



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-4823/1
EVM&JK:cdc&amn

2019 SENATE BILL 570

November 22, 2019 - Introduced by Senators NASS, STROEBEL, JACQUE, MARKLEIN and CRAIG, cosponsored by Representatives ALLEN, BRANDTJEN, HORLACHER, GUNDRUM, MAGNAFICI, MURPHY, RAMTHUN, SKOWRONSKI and NEYLON. Referred to Committee on Labor and Regulatory Reform.

1 **AN ACT to amend** 79.10 (6m) (a), 79.10 (7m) (cm) 1. a. and 79.10 (7m) (cm) 2. a.;

2 **and to create** 13.94 (1) (w), 20.835 (3) (g), 66.0304 (9m), 66.0304 (13), 74.09 (3)

3 (b) 6n., 79.10 (4m) and 79.10 (7m) (am) of the statutes; **relating to:** conduit

4 bonding authorities, distributions for property tax relief, and making an

5 appropriation.

Analysis by the Legislative Reference Bureau

Under current law, with certain limitations, two or more political subdivisions may create a commission that is authorized, among other things, to 1) raise moneys by issuing municipal bonds; and 2) convey these moneys to qualifying private entities to finance certain types of capital improvement projects. A commission's bonds are known as conduit bonds — the commission acts, in effect, as a conduit between the purchaser of the bonds and the actual borrower of the moneys raised from the bonds. In general, the borrower pays a lower interest rate for financing a project this way than it would pay for financing on the open market, because the interest that the bond purchaser earns from the conduit bonds is exempt from federal or state taxation.

This bill makes two changes related to these conduit bonding commissions. The bill specifies that the Legislative Audit Bureau must conduct an audit of each commission every two years and at the direction of the Joint Legislative Audit Committee. The bill also requires the commission to pay a fee of 1 percent of the amount of any bonds it issues and to pay these fees to the Department of Revenue

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to fund a property tax credit that is calculated in the same manner as the school levy credit.

For further information see the *state and 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.** 13.94 (1) (w) of the statutes is created to read:

2 13.94 (1) (w) Biennially, and at the direction of the joint legislative audit
3 committee, conduct a financial and performance audit of each commission created
4 under s. 66.0304.

5 **SECTION 2.** 20.835 (3) (g) of the statutes is created to read:

6 20.835 (3) (g) *Conduit bond fee credit.* From the moneys received under s.
7 66.0304 (9m), a sum sufficient to make the payments under s. 79.10 (4m).

8 **SECTION 3.** 66.0304 (9m) of the statutes is created to read:

9 66.0304 (9m) **FEE.** Whenever the commission issues bonds under this section,
10 the commission shall pay a fee equal to 1 percent of the amount of the bonds to the
11 department of revenue to be credited to the appropriation account under s. 20.835
12 (3) (g).

13 **SECTION 4.** 66.0304 (13) of the statutes is created to read:

14 66.0304 (13) **RECORDS OPEN TO INSPECTION.** The legislative audit bureau may
15 examine all records of a commission.

16 **SECTION 5.** 74.09 (3) (b) 6n. of the statutes is created to read:

17 74.09 (3) (b) 6n. The amount of the credit under s. 79.10 (4m) allocable to the
18 property for the previous year and the current year, and the percentage change
19 between those years.

20 **SECTION 6.** 79.10 (4m) of the statutes is created to read:

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1 79.10 (4m) CONDUIT BOND FEE CREDIT. The amount appropriated under s. 20.835
2 (3) (g) shall be distributed to municipalities in proportion to their share of the sum
3 of average school tax levies for all municipalities.

4 **SECTION 7.** 79.10 (6m) (a) of the statutes is amended to read:

5 79.10 (6m) (a) Except as provided in pars. (b) and (c), if the department of
6 administration or the department of revenue determines by October 1 of the year of
7 any distribution under subs. (4), (4m), (5), and (5m) that there was an overpayment
8 or underpayment made in that year's distribution by the department of
9 administration to municipalities, as determined under subs. (4), (4m), (5), and (5m),
10 because of an error by the department of administration, the department of revenue
11 or any municipality, the overpayment or underpayment shall be corrected as
12 provided in this paragraph. Any overpayment shall be corrected by reducing the
13 subsequent year's distribution, as determined under subs. (4), (4m), (5), and (5m),
14 by an amount equal to the amount of the overpayment. Any underpayment shall be
15 corrected by increasing the subsequent year's distribution, as determined under
16 subs. (4), (4m), (5), and (5m), by an amount equal to the amount of the underpayment.
17 Corrections shall be made in the distributions to all municipalities affected by the
18 error. Corrections shall be without interest.

19 **SECTION 8.** 79.10 (7m) (am) of the statutes is created to read:

20 79.10 (7m) (am) *Conduit bond fee credit.* 1. Except as provided in par. (cm),
21 the amount determined under sub. (4m) shall be distributed by the department of
22 administration to the counties on the 4th Monday in July.

23 2. Except as provided in par. (cm), the county treasurer shall settle for the
24 amounts distributed under this paragraph on the 4th Monday in July with each
25 municipality and taxing jurisdiction in the county not later than August 20. Failure

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1 to settle timely under this subdivision subjects the county treasurer to the penalties
2 under s. 74.31.

3 **SECTION 9.** 79.10 (7m) (cm) 1. a. of the statutes is amended to read:

4 79.10 **(7m)** (cm) 1. a. If, in any year, the total of the amounts determined under
5 subs. (4), ~~(4m)~~, (5), and (5m) for any municipality is \$3,000,000 or more, the
6 municipality, with the approval of the majority of the members of the municipality's
7 governing body, may notify the department of administration to distribute the
8 amounts directly to the municipality and the department of administration shall
9 distribute the amounts at the time and in the manner provided under pars. (a) 1., (b)
10 1., and (c) 1. Beginning in 2018, if the municipality approves the distribution under
11 this subd. 1. a. by enacting an ordinance and provides a copy of the ordinance to the
12 department of administration and the department of revenue, the department of
13 administration shall distribute the amounts determined under subs. (4), ~~(4m)~~, (5),
14 and (5m) to the municipality as provided under this subd. 1. a. for the year in which
15 the municipality enacts the ordinance and in all subsequent years until the
16 municipality notifies the department of administration and the department of
17 revenue that the municipality has repealed the ordinance or until the total amounts
18 under subs. (4), ~~(4m)~~, (5), and (5m) to be distributed to the municipality in a year is
19 less than \$3,000,000.

20 **SECTION 10.** 79.10 (7m) (cm) 2. a. of the statutes is amended to read:

21 79.10 **(7m)** (cm) 2. a. The department of administration shall distribute the
22 amounts determined under subs. (4), ~~(4m)~~, (5), and (5m) directly to any municipality
23 that enacts an ordinance under s. 74.12 at the time and in the manner provided
24 under pars. (a) 1., (b) 1., and (c) 1.

25 (END)