

# Eighty-Eighth Regular Session

TUESDAY, February 17, 1987

The chief clerk makes the following entries under the above date.

## INTRODUCTION OF BILLS

Read first time and referred:

### Senate Bill 121

Relating to a sales and use tax exemption for sales by parent-teacher organizations.

By Senators Andrea, Rude, Te Winkle, Strohl, Lasee, Chilsen and Czarneski; cosponsored by Representatives Barca, Ladwig, Cowles, Radtke, Porter, Holschbach, Potter, Merkt, Vergeront, Rosenzweig, Grobschmidt, Schneiders, Thompson, Schober, Boyle, Huelsman, Robinson, Volk, Musser, Brandemuehl and Weeden.

To Joint Survey committee on Tax Exemptions.

## COMMITTEE REPORTS

The joint committee on Finance reports and recommends:

### Senate Bill 100

Relating to state finances and appropriations, constituting the general executive budget bill of the 1987 legislature, and making appropriations.

By request of Governor Tommy G. Thompson.

Introduction:

Ayes, 16 -- Senators George, Roshell, Norquist, Helbach, Chvala, Andrea, Stitt and Davis, Representatives Schneider, Kunicki, Travis, Coggs, Bell, Holperin, Prosser and Panzer;

Noes, 0 -- None.

Read first time and referred to joint committee on Finance.

Pursuant to Senate Rules 36(2) and section 13.50 of the Wisconsin Statutes, the Co-chairs of the Joint Survey committee on Retirement Systems shall prepare and submit a report in writing setting forth an opinion on the desirability of **Senate Bill 100** as a matter of public policy.

### Senate Bill 101

Relating to state finances and appropriations, constituting the transportation executive budget bill of the 1987 legislature, and making appropriations.

By request of Governor Tommy G. Thompson.

Introduction:

Ayes, 16 -- Senators George, Roshell, Norquist, Helbach, Chvala, Andrea, Stitt and Davis, Representatives Schneider, Kunicki, Travis, Coggs, Bell, Holperin, Prosser and Panzer;

Noes, 0 -- None.

Read first time and referred to joint committee on Finance.

Pursuant to Senate Rules 36(2) and section 13.49 of the Wisconsin Statutes, the Co-chairs of the Joint Survey committee on Debt Management shall prepare and submit a report in writing setting forth an opinion on the desirability of **Senate Bill 101** as a matter of public policy.

### Senate Bill 102

Relating to state finances and appropriations, constituting the natural resources executive budget bill of the 1987 legislature, and making appropriations.

By request of Governor Tommy G. Thompson.

Introduction:

Ayes, 16 -- Senators George, Roshell, Norquist, Helbach, Chvala, Andrea, Stitt and Davis, Representatives Schneider, Kunicki, Travis, Coggs, Bell, Holperin, Prosser and Panzer;

Noes, 0 -- None.

Read first time and referred to joint committee on Finance.

Pursuant to Senate Rules 36(2) and section 13.49 of the Wisconsin Statutes, the Co-chairs of the Joint Survey committee on Debt Management shall prepare and submit a report in writing setting forth an opinion on the desirability of **Senate Bill 102** as a matter of public policy.

GARY R. GEORGE

Chair

The committee on Labor, Business, Insurance, Veterans and Military Affairs reports and recommends:

### Senate Bill 16

Relating to membership in Red Arrow Clubs.

Passage:

Ayes, 7 -- Senators Van Sistine, Roshell, Kincaid, Plewa, Te Winkle, Kreul and Leean;

Noes, 0 -- None.

JEROME VAN SISTINE

Chair

The committee on Transportation, Tourism and Conservation reports and recommends:

FIEDLER, RONALD, of Sheboygan, as Secretary of the Department of Transportation, to serve for the term ending at the pleasure of the Governor.

Confirmation:

Ayes, 6 -- Senators Kincaid, Moen, Roshell, Andrea, Kreul and Rude;

Noes, 0 -- None.

### Senate Bill 15

Relating to the right-of-way at certain uncontrolled intersections.

Passage:

Ayes, 6 -- Senators Kincaid, Moen, Roshell, Andrea, Kreul and Rude;

Noes, 0 -- None.

LLOYD H. KINCAID

Chair

REPORT OF JOINT SURVEY COMMITTEE ON  
RETIREMENT SYSTEMS

Appendix to Senate Bill 20

Public Policy Involved

Prior to the retirement system merger which was enacted during the 1981 legislative session, each of the three retirement systems governed by state statute determined how annuity surpluses, if any, would be distributed to retirees of the respective funds. The statutory dividend authority for the three funds was permissive and general in nature. The 1981 merger legislation formalized the distribution of annuity reserve surpluses for the WRS.

The 1981 merger act newly requires the Employee Trust Fund Board to increase benefits for annuitants if the distribution would result in at least a 2% increase in the amount of annuities in force.

However, the merger legislation also created a limitation in the amount of dividend increases that could be awarded in a given year relative to the average salary increase as defined and calculated by statute.

If some of the fixed annuity reserve surplus is not distributed in the form of dividend increases because of the "average salary limitation", the excess remains in the annuity reserves for possible distribution in a future year if and when the salary index exceeds the dividend increases which could be paid from annuity surpluses. Hence, any excess in annuity reserves that is retained because of the limitation cannot be returned to the employer or employee accumulation accounts, but is retained in the annuity reserve accounts for distribution at a later date.

This bill would repeal the limitation on dividend increases payable from fixed annuity reserve surpluses. The repeal of this limitation may be warranted for the following reasons:

1. The retention of annuity reserve surpluses appears to benefit no one—not the employer, the active employee, or the annuitant covered by the WRS.
2. Nearly one-half of the WRS annuitants are currently receiving benefits that have less purchasing power than at the time of retirement—particularly those annuitants who started to receive benefits on or before January 1, 1979.
3. The granting of maximum dividend increases may lessen the demand on the state legislature for ad hoc supplements for older retirees which must be funded out of state general revenue sources pursuant to the state constitution.
4. The process of relating post-retirement increases to the rate of investment return reflects the legislative judgment that retirees ought to be protected against inflation and also benefit from any general improvement in economic conditions.
5. The annuitants under the retirement system are totally at risk relative to the dividend process, and the repeal of the statutory limitation on the dividend process would have no effect upon employer or employee contribution rates to the retirement system.

6. It is possible that dividend increases in 1987 may be affected by the average salary limitation if it is not repealed — particularly in view of current discussions relating to book/market value of retirement fund assets.

ROBERT JAUCH  
Co-chair

JOHN VOLK  
Co-chair

Read and referred to committee on Aging, Banking,  
Commercial Credit and Taxation.

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EXECUTIVE COMMUNICATIONS

State of Wisconsin  
Office of the Governor

February 10, 1987

To the Honorable, the Senate:

I am pleased to nominate and with the advice and consent of the Senate, do appoint JERRY M. HIEGEL of Madison to the Wisconsin Housing and Economic Development Authority Board, to serve a term to expire January 1, 1991.

Respectfully,  
TOMMY THOMPSON  
Governor

Read and referred to committee on Economic  
Development and Financial Institutions.

State of Wisconsin  
Office of the Governor

February 10, 1987

To the Honorable, the Senate:

I am pleased to nominate and with the advice and consent of the Senate, do appoint WAYNE R. PETERS of Eau Claire to the Wisconsin Housing and Economic Development Authority Board, to serve a term to expire January 1, 1991.

Respectfully,  
TOMMY THOMPSON  
Governor

Read and referred to committee on Economic  
Development and Financial Institutions.

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SENATE CLEARINGHOUSE ORDERS

The committee on Education reports and  
recommends:

**Senate Clearinghouse Rule 86-128**

Relating to procedures for consideration of actions  
significantly affecting the environment.

No action taken.

**Senate Clearinghouse Rule 86-170**

Relating to fees required of for-profit postsecondary  
schools and applicants for solicitors' permits and  
applications for renewal of approval granted to for-  
profit postsecondary schools.

No action taken.

**Senate Clearinghouse Rule 84-250**

Relating to time periods for handling applications from for-profit postsecondary schools for initial school approval, approval of courses of instruction, approval of teaching locations, and school approval after a change of ownership or control, and for handling original applications for solicitor's permits.

No action taken.

JOSEPH J. CZARNEZKI  
Chair

The committee on Transportation, Tourism and Conservation reports and recommends:

**Senate Clearinghouse Rule 86-183**

Relating to closing the lake trout open fishing season in Palette Lake, Vilas County.

No action taken.

**Senate Clearinghouse Rule 86-184**

Relating to establishing a free fishing day each year for sport fishing on all inland and outlying waters of the state.

No action taken.

**Senate Clearinghouse Rule 86-186**

Relating to the length of a minnow seine and its depth.

No action taken.

**Senate Clearinghouse Rule 86-182**

Relating to dam safety inspection fees.

No action taken.

LLOYD H. KINCAID  
Chair

The committee on Labor, Business, Insurance, Veterans and Military Affairs reports and recommends:

**Senate Clearinghouse Rule 86-150**

Relating to dislocated workers.

No action taken.

JEROME VAN SISTINE  
Chair

The committee on Agriculture, Health and Human Services reports and recommends:

**Senate Clearinghouse Rule 86-215**

Relating to panel review of applications and to written and oral examinations administered to applicants for a license to practice medicine and surgery.

No action taken.

**Senate Clearinghouse Rule 86-216**

Relating to informed consent requirements.

No action taken.

RODNEY C. MOEN  
Chair

The committee on Urban Affairs, Energy, Environmental Resources and Elections reports and recommends:

**Senate Clearinghouse Rule 86-70**

Relating to general provisions for the WPDES permit program.

No action taken.

MORDECAI LEE  
Chair

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AMENDMENTS OFFERED

Senate amendment 1 to **Senate Bill 20** by Senator Jauch.

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CHIEF CLERK'S REPORT

The chief clerk records:

**Senate Bill 26**

**Senate Bill 54**

Correctly enrolled and presented to the Governor on February 17, 1987.