



22 EAST MIFFLIN STREET, SUITE 900
MADISON, WI 53703
TOLL FREE: 1.866.404.2700
PHONE: 608.663.7188
FAX: 608.663.7189
www.wicounties.org

TO: Honorable Members of the Wisconsin State Assembly

FROM: Mark D. O'Connell, Executive Director
Wisconsin Counties Association

DATE: April 11, 2010

SUBJECT: Support for Senate Bill 399

In the midst of one of the country's deepest economic recessions, local governments and private businesses across the country are looking for financial resources and solutions to keep their communities and businesses growing. The Wisconsin Counties Association supports Senate Bill 399 and believes it will provide communities with another economic development tool by expanding access to capital in both the public and private sectors.

Under current law, Wisconsin local governments may issue federally tax-exempt municipal bonds for public purposes and conduit bonds for private projects that serve a public benefit. Additionally, unique financing opportunities have recently been made available for the use of these development tools through \$3.8 billion in Midwest Disaster Assistance Bonds and \$238 million in Recovery Zone Facility Bonds. However, these financing opportunities have a time limit that requires local governments to act quickly in order to promote needed development in their communities.

Only governmental entities may issue tax-exempt bonds. The process is complex, expensive, time-consuming, and requires a host of professional service providers. The process becomes even more complex when a governmental entity acts as a conduit issuer on behalf of a private borrower. For many local governments that are under increasing pressure to provide additional services with fewer resources, devoting staff and financial resources to complex bond issuances and the required post-issuance compliance is not feasible.

Senate Bill 399 authorizes the creation of a joint powers authority, or commission, which can act at the request of local governments to issue conduit bonds for private entities engaged in public benefit projects; issue municipal revenue bonds for public purposes; and, create market leverage through cooperative institutional relationships.

The creation of such a commission will provide local governments with a turn-key resource to evaluate public and private construction and infrastructure projects at the conceptual stage and shepherd eligible projects through the financing process - or refer them to WHEDA, WHEFA or the state Department of Commerce - saving individual local governments the financial burden of directly employing the necessary experts.

The commission would be patterned after the National Association of Counties' joint purchasing program, which allows counties and other local governments to buy many goods and services at the lowest possible cost without having to bid or negotiate prices with vendors individually.

By streamlining issuance processes, creating efficiencies for local governmental issuers and reducing local governments' liability in conduit issuances, the commission will save local entities and eligible private borrowers millions of dollars and other valuable staff resources by providing a one-stop resource that coordinates complicated issuance and post-issuance activities. The commission would also:

- Offer local governments in Wisconsin another tool to promote economic development in their communities by growing existing businesses and offering new businesses access to the lower-cost municipal bond market.
- Create additional opportunities for private businesses to access low-cost, tax-exempt capital and increase the number of viable public benefit and public infrastructure projects.
- Create investment economies of scale for small public or private projects that may not otherwise have access to low-cost, tax-exempt bond markets due to their small size.
- Create construction jobs and permanent jobs associated with private expansions and relocations financed through municipal and conduit bonds.
- Generate savings for Wisconsin taxpayers by reducing the cost to local governments for necessary investments in public infrastructure projects.
- Enhance opportunities for Wisconsin's financial services industry by financing projects in Wisconsin and in other states.

The Wisconsin Counties Association, the League of Wisconsin Municipalities, the National Association of Counties, the National League of Cities, the Wisconsin Realtors Association, the Wisconsin Transportation Builders Association, the Wisconsin Business Council, the Wisconsin Economic Development Association, small businesses, labor groups and local governments support this legislation.

The Wisconsin Counties Association respectfully requests the Legislature's support for SB 399, including Senate Amendment 2, which conforms bonds issued by the commission to the same tax-exempt status as similar bonds issued by WHEDA, WHEFA, and other local governmental entities by removing its state tax-exempt status and gives WHEDA and WHEFA the first "right-of-refusal" for every project brought to the commission that might fall within their respective purviews; and Assembly Amendment 1, which clarifies that communities can not bond for the express purpose of investing and makes other technical modifications.

Please contact Liz Stephens with questions at (608) 663-7123.