



STATE OF WISCONSIN
Department of Employee Trust Funds
 A. John Voelker
 SECRETARY

Wisconsin Department
 of Employee Trust Funds
 PO Box 7931
 Madison WI 53707-7931
 1-877-533-5020 (toll free)
 Fax 608-267-4549
 etf.wi.gov

Correspondence Memorandum

Date: March 21, 2024

To: Budget and Operations Committee
 Employee Trust Funds Board

From: Tarna Hunter, Director
 Office of Budget and Management

Subject: Legislative Update

This memo is for informational purposes only. No Committee or Board action is required.

The 2023 Regular Session of the Wisconsin Legislature ended when the State Senate adjourned on March 12. Four bills were passed by the Legislature that affect the Department of Employee Trust Funds (ETF) and the benefit programs it administers. As of this writing, 2023 AB 437 and 2023 AB 1098 are awaiting the Governor’s signature before being enacted into law.

Enacted Legislation

2023 Wisconsin Act 4 makes the following changes to the county jailer classification under the Wisconsin Retirement System (WRS):

- Classifies county jailers as protective occupation participants under the Wisconsin Retirement System without a requirement that their principal duties involve active law enforcement.
- Provides that county jailers who are employed by a county that did not classify county jailers as protective occupation participants on the effective date of the bill, and become protective occupation participants under this bill, are required to pay all employer costs resulting from their classification as a protective occupation participant, including the cost of the duty disability program.
- Provides that county jailers who were classified as protective occupation participants before the bill’s effective date and county jailers hired on or after the bill’s effective date in counties that classified county jailers as protective occupation participants on the effective date of the bill are not required to pay the additional employer costs.

Pamela L Henning

Reviewed and approved by Pam Henning, Assistant Deputy Secretary
 Electronically Signed 03/20/2024

Board	Mtg Date	Item #
BUD	03.28.24	5
ETF	03.28.24	6D

- Establishes procedures for counties and jailers in counties that classified jailers as protective occupation participants on the bill's effective date and subsequently determines to classify them as general employees.
- Permits a county jailer to elect (irrevocable) at the time of hire not to become a protective occupation participant.
- Amends the Municipal Employment Relations Act regarding county jailers.

2023 Act 4 is effective January 1, 2024.

[2023 Wisconsin Act 12](#) modifies the state's approach to shared revenue for local governments; repeals Wisconsin's personal property tax; and authorizes the City of Milwaukee and Milwaukee County to impose sales and use taxes, primarily to address the city and county's unfunded pension system liabilities. Imposing the sales tax would require the City of Milwaukee and Milwaukee County to join the WRS.

Additionally, the law closes the City of Milwaukee and Milwaukee County retirement systems to new city and county employees, prohibits the city or county from creating a new retirement system, and prohibits the city or county from changing the benefits of employees that remain enrolled in the two retirement systems.

Both the City of Milwaukee and Milwaukee County obtained approval from 2/3rds of the Milwaukee City Common Council and the County Board of Supervisors. Milwaukee City and Milwaukee County are planning to join the WRS in 2024 and 2025, respectively.

2023 Act 12 is effective June 22, 2023.

[2023 AB 437](#) modifies various insurance statutes that are administered by the Office of the Commissioner of Insurance (OCI). The following provision relates to the Wisconsin Retirement Board:

Allows the commissioner of insurance to appoint the deputy commissioner, chief legal counsel, or chief financial regulator in OCI to serve as a member on the Wisconsin Retirement Board, rather than limiting the commissioner's designee to an experienced actuary in OCI.

[2023 AB 1098](#) makes the following remedial changes recommended by ETF. The changes clarify current law and codify current practice. These technical changes do not make substantive changes.

- Corrects a reference in Act 4 from July 1, 2022, to the effective date of the bill - January 1, 2024.
- Sets the effective date for a regular retirement annuity for participants whose application for long-term disability benefits or a disability annuity is denied as the

later of the date that would have been the effective date of that annuity or those benefits or the day after the participant's separation from service.

The following bills were introduced this session but were not passed by the full Legislature. The bills are likely “dead” and – except in the unlikely event they are considered in a special or extraordinary session – will need to be reintroduced next session if the Legislature intends to take action on them.

Other Proposed Legislation

[**2023 SB 9**](#) and [**2023 AB 18**](#) make the following changes to the return-to-work requirements for teachers:

- Eliminates the annuity suspension requirement for teachers of school districts who return-to-work as a substitute teacher for a school district and work more than two-thirds of full time;
- Reduces the break-in-service requirement for teachers of school districts from 75 days to 30 days; and
- Applies to retired teachers who are hired between the effective date of the bill and August 1, 2026.

2023 SB 9 was introduced by Sen. Jacque and referred to Senate Committee on Government Operations, Elections and Consumer Protection. 2023 AB 18 was introduced by Rep. Tittl and referred to the Assembly Committee on State Affairs.

[**2023 AB 227**](#) and [**2023 SB 224**](#) eliminate sick leave credits for state representatives and state senators. Under the bill, the current accumulated sick leave balances of legislators would not be affected. The bill would not make any changes to the state’s sick leave conversion credit programs.

2023 AB 227 was introduced by Rep. Steffen and was referred to the Assembly Committee on State Affairs. 2023 SB 224 was introduced by Sen. Felzkowski and referred to the Senate Committee on Government Operations.

On October 17, 2023, the Senate passed 2023 SB 224 (21-11).

[**2023 SB 273**](#) and [**2023 AB 278**](#) allow an annuitant who was a law enforcement officer or fire fighter to return to work with an employer who participates in the WRS, work two thirds of full-time, and elect to not become a participating employee for purposes of the WRS, and instead continue to receive his or her annuity.

2023 SB 273 was introduced by Sen. Jacque and referred to the Senate Committee on Government Operations. 2023 AB 278 was introduced by Rep. Wichgers and referred to the Assembly Committee on Labor and Integrated Employment.

[2023 SB 512](#) and [2023 AB 515](#) make the following changes to the return-to-work requirements for teachers:

- Eliminates the annuity suspension requirement for teachers of school districts who return to work for a school district and work more than two-thirds of full time;
- Reduces the break-in-service requirement for teachers of school districts from 75 days to 30 days; and
- Applies to teachers who terminate employment on the effective date of the bill.

2023 SB 512 was introduced by Sen. Smith and referred to the Senate Committee on Government Operations. 2023 AB 515 was introduced by Rep. Conley and referred to the Assembly Committee on Labor and Integrated Employment.

[2023 SB 630](#) and [2023 AB 671](#) allow an annuitant who was a protective occupation participant to return to work with an employer who participates in the WRS, work two thirds of full-time, and elect to not become a participating employee for purposes of the WRS, and instead continue to receive his or her annuity.

2023 SB 630 was introduced by Sen. Tomczyk and referred to the Senate Committee on Government Operations. 2023 AB 671 was introduced by Rep. Rettinger and referred to the Assembly Committee on State Affairs.

On January 31, 2024, Representatives Rettinger, Wittke and Tittl presented Assembly Substitute Amendment 1. The substitute amendment provides that a participant who is a retired "law enforcement officer" can choose to not suspend their annuity if the participant terminated from a law enforcement agency after July 2, 2013; the participant returns to work at a different law enforcement agency than the one from which they retire; the participant is 55 years old; and the participant completes a one-year separation from service.

On February 13, 2024, the Assembly Committee on State Affairs recommended adoption of Assembly Substitute Amendment 1 and passage of the bill, on a vote of 12-1.

On February 20, 2024, the Assembly passed 2023 AB 671 on a voice vote.

[2023 SB 908](#) and [2023 AB 1018](#) make the following changes to WRS return-to-work laws:

- Allows an annuitant who returns to work for a WRS employer to not suspend their annuity for up to 60 months.
- Requires WRS employers that hire such annuitants to make payments to ETF equal to what they would have paid as required contributions for an active

employee. These payments are deposited in the employer reserve account. No employee contribution is required.

- Repeals two obsolete provisions related to WRS return-to-work laws created during the public health emergency declared on March 12, 2020, by executive order 72, which ended on May 13, 2020.

2023 SB 908 was introduced by Sen. Knodl and referred to the Senate Committee on Government Operations. 2023 AB 1018 was introduced by Rep. Wittke and was referred to the Assembly Committee on Local Government.

[2023 SB 1034](#) and [2023 AB 1136](#) provide an income tax exemption for WRS annuity payments received by protective occupation participants, correctional officers, and frontline workers.

Under the bill, 25 percent of the annuity payment received in 2024 is exempt from state income tax; 50 percent of the payment received in 2025 is exempt; 75 percent of the payment received in 2026 is exempt; and 100 percent of the payment received in 2027 and thereafter is exempt.

2023 SB 1034 was introduced by Sen. Agard and referred to the Senate Committee on Universities & Revenue. 2023 AB 1136 was introduced by Rep. Andraca and referred to the Assembly Committee on Ways and Means.

[2023 AB 1147](#) allow WRS participants, both active and inactive, who worked at the Department of Corrections (DOC) for at least five years and who terminates on or after the effective date of the bill to receive military service credits for any military service (current law requires that the service must have been performed prior to 1974). The bill eliminates the current law restriction on receiving military service credit for service that is also used to receive a federal retirement benefit. Additionally, the bill would allow for a participant to receive military service credits if that participant leaves WRS covered employment to enter military service and returns to any WRS covered employment within 180 days of discharge (current law requires the participant to return to the same WRS employer). Finally, the bill requires the DOC to make additional contributions as determined by the actuary and approved by the ETF Board to cover the costs of granting the military service credits.

2023 AB 1147 was introduced by Rep. Edming and referred to the Assembly Committee on Labor and Integrated Employment.

Staff will be at the Committee and Board meetings to answer any questions.