

1989 Assembly Bill 233

Date of enactment: September 1, 1989
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1989 Wisconsin Act 46
(Vetoed in Part)

AN ACT *to repeal* 18.04 (4); *to amend* 18.04 (6) (a), 18.06 (6), 18.06 (7) (d), 18.55 (5), 18.56 (1), 20.866 (intro.), 20.867 (3) (w) and 71.05 (6) (a) 1; *to repeal and recreate* 18.55 (4); and *to create* subchapter IV of chapter 18 and 20.866 (2) (yz) of the statutes, *relating to* creating an incentive for long-term savings for higher educa-

tion, granting bonding authority, providing a tax exemption, ~~granting rule-making authority~~ and making an appropriation.

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

SECTION 1. 18.04 (4) of the statutes is repealed.

SECTION 2. 18.04 (6) (a) of the statutes is amended to read:

18.04 (6) (a) Public debt ~~contracted for any of the purposes under subs. (1) and (5)~~ may include public debt contracted to fund interest, accrued or to accrue, on the public debt and to fund reserve funds for the public debt.

SECTION 3. 18.06 (6) of the statutes is amended to read:

18.06 (6) EXERCISE OF AUTHORITY. Public debt may be contracted and evidence of indebtedness issued therefor under one or more authorizing resolutions, unless otherwise provided in the resolution, at any time and from time to time, for any combination of purposes, in any specific amounts, at any rates of interest, at any price or percentage of par value, for any term, payable at any intervals, at any place, in any manner and having any other terms or conditions deemed necessary or useful. A resolution authorizing the contracting of public debt may provide that the public debt bear interest at variable or fixed rates, bear no interest, bear interest payable at any time or bear interest payable only at maturity or upon redemption prior to maturity. Unless sooner exercised and unless a shorter period is provided in such resolution, every authorizing resolution shall expire one year after the date of its adoption.

SECTION 4. 18.06 (7) (d) of the statutes is amended to read:

18.06 (7) (d) The public debt may bear interest at variable or fixed rates as provided in or pursuant to the resolution authorizing the contracting of the public debt or, if the resolution so provides, may bear no interest, bear interest payable at any time or bear interest payable only at maturity or upon redemption prior to maturity.

SECTION 5. 18.55 (4) of the statutes is repealed and recreated to read:

18.55 (4) NO MINIMUM ISSUANCE PRICE. Revenue obligation bonds may be sold at any price or percentage of par value.

SECTION 6. 18.55 (5) of the statutes is amended to read:

18.55 (5) EXERCISE OF AUTHORITY. Money may be borrowed and evidences of revenue obligation issued therefor pursuant to one or more authorizing resolutions, unless otherwise provided in the resolution or in this subchapter, at any time and from time to time, for any combination of purposes, in any specific amounts, at any rates of interest, for any term, payable at any intervals, at any place, in any manner and having any other terms or conditions deemed necessary or useful. Revenue obligation bonds may bear interest at vari-

able or fixed rates, bear no interest or bear interest payable only at maturity or upon redemption prior to maturity. Unless sooner exercised or unless a shorter period is provided in the resolution, every authorizing resolution, except as provided in s. 18.59 (1), shall expire one year after the date of its adoption.

SECTION 7. 18.56 (1) of the statutes is amended to read:

18.56 (1) The commission may authorize, for any of the purposes described in s. 18.53 (3), the issuance of revenue-obligation bonds. The bonds ~~shall bear interest payable semiannually (except that the first interest payment may be due not exceeding 18 months after the date of the bonds)~~ and shall mature at such times any time not exceeding 50 years from the date thereof as the commission shall determine. The bonds shall be payable only out of the redemption fund provided under sub. (5) and each bond shall contain on its face a statement to that effect. Any such bonds may contain a provision authorizing redemption, in whole or in part, at stipulated prices, at the option of the commission and shall provide the method of redeeming the bonds. The state and a contracting party may provide in any contract for purchasing or acquiring a revenue-producing enterprise or program, that payment shall be made in such bonds.

SECTION 8. Subchapter IV of chapter 18 of the statutes is created to read:

CHAPTER 18

SUBCHAPTER IV

HIGHER EDUCATION BONDS

18.81 Definitions. In this subchapter:

- (1) "Commission" means the building commission.
- (2) "Eligible educational institution" means a regionally accredited, nonprofit, postsecondary educational institution.
- (3) "Higher education bond" means obligations designated by the commission under s. 18.82.

18.82 Bond designation. The commission may designate any obligation authorized and issued under subch. I or II as a higher education bond.

18.822 Debt requirements. The authorizing resolution for an obligation under this subchapter shall require that all of the following conditions be met:

- (1) The terms of the obligation are structured to encourage ownership by as many individuals as possible.

- (2) ~~The contract for the obligation is negotiated.~~ ~~///~~ The evidences of the obligation are issued in denominations of not more than \$1,000.

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18.83 Redemption. ~~///~~ The commission may provide that higher education bonds may be presented for payment before maturity to any eligible educational institution for tuition, fees and other educationally related costs owed that eligible educational institution plus an allowance for other educationally related costs

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such as room and board, books and supplies and other miscellaneous expenses owed to any person except that eligible educational institution, subject to any requirement of the commission. The commission may treat higher education bonds presented for payment under this section as still outstanding, even though owned by the state, and the commission may resell such higher education bonds or fund or refund such higher education bonds through the issuance of other obligations. If obligations are issued to fund or refund such higher education bonds, such obligations shall be treated as issued for the purpose of funding, not refunding, for all purposes under this chapter and ch. 20.

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~~(2) The department of administration shall promulgate rules to ensure that the purchaser of higher education bonds has the intention of using the bond proceeds for educationally related costs under sub. (1).~~

18.84 Schools as bond trustees or fiscal agents; contracts. Notwithstanding s. 18.10 (8), the commission may designate any eligible educational institution as a trustee or fiscal agent for any issue of higher education bonds and may enter into any contract with any eligible educational institution to satisfy the purposes of this subchapter.

18.85 Facilities. The commission may enter into agreements and ancillary arrangements for public debt under this subchapter, including liquidity facilities, remarketing or dealer agreements, letter of credit agreements and line of credit agreements.

18.852 Procedure. The commission may establish any procedure necessary to administer this section.

SECTION 9. 20.866 (intro.) of the statutes is amended to read:

20.866 Public debt. (intro.) There are irrevocably appropriated to the bond security and redemption fund and to the capital improvement fund, as a first charge upon all revenues of this state, sums sufficient for payment of principal, interest and premium due, if

any, on public debt ~~acquired in accordance with~~ contracted under ch. 18.

SECTION 10. 20.866 (2) (yz) of the statutes is created to read:

20.866 (2) (yz) *Building commission; discount sale of debt.* From the capital improvement fund, a sum sufficient to pay the difference between the amount of public debt contracted under subch. IV of ch. 18 and any lesser amount, not including accrued interest, received upon the sale of that public debt. The state may contract public debt in an amount not to exceed \$100,000,000 for this purpose.

SECTION 11. 20.867 (3) (w) of the statutes is amended to read:

20.867 (3) (w) *Bonding services.* From the capital improvement fund, a sum sufficient to pay the expenses of contracting and managing public debt and revenue obligations issued pursuant to ch. 18, and for reimbursing the legislative audit bureau for providing opinion audits of financial statements and the general fund for bond counsel services under s. 165.25 (4) (b), and for the purchase of any higher education bonds presented for payment prior to maturity under s. 18.83.

SECTION 12. 71.05 (6) (a) 1 of the statutes is amended to read:

71.05 (6) (a) 1. The amount of any interest, except interest under par. (b) 1, less related expenses, which is not included in federal adjusted gross income, and except the amount of any interest or original issue discount derived from bonds issued under subch. IV of ch. 18.

~~SECTION 13. *Nonstatutory provisions.* The building commission shall authorize public debt, with a redemption value at maturity of not more than \$100,000,000, to be contracted and evidences of indebtedness to be issued therefor under subchapter IV of chapter 18 of the statutes, as created by this act, no later than the first day of the 9th month after the effective date of this SECTION.~~

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