



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2007 Wisconsin Act 115
[2007 Senate Bill 366]

**Unfunded Pension Liability
Financing in Populous Counties**

2007 Wisconsin Act 115 authorizes a county with a population of 500,000 or more (currently only Milwaukee County) to issue appropriation bonds on a one-time basis, other than refunding bonds, to pay all or any part of the county's unfunded prior service liability with respect to an employee retirement system of the county. The Act defines "appropriation bonds" as any bond, note, or other obligation of a county issued as provided in the Act to evidence the county's obligation to repay borrowed money that is payable from various sources. Those sources include the following:

1. Moneys annually appropriated by the county for debt service due with respect to the appropriation bonds.
2. Proceeds of the sale of the appropriation bonds.
3. Investment earnings on the items listed above.

Prior to the issuance of the appropriation bonds, the county must enact an ordinance to implement a five-year strategic and financial plan related to the payment of unfunded employee retirement benefits. This financial plan must provide that the future annual pension liabilities are funded on a current basis and the financial plan must contain quantifiable benchmarks to measure compliance with that plan.

Annually, the county board must report to the Legislature, the Department of Revenue (DOR), the Department of Administration, and the Governor on a number of issues related to the appropriation bonds. The report must include the county's progress in meeting the specified benchmarks, whether the county fully funds the normal cost contribution for its employee retirement system and the amount that the actuary determines is the county's required contribution to that system. If the county does not fully fund the lower of either the required cost contribution for a particular year or the normal cost for that year, the DOR must reduce and withhold from the county's shared revenue payments, the difference between its required cost contribution, and the amount the county actually contributes to the system for

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

that year. In addition, DOR must deposit the withheld amount into the county's employment retirement system.

The Act specifies that a populous county is not generally liable for appropriation bonds, and appropriation bonds are not considered to be a debt of the county for any purpose whatsoever. Appropriation bonds, including the principal and interest payments, are payable only from amounts that the county board may, appropriate, from year-to-year.

Effective Date: 2007 Wisconsin Act 115 became effective on April 3, 2008.

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