

**ADMINISTRATIVE RULES  
FISCAL ESTIMATE  
AND ECONOMIC IMPACT ANALYSIS**

Type of Estimate and Analysis

Original     Updated     Corrected

Administrative Rule Chapter, Title and Number

Amend ETF 10.01 (3i) and create ETF 10.85, 10.87, 20.0257, 20.38 and 20.39 regarding document compliance with the Internal Revenue Code.  
Subject

Internal Revenue Code compliance.

Fund Sources Affected

Chapter 20 , Stats. Appropriations Affected

GPR     FED     PRO     PRS     SEG     SEG-S

Fiscal Effect of Implementing the Rule

No Fiscal Effect  
 Indeterminate

Increase Existing Revenues  
 Decrease Existing Revenues

Increase Costs  
 Could Absorb Within Agency's Budget  
 Decrease Costs

The Rule Will Impact the Following (Check All That Apply)

State's Economy

Local Government Units

Specific Businesses/Sectors

Public Utility Rate Payers

Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes     No

Policy Problem Addressed by the Rule

This rule-making is needed to amend the existing rules and create new rules to clarify how the Wisconsin Retirement System complies with the Internal Revenue Code.

Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

There is no economic and fiscal impact on small business, business sectors, public utility rate payers, local governmental units and the state's economy as a whole. The rule change addresses the need to clarify how the Wisconsin Retirement System complies with the Internal Revenue Code.

Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

The rule language more accurately reflects tax requirements under IRC §§ 401 (a) (17), 415 (b) and 415 (c). The agency does not see alternatives to achieving the policy goal of the rule amendments.

Long Range Implications of Implementing the Rule

There are no long range economic or fiscal impacts of the rule.

Compare With Approaches Being Used by Federal Government

The proposed rule amendments are required to maintain written plan document compliance with federal tax requirements under IRC §§ 401 (a)(17), 415 (b) and 415 (c). Therefore the goal of the rule amendment is to more accurately reflect current legal requirements under the federal government.

Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Illinois – The Illinois Pension Code provides comparable provisions regarding compliance of the public employee pension system with the Internal Revenue Code.

Iowa – The Iowa Public Employees’ Retirement System is governed by Iowa Code Chapter 97(B) and Chapter 495 of the Iowa Administrative Rules. These laws and rules provide comparable provisions regarding compliance of the public employee pension system with the Internal Revenue Code.

Michigan – Chapter 38 of the Michigan Statutes contain some provisions that are comparable regarding the State Employees’ Defined Benefit Pension Plan compliance with the Internal Revenue Code.

Minnesota – Chapters 352 to 356A of the Minnesota Statutes contain some provisions that are comparable regarding compliance of the Public Employees’ Retirement Association Defined Benefit Pension Plan with the Internal Revenue Code.