute source of funding for  
14          that statutory bond purpose.

15          **SECTION 8.** 13.48 (14) (cm) of the statutes is amended to read:

16          13.48 (14) (cm) If there are any outstanding revenue obligations, issued  
17          pursuant to subch. II of ch. 18, used to finance the acquisition, construction, or  
18          improvement of any property that is sold or leased under par. (am), the commission  
19          shall adhere to any restrictions in the authorizing resolution of the revenue  
20          obligations governing the use of the proceeds. To the extent the authorizing  
21          resolution does not restrict such use, the commission shall deposit a sufficient  
22          amount of the net proceeds from the sale or lease of the property in the respective  
23          redemption fund provided under s. 18.561 (5) or 18.562 (3) to repay the principal and  
24          pay the interest on the revenue obligations, and any premium due upon refunding  
25          any of the revenue obligations, or shall deposit an amount in the appropriate fund

1 under s. 18.57 or apply the amount for a purpose for which similar revenue  
2 obligations may be issued under s. 18.53 (3) or (4). If there are any outstanding  
3 revenue obligations, issued pursuant to subch. II of ch. 18, used to finance the  
4 acquisition, construction, or improvement of any property that is sold or leased under  
5 par. (am), the commission shall then provide a sufficient amount of the net proceeds  
6 from the sale or lease of the property for the costs of maintaining federal tax law  
7 compliance applicable to the revenue obligations. For the purpose of paying  
8 principal and interest costs on ~~other~~ outstanding revenue obligations, the  
9 commission may cause outstanding revenue obligations to be called for redemption  
10 on or following their optional redemption date, establish one or more escrow accounts  
11 to redeem obligations at their optional redemption date, or purchase bonds on the  
12 open market. Except as required under par. (e) and ss. 20.395 (9) (qd) and 51.06 (6),  
13 if the net proceeds exceed the amount required to be deposited, paid, or used for  
14 another purpose under this paragraph, the department shall use the net proceeds  
15 or the remaining net proceeds to pay principal and interest costs on other similar  
16 revenue obligations or for a purpose for which similar revenue obligations may be  
17 issued under s. 18.53 (3) or (4).

18 **SECTION 9.** 13.48 (14) (ct) of the statutes is created to read:

19 13.48 (14) (ct) If under par. (cm) the commission deposits net proceeds into an  
20 appropriate fund provided in s. 18.57 or applies net proceeds for a purpose for which  
21 revenue obligations may be issued, the amount of revenue obligations authorized  
22 under s. 18.54 (2) shall be reduced by the amount deposited or applied.

23 **SECTION 10.** 16.848 (4) (a) of the statutes is renumbered 16.848 (4) (ag) and  
24 amended to read:

1           16.848 (4) (ag) Except as provided in s. 13.48 (14) (e), if there is any outstanding <sup>redeeming</sup>  
2 public debt used to finance the acquisition, construction, or improvement of any  
3 property that is sold or leased under sub. (1), the department shall deposit a  
4 sufficient amount of the net proceeds from the sale or lease of the property in the bond  
5 security and redemption fund under s. 18.09 to repay the principal and pay the  
6 interest on the debt, and any premium due upon refunding any of the debt, except  
7 that the department may deposit some or all of the net proceeds in the capital  
8 improvement fund for use as a substitute source of funding under s. 20.924 (1) (em)  
9 for a project enumerated under the authorized state building program that is within  
10 the same statutory bond purpose as the property sold or leased under sub. (1). If  
11 there is any outstanding public debt used to finance the acquisition, construction, or  
12 improvement of any property that is sold or leased under sub. (1), the department  
13 shall then provide a sufficient amount of the net proceeds from the sale or lease of  
14 the property for the costs of maintaining federal tax law compliance applicable to the  
15 debt. If the property was acquired, constructed, or improved with federal financial  
16 assistance, the department shall pay to the federal government any of the net  
17 proceeds required by federal law. If the property was acquired by gift or grant or  
18 acquired with gift or grant funds, the department shall adhere to any restriction  
19 governing use of the proceeds. Except as required under ss. 13.48 (14) (e), 20.395 (9)  
20 (qd), and 51.06 (6), if there is no such debt outstanding, there are no moneys payable  
21 to the federal government, and there is no restriction governing use of the proceeds,  
22 and if the net proceeds exceed the amount required to be deposited, paid, or used for  
23 another purpose under this subsection, the department shall use the net proceeds  
24 or remaining net proceeds to pay principal and interest costs on outstanding public  
25 debt issued to finance the acquisition, construction, or improvement of property,

1 except that the department may deposit some or all of the net proceeds in the capital  
 2 improvement fund for use as a substitute source of funding under s. 20.924 (1) (em)  
 3 for a project enumerated under the authorized state building program/that is within OK  
 4 the same statutory bond purpose as the property sold or leased under sub. (1). If any  
 5 net proceeds remain thereafter, the department shall use the proceeds to pay ~~the~~  
 6 principal and interest costs on other outstanding public debt, except that the ~~note~~  
 7 department may deposit some or all of the net proceeds in the capital improvement ~~4~~  
 8 fund for use as a substitute source of funding under s. 20.924 (1) (em) for any ~~best~~  
 9 statutory bond purpose.

④ [ \*\*\*\*NOTE: Please note our changes and let us know if any of the changes are not  
 consistent with your intent. We did not include language from the drafting instructions  
 that was unnecessary because the language is included under s. 20.924 (1) (em), which  
 provides that the building commission "[m]ay substitute any available source of funding  
 in whole or in part for borrowing authority under s. 20.866 (2) (s) to (zm) and (zz) that is  
 authorized to be used to fund a project enumerated under the authorized state building  
 program." Also, note that the authorization under s. 20.924 (1) (em) applies only with  
 respect to the building commission, not DOA. ] ②

\*\*\*\*NOTE: Is it necessary to include the "same statutory bond purpose" authorization twice? ] ④

\*\*\*\*NOTE: Is it the intent that the new use of the net proceeds may be accomplished without first using the net proceeds to pay debt associated with the property that is sold or leased and to satisfy federal and other obligations attached to the property? ] ⑤

10 **SECTION 11.** 16.848 (4) (ab) of the statutes is created to read:  
 11 16.848 (4) (ab) In this subsection, "statutory bond purpose" has the meaning  
 12 given in s. 13.48 (14) (a) 2.

13 **SECTION 12.** 16.848 (4) (am) of the statutes is created to read:  
 14 16.848 (4) (am) If, under par. (ag), the department deposits an amount in the  
 15 capital improvement fund for use as a substitute source of funding under s. 20.924  
 16 (1) (em), the amount of public debt that may be contracted under the statutory bond  
 17 purpose for which the amount deposited under par. (ag) is used as a substitute source

1 of funding shall be reduced by the amount used as a substitute source of funding for  
2 that statutory bond purpose.

3 **SECTION 13.** 16.848 (4) (b) (intro.) of the statutes is amended to read:

4 16.848 (4) (b) (intro.) For the purpose of paying principal and interest costs on  
5 other outstanding public debt under par. (a) (ag), the secretary may cause  
6 outstanding bonds to be called for redemption on or following their optional  
7 redemption date, establish one or more escrow accounts to redeem bonds at their  
8 optional redemption date, or purchase bonds in the open market. For the purpose of  
9 using an amount deposited under par. (ag) as a substitute source of funding under  
10 s. 20.924 (1) (em), the department shall determine which projects to fund and shall  
11 authorize expenditures for those projects. To the extent practical, the secretary shall  
12 consider all of the following in determining which public debt to redeem, whether to  
13 use any net proceeds as a substitute source of funding under s. 20.924 (1) (em), and  
14 which projects to fund:


15 **SECTION 14.** 16.848 (4) (b) 4. of the statutes is amended to read:


16 16.848 (4) (b) 4. The fiscal benefit of redeeming outstanding debt with higher  
17 interest costs and the costs of establishing an escrow needed to redeem the  
18 outstanding debt.

19 **SECTION 15.** 16.848 (4) (b) 5. of the statutes is amended to read:

20 16.848 (4) (b) 5. The costs of maintaining federal tax law compliance in the  
21 selection of general obligation debt to be redeemed or the project to be financed under  
22 s. 20.924 (1) (em).

23 **SECTION 16.** 16.848 (4) (b) 6. of the statutes is created to read:



1 16.848 (4) (b) 6. The costs associated with contracting additional debt to finance  
2 acquisition, construction, or improvement of property that would be avoided by using  
3 net proceeds as a substitute source of funding under s. 20.924 (1) (em). 

4 SECTION 17. 16.848 (4) (c) of the statutes is amended to read:

5 16.848 (4) (c) If there are any outstanding revenue obligations, issued pursuant  
6 to subch. II of ch. 18, used to finance the acquisition, construction, or improvement  
7 of any property that is sold or leased under sub. (1), the department shall adhere to  
8 any restrictions in the authorizing resolution of the revenue obligations governing  
9 the use of the proceeds. To the extent the authorizing resolution does not restrict  
10 such use, the department shall deposit a sufficient amount of the net proceeds from  
11 the sale or lease of the property in the respective redemption fund provided under  
12 s. 18.561 (5) or 18.562 (3) to repay the principal and pay the interest on the revenue  
13 obligations, and any premium due upon refunding any of the revenue obligations, or  
14 shall deposit an amount in the appropriate fund under s. 18.57 or apply the amount  
15 for a purpose for which similar revenue obligations may be issued under s. 18.53 (3)  
16 or (4). If there are any outstanding revenue obligations, issued pursuant to subch.  
17 II of ch. 18, used to finance the acquisition, construction, or improvement of any  
18 property that is sold or leased under sub. (1), the department shall then provide a  
19 sufficient amount of the net proceeds from the sale or lease of the property for the  
20 costs of maintaining federal tax law compliance applicable to the revenue  
21 obligations. For the purpose of paying principal and interest costs on other  
22 outstanding revenue obligations, the secretary may cause outstanding revenue  
23 obligations to be called for redemption on or following their optional redemption  
24 date, establish one or more escrow accounts to redeem obligations at their optional  
25 redemption date, or purchase bonds on the open market. Except as required under

1 ss. 13.48 (14) (e), 20.395 (9) (qd), and 51.06 (6), if the net proceeds exceed the amount  
2 required to be deposited, paid, or used for another purpose under this paragraph, the  
3 department shall use the net proceeds or remaining net proceeds to pay principal and  
4 interest costs on other similar revenue obligations or for a purpose for which similar  
5 revenue obligations may be issued under s. 18.53 (3) or (4).

6 **SECTION 18.** 16.848 (4) (d) of the statutes is created to read:

7 16.848 (4) (d) If under par. (c) the department deposits net proceeds into an  
8 appropriate fund provided in s. 18.57 or applies net proceeds for a purpose for which  
9 revenue obligations may be issued, the amount of revenue obligations authorized  
10 under s. 18.54 (2) shall be reduced by the amount deposited or applied.

11

(END)



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-1987/PD  
KP&MPG:wj  
JDM

DOA:.....Sherwin, BB0348 - DOA Asset Sales

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

Insert

172

At this step in the process, DOA or the Building Commission may not deposit more proceeds in the capital improvement fund than would have been used to retire the debt associated with the property.

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

*Analysis by the Legislative Reference Bureau*

**STATE GOVERNMENT**

**OTHER STATE GOVERNMENT**

**1. Use of proceeds from the sale or lease of state-owned real property**

Currently, with certain exceptions, DOA or the Building Commission may sell or lease state-owned real property. Any sale by DOA is subject to approval of the Building Commission, and any sale by DOA or the Building Commission is subject to approval by JCF. Current law specifies how the net proceeds of the sale or lease of state-owned real property must be used and, in doing so, establishes several steps DOA or the Building Commission must follow in succession.

First, the net proceeds must be used to retire any public debt that was used to finance the acquisition, construction, or improvement of the property that is sold or leased. This bill authorizes DOA or the Building Commission at this step in the process to deposit some or all of the net proceeds into the capital improvement fund for use as a substitute source of funding for a project enumerated under the authorized state building program that is within the same statutory bond purpose, as defined in the bill, as the property that is sold or leased.

Next, current law specifies several required uses of the remaining net proceeds. For example, if the sold or leased property was acquired, constructed, or improved with federal financial assistance, DOA or the Building Commission must pay to the



federal government any of the net proceeds required by federal law. Once those required payments are satisfied, any remaining net proceeds must be used to pay principal and interest costs on outstanding public debt issued to finance the acquisition, construction, or improvement of property. The bill again authorizes DOA or the Building Commission at this step to deposit some or all of the net proceeds into the capital improvement fund for use as a substitute source of funding for a project enumerated under the authorized state building program that is within the same statutory bond purpose as the property that is sold or leased.

Finally, if net proceeds remain after the first two steps in the process, current law requires that the net proceeds be used to retire other outstanding public debt. The bill authorizes DOA or the Building Commission at this step to deposit some or all of the net proceeds into the capital improvement fund for use as a substitute source of funding for any statutory bond purpose.

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. 13.48 (14) (a) of the statutes is renumbered 13.48 (14) (a) (intro.)  
2 and amended to read:

3 13.48 (14) (a) (intro.) In this subsection, "agency":

4 1. "Agency" has the meaning given in s. 16.52 (7).

5 SECTION 2. 13.48 (14) (a) 2. of the statutes is created to read:

6 13.48 (14) (a) 2. "Statutory bond purpose" means a purpose specified in s.

7 20.866 (2) ~~(5)~~, to ~~(22)~~

8 SECTION 3. 13.48 (14) (c) (intro.) of the statutes is amended to read:

9 13.48 (14) (c) (intro.) Except as provided in par. (e), if there is any outstanding  
10 public debt used to finance the acquisition, construction, or improvement of any  
11 property that is sold or leased under par. (am), the building commission shall deposit  
12 a sufficient amount of the net proceeds from the sale or lease of the property in the  
13 bond security and redemption fund under s. 18.09 to repay the principal and pay the  
14 interest on the debt, and any premium due upon ~~refunding~~ any of that debt, except

msw  
2-5

redempting

1 that the commission may deposit some or all of the net proceeds in the capital  
 2 improvement fund for use as a substitute source of funding under s. 20.924 (1) (em)  
 3 for a project enumerated under the authorized state building program that is within  
 4 the same statutory bond purpose as the property sold or leased under par. (am). If  
 5 there is any outstanding public debt used to finance the acquisition, construction, or  
 6 improvement of any property that is sold or leased under par. (am), the building  
 7 commission shall then provide a sufficient amount of the net proceeds from the sale  
 8 or lease of the property for the costs of maintaining federal tax law compliance  
 9 applicable to the debt. If the property was acquired, constructed, or improved with  
 10 federal financial assistance, the commission shall pay to the federal government any  
 11 of the proceeds required by federal law. If the property was acquired by gift or grant  
 12 or with gift or grant funds, the commission shall adhere to any restriction governing  
 13 use of the proceeds. Except as required under par. (e) and ss. 20.395 (9) (qd) and 51.06  
 14 (6), if there is no such debt outstanding, there are no moneys payable to the federal  
 15 government, and there is no restriction governing use of the proceeds, and if the net  
 16 proceeds exceed the amount required to be deposited, paid, or used for another  
 17 purpose under this subsection, the building commission shall use the net proceeds  
 18 or remaining net proceeds to pay principal and interest costs on outstanding public  
 19 debt issued to finance the acquisition, construction, or improvement of property,  
 20 except that the commission may deposit some or all of the net proceeds in the capital  
 21 improvement fund for use as a substitute source of funding under s. 20.924 (1) (em)  
 22 for a project enumerated under the authorized state building program that is within  
 23 the same statutory bond purpose as the property sold or leased under par. (am). If  
 24 any net proceeds remain thereafter, the commission shall use the proceeds to pay  
 25 principal and interest costs on other outstanding public debt, except that the

*not to exceed the amount of the commission would have deposited in the bond serv. and redemption fund*

1 commission may deposit some or all of the net proceeds in the capital improvement  
 2 fund for use as a substitute source of funding under s. 20.924 (1) (em) for any  
 3 statutory bond purpose. For the purpose of paying principal and interest costs on  
 4 other outstanding public debt under this paragraph, the commission may cause  
 5 outstanding bonds to be called for redemption on or following their optional  
 6 redemption date, establish one or more escrow accounts to redeem bonds at their  
 7 optional redemption date, or purchase bonds in the open market. For the purpose  
 8 of using an amount deposited under this paragraph as a substitute source of funding  
 9 under s. 20.924 (1) (em), the commission shall determine which projects to fund and  
 10 shall authorize expenditures for those projects. To the extent practical, the  
 11 commission shall consider all of the following in determining which public debt to  
 12 redeem, whether to use any net proceeds as a substitute source of funding under s.  
 13 20.924 (1) (em), and which projects to fund:

\*\*\*\*NOTE: Please note our changes and let us know if any of the changes are not consistent with your intent. We did not include language from the drafting instructions that was unnecessary because the language is included under s. 20.924 (1) (em), which provides that the building commission "[m]ay substitute any available source of funding in whole or in part for borrowing authority under s. 20.866 (2) (s) to (zm) and (zz) that is authorized to be used to fund a project enumerated under the authorized state building program."

\*\*\*\*NOTE: Is it necessary to include the "same statutory bond purpose" authorization twice?

\*\*\*\*NOTE: Is it the intent that the new use of the net proceeds may be accomplished without first using the net proceeds to pay debt associated with the property that is sold or leased and to satisfy federal and other obligations attached to the property?

14 **SECTION 4.** 13.48 (14) (c) 3. of the statutes is amended to read:

15 13.48 (14) (c) 3. The fiscal benefit of redeeming outstanding debt with higher  
 16 interest costs and the costs of establishing an escrow needed to redeem the  
 17 outstanding debt.

18 **SECTION 5.** 13.48 (14) (c) 4. of the statutes is amended to read:

1 13.48 (14) (c) 4. The costs of maintaining federal tax law compliance in the  
2 selection of general obligation debt to be redeemed or the project to be financed under  
3 s. 20.924 (1) (em).

4 **SECTION 6.** 13.48 (14) (c) 5. of the statutes is created to read:

5 ~~13.48 (14) (c) 5. The costs associated with contracting additional debt to finance~~  
6 ~~acquisition, construction, or improvement of property that would be avoided by using~~  
7 ~~net proceeds as a substitute source of funding under s. 20.924 (1) (em).~~

8 **SECTION 7.** 13.48 (14) (cf) of the statutes is created to read:

9 13.48 (14) (cf) If, under par. (c), the commission deposits an amount in the  
10 capital improvement fund for use as a substitute source of funding under s. 20.924  
11 (1) (em), the amount of public debt that may be contracted under the statutory bond  
12 purpose for which the amount deposited under par. (c) is used as a substitute source  
13 of funding shall be reduced by the amount used as a substitute source of funding for  
14 that statutory bond purpose.

15 **SECTION 8.** 13.48 (14) (cm) of the statutes is amended to read:

16 13.48 (14) (cm) If there are any outstanding revenue obligations, issued  
17 pursuant to subch. II of ch. 18, used to finance the acquisition, construction, or  
18 improvement of any property that is sold or leased under par. (am), the commission  
19 shall adhere to any restrictions in the authorizing resolution of the revenue  
20 obligations governing the use of the proceeds. To the extent the authorizing  
21 resolution does not restrict such use, the commission shall deposit a sufficient  
22 amount of the net proceeds from the sale or lease of the property in the respective  
23 redemption fund provided under s. 18.561 (5) or 18.562 (3) to repay the principal and  
24 pay the interest on the revenue obligations, and any premium due upon refunding  
25 any of the revenue obligations, or shall deposit an amount in the appropriate fund

redeeming

1 under s. 18.57 or apply the amount for a purpose for which similar revenue  
2 obligations may be issued under s. 18.53 (3) or (4). If there are any outstanding  
3 revenue obligations, issued pursuant to subch. II of ch. 18, used to finance the  
4 acquisition, construction, or improvement of any property that is sold or leased under  
5 par. (am), the commission shall then provide a sufficient amount of the net proceeds  
6 from the sale or lease of the property for the costs of maintaining federal tax law  
7 compliance applicable to the revenue obligations. For the purpose of paying  
8 principal and interest costs on ~~other~~ outstanding revenue obligations, the  
9 commission may cause outstanding revenue obligations to be called for redemption  
10 on or following their optional redemption date, establish one or more escrow accounts  
11 to redeem obligations at their optional redemption date, or purchase bonds on the  
12 open market. Except as required under par. (e) and ss. 20.395 (9) (qd) and 51.06 (6),  
13 if the net proceeds exceed the amount required to be deposited, paid, or used for  
14 another purpose under this paragraph, the department shall use the net proceeds  
15 or the remaining net proceeds to pay principal and interest costs on other similar  
16 revenue obligations or for a purpose for which similar revenue obligations may be  
17 issued under s. 18.53 (3) or (4).

18 **SECTION 9.** 13.48 (14) (ct) of the statutes is created to read:

19 13.48 (14) (ct) If under par. (cm) the commission deposits net proceeds into an  
20 appropriate fund provided in s. 18.57 or applies net proceeds for a purpose for which  
21 revenue obligations may be issued, the amount of revenue obligations authorized  
22 under s. 18.54 (2) shall be reduced by the amount deposited or applied.

23 **SECTION 10.** 16.848 (4) (a) of the statutes is renumbered 16.848 (4) (ag) and  
24 amended to read:

1           16.848 (4) (ag) Except as provided in s. 13.48 (14) (e), if there is any outstanding  
2 public debt used to finance the acquisition, construction, or improvement of any  
3 property that is sold or leased under sub. (1), the department shall deposit a  
4 sufficient amount of the net proceeds from the sale or lease of the property in the bond  
5 security and redemption fund under s. 18.09 to repay the principal and pay the  
6 interest on the debt, and any premium due upon ~~refunding~~ any of the debt, except  
7 that the department may deposit some or all of the net proceeds in the capital  
8 improvement fund for use as a substitute source of funding under s. 20.924 (1) (em)  
9 for a project enumerated under the authorized state building program that is within  
10 the same statutory bond purpose as the property sold or leased under sub. (1). If  
11 there is any outstanding public debt used to finance the acquisition, construction, or  
12 improvement of any property that is sold or leased under sub. (1), the department  
13 shall then provide a sufficient amount of the net proceeds from the sale or lease of  
14 the property for the costs of maintaining federal tax law compliance applicable to the  
15 debt. If the property was acquired, constructed, or improved with federal financial  
16 assistance, the department shall pay to the federal government any of the net  
17 proceeds required by federal law. If the property was acquired by gift or grant or  
18 acquired with gift or grant funds, the department shall adhere to any restriction  
19 governing use of the proceeds. Except as required under ss. 13.48 (14) (e), 20.395 (9)  
20 (qd), and 51.06 (6), if there is no such debt outstanding, there are no moneys payable  
21 to the federal government, and there is no restriction governing use of the proceeds,  
22 and if the net proceeds exceed the amount required to be deposited, paid, or used for  
23 another purpose under this subsection, the department shall use the net proceeds  
24 or remaining net proceeds to pay principal and interest costs on outstanding public  
25 debt issued to finance the acquisition, construction, or improvement of property,

Redemption

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not to exceed the amount the department would have deposited in the bond security and redemption fund

1 except that the department may deposit some or all of the net proceeds in the capital  
2 improvement fund for use as a substitute source of funding under s. 20.924 (1) (em)  
3 for a project enumerated under the authorized state building program that is within  
4 the same statutory bond purpose as the property sold or leased under sub. (1). If any  
5 net proceeds remain thereafter, the department shall use the proceeds to pay  
6 principal and interest costs on other outstanding public debt, except that the  
7 department may deposit some or all of the net proceeds in the capital improvement  
8 fund for use as a substitute source of funding under s. 20.924 (1) (em) for any  
9 statutory bond purpose.

\*\*\*\*NOTE: Please note our changes and let us know if any of the changes are not consistent with your intent. We did not include language from the drafting instructions that was unnecessary because the language is included under s. 20.924 (1) (em), which provides that the building commission "[m]ay substitute any available source of funding in whole or in part for borrowing authority under s. 20.866 (2) (s) to (zm) and (zz) that is authorized to be used to fund a project enumerated under the authorized state building program." Also, note that the authorization under s. 20.924 (1) (em) applies only with respect to the building commission, not DOA.

\*\*\*\*NOTE: Is it necessary to include the "same statutory bond purpose" authorization twice?

\*\*\*\*NOTE: Is it the intent that the new use of the net proceeds may be accomplished without first using the net proceeds to pay debt associated with the property that is sold or leased and to satisfy federal and other obligations attached to the property?

10 **SECTION 11.** 16.848 (4) (ab) of the statutes is created to read:

11 16.848 (4) (ab) In this subsection, "statutory bond purpose" has the meaning  
12 given in s. 13.48 (14) (a) 2.

13 **SECTION 12.** 16.848 (4) (am) of the statutes is created to read:

14 16.848 (4) (am) If, under par. (ag), the department deposits an amount in the  
15 capital improvement fund for use as a substitute source of funding under s. 20.924  
16 (1) (em), the amount of public debt that may be contracted under the statutory bond  
17 purpose for which the amount deposited under par. (ag) is used as a substitute source

1 of funding shall be reduced by the amount used as a substitute source of funding for  
2 that statutory bond purpose.

3 **SECTION 13.** 16.848 (4) (b) (intro.) of the statutes is amended to read:

4 16.848 (4) (b) (intro.) For the purpose of paying principal and interest costs on  
5 other outstanding public debt under par. (a) (ag), the secretary may cause  
6 outstanding bonds to be called for redemption on or following their optional  
7 redemption date, establish one or more escrow accounts to redeem bonds at their  
8 optional redemption date, or purchase bonds in the open market. For the purpose of  
9 using an amount deposited under par. (ag) as a substitute source of funding under  
10 s. 20.924 (1) (em), the department shall determine which projects to fund and shall  
11 authorize expenditures for those projects. To the extent practical, the secretary shall  
12 consider all of the following in determining which public debt to redeem, whether to  
13 use any net proceeds as a substitute source of funding under s. 20.924 (1) (em), and  
14 which projects to fund:

15 **SECTION 14.** 16.848 (4) (b) 4. of the statutes is amended to read:

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17 interest costs and the costs of establishing an escrow needed to redeem the  
18 outstanding debt.

19 **SECTION 15.** 16.848 (4) (b) 5. of the statutes is amended to read:

20 16.848 (4) (b) 5. The costs of maintaining federal tax law compliance in the  
21 selection of general obligation debt to be redeemed or the project to be financed under  
22 s. 20.924 (1) (em).

23 **SECTION 16.** 16.848 (4) (b) 6. of the statutes is created to read:



~~1 16.848(4)(b) 6. The costs associated with contracting additional debt to finance  
2 acquisition, construction, or improvement of property that would be avoided by using  
3 net proceeds as a substitute source of funding under s. 20.924 (1) (em).~~

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5 16.848(4)(c) If there are any outstanding revenue obligations, issued pursuant  
6 to subch. II of ch. 18, used to finance the acquisition, construction, or improvement  
7 of any property that is sold or leased under sub. (1), the department shall adhere to  
8 any restrictions in the authorizing resolution of the revenue obligations governing  
9 the use of the proceeds. To the extent the authorizing resolution does not restrict  
10 such use, the department shall deposit a sufficient amount of the net proceeds from  
11 the sale or lease of the property in the respective redemption fund provided under  
12 s. 18.561 (5) or 18.562 (3) to repay the principal and pay the interest on the revenue  
13 obligations, and any premium due upon ~~refunding~~ any of the revenue obligations, or  
14 shall deposit an amount in the appropriate fund under s. 18.57 or apply the amount  
15 for a purpose for which similar revenue obligations may be issued under s. 18.53 (3)  
16 or (4). If there are any outstanding revenue obligations, issued pursuant to subch.  
17 II of ch. 18, used to finance the acquisition, construction, or improvement of any  
18 property that is sold or leased under sub. (1), the department shall then provide a  
19 sufficient amount of the net proceeds from the sale or lease of the property for the  
20 costs of maintaining federal tax law compliance applicable to the revenue  
21 obligations. For the purpose of paying principal and interest costs on other  
22 outstanding revenue obligations, the secretary may cause outstanding revenue  
23 obligations to be called for redemption on or following their optional redemption  
24 date, establish one or more escrow accounts to redeem obligations at their optional  
25 redemption date, or purchase bonds on the open market. Except as required under

redemption

1 ss. 13.48 (14) (e), 20.395 (9) (qd), and 51.06 (6), if the net proceeds exceed the amount  
2 required to be deposited, paid, or used for another purpose under this paragraph, the  
3 department shall use the net proceeds or remaining net proceeds to pay principal and  
4 interest costs on other similar revenue obligations or for a purpose for which similar  
5 revenue obligations may be issued under s. 18.53 (3) or (4).

6 **SECTION 18.** 16.848 (4) (d) of the statutes is created to read:

7 16.848 (4) (d) If under par. (c) the department deposits net proceeds into an  
8 appropriate fund provided in s. 18.57 or applies net proceeds for a purpose for which  
9 revenue obligations may be issued, the amount of revenue obligations authorized  
10 under s. 18.54 (2) shall be reduced by the amount deposited or applied.

11

(END)

Insert 11-10

**2019-2020 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1987/P2ins  
MPG:wlj

**INSERT 11-10**

- 1           **SECTION 1.** 20.924 (1) (em) of the statutes is amended to read:
- 2           20.924 (1) (em) May substitute any available source of funding in whole or in
- 3           part for borrowing authority under s. 20.866 (2) (s) to ~~(zm)~~ and (zz) that is authorized
- 4           to be used to fund a project enumerated under the authorized state building program.

**History:** 1971 c. 125; 1973 c. 90; 1979 c. 34 s. 2102 (6) (a), (23) (a); 1983 a. 27 s. 2202 (23); 1985 a. 29 s. 3202 (26) (a); 1991 a. 269; 1993 a. 16; 1997 a. 5, 27; 1999 a. 9, 197; 2001 a. 16, 109; 2003 a. 326; 2005 a. 141, 391; 2011 a. 32; 2017 a. 237.

**END INSERT 11-10**

**2019-2020 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1987/P2.1ins  
MPG:wlj

**INSERT 2-5**

1           13.48 (14) (a) 2. "Statutory bond purpose" means a purpose specified in s.  
2           20.866 (2) (s) to (zz), but not including any purpose specified in 20.866 (2) (s) 1., (z)  
3           1m. to 4m., and (zj) 1. and 2.

**END INSERT 2-5**



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-1987/P2  
KP&MPG:wj&klm

DOA:.....Sherwin, BB0348 - DOA Asset Sales

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

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

---

*Analysis by the Legislative Reference Bureau*

**STATE GOVERNMENT**

**OTHER STATE GOVERNMENT**

**1. Use of proceeds from the sale or lease of state-owned real property**

Currently, with certain exceptions, DOA or the Building Commission may sell or lease state-owned real property. Any sale by DOA is subject to approval of the Building Commission, and any sale by DOA or the Building Commission is subject to approval by JCF. Current law specifies how the net proceeds of the sale or lease of state-owned real property must be used and, in doing so, establishes several steps DOA or the Building Commission must follow in succession.

First, the net proceeds must be used to retire any public debt that was used to finance the acquisition, construction, or improvement of the property that is sold or leased. This bill authorizes DOA or the Building Commission at this step in the process to deposit some or all of the net proceeds into the capital improvement fund for use as a substitute source of funding for a project enumerated under the authorized state building program that is within the same statutory bond purpose, as defined in the bill, as the property that is sold or leased. At this step in the process, DOA or the Building Commission may not deposit more proceeds in the capital improvement fund than would have been used to retire the debt associated with the property.

Next, current law specifies several required uses of the remaining net proceeds. For example, if the sold or leased property was acquired, constructed, or improved with federal financial assistance, DOA or the Building Commission must pay to the federal government any of the net proceeds required by federal law. Once those required payments are satisfied, any remaining net proceeds must be used to pay principal and interest costs on outstanding public debt issued to finance the acquisition, construction, or improvement of property. The bill again authorizes DOA or the Building Commission at this step to deposit some or all of the net proceeds into the capital improvement fund for use as a substitute source of funding for a project enumerated under the authorized state building program that is within the same statutory bond purpose as the property that is sold or leased.

Finally, if net proceeds remain after the first two steps in the process, current law requires that the net proceeds be used to retire other outstanding public debt. The bill authorizes DOA or the Building Commission at this step to deposit some or all of the net proceeds into the capital improvement fund for use as a substitute source of funding for any statutory bond purpose.

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.** 13.48 (14) (a) of the statutes is renumbered 13.48 (14) (a) (intro.)

2 and amended to read:

3           13.48 (14) (a) (intro.) In this subsection, “agency”:

4           1. “Agency” has the meaning given in s. 16.52 (7).

5           **SECTION 2.** 13.48 (14) (a) 2. of the statutes is created to read:

6           13.48 (14) (a) 2. “Statutory bond purpose” means a purpose specified in s.  
7 20.866 (2) (s) to (zz), but not including any purpose specified in s. 20.866 (2) (s) 1., (z)  
8 1m. to 4m., and (zj) 1. and 2.

9           **SECTION 3.** 13.48 (14) (c) (intro.) of the statutes is amended to read:

10           13.48 (14) (c) (intro.) Except as provided in par. (e), if there is any outstanding  
11 public debt used to finance the acquisition, construction, or improvement of any  
12 property that is sold or leased under par. (am), the building commission shall deposit

1 a sufficient amount of the net proceeds from the sale or lease of the property in the  
2 bond security and redemption fund under s. 18.09 to repay the principal and pay the  
3 interest on the debt, and any premium due upon ~~refunding~~ redeeming any of that  
4 debt, except that the commission may deposit some or all of the net proceeds, not to  
5 exceed the amount the commission would have deposited in the bond security and  
6 redemption fund, in the capital improvement fund for use as a substitute source of  
7 funding under s. 20.924 (1) (em) for a project enumerated under the authorized state  
8 building program that is within the same statutory bond purpose as the property sold  
9 or leased under par. (am). If there is any outstanding public debt used to finance the  
10 acquisition, construction, or improvement of any property that is sold or leased under  
11 par. (am), the building commission shall then provide a sufficient amount of the net  
12 proceeds from the sale or lease of the property for the costs of maintaining federal  
13 tax law compliance applicable to the debt. If the property was acquired, constructed,  
14 or improved with federal financial assistance, the commission shall pay to the federal  
15 government any of the proceeds required by federal law. If the property was acquired  
16 by gift or grant or with gift or grant funds, the commission shall adhere to any  
17 restriction governing use of the proceeds. Except as required under par. (e) and ss.  
18 20.395 (9) (qd) and 51.06 (6), if there is no such debt outstanding, there are no moneys  
19 payable to the federal government, and there is no restriction governing use of the  
20 proceeds, and if the net proceeds exceed the amount required to be deposited, paid,  
21 or used for another purpose under this subsection, the building commission shall use  
22 the net proceeds or remaining net proceeds to pay principal and interest costs on  
23 outstanding public debt issued to finance the acquisition, construction, or  
24 improvement of property, except that the commission may deposit some or all of the  
25 net proceeds in the capital improvement fund for use as a substitute source of

1 funding under s. 20.924 (1) (em) for a project enumerated under the authorized state  
2 building program that is within the same statutory bond purpose as the property sold  
3 or leased under par. (am). If any net proceeds remain thereafter, the commission  
4 shall use the proceeds to pay principal and interest costs on other outstanding public  
5 debt, except that the commission may deposit some or all of the net proceeds in the  
6 capital improvement fund for use as a substitute source of funding under s. 20.924  
7 (1) (em) for any statutory bond purpose. For the purpose of paying principal and  
8 interest costs on other outstanding public debt under this paragraph, the  
9 commission may cause outstanding bonds to be called for redemption on or following  
10 their optional redemption date, establish one or more escrow accounts to redeem  
11 bonds at their optional redemption date, or purchase bonds in the open market. For  
12 the purpose of using an amount deposited under this paragraph as a substitute  
13 source of funding under s. 20.924 (1) (em), the commission shall determine which  
14 projects to fund and shall authorize expenditures for those projects. To the extent  
15 practical, the commission shall consider all of the following in determining which  
16 public debt to redeem, whether to use any net proceeds as a substitute source of  
17 funding under s. 20.924 (1) (em), and which projects to fund:

18 **SECTION 4.** 13.48 (14) (c) 3. of the statutes is amended to read:

19 13.48 (14) (c) 3. The fiscal benefit of redeeming outstanding debt with higher  
20 interest costs and the costs of establishing an escrow needed to redeem the  
21 outstanding debt.

22 **SECTION 5.** 13.48 (14) (c) 4. of the statutes is amended to read:

23 13.48 (14) (c) 4. The costs of maintaining federal tax law compliance in the  
24 selection of general obligation debt to be redeemed or the project to be financed under  
25 s. 20.924 (1) (em).



1           **SECTION 6.** 13.48 (14) (cf) of the statutes is created to read:

2           13.48 (14) (cf) If, under par. (c), the commission deposits an amount in the  
3 capital improvement fund for use as a substitute source of funding under s. 20.924  
4 (1) (em), the amount of public debt that may be contracted under the statutory bond  
5 purpose for which the amount deposited under par. (c) is used as a substitute source  
6 of funding shall be reduced by the amount used as a substitute source of funding for  
7 that statutory bond purpose.

8           **SECTION 7.** 13.48 (14) (cm) of the statutes is amended to read:

9           13.48 (14) (cm) If there are any outstanding revenue obligations, issued  
10 pursuant to subch. II of ch. 18, used to finance the acquisition, construction, or  
11 improvement of any property that is sold or leased under par. (am), the commission  
12 shall adhere to any restrictions in the authorizing resolution of the revenue  
13 obligations governing the use of the proceeds. To the extent the authorizing  
14 resolution does not restrict such use, the commission shall deposit a sufficient  
15 amount of the net proceeds from the sale or lease of the property in the respective  
16 redemption fund provided under s. 18.561 (5) or 18.562 (3) to repay the principal and  
17 pay the interest on the revenue obligations, and any premium due upon ~~refunding~~  
18 redeeming any of the revenue obligations, or shall deposit an amount in the  
19 appropriate fund under s. 18.57 or apply the amount for a purpose for which similar  
20 revenue obligations may be issued under s. 18.53 (3) or (4). If there are any  
21 outstanding revenue obligations, issued pursuant to subch. II of ch. 18, used to  
22 finance the acquisition, construction, or improvement of any property that is sold or  
23 leased under par. (am), the commission shall then provide a sufficient amount of the  
24 net proceeds from the sale or lease of the property for the costs of maintaining federal  
25 tax law compliance applicable to the revenue obligations. For the purpose of paying

1 principal and interest costs on other outstanding revenue obligations, the  
2 commission may cause outstanding revenue obligations to be called for redemption  
3 on or following their optional redemption date, establish one or more escrow accounts  
4 to redeem obligations at their optional redemption date, or purchase bonds on the  
5 open market. Except as required under par. (e) and ss. 20.395 (9) (qd) and 51.06 (6),  
6 if the net proceeds exceed the amount required to be deposited, paid, or used for  
7 another purpose under this paragraph, the department shall use the net proceeds  
8 or the remaining net proceeds to pay principal and interest costs on other similar  
9 revenue obligations or for a purpose for which similar revenue obligations may be  
10 issued under s. 18.53 (3) or (4).

11 **SECTION 8.** 13.48 (14) (ct) of the statutes is created to read:

12 13.48 (14) (ct) If under par. (cm) the commission deposits net proceeds into an  
13 appropriate fund provided in s. 18.57 or applies net proceeds for a purpose for which  
14 revenue obligations may be issued, the amount of revenue obligations authorized  
15 under s. 18.54 (2) shall be reduced by the amount deposited or applied.

16 **SECTION 9.** 16.848 (4) (a) of the statutes is renumbered 16.848 (4) (ag) and  
17 amended to read:

18 16.848 (4) (ag) Except as provided in s. 13.48 (14) (e), if there is any outstanding  
19 public debt used to finance the acquisition, construction, or improvement of any  
20 property that is sold or leased under sub. (1), the department shall deposit a  
21 sufficient amount of the net proceeds from the sale or lease of the property in the bond  
22 security and redemption fund under s. 18.09 to repay the principal and pay the  
23 interest on the debt, and any premium due upon ~~refunding~~ redeeming any of the  
24 debt, except that the department may deposit some or all of the net proceeds, not to  
25 exceed the amount the department would have deposited in the bond security and

1 redemption fund, in the capital improvement fund for use as a substitute source of  
2 funding under s. 20.924 (1) (em) for a project enumerated under the authorized state  
3 building program that is within the same statutory bond purpose as the property sold  
4 or leased under sub. (1). If there is any outstanding public debt used to finance the  
5 acquisition, construction, or improvement of any property that is sold or leased under  
6 sub. (1), the department shall then provide a sufficient amount of the net proceeds  
7 from the sale or lease of the property for the costs of maintaining federal tax law  
8 compliance applicable to the debt. If the property was acquired, constructed, or  
9 improved with federal financial assistance, the department shall pay to the federal  
10 government any of the net proceeds required by federal law. If the property was  
11 acquired by gift or grant or acquired with gift or grant funds, the department shall  
12 adhere to any restriction governing use of the proceeds. Except as required under  
13 ss. 13.48 (14) (e), 20.395 (9) (qd), and 51.06 (6), if there is no such debt outstanding,  
14 there are no moneys payable to the federal government, and there is no restriction  
15 governing use of the proceeds, and if the net proceeds exceed the amount required  
16 to be deposited, paid, or used for another purpose under this subsection, the  
17 department shall use the net proceeds or remaining net proceeds to pay principal and  
18 interest costs on outstanding public debt issued to finance the acquisition,  
19 construction, or improvement of property, except that the department may deposit  
20 some or all of the net proceeds in the capital improvement fund for use as a substitute  
21 source of funding under s. 20.924 (1) (em) for a project enumerated under the  
22 authorized state building program that is within the same statutory bond purpose  
23 as the property sold or leased under sub. (1). If any net proceeds remain thereafter,  
24 the department shall use the proceeds to pay principal and interest costs on other  
25 outstanding public debt, except that the department may deposit some or all of the

**SECTION 9**

1 net proceeds in the capital improvement fund for use as a substitute source of  
2 funding under s. 20.924 (1) (em) for any statutory bond purpose.

3 **SECTION 10.** 16.848 (4) (ab) of the statutes is created to read:

4 16.848 (4) (ab) In this subsection, “statutory bond purpose” has the meaning  
5 given in s. 13.48 (14) (a) 2.

6 **SECTION 11.** 16.848 (4) (am) of the statutes is created to read:

7 16.848 (4) (am) If, under par. (ag), the department deposits an amount in the  
8 capital improvement fund for use as a substitute source of funding under s. 20.924  
9 (1) (em), the amount of public debt that may be contracted under the statutory bond  
10 purpose for which the amount deposited under par. (ag) is used as a substitute source  
11 of funding shall be reduced by the amount used as a substitute source of funding for  
12 that statutory bond purpose.

13 **SECTION 12.** 16.848 (4) (b) (intro.) of the statutes is amended to read:

14 16.848 (4) (b) (intro.) For the purpose of paying principal and interest costs on  
15 other outstanding public debt under par. (a) (ag), the secretary may cause  
16 outstanding bonds to be called for redemption on or following their optional  
17 redemption date, establish one or more escrow accounts to redeem bonds at their  
18 optional redemption date, or purchase bonds in the open market. For the purpose of  
19 using an amount deposited under par. (ag) as a substitute source of funding under  
20 s. 20.924 (1) (em), the department shall determine which projects to fund and shall  
21 authorize expenditures for those projects. To the extent practical, the secretary shall  
22 consider all of the following in determining which public debt to redeem, whether to  
23 use any net proceeds as a substitute source of funding under s. 20.924 (1) (em), and  
24 which projects to fund:

25 **SECTION 13.** 16.848 (4) (b) 4. of the statutes is amended to read:

1           16.848 (4) (b) 4. The fiscal benefit of redeeming outstanding debt with higher  
2 interest costs and the costs of establishing an escrow needed to redeem the  
3 outstanding debt.

4           **SECTION 14.** 16.848 (4) (b) 5. of the statutes is amended to read:

5           16.848 (4) (b) 5. The costs of maintaining federal tax law compliance in the  
6 selection of general obligation debt to be redeemed or the project to be financed under  
7 s. 20.924 (1) (em).

8           **SECTION 15.** 16.848 (4) (c) of the statutes is amended to read:

9           16.848 (4) (c) If there are any outstanding revenue obligations, issued pursuant  
10 to subch. II of ch. 18, used to finance the acquisition, construction, or improvement  
11 of any property that is sold or leased under sub. (1), the department shall adhere to  
12 any restrictions in the authorizing resolution of the revenue obligations governing  
13 the use of the proceeds. To the extent the authorizing resolution does not restrict  
14 such use, the department shall deposit a sufficient amount of the net proceeds from  
15 the sale or lease of the property in the respective redemption fund provided under  
16 s. 18.561 (5) or 18.562 (3) to repay the principal and pay the interest on the revenue  
17 obligations, and any premium due upon refunding redeeming any of the revenue  
18 obligations, or shall deposit an amount in the appropriate fund under s. 18.57 or  
19 apply the amount for a purpose for which similar revenue obligations may be issued  
20 under s. 18.53 (3) or (4). If there are any outstanding revenue obligations, issued  
21 pursuant to subch. II of ch. 18, used to finance the acquisition, construction, or  
22 improvement of any property that is sold or leased under sub. (1), the department  
23 shall then provide a sufficient amount of the net proceeds from the sale or lease of  
24 the property for the costs of maintaining federal tax law compliance applicable to the  
25 revenue obligations. For the purpose of paying principal and interest costs on ~~other~~

**SECTION 15**

1 outstanding revenue obligations, the secretary may cause outstanding revenue  
2 obligations to be called for redemption on or following their optional redemption  
3 date, establish one or more escrow accounts to redeem obligations at their optional  
4 redemption date, or purchase bonds on the open market. Except as required under  
5 ss. 13.48 (14) (e), 20.395 (9) (qd), and 51.06 (6), if the net proceeds exceed the amount  
6 required to be deposited, paid, or used for another purpose under this paragraph, the  
7 department shall use the net proceeds or remaining net proceeds to pay principal and  
8 interest costs on other similar revenue obligations or for a purpose for which similar  
9 revenue obligations may be issued under s. 18.53 (3) or (4).

10 **SECTION 16.** 16.848 (4) (d) of the statutes is created to read:

11 16.848 (4) (d) If under par. (c) the department deposits net proceeds into an  
12 appropriate fund provided in s. 18.57 or applies net proceeds for a purpose for which  
13 revenue obligations may be issued, the amount of revenue obligations authorized  
14 under s. 18.54 (2) shall be reduced by the amount deposited or applied.

15 **SECTION 17.** 20.924 (1) (em) of the statutes is amended to read:

16 20.924 (1) (em) May substitute any available source of funding in whole or in  
17 part for borrowing authority under s. 20.866 (2) (s) to ~~(zm)~~ and (zz) that is authorized  
18 to be used to fund a project enumerated under the authorized state building program.

19 (END)