



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2003 Wisconsin Act 84 [2003 Assembly Bill 611]	Increase in Pension Obligation Bonding Authority
2003 Acts: www.legis.state.wi.us/2003/data/acts/	Act Memos: www.legis.state.wi.us/lc/act_memo/act_memo.htm

2003 Wisconsin Act 84 increases the current law revenue obligation bonding authority or appropriation obligation bonding authority to liquidate the state's unfunded Wisconsin Retirement System and accumulated sick leave conversion credit program liabilities by \$150 million, with the result that \$1.5 billion in bonding authority would be authorized for this purpose.

Under prior law, 2003 Wisconsin Act 33 (the 2003-05 Biennial Budget Act) authorized the issuance of \$1.35 billion in either revenue obligation bonds or appropriation obligation bonds to pay off all or part of the state's share of unfunded actuarial accrued liabilities under the Wisconsin Retirement System and similar liabilities under the state accumulated sick leave conversion credit program.

Because it is likely that revenue obligation bonds or appropriation obligation bonds will be issued for less than the current statutory 7.8% interest rate imposed on the state's debt to the Wisconsin Retirement System and for the accumulated sick leave conversion credit program, Act 84 will save the state money. In addition, because bond repayment schedules will be structured so the state will make no debt service payments on the bonds in the current biennium, and because the state will realize savings in the current biennium in the form of lower fringe benefit costs, Act 84 will reduce state costs for the current biennium.

Effective Date: The Act took effect on December 9, 2003.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents.