



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-0848/2
CMH:cdc

2019 ASSEMBLY BILL 49

1 **AN ACT to amend** 20.507 (1) (h), 20.536 (1) (k), 24.61 (2) (c), 25.17 (1) (afp), 25.17
2 (1) (axp), 25.17 (1) (kd) and 25.17 (1) (xLc) of the statutes; **relating to:** the
3 authority of the Board of Commissioners of Public Lands to delegate authority
4 to invest trust fund moneys and making an appropriation.

Analysis by the Legislative Reference Bureau

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

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: Current law generally authorizes the Board of Commissioners of Public Lands (BCPL) to invest the Common, Normal, University, and Agricultural College Funds (school trust funds) in any type of investment, as long as it invests “with the care an ordinary prudent person in a like position would exercise under similar circumstances” in accordance with the standard of conduct for investing an institutional fund.

Under current law, the BCPL is authorized to delegate to the State of Wisconsin Investment Board (SWIB) the authority to invest part or all of the moneys belonging to the school trust funds. However, SWIB may invest the moneys only in fixed income investments or in funds that invest only in fixed income instruments.

Under this bill, the BCPL may contract with SWIB to invest school trust fund moneys, SWIB may be compensated as provided for in the contract, and SWIB may invest the moneys in accordance with the standard that applies to SWIB’s investment of the other funds under its management. This standard requires that SWIB: (1) manage the

ASSEMBLY BILL 49

moneys as would a prudent person acting in a similar situation; (2) adequately diversify investments; and (3) administer trust fund moneys for the purpose of ensuring the fulfillment of the purpose of each trust fund, at a reasonable cost.

1 **SECTION 1.** 20.507 (1) (h) of the statutes is amended to read:

2 20.507 (1) (h) *Trust lands and investments — general program operations.* The
3 amounts in the schedule for the general program operations of the board as provided
4 under ss. 24.04, 24.09 (1) (bm), 24.53, 24.61 (2) (c), and 24.62 (1). All amounts
5 deducted from the gross receipts of the appropriate funds as provided under ss. 24.04,
6 24.09 (1) (bm), 24.53, and 24.62 (1) shall be credited to this appropriation account.
7 Notwithstanding s. 20.001 (3) (a), the unencumbered balance at the end of each fiscal
8 year shall be transferred to the trust funds, as defined under s. 24.60 (5). The amount
9 transferred to each trust fund, as defined under s. 24.60 (5), shall bear the same
10 proportion to the total amount transferred to the trust funds that the gross receipts
11 of that trust fund bears to the total gross receipts credited to this appropriation
12 account during that fiscal year.

13 **SECTION 2.** 20.536 (1) (k) of the statutes is amended to read:

14 20.536 (1) (k) *General program operations.* All moneys received from
15 assessments made under s. 25.187 (2) and from charges made under s. 25.17 (9), and
16 from contracts entered into under s. 24.61 (2) (c), for the purpose of conducting
17 general program operations.

18 **SECTION 3.** 24.61 (2) (c) of the statutes is amended to read:

19 24.61 (2) (c) *Delegation of investment authority to Contracting with investment*
20 *board.* The board of commissioners of public lands may ~~delegate to contract with the~~
21 investment board ~~the authority~~ to invest part or all of the moneys belonging to the
22 trust funds. If the board ~~delegates the authority,~~ of commissioners of public lands
23 contracts with the investment board, the investment board may invest the moneys

ASSEMBLY BILL 49

1 belonging to the trust funds in ~~any fixed income investment or fund that invests only~~
2 ~~in fixed income instruments~~ accordance with the investment board's standard of
3 responsibility specified in s. 25.15 (2). All moneys received by the investment board
4 under this paragraph shall be credited to the appropriation account under s. 20.536
5 (1) (k).

6 **SECTION 4.** 25.17 (1) (afp) of the statutes is amended to read:

7 25.17 (1) (afp) Agricultural college fund (s. 24.82), but subject to the terms of
8 ~~delegation~~ the contract under s. 24.61 (2) (c);

9 **SECTION 5.** 25.17 (1) (axp) of the statutes is amended to read:

10 25.17 (1) (axp) Common school fund (s. 24.76), but subject to the terms of
11 ~~delegation~~ the contract under s. 24.61 (2) (c);

12 **SECTION 6.** 25.17 (1) (kd) of the statutes is amended to read:

13 25.17 (1) (kd) Normal school fund (s. 24.80), but subject to the terms of
14 ~~delegation~~ the contract under s. 24.61 (2) (c);

15 **SECTION 7.** 25.17 (1) (xLc) of the statutes is amended to read:

16 25.17 (1) (xLc) University fund (s. 24.81), but subject to the terms of ~~delegation~~
17 the contract under s. 24.61 (2) (c);

18 (END)