



State of Wisconsin
1997 - 1998 LEGISLATURE

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1997 SENATE BILL 425

January 28, 1998 - Introduced by Senators GEORGE, RUDE and DARLING, cosponsored by Representatives PLALE, KREUSER, STASKUNAS, RILEY and CULLEN. Referred to Committee on Education.

1 **AN ACT to amend** 66.04 (2) (b); and **to create** 66.04 (2s) of the statutes; **relating**
2 **to:** the delegation of authority by 1st class city school districts over funds held
3 in trust for certain pension plans.

Analysis by the Legislative Reference Bureau

Under current law, any city, village, town, county, school district, drainage district, technical college district and certain other local governing boards (local governmental units) may delegate the investment authority over any of their funds, not immediately needed, to banks and certain trust companies. Such funds must be invested in certain time deposits of a bank, trust company, credit union or savings and loan association, or in fixed income U.S. government or federal, state or local government agency securities.

Under this bill, a 1st class city school district (presently only Milwaukee) may invest supplemental early retirement pension funds that are not immediately needed in a variety of financial instruments, consistent with the current statutory "prudent person" standard of responsibility. These investments may be made with an investment manager who meets the requirements and qualifications specified in the trust's investment policy and who is registered as an investment adviser under the Investment Advisers Act of 1940.

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For further information see the *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.** 66.04 (2) (b) of the statutes is amended to read:

2 66.04 (2) (b) Any town, city or village may invest surplus funds in any bonds
3 or securities issued under the authority of the municipality, whether the bonds or
4 securities create a general municipality liability or a liability of the property owners
5 of the municipality for special improvements, and may sell or hypothecate the bonds
6 or securities. Funds of any employer, as defined by s. 40.02 (28), in a deferred
7 compensation plan may also be invested and reinvested in the same manner
8 authorized for investments under s. 881.01 (1). Funds of any school district
9 operating under ch. 119, held in trust for pension plans intended to qualify under
10 section 401 (a) of the Internal Revenue Code, may be invested and reinvested in the
11 same manner as is authorized for investments under s. 881.01.

12 **SECTION 2.** 66.04 (2s) of the statutes is created to read:

13 66.04 (2s) **ADDITIONAL DELEGATION OF INVESTMENT AUTHORITY.** In addition to the
14 authority granted under sub. (2m), a school district operating under ch. 119 may
15 delegate the investment authority over any of its funds not immediately needed and
16 held in trust for its qualified pension plans to an investment manager who meets the
17 requirements and qualifications specified in the trust's investment policy and who
18 is registered as an investment adviser under the Investment Advisers Act of 1940,
19 15 USC 80b-3.

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(END)