



2015 ASSEMBLY BILL 269

June 18, 2015 – Introduced by Representatives THIESFELDT, ROHRKASTE, KITCHENS, HUTTON, BRANDTJEN, BERNIER, T. LARSON and CRAIG, cosponsored by Senators VUKMIR, STROEBEL and NASS. Referred to Committee on Urban and Local Affairs.

1 **AN ACT to amend** 119.04 (1); and **to create** 38.12 (12m), 66.0138 and 120.12 (28)
2 of the statutes; **relating to:** funding postretirement health care benefits of local
3 government employees.

Analysis by the Legislative Reference Bureau

Currently, cities, villages, towns, counties, school districts, and technical college districts (local governments) provide health care benefits for their employees. Some also provide postretirement health care benefits for their employees.

This bill prohibits a local government from providing health care benefits to any employee hired on or after January 1, 2016, for use upon the employee's retirement, including compensated absences but excluding the implicit rate subsidy, unless the cost of the benefit is fully funded in a segregated account, based on an actuarial study conducted at least once every four years or other method that complies with generally accepted accounting principles. The bill also provides that, if a local government dissolves a segregated account established for the purpose of providing such health care benefits, the local government must provide for the equitable distribution of the proceeds among the beneficiaries.

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

4 **SECTION 1.** 38.12 (12m) of the statutes is created to read:

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1 38.12 **(12m)** HEALTH CARE BENEFITS FOR RETIREES. (a) If the district board
2 provides any health care benefits for use upon retirement, including compensated
3 absences but excluding the implicit rate subsidy, to an employee hired on or after
4 January 1, 2016, the district board shall ensure that the cost of the benefits is fully
5 funded in a segregated account, based on an actuarial study conducted at least once
6 every 4 years or other method that complies with generally accepted accounting
7 principles.

8 (b) If the district board dissolves a segregated account established under par.
9 (a) or any portion of such a segregated account, the district board shall provide for
10 the equitable distribution of the proceeds among the employees who are beneficiaries
11 of the benefits funded from the segregated account or portion thereof that is
12 dissolved.

13 **SECTION 2.** 66.0138 of the statutes is created to read:

14 **66.0138 Health care benefits for retirees. (1)** In this section, “political
15 subdivision” means a city, village, town, or county.

16 **(2)** (a) If a political subdivision provides any health care benefits for use upon
17 retirement, including compensated absences but excluding the implicit rate subsidy,
18 to an employee hired on or after January 1, 2016, the political subdivision shall
19 ensure that the cost of the benefits is fully funded in a segregated account, based on
20 an actuarial study conducted at least once every 4 years or other method that
21 complies with generally accepted accounting principles.

22 (b) If the political subdivision dissolves a segregated account established under
23 par. (a) or any portion of such a segregated account, the political subdivision shall
24 provide for the equitable distribution of the proceeds among the employees who are

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1 beneficiaries of the benefits funded from the segregated account or portion thereof
2 that is dissolved.

3 **SECTION 3.** 119.04 (1) of the statutes is amended to read:

4 119.04 (1) Subchapters IV, V and VII of ch. 115, ch. 121 and ss. 66.0235 (3) (c),
5 66.0603 (1m) to (3), 115.01 (1) and (2), 115.28, 115.31, 115.33, 115.34, 115.343,
6 115.345, 115.363, 115.365 (3), 115.38 (2), 115.415, 115.445, 118.001 to 118.04,
7 118.045, 118.06, 118.07, 118.075, 118.076, 118.10, 118.12, 118.125 to 118.14, 118.145
8 (4), 118.15, 118.153, 118.16, 118.162, 118.163, 118.164, 118.18, 118.19, 118.20,
9 118.223, 118.225, 118.24 (1), (2) (c) to (f), (6), (8), and (10), 118.245, 118.255, 118.258,
10 118.291, 118.292, 118.293, 118.30 to 118.43, 118.46, 118.51, 118.52, 118.53, 118.55,
11 118.56, 120.12 (2m), (4m), (5), and (15) to ~~(27)~~ (28), 120.125, 120.13 (1), (2) (b) to (g),
12 (3), (14), (17) to (19), (26), (34), (35), (37), (37m), and (38), 120.137, 120.14, 120.21 (3),
13 and 120.25 are applicable to a 1st class city school district and board.

14 **SECTION 4.** 120.12 (28) of the statutes is created to read:

15 120.12 (28) HEALTH CARE BENEFITS FOR RETIREES. (a) If the school board provides
16 any health care benefits for use upon retirement, including compensated absences
17 but excluding the implicit rate subsidy, to an employee hired on or after January 1,
18 2016, ensure that the cost of the benefits is fully funded in a segregated account,
19 based on an actuarial study conducted at least once every 4 years or other method
20 that complies with generally accepted accounting principles.

21 (b) If the school board dissolves a segregated account established under par. (a)
22 or any portion of such a segregated account, the school board shall provide for the
23 equitable distribution of the proceeds among the employees who are beneficiaries of
24 the benefits funded from the segregated account or portion thereof that is dissolved.

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(END)