



State of Wisconsin  
2015 - 2016 LEGISLATURE

LRB-1192/P6  
EVM:kjf:jf

DOA:.....Bong, BB0380 – Building commission approval process

**FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION**

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

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*Analysis by the Legislative Reference Bureau*

**STATE GOVERNMENT**

**OTHER STATE GOVERNMENT**

Under current law, the Building Commission has a variety of powers. Among these, the Building Commission adopts recommendations for the long-range state building program, reviews and approves construction projects involving an estimated cost of more than \$185,000, and, with certain limitations, may sell or lease all or any part of state-owned real property.

This bill specifies a method by which most Building Commission approvals will be made. Other than a pre-budget request for a project budget increase or of a substantial change in an enumerated project, from the Building Commission approvals are made by a passive review process. Requests for approval are submitted in writing to the Building Commission. If, within 14 working days after the date of that written request, a majority of the members of the Building Commission do not request that the Building Commission schedule a meeting to review the request, the request is approved.

Also under this bill, at the first meeting of the Building Commission following the enactment of the biennial budget act, the Building Commission may 1) authorize DOA to contract certain public debt in an amount not to exceed the amount that the Building Commission is authorized by the laws of this state to contract; 2) release an amount not to exceed the amount of state building trust fund moneys to DOA for

planning for enumerated projects; and 3) authorize DOA to issue revenue-obligation refunding obligations. Also, after this first meeting of the Building Commission, DOA must report quarterly to the Building Commission regarding the status of projects under the state building program.

Under current law, if DOA determines that a deficiency will occur in the funds of the state which will not permit the state to meet its operating obligations in a timely manner, it may prepare a request for the issuance of operating notes and may submit the request to the Building Commission. The request must be signed by the governor and the secretary of administration and is subject to review by JCF.

Under this bill, DOA is not required to submit a request for the issuance of operating notes to the Building Commission. Instead, DOA may prepare an authorizing certification for the issuance of operating notes that must be signed by the secretary, must be transmitted to the governor, and is subject to review by JCF.

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:***

**SECTION 1.** 13.48 (2) (ad) of the statutes is created to read:

13.48 (2) (ad) At the first meeting of the building commission following the enactment of the biennial budget act, the commission may take any of the following actions:

1. Authorize the department of administration to contract public debt or obligations under subch. II of ch. 18 in an amount not to exceed the amount that the building commission is authorized by the laws of this state to contract. If authorization is granted under this subdivision, the department of administration shall provide periodic reports regarding the contracting of debt or obligations under this subdivision to the commission.

2. Release an amount not to exceed the amount of state building trust fund moneys to the department of administration for planning for enumerated projects.

3. Authorize the department of administration to issue revenue-obligation refunding obligations under s. 18.60.

**SECTION 2.** 13.48 (2) (ah) of the statutes is created to read:

13.48 (2) (ah) After the first meeting of the building commission following the enactment of the biennial budget act, the department of administration shall report quarterly to the commission regarding the status of projects under the state building program.

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

13.48 (2) (ap) After the enactment of the biennial budget act in any biennium, any request for approval from the building commission of a project budget increase or of a substantial change in an enumerated project shall be submitted in writing to the commission. If, within 14 working days after the date of that written request, a majority of the members of the commission do not request that the commission schedule a meeting to review the request under this paragraph, the request is approved.

**SECTION 4.** 13.48 (2) (at) of the statutes is created to read:

13.48 (2) (at) Any request for an approval required to be made by the building commission, other than a request for approval of a project budget increase or of a substantial change in an enumerated project, shall be submitted in writing to the commission. If, within 14 working days after the date of that written request, a majority of the members of the commission do not request that the commission schedule a meeting to review the request under this paragraph, the request is approved.

**SECTION 5.** 13.48 (2) (b) 1m. of the statutes is amended to read:

13.48 (2) (b) 1m. The University of Wisconsin System may not accept any gift, grant or bequest of real property with a value in excess of \$150,000 or any gift, grant or bequest of a building or structure that is constructed for the benefit of the system

or any institution thereof without the approval under par. (at) of the building commission.

**SECTION 6.** 13.48 (2) (b) 2. of the statutes is amended to read:

13.48 (2) (b) 2. In the construction of all new buildings or additions to existing buildings used for housing state offices and constructed for general state purposes and not specially for the use of any particular state agency, the building commission shall function with respect to such construction in the same manner as other state agencies function with respect to buildings constructed for such agencies. The building commission shall under par. (at) fix the rental for all space in such buildings, and, notwithstanding any other statute, may remove to any building any department housed in the state capitol. After the completion of such buildings, they shall be in the charge of the department of administration as provided by s. 16.84.

**SECTION 7.** 13.48 (2) (e) of the statutes is repealed.

**SECTION 8.** 13.48 (2) (f) of the statutes is repealed.

**SECTION 9.** 13.48 (2) (g) of the statutes is amended to read:

13.48 (2) (g) The building commission shall under par. (at) review assessments on property of the state under s. 66.0703 (6).

**SECTION 10.** 13.48 (4) of the statutes is repealed.

**SECTION 11.** 13.48 (6) of the statutes is repealed.

**SECTION 12.** 13.48 (12) (a) of the statutes is amended to read:

13.48 (12) (a) Except as provided in par. (b), no state board, agency, officer, department, commission or body corporate which has authority to permit a privately owned or operated facility to be constructed on state-owned land may permit a facility that would be privately owned or operated to be constructed on state-owned land without prior approval under sub. (2) (at) of the building commission.

**SECTION 13.** 13.48 (19) of the statutes is renumbered 13.48 (19) (a) and amended to read:

13.48 (19) (a) Whenever the building commission determines that the use of innovative types of design and construction processes will make better use of the resources and technology available in the building industry, the building commission may under sub. (2) (at) waive any or all of s. 16.855, except s. 16.855 (13) and (14m) (a) to (c), if such the action is in the best interest of the state and if ~~the waiver is accomplished through formal action of the building commission.~~ The building commission may authorize the lease, lease purchase or acquisition of such facilities constructed in the manner authorized by the building commission is approved by the building commission.

(b) Subject to the requirements of s. 20.924 (1) (i), the building commission under sub. (2) (at) may also authorize the lease, lease purchase, or acquisition of ~~existing~~ facilities in lieu of state construction of any project enumerated in the authorized state building program.

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

13.48 (22) SALE OR LEASE OF CAPITOL AREA LANDS. The building commission may under sub. (2) (at) lease or resell lands acquired in the capitol planning area for public or private redevelopment and may set such conditions of sale or lease as it deems necessary to ensure development compatible with the needs of the community and the state. This subsection does not apply to lands that are authorized to be sold or leased under s. 16.848 while an offer of sale, sale, or lease agreement is pending or while the lands are leased.

**SECTION 15.** 13.48 (23) of the statutes is amended to read:

13.48 **(23)** LEASE OF SPACE FOR COMMERCIAL USE. Except as provided in sub. (14) (am), the building commission may under sub. (2) (at) lease space in state office buildings for commercial use, including without limitation because of enumeration, retail, service and office uses. In doing so the building commission shall consider the cost and fair market value of the space as well as the desirability of the proposed use. Such leases may be negotiated or awarded by competitive bid procedures. All such leases of space in state office buildings shall provide for payments in lieu of property taxes.

**SECTION 16.** 13.48 (26) of the statutes is amended to read:

13.48 **(26)** ENVIRONMENTAL IMPROVEMENT ANNUAL FINANCE PLAN APPROVAL. The building commission shall review the versions of the biennial finance plan and any amendments to the biennial finance plan submitted to it by the department of natural resources and the department of administration under s. 281.59 (3) (bm) and the recommendations of the joint committee on finance and the standing committees to which the versions of the biennial finance plan and any amendments were submitted under s. 281.59 (3) (bm). The building commission shall consider the extent to which that version of the biennial finance plan that is updated to reflect the adopted biennial budget act will maintain the funding for the clean water fund program and the safe drinking water loan program, in the environmental improvement fund, in perpetuity. The building commission shall consider the extent to which the implementation of the clean water fund program, the safe drinking water loan program and the land recycling loan program, as set forth in the biennial finance plan updated to reflect the adopted biennial budget act, implements legislative intent on the clean water fund program, the safe drinking water loan program and the land recycling loan program. The building commission shall under

sub. (2) (at), no later than 60 days after the date of enactment of the biennial budget act, either approve or disapprove the biennial finance plan that is updated to reflect the adopted biennial budget act, ~~except that the building commission may not disapprove those amounts that the legislature approves under s. 281.59 (3e) (a), (3m) (a) and (3s) (a).~~ If the building commission disapproves the version of the biennial finance plan that is updated to reflect the adopted biennial budget act, it must notify the department of natural resources and the department of administration of its reasons for disapproving the plan, and those departments must revise that version of the biennial finance plan and submit the revision to the building commission.

\*\*\*\*NOTE: This is reconciled s. 13.48 (26). This SECTION has been affected by drafts with the following LRB numbers: -1192 and -1186.

**SECTION 17.** 13.48 (27) of the statutes is amended to read:

13.48 **(27)** LEASE OF CORRECTIONAL FACILITIES. Subject to the requirements of s. 20.924 (1) (i), the building commission may under sub. (2) (at) lease any facility for use of the department of corrections as a part of the authorized state building program, with an option to purchase the facility by the state. Any lease shall provide for the facility to be constructed in accordance with requirements and specifications approved by the department of administration and shall permit inspection of the site and facility by agents of the department.

**SECTION 18.** 13.488 (1) (m) of the statutes is amended to read:

13.488 **(1)** (m) The duty to determine and make payments to the United States required so as to avoid an adverse effect on any exclusion of interest from gross income for federal income tax purposes on public debt, and revenue obligations, ~~and issued pursuant to ch. 18,~~ operating notes issued pursuant to ~~ch. 18 s. 16.526,~~ master lease obligations issued pursuant to s. 16.76, and appropriation obligations issued

pursuant to s. 16.527 and to make any payments to advisors that assist in making the determination. If the proceeds of an obligation are utilized for an activity that is financed from program revenue, the building commission shall make the payments required under this paragraph from that revenue, to the extent it is available.

**SECTION 19.** 13.90 (5) of the statutes is amended to read:

13.90 (5) The joint committee on legislative organization may contract for the services of persons to advise those building commission members who also are legislators on matters related to the state's issuance of state debt, and revenue obligations ~~and operating notes~~ under ch. 18.

**SECTION 20.** 16.004 (9) of the statutes is amended to read:

16.004 (9) AGREEMENTS TO MAINTAIN AN ACCOUNTING FOR OPERATING NOTES. The secretary may enter into agreements to maintain an accounting of, forecast and administer those moneys that are in the process of collection by the state and that are pledged for the repayment of operating notes issued under ~~subch. III of ch. 18 s. 16.526~~, in accordance with ~~resolutions of the building commission~~ certifications authorizing the issuance of the operating notes.

**SECTION 21.** 16.287 (2) (a) of the statutes is amended to read:

16.287 (2) (a) For the purposes of ss. 16.75 (3m), 16.855 (10m), 16.87 (2), 18.16, 18.64, ~~18.77~~, 25.185, 119.495 (2), 200.57, 231.27 and 234.35, the department shall establish and periodically update a list of certified minority businesses, minority financial advisers and minority investment firms. Any business, financial adviser or investment firm may apply to the department for certification. For purposes of this paragraph, unless the context otherwise requires, a "business" includes a financial adviser or investment firm.



**SECTION 22.** 16.40 (16) of the statutes is amended to read:

16.40 (16) MAINTAIN AN ACCOUNTING FOR OPERATING NOTES. Maintain an accounting of, forecast and administer those moneys pledged for the repayment of operating notes issued under ~~subch. III of ch. 18 s. 16.526~~, in accordance with agreements entered into by the secretary under s. 16.004 (9).

**SECTION 23.** 16.405 (1) of the statutes is renumbered 16.526 (1m) (a) and amended to read:

16.526 (1m) (a) ~~At Subject to par. (b), at any time the department determines that a deficiency will occur in the funds of the state which will not permit the state to meet its operating obligations in a timely manner, it may prepare a request an authorizing certification for the issuance of operating notes under ~~subch. III of ch. 18 and, subject to subs. (2) and (3)~~, may submit the request to the building commission this section.~~

**SECTION 24.** 16.405 (2) of the statutes is repealed.

**SECTION 25.** 16.405 (3) of the statutes is renumbered 16.526 (1m) (b) and amended to read:

16.526 (1m) (b) If the department proposes to ~~submit a request to the building commission~~ prepare an authorizing certification under ~~sub. (1) par. (a)~~, the secretary shall notify the joint committee on finance in writing of the proposed action. If the cochairpersons of the committee do not notify the secretary that the committee has scheduled a meeting for the purpose of reviewing the proposed ~~submission~~ certification within 14 working days after the date of the secretary's notification, the department may ~~submit the request to the building commission~~ issue operating notes pursuant to the certification as proposed. If, within 14 working days after the date of the secretary's notification, the cochairpersons of the committee notify the

secretary that the committee has scheduled a meeting for the purpose of reviewing the proposed submission certification, the department may submit the request to the ~~building commission~~ issue operating notes pursuant to the certification only upon approval of the committee.

**SECTION 26.** 16.526 (title) of the statutes is created to read:

**16.526 (title) Operating notes.**

**SECTION 27.** 16.526 (4) (am) of the statutes is created to read:

16.526 (4) (am) *Authorizing certification.* No financial obligations may be incurred under this section nor may any evidence of operating notes be issued by the state except pursuant to a written authorizing certification. The certification shall set forth the aggregate principal amount of operating notes authorized thereby, the purpose of the operating notes, which need not be more specific but may not be more general than those purposes provided in or pursuant to law, the manner of sale of the notes, and the form and terms of the notes. The certification shall be signed by the secretary, or his or her designee, and shall be transmitted to the governor.

**SECTION 28.** 16.526 (8) of the statutes is created to read:

16.526 (8) **PROCUREMENT OF SERVICES.** The department may enter into a contract with any firm or individual engaged in financial services for the performance of any of its duties under this section, using selection and procurement procedures established by the department. A contract under this subsection is not subject to s. 16.705 or 16.75.

**SECTION 29.** 16.526 (9) of the statutes is created to read:

16.526 (9) **PROVISIONS APPLICABLE.** The provisions of section 16.527 (4) (a) to (f) and (6) (a), (b), and (d), (8), and (9) apply to operating notes under this section, except

that all references to appropriation obligations shall be read to refer to operating notes.

**SECTION 30.** 16.526 (10) of the statutes is created to read:

16.526 (10) FULL AUTHORITY. This section shall constitute full authority for the accomplishment of all acts authorized in this section to be done. No other law restricting the carrying out of such acts shall be construed as applying to proceedings had or acts done pursuant to this section.

**SECTION 31.** 16.53 (10) (a) of the statutes is amended to read:

16.53 (10) (a) If an emergency arises which requires the department to draw vouchers for payments which will be in excess of available moneys in any state fund, the secretary, after notifying the joint committee on finance under par. (b), may prorate and establish priority schedules for all payments within each fund, including those payments for which a specific payment date is provided by statute, except as otherwise provided in this paragraph. The secretary shall draw all vouchers according to the preference provided in this paragraph. All direct or indirect payments of principal or interest on state bonds and notes issued under subch. I of ch. 18 and payments due, if any, under an agreement or ancillary arrangement entered into under s. 18.06 (8) (a) relating to any public debt contracted under subchs. I and IV of ch. 18 have first priority. All direct or indirect payments of principal or interest on state notes issued under ~~subch. III of ch. 18~~ s. 16.526 have 2nd priority. No payment having a 1st or 2nd priority may be prorated or reduced under this subsection. All state employee payrolls have 3rd priority. The secretary shall draw all remaining vouchers according to a priority determined by the secretary. The secretary shall maintain records of all claims prorated under this subsection.

**SECTION 32.** 16.531 (1) of the statutes is amended to read:

16.531 (1) At least 15 days prior to the beginning of any calendar quarter in which the secretary anticipates that it may be necessary to exercise the authority conferred in s. 16.53 (10) (a) or 20.002 (11) (a) or to incur financial obligations and issue operating notes under ~~subch. III of ch. 18~~ s. 16.526, the secretary shall submit a plan to the joint committee on finance describing the specific nature of any proposed action that may be required.

**SECTION 33.** 16.531 (2) of the statutes is amended to read:

16.531 (2) If the secretary determines during any calendar quarter that action under s. 16.526, 16.53 (10) (a) or 20.002 (11) ~~or subch. III of ch. 18~~ should be taken that is different from the action specified in the plan submitted under sub. (1), the secretary shall provide notice to the joint committee on finance of the specific nature of any such action that may be required. If the joint committee on finance has not, within 2 working days after such notification, scheduled a meeting to review the secretary's proposal, the secretary may proceed with the proposed action. If, within 2 working days after such notification, the committee schedules a meeting, the secretary may not proceed with the proposed action until after the meeting is held.

**SECTION 34.** 16.531 (3) of the statutes is amended to read:

16.531 (3) Within 30 days after the end of each calendar quarter during which the secretary exercises the authority conferred in s. 16.53 (10) (a), during which there is any outstanding reallocation of moneys under s. 20.002 (11) (a) or during which there are any outstanding operating notes issued under ~~subch. III of ch. 18~~ s. 16.526, the secretary shall submit to the joint committee on finance a report on the status of all such matters, together with an assessment of the degree to which the secretary anticipates that state funds and accounts will have sufficient revenues to meet

anticipated obligations during the 6-month period following the calendar quarter for which the report is issued.

**SECTION 35.** 16.855 (1m) of the statutes is amended to read:

16.855 **(1m)** The department shall let by contract to the lowest qualified responsible bidder all construction work when the estimated construction cost of the project exceeds \$50,000, except for construction work authorized under s. 16.858 and except as provided in sub. (1r) or (10m) or s. 13.48 (19) (a). If factors other than dollar amounts are required to be evaluated for a project, the department shall specify a formula that will convert the other factors into a dollar value for comparison.

**SECTION 36.** 16.855 (13) (a) 2. of the statutes is amended to read:

16.855 **(13)** (a) 2. In any project under this section that is let under s. 13.48 (19) (a), the department shall identify, as provided under par. (b), the mechanical, electrical, or plumbing subcontractors who have submitted the lowest bids and who are qualified responsible bidders. The contractor awarded a contract under s. 13.48 (19) (a) shall contract with the mechanical, electrical, or plumbing subcontractors so identified.

**SECTION 37.** 16.855 (14) (am) of the statutes is amended to read:

16.855 **(14)** (am) Except as provided in s. 13.48 (19) (a), the department shall let all construction projects that exceed \$185,000 through single prime contracting. The department may not request or accept any alternate bids when letting a construction project through single prime contracting.

**SECTION 38.** 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~~ 2 years after the date of its adoption.

**SECTION 39.** 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 variable 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 different period is provided in the resolution, every authorizing resolution, except as provided in s. 18.59 (1), shall expire ~~one year~~ 2 years after the date of its adoption.

**SECTION 40.** Subchapter III (title) of chapter 18 [precedes 18.70] of the statutes is repealed.

**SECTION 41.** 18.70 of the statutes is repealed.

**SECTION 42.** 18.71 (intro.), (1d), (3), (4) and (5) of the statutes are renumbered 16.526 (1) (intro), (a), (b), (c) and (d), and 16.526 (1) (intro.), (a) 1. and 3. and (c) 1. and 2., as renumbered, are amended to read:

16.526 (1) DEFINITIONS. (intro.) In this ~~subchapter~~ section, unless the context requires otherwise:

(a) 1. The aggregate net payments expected to be made and received under a specified interest exchange agreement under s. ~~18.73 (5) (a)~~ sub. (4) (e) 1.

3. The aggregate net payments expected to be made and received under all other interest exchange agreements under s. ~~18.73 (5) (a)~~ sub. (4) (e) 1. relating to those notes that are in force at the time of executing the agreement.

(c) 1. Created for the purpose of funding operating deficits of the state as determined under s. ~~16.405 (1)~~ 16.526 (1m) (a), which must be repaid not later than the last day of the fiscal year during which the operating note is issued;

2. Payable from and secured solely by revenues pledged by ~~the commission and the department~~ pursuant to the authorizing resolution certification provided that all such pledged revenues must first be available for the payment of public debt; and

**SECTION 43.** 18.71 (1m) and (2) of the statutes are repealed.

**SECTION 44.** 18.72 of the statutes is renumbered 16.526 (2), and 16.526 (2) (a) to (c), as renumbered, are amended to read:

16.526 (2) (a) The ~~commission~~ department may authorize financial obligations to be incurred and evidences of operating notes to be issued therefor in an amount sufficient to fund or refund the whole or any part of any operating note issued under this ~~subchapter~~ section. However, no operating notes originally issued in a fiscal year may be funded or refunded by proceeds of an operating note to mature in a later fiscal year.

(b) The ~~commission~~ department may authorize financial obligations to be incurred and evidences of operating notes to be issued therefor to fund operating deficits as moneys are required. The requirements for moneys shall be established by the department.

(c) Each purpose specified in ~~subs. (1) and (2)~~ pars. (a) and (b) may include the expenses of issuance of the operating notes and reserves securing the operating notes.

**SECTION 45.** 18.725 of the statutes is renumbered 16.526 (3) and amended to read:

16.526 (3) LIMIT ON AMOUNT OF OPERATING NOTES. The ~~building commission~~ department may not sell operating notes under s. ~~18.73 (2)~~ sub. (4) (b) at any time if the amount of operating notes to be sold at that time plus the amount of operating notes outstanding at that time exceed 10% of the amounts shown in the schedule under s. 20.005 (3) of appropriations of general purpose revenues, as defined in s. 20.001 (2) (a), plus the amounts shown in the schedule of appropriations of program revenues, as defined in s. 20.001 (2) (b), both calculated as of that time and for that fiscal year.

**SECTION 46.** 18.73 (1) of the statutes is repealed.

**SECTION 47.** 18.73 (2), (4) and (5) (a), (b), (c), (d) (intro.), 1. and 2., (e) 1. and 3. and (f) of the statutes are renumbered 16.526 (4) (b), (d) and (e) 1., 2., 3., 4. (intro.), a. and b., 5. a. and c. and 6., and 16.526 (4) (b), (d) and (e) 1., 2., 4. (intro.), a. and b., 5. a. and 6. (intro.), as renumbered, are amended to read:

16.526 (4) (b) *Sale.* Operating notes may be sold at either public or private sale. The ~~commission~~ department may provide in an authorizing ~~resolution~~ certification for the refunding of operating notes, for their exchange privately, in payment and



discharge of any of the outstanding operating notes being refunded. All operating notes sold at public sale shall be noticed as provided in the authorizing ~~resolution~~ certification. Any bids received at public sale may be rejected.

(d) *Exercise of authority.* Financial obligations may be incurred and evidences of operating notes issued therefor pursuant to one or more authorizing ~~resolutions~~ certifications, unless otherwise provided in the ~~resolution~~ certification or in this ~~subchapter~~ section, 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. ~~Unless sooner exercised or unless a shorter period is provided in the resolution, every authorizing resolution shall expire 3 months after the date of its adoption.~~

(e) 1. Subject to ~~pars. (d) and (e)~~ subd. 4. and 5., at the time of, or in anticipation of, contracting operating notes and at any time thereafter while the operating notes are outstanding, the ~~commission~~ department may enter into agreements and ancillary arrangements relating to the operating notes, including liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payment received pursuant to any such agreements or ancillary arrangements shall be deposited in, and any payments made pursuant to any such agreements or ancillary arrangements will be made from, the general fund or the operating note redemption fund, as determined by the ~~commission~~ department. The determination of the ~~commission~~ department included in an interest exchange agreement that such an agreement relates to an operating note shall be conclusive.

2. The ~~commission~~ department may delegate to other persons the authority and responsibility to take actions necessary and appropriate to implement agreements and ancillary arrangements under ~~par. (a)~~ subd. 1.

4. (intro.) With respect to any interest exchange agreement or agreements specified in ~~par. (a)~~ subd. 1., all of the following shall apply:

a. The ~~commission~~ department shall contract with an independent financial consulting firm to determine if the terms and conditions of the agreement reflect a fair market value, as of the proposed date of the execution of the agreement.

b. The interest exchange agreement must identify the note to which the agreement is related. The determination of the ~~commission~~ department included in an interest exchange agreement that such agreement relates to a note shall be conclusive.

5. a. Subject to subd. ~~2.~~ 5. b., the terms and conditions of an interest exchange agreement under ~~par. (a)~~ subd. 1. shall not be structured so that, as of the trade date of the agreement, the aggregate expected debt service and net exchange payments relating to the agreement during the fiscal year in which the trade date occurs will be less than the aggregate expected debt service and net exchange payments relating to the agreement that would be payable during that fiscal year if the agreement is not executed.

6. (intro.) Semiannually, during any year in which the state is a party to an agreement entered into pursuant to ~~par. (a)~~ subd. 1., the department of ~~administration~~ shall submit a report to the ~~commission~~ and to the cochairpersons of the joint committee on finance listing all such agreements. The report shall include all of the following:

**SECTION 48.** 18.73 (5) (d) 3. (intro.) and a. to g. of the statutes are consolidated, renumbered 16.526 (4) (e) 4. c. and amended to read:

16.526 (4) (e) 4. c. The ~~resolution~~ certification authorizing the ~~commission~~ department to enter into any interest exchange agreement shall require that the terms and conditions of the agreement reflect a fair market value as of the date of execution of the agreement, as reflected by the determination of the independent financial consulting firm under subd. 1. 4. a., and shall establish guidelines for any such agreement, including the following: ~~a. The~~ the conditions under which the ~~commission~~ department may enter into the agreements. ~~b. The;~~ the form and content of the agreements. ~~c. The;~~ the aspects of risk exposure associated with the agreements. ~~d. The;~~ the standards and procedures for counterparty selection. ~~e. The;~~ the standards for the procurement of, and the setting aside of reserves, if any, in connection with, the agreements. ~~f. The;~~ the provisions, if any, for collateralization or other requirements for securing any counterparty's obligations under the agreements. ~~g. A;~~ and a system for financial monitoring and periodic assessment of the agreements.

**SECTION 49.** 18.73 (5) (e) 2. (intro.), a. and b. of the statutes are consolidated, renumbered 16.526 (4) (e) 5. b. and amended to read:

16.526 (4) (e) 5. b. Subdivision 1. 5. a. shall not apply if ~~either of the follow~~ occurs: ~~a. The commission~~ the department receives a determination by the independent financial consulting firm under ~~par. (d) 1. subd. 4. a.~~ that the terms and conditions of the agreement reflect payments by the state that represent on-market rates as of the trade date for the particular type of agreement. ~~b. The commission or the department~~ provides written notice to the joint committee on finance of its intention to enter into an agreement that is reasonably expected to satisfy ~~subd. 1.~~

subd. 5. a., and the joint committee on finance either approves or disapproves, in writing, the ~~commission's~~ department's entering into the agreement within 14 days of receiving the written notice from the ~~commission~~ department.

**SECTION 50.** 18.74 of the statutes is renumbered 16.526 (5) and amended to read:

**16.526 (5) APPLICATION OF OPERATING NOTE PROCEEDS.** All moneys resulting from the contracting of operating notes or any payment to be received under an agreement or ancillary arrangement entered into under ~~s. 18.73 (5)~~ sub. (4) (e) with respect to any such operating notes shall be credited to the general fund, except that moneys which represent premium and accrued interest on operating notes, or moneys for purposes of funding or refunding operating notes pursuant to ~~s. 18.72 (1)~~ sub. (2) (a) shall be credited to the operating note redemption fund.

**SECTION 51.** 18.75 of the statutes is renumbered 16.526 (6), and 16.526 (6) (a), (b), (c) and (d), as renumbered, are amended to read:

**16.526 (6) (a)** When operating notes are authorized, there shall be established in the state treasury or with a trustee if so required in the authorizing ~~resolution certification~~, an operating note redemption fund separate and distinct from every other fund, which may contain separate and distinct accounts for each particular operating note issue.

(b) The operating note redemption fund shall be expended and all moneys from time to time on hand therein are irrevocably appropriated, in sums sufficient, only for the payment of principal and interest on operating notes giving rise to it and premium, if any, due upon refunding or early redemption of such operating notes, and for the payment due, if any, under an agreement or ancillary arrangement entered into under ~~s. 18.73 (5)~~ sub. (4) (e) with respect to such operating notes.

(c) Moneys of the operating note redemption fund may be commingled only for the purpose of investment with other public funds, but they may be invested only as provided in the authorizing ~~resolution~~ certification. All such reinvestments shall be the exclusive property of such fund and all earnings on or income from such investments shall be used in meeting principal and interest payments on operating notes issued.

(d) There shall be transferred, under s. 20.855 (1) (a), a sum sufficient for the payment of the principal, interest and premium due, if any, and for the payment due, if any, under an agreement or ancillary arrangement entered into pursuant to ~~s. 18.73 (5) sub. (4) (e)~~ with respect to operating notes giving rise to it as the same falls due. Such transfers shall be so timed that there is at all times on hand in the fund an amount not less than the amount to be paid out of it during the ensuing 30 days or such other period if so provided for in the authorizing ~~resolution~~ certification. The ~~commission~~ department may pledge the deposit of additional amounts at periodic intervals and the secretary of the department may impound moneys of the general fund, including moneys temporarily reallocated from other funds under s. 20.002 (11), in accordance with the pledge of revenues in the authorizing ~~resolution~~ certification, and all such impoundments are deemed to be payments for purposes of s. 16.53 (10), but no such impoundment may be made until the amounts to be paid into the bond security and redemption fund under s. 18.09 during the ensuing 30 days have been deposited in the bond security and redemption fund.

**SECTION 52.** 18.76 of the statutes is renumbered 16.526 (7).

**SECTION 53.** 18.77 of the statutes is repealed.

**SECTION 54.** 20.855 (1) (a) of the statutes is amended to read:

20.855 (1) (a) *Obligation on operating notes.* A sum sufficient to pay principal, interest and premium, if any, due on operating notes, including amounts due on periodic payments, and to make payments under an agreement or ancillary arrangement entered into under s. ~~18.73 (5) (a)~~ 16.526 (4) (e) 1., pursuant to ~~resolutions~~ certifications authorizing the issuance of the operating notes under s. ~~18.73 (1)~~ 16.526 (4) (am).

**SECTION 55.** 20.855 (1) (b) of the statutes is amended to read:

20.855 (1) (b) *Operating note expenses.* A sum sufficient to pay for the expenses of issuing operating notes and reserves securing such notes issued under ~~subch. III of ch. 18 s. 16.526.~~

**SECTION 56.** 20.855 (1) (q) of the statutes is amended to read:

20.855 (1) (q) *Redemption of operating notes.* From the operating note redemption fund, a sum sufficient to pay principal, interest and premium, if any, due on operating notes issued under ~~subch. III of ch. 18 s. 16.526.~~

**SECTION 57.** 20.924 (1) (d) of the statutes is amended to read:

20.924 (1) (d) Shall exercise considered judgment in supervising the implementation of the state building program, and may under s. 13.48 (2) (at) authorize limited changes in the project program, and in the project budget if the commission determines that unanticipated program conditions or bidding conditions require the change to effectively and economically construct the project. However, total state funds for major projects under the authorized state building program for each agency shall not be exceeded.

**SECTION 58.** 20.924 (1) (e) of the statutes is amended to read:

20.924 (1) (e) May under s. 13.48 (2) (at) authorize the application of federal grants or private gift funds or other moneys in addition to or in lieu of the projects and project funds enumerated in the authorized state building program.

**SECTION 59.** 20.924 (1) (em) of the statutes is amended to read:

20.924 (1) (em) May under s. 13.48 (2) (at) 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.

(END)