



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-4425/1
EVM:ahe

2017 ASSEMBLY BILL 857

January 19, 2018 - Introduced by Representatives HUTTON, KATSMA, MACCO, R. BROOKS, HORLACHER and TUSLER, cosponsored by Senators STROEBEL and CRAIG. Referred to Committee on State Affairs.

1 **AN ACT to repeal** 24.61 (3), 24.61 (4), 24.61 (4m), 24.63 (1), 24.63 (2), 24.63 (2m),
2 24.63 (2r), 24.63 (2s), 24.66 (1) to (4), 24.66 (5) (b), 24.67 (1), 24.67 (2) and 60.24
3 (3) (d); **to renumber and amend** 24.66 (5) (a) and 24.67 (3); and **to amend**
4 20.255 (2) (s) (title), 24.60 (1) (c), 24.60 (1) (d), 24.60 (4), 24.61 (1), 24.61 (2) (c),
5 24.61 (5), 24.61 (7), 24.62 (1), 24.63 (title), 24.66 (6), 43.70 (3), 116.03 (13s),
6 200.27 (2) (a) 1., 229.825 (2) (ae), 229.827 (3), 229.829 (4) (c) and 281.43 (4) (d)
7 of the statutes; **relating to:** the authority of the Board of Commissioners of
8 Public Lands to make trust fund loans and delegate authority to invest trust
9 fund moneys, the use of common school fund income moneys, and making an
10 appropriation.

Analysis by the Legislative Reference Bureau

This bill eliminates the authority of the Board of Commissioners of Public Lands (BCPL) to make state trust fund loans, broadens the authority of the BCPL to delegate its authority to invest state trust fund moneys, and removes certain restrictions on the use of common school fund income moneys.

Under current law, BCPL manages the common school fund, the normal school fund, the university fund, and the agricultural college fund (trust funds). BCPL also

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administers a state trust fund loan program under which it makes loans from moneys belonging to the trust funds to school districts, local governments, and certain other public entities for certain public purposes. This bill eliminates the authorization of BCPL to make these loans.

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

Under this bill, SWIB must invest BCPL delegated moneys in the manner SWIB invests the moneys belonging to the other funds SWIB manages.

Also under current law, income from the common school fund is distributed to the school districts of the state and must be expended only for the purchase of instructional materials from the State Historical Society for use in teaching Wisconsin history, for the purchase of library books and other instructional materials for school libraries, and, under certain conditions, for the purchase of school library computers and related software. This bill removes these limitation regarding a school district's expenditure of common school fund income moneys.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 20.255 (2) (s) (title) of the statutes is amended to read:

2 20.255 (2) (s) (title) *School library aids.*

3 **SECTION 2.** 24.60 (1) (c) of the statutes is amended to read:

4 24.60 (1) (c) A county, if the county acts on behalf of a county library board that
5 has adopted a resolution under s. 24.66 (3m), 2015 stats.

6 **SECTION 3.** 24.60 (1) (d) of the statutes is amended to read:

7 24.60 (1) (d) A city, village or town, if the city, village or town acts on behalf of
8 a municipal library board that has adopted a resolution under s. 24.66 (3m), 2015
9 stats.

10 **SECTION 4.** 24.60 (4) of the statutes is amended to read:

11 24.60 (4) "State trust fund loan" means a loan authorized under s. 24.61 (3),
12 2015 stats.

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1 **SECTION 5.** 24.61 (1) of the statutes is amended to read:

2 24.61 (1) INVESTMENTS AND LOANS; SEPARATE ACCOUNTS. The board shall ~~loan or~~
3 invest moneys and for an application received before the effective date of this
4 subsection [LRB inserts date], may loan moneys belonging to the trust funds as
5 those moneys accumulate in the treasury. The board shall keep a separate account
6 of all investments and loans from each fund.

7 **SECTION 6.** 24.61 (2) (c) of the statutes is amended to read:

8 24.61 (2) (c) *Delegation of investment authority to investment board.* The board
9 may delegate to the investment board the authority to invest part or all of the moneys
10 belonging to the trust funds. If the board delegates the authority, the investment
11 board ~~may~~ shall invest the moneys belonging to the trust funds in any ~~fixed income~~
12 ~~investment or fund that invests only in fixed income instruments~~ manner authorized
13 for the investment of any funds specified under s. 25.17.

14 **SECTION 7.** 24.61 (3) of the statutes is repealed.

15 **SECTION 8.** 24.61 (4) of the statutes is repealed.

16 **SECTION 9.** 24.61 (4m) of the statutes is repealed.

17 **SECTION 10.** 24.61 (5) of the statutes is amended to read:

18 24.61 (5) LOANS TO CONSORTIA OR CITIES, VILLAGES OR TOWNS SERVED BY JOINT
19 LIBRARY BOARDS. ~~Whenever~~ The procedure for repayment of a state trust fund loan
20 made to a consortium applies for a loan under sub. (3), or whenever a group of cities,
21 villages, or towns served by a joint county or municipal library board applies for a
22 loan and obtained for an educational technology or distance education project, ~~the~~
23 ~~board shall treat the application as a loan to each of the members of the consortium~~
24 ~~or each city, village or town served by a county or municipal library board in an~~
25 ~~amount equal to the total amount of the loan divided equally by the number of~~

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1 ~~members of the consortium or the number of cities, villages and towns served by the~~
2 ~~library board, unless all members of the consortium or all cities, villages and towns~~
3 ~~served by a joint library board agree to a different arrangement specified by the~~
4 ~~members or cities, villages and towns on their applications. The procedure for~~
5 ~~application, approval and repayment of the loan by each member of a consortium or~~
6 ~~group under this subsection shall be the same as provided in this subchapter for~~
7 ~~application, approval and repayment of a loan to that member individually, except~~
8 ~~that the loan shall not be made unless all members qualify.~~

9 **SECTION 11.** 24.61 (7) of the statutes is amended to read:

10 24.61 (7) LOANS TO COOPERATIVE EDUCATIONAL SERVICE AGENCIES. ~~Whenever a~~
11 ~~cooperative educational service agency applies for a loan under sub. (3), the board~~
12 ~~shall treat the application as a loan to each of the school districts on behalf of which~~
13 ~~the loan is sought in an amount equal to the total amount of the loan divided equally~~
14 ~~by the number of school districts, unless the cooperative educational service agency~~
15 ~~specifies on its application a different arrangement that has been agreed to by all~~
16 ~~school districts for which the loan is sought. The board shall not make the loan unless~~
17 ~~each school district for which the loan is sought qualifies for a loan in the amount~~
18 ~~specified in this subsection, or a different amount if that amount is specified on the~~
19 ~~application. If the a cooperative educational service agency fails to make a timely~~
20 ~~repayment of the principal or payment of the interest on the a state trust fund loan,~~
21 ~~each school district for which the loan is made is liable to repay the principal and pay~~
22 ~~the interest in the amount determined under this subsection an amount equal to the~~
23 ~~total amount of the loan divided equally by the number of school districts for which~~
24 ~~the loan is made, unless the agency has specified on its loan application a different~~

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1 arrangement that has been agreed to by all school districts for which the loan is
2 sought.

3 **SECTION 12.** 24.62 (1) of the statutes is amended to read:

4 24.62 (1) Except as authorized in sub. (2), the board shall deduct its expenses
5 incurred in administering investments and state trust fund loans under s. 24.61 from
6 the gross receipts of the fund to which the interest and income of the investment or
7 loan will be added.

8 **SECTION 13.** 24.63 (title) of the statutes is amended to read:

9 **24.63 (title) ~~Term, amount, Repayment and interest rate.~~**

10 **SECTION 14.** 24.63 (1) of the statutes is repealed.

11 **SECTION 15.** 24.63 (2) of the statutes is repealed.

12 **SECTION 16.** 24.63 (2m) of the statutes is repealed.

13 **SECTION 17.** 24.63 (2r) of the statutes is repealed.

14 **SECTION 18.** 24.63 (2s) of the statutes is repealed.

15 **SECTION 19.** 24.66 (1) to (4) of the statutes are repealed.

16 **SECTION 20.** 24.66 (5) (a) of the statutes is renumbered 24.66 (5) and amended
17 to read:

18 24.66 (5) ~~IRREPEALABLE TAX LEVY. Every application for a general obligation~~
19 ~~trust fund loan under this section by a municipality shall be accompanied by a~~
20 ~~certified copy under the hand of the proper clerk of a recorded resolution adopted by~~
21 ~~the municipality applying for or approving the loan, levying, except as provided in~~
22 ~~par. (b), upon all the taxable property of the municipality a direct annual tax for the~~
23 ~~purpose of paying and sufficient to pay the principal and interest on the proposed~~
24 ~~loan as they become due. In a 1st class city school district, the application shall be~~
25 ~~accompanied by a certified copy of a resolution, adopted by the board of school~~

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1 directors, stating that it is the intention of the board of school directors to include in
2 its budget transmitted to the common council under s. 119.16 (8) (b) a written notice
3 specifying the amount of money necessary to pay the principal and interest on the
4 loan as they become due. Every application for a general obligation trust fund loan
5 under this subsection by a cooperative educational service agency shall be
6 accompanied by a copy of a recorded resolution adopted by the school board of each
7 school district for which the loan is sought, certified by the school district clerk of that
8 school district, levying upon all taxable property of the school district a direct annual
9 tax for the purpose of paying and sufficient to pay the school district's share of the
10 principal and interest on the proposed loan as they become due. The A levy imposed
11 by the municipality shall be void if the board declines to make the loan; otherwise
12 it under s. 24.66 (5) (a), 2015 stats., shall remain valid and irrevocable until the loan
13 and all interest on the loan are fully paid.

14 **SECTION 21.** 24.66 (5) (b) of the statutes is repealed.

15 **SECTION 22.** 24.66 (6) of the statutes is amended to read:

16 24.66 (6) PROCEEDINGS TO BE RECORDED AND BECOME CONCLUSIVE EVIDENCE. The
17 application, statement, and all accompanying exhibits and documents of a state trust
18 fund loan shall be recorded in the office of the board and, together with the record,
19 is conclusive evidence of the facts stated.

20 **SECTION 23.** 24.67 (1) of the statutes is repealed.

21 **SECTION 24.** 24.67 (2) of the statutes is repealed.

22 **SECTION 25.** 24.67 (3) of the statutes is renumbered 24.67 and amended to read:

23 **24.67 Certificates of indebtedness.** If a municipality has acted under subs.
24 (1) and (2), it shall certify that fact to the board. Upon receiving a certification from
25 a municipality, or upon direction of the board if a loan is made to a cooperative

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1 ~~educational service agency, drainage district created under ch. 88, local exposition~~
2 ~~district created under subch. II of ch. 229, local professional baseball park district~~
3 ~~created under subch. III of ch. 229, or federated public library system, the board shall~~
4 ~~disburse the loan amount, payable to the treasurer of the municipality, cooperative~~
5 ~~educational service agency, drainage district, or federated public library system~~
6 ~~making the loan or as the treasurer of the municipality, cooperative educational~~
7 ~~service agency, drainage district, local exposition district, local professional baseball~~
8 ~~park district, or federated public library system directs. The A certificate of~~
9 ~~indebtedness shall then be for a state trust fund loan is conclusive evidence of the~~
10 ~~validity of the indebtedness and that all the requirements of law concerning the~~
11 ~~application for the making and acceptance of the loan have been complied with.~~

12 **SECTION 26.** 43.70 (3) of the statutes is amended to read:

13 43.70 (3) Immediately upon making such apportionment, the state
14 superintendent shall certify to the department of administration the estimated
15 amount that each school district is entitled to receive under this section and shall
16 notify each school district administrator of the estimated amount so certified for his
17 or her school district. The department of administration shall distribute each school
18 district's aid entitlement in one payment on or before May 1. The amount paid to each
19 school district shall be based upon the amount in the appropriation account under
20 s. 20.255 (2) (s) on April 15. ~~Moneys distributed under this section may be expended~~
21 ~~only for the purchase of instructional materials from the state historical society for~~
22 ~~use in teaching Wisconsin history and for the purchase of library books and other~~
23 ~~instructional materials for school libraries, but not for public library facilities~~
24 ~~operated by school districts under s. 43.52, in accordance with rules promulgated by~~
25 ~~the state superintendent. In addition, a school district may use the moneys received~~

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1 ~~under this section to purchase school library computers and related software if the~~
2 ~~school board consults with the person who supervises the school district's libraries~~
3 ~~and the computers and software are housed in the school library.~~ Appropriate
4 records of all purchases under this section shall be kept and necessary reports
5 thereon shall be made to the state superintendent.

6 **SECTION 27.** 60.24 (3) (d) of the statutes is repealed.

7 **SECTION 28.** 116.03 (13s) of the statutes is amended to read:

8 116.03 (13s) ~~Upon~~ If upon request of 2 or more school districts served by the
9 board of control, ~~apply for~~ and the board of control has obtained a state trust fund
10 loan ~~under s. 24.66~~ on behalf of the school districts to carry out a distance education
11 project. ~~The board of control shall,~~ expend the proceeds or transfer the proceeds to
12 each school district in the amounts determined under s. 24.61 (7) as directed by each
13 school district and shall accept from each school district repayments of principal and
14 payments of interest and promptly remit such payments to the board of
15 commissioners of public lands.

16 **SECTION 29.** 200.27 (2) (a) 1. of the statutes is amended to read:

17 200.27 (2) (a) 1. No resolution adopted by the commission under s. 200.55 (1),
18 (3) (c) or (6), 67.05 (1) or 67.12 (12), no schedule of charges under s. 66.0821, 200.39
19 (4), 200.41 or 200.55 (5) (b) 3., and no decision to borrow against taxes under s. 67.12
20 (1) ~~and no decision to borrow under s. 24.61 (3) (a) 7.~~ is valid unless adopted by an
21 affirmative vote of at least a two-thirds majority of all commissioners.

22 **SECTION 30.** 229.825 (2) (ae) of the statutes is amended to read:

23 229.825 (2) (ae) If a county located within a district's jurisdiction uses the
24 proceeds from a state trust fund loan loan obtained by the county from the board of
25 commissioners of public lands ~~under s. 24.61 (3) (a) 2.~~ for purposes related to the

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1 acquisition, renovation or construction of football stadium facilities and if the county
2 and district enter into an agreement under s. 229.827 (3), the district shall pay the
3 county in each year an amount equal to the principal and interest costs incurred by
4 the county for the loan in that year.

5 **SECTION 31.** 229.827 (3) of the statutes is amended to read:

6 229.827 (3) A district and the county located within a district's jurisdiction may
7 enter into an agreement in which the county agrees to use the proceeds from a state
8 trust fund loan obtained by the county from the board of commissioners of public
9 lands ~~under s. 24.61 (3) (a) 2.~~ for purposes related to the acquisition, renovation or
10 construction of football stadium facilities and the district agrees to pay the county
11 the amount required to be paid under s. 229.825 (2) (ae). Before entering into an
12 agreement under this subsection, the district board shall consider the relative costs
13 to taxpayers in the county of using the proceeds from the loans obtained by the county
14 from the board of commissioners of public lands or having the district issue bonds for
15 the purpose of acquiring, renovating or constructing the football stadium facilities.

16 **SECTION 32.** 229.829 (4) (c) of the statutes is amended to read:

17 229.829 (4) (c) The principal amount of bonds, other than refunding bonds, that
18 may be issued by a district under pars. (a) and (b) shall be reduced by the amount
19 of any proceeds from a state trust fund loan obtained by a county located within a
20 district's jurisdiction from the board of commissioners of public lands ~~under s. 24.61~~
21 ~~(3) (a) 2.~~ that are used for purposes related to the acquisition, renovation or
22 construction of football stadium facilities pursuant to an agreement under s. 229.827
23 (3).

24 **SECTION 33.** 281.43 (4) (d) of the statutes is amended to read:

