

State of Wisconsin



2019 Assembly Bill 49

Date of enactment: **February 28, 2020**
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2019 WISCONSIN ACT 110

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

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 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.

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

20.507 (1) (h) *Trust lands and investments — general program operations.* The amounts in the schedule for the general program operations of the board as provided

under ss. 24.04, 24.09 (1) (bm), 24.53, 24.61 (2) (c), and 24.62 (1). All amounts deducted from the gross receipts of the appropriate funds as provided under ss. 24.04, 24.09 (1) (bm), 24.53, and 24.62 (1) shall be credited to this appropriation account. Notwithstanding s. 20.001 (3) (a), the unencumbered balance at the end of each fiscal year shall be transferred to the trust funds, as defined under s. 24.60 (5). The amount transferred to each trust fund, as defined under s. 24.60 (5), shall bear the same proportion to the total amount transferred to the trust funds that the gross receipts of that trust fund bears to the total gross receipts credited to this appropriation account during that fiscal year.

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

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

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

24.61 (2) (c) *Delegation of investment authority to Contracting with investment board.* The board of commissioners of public lands may delegate to contract with the investment board ~~the authority to invest part or all of the moneys belonging to the trust funds.~~ If the board del-

* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

~~egates the authority, of commissioners of public lands contracts with the investment board, the investment board may invest the moneys belonging to the trust funds in any fixed income investment or fund that invests only in fixed income instruments accordance with the investment board's standard of responsibility specified in s. 25.15 (2). All moneys received by the investment board under this paragraph shall be credited to the appropriation account under s. 20.536 (1) (k).~~

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

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

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

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

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

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

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

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