



# WISCONSIN LEGISLATURE

P. O. Box 7882 Madison, WI 53707-7882

October 7, 2019

Sen. Robert Cowles, Co-Chair  
Joint Legislative Audit Committee  
State Capitol, Rm. 118 South

Rep. Samantha Kerkman  
Joint Legislative Audit Committee  
State Capitol, Rm. 315 North

Dear Senator Cowles and Representative Kerkman,

On Tuesday, October 1st, the Wall Street Journal published an article entitled "Popular in Wisconsin: Cheese, the Packers and...Risky Bonds." The article raises serious questions about the integrity and practices of an organization created by the Legislature.

Created in 2010, the Public Finance Authority (PFA) identifies itself as a governmental entity established under s. 66.0304 of Wisconsin State Statutes that is authorized to issue tax-exempt, taxable, and tax credit conduit bonds for public and private entities throughout all 50 states. The reported total amount of debt the PFA has outstanding has nearly doubled to \$10.4 billion as of December from \$5.5 billion two years earlier.

Although provisions in s. 66.0304, Wis. Stats., limit state liability for debt issued by the PFA, serious questions about the PFA and its operations exist. The nation's leading financial newspaper is reporting Wisconsin is known as the place to go to get your risky bonds issued. The Wall Street Journal further reported that almost 10% of impairment reports this year came from the PFA, and since 2010 the PFA's yearly average of these bad debt warnings is 65% higher than the average of the ten highest risk issuers. The PFA's practices appear to be out of step with the broader business community, yet the only time most of us hear about the PFA is when attempts are made to broaden their powers, most recently via the biennial budget.

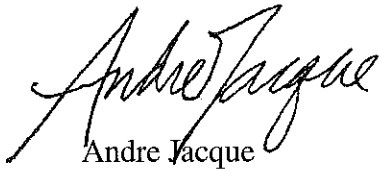
As a body corporate and politic that is part of government in Wisconsin, we understand the PFA to be subject to the audit authority of the Legislative Audit Bureau. An audit conducted by the Legislative Audit Bureau is now appropriate to evaluate the financial and organizational structure of the PFA, its decision making, its management of risk, its compliance with all applicable statutory provisions, and the quantity and distribution of its proceeds. We ask that the Bureau now be assigned to audit the PFA's activities. Thank you for your consideration.

Sincerely,

Duey Stroebel  
State Senator  
20<sup>th</sup> Senate District

Chris Kapenga  
State Senator  
33<sup>rd</sup> Senate District

Scott Allen  
State Representative  
97<sup>th</sup> Assembly District



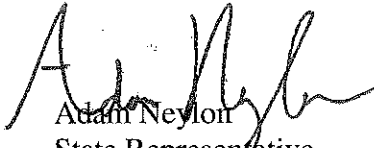
Andre Jacque  
State Senator  
1<sup>st</sup> Senate District



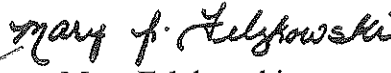
Dave Craig  
State Senator  
28<sup>th</sup> Senate District



Steve Nass  
State Senator  
11<sup>th</sup> Senate District




Adam Neylon  
State Representative  
98<sup>th</sup> Assembly District



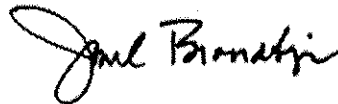
Mary Felzkowski  
State Representative  
35<sup>th</sup> Assembly District




Chuck Wichgers  
State Representative  
83<sup>rd</sup> Assembly District



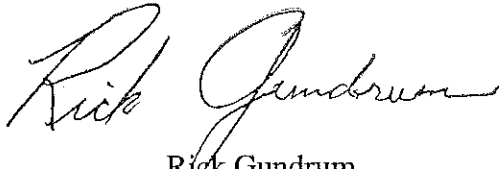
Romaine Quinn  
State Representative  
75<sup>th</sup> Assembly District



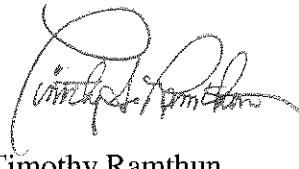
Janel Brandtjen  
State Representative  
22<sup>nd</sup> Assembly District



Dave Murphy  
State Representative  
56<sup>th</sup> Assembly District



Rick Gundrum  
State Representative  
58<sup>th</sup> Assembly District



Timothy Ramthun  
State Representative  
59<sup>th</sup> Assembly District



Joe Sanfelippo  
State Representative  
15<sup>th</sup> Assembly District



Rob Hutton  
State Representative  
13<sup>th</sup> Assembly District



Cody Horlacher  
State Representative  
33<sup>rd</sup> Assembly District