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Press Release

Wisconsin Business Council: Legislative action urged on bill to facilitate Recovery Zone Bonds

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Wisconsin Business Council supports proposal to reallocate financing to provide flexibility in funding economic development projects

MADISON – Time is of the essence if Wisconsin businesses and communities are to take full advantage of \$238 million in low-cost financing made possible by the American Recovery and Reinvestment Act of 2009.

To enable the financing, quick action is needed on legislation that recently received a favorable hearing in the Senate Committee on Economic Development.

The Wisconsin Business Council supports the proposal, SB-440, which would waive federal bond limits allocated to cities and counties and allow the Wisconsin Department of Commerce to take charge in reallocating the lending limits based on actual projects that need funding. Under the current rules, many counties and cities have no ability to issue bonds, while in other places the allocation is too small to be of use to businesses with borrowing needs. The proposal would allow the commerce department to pool the \$238 million total for the state and authorize communities to lend specific amounts based on need.

The sense of urgency stems from a deadline within the federal American Recovery and Reinvestment Act; any bonds authorized through the legislation must be issued by the end of this year. Twenty states already have acted on similar proposals to create greater flexibility in funding major economic development projects.

Action in the Legislature is needed because putting the proposal in place will take time. Following legislative approval and consideration by the governor, the commerce department must publish the new rules; then individual communities must review and issue bonds for specific projects.

“This type of financial legislation does not typically attract much public attention because it’s a few steps removed from the issues most people deal with every day,” says Scott VanderSanden, chairman of the Wisconsin Business Council and president of AT&T Wisconsin. “But for businesses that have managed to survive and even prosper during the recession, challenges in the banking industry have made it much more difficult to obtain financing for large expansion or renovation projects. There are currently several significant projects in our state that will not go forward without this important source of financing, and we are urging movement on the bill to help these companies create needed jobs.”

The Wisconsin Business Council was formed in June 2009 to provide a forum for state business leaders to come together in the search for solutions to improve the business climate while protecting and promoting the state's unique quality of life. While some issues — such as work force development, education and green job creation — require longer-term discussion and deliberation, proposals such as SB-440 represent swift and sure steps that will produce well-defined benefits for families and communities.

“We appreciate the hard work by the bill sponsors and the Senate Committee on Economic Development and it is our hope that a timely executive session on the proposal will lead to full support in the Legislature,” says Phil Prange, president and chief executive officer of the Wisconsin Business Council. “Once this lending is authorized, it will provide a boost to the state's economy and put people back to work.”

The proposal was introduced by Sens. Julie Lassa, D-Beaver Dam; Kathleen Vinehout, D-Alma; and John Lehman, D-Racine, and cosponsored by Reps. Louis Molepske Jr., D-Stevens Point; Marlin Schneider, D-Wisconsin Rapids; Peter Barca, D-Kenosha; Ted Zigmunt, D-Francis Creek; Donald Friske, R-Merrill; Terese Berceau, D-Madison; and Josh Zepnick, D-Milwaukee.

According to a legislative analysis, at least three major projects in Wisconsin are currently in need of Recovery Zone Facility Bonds. They include:

- An \$80 to \$100 million project in Wood County for Energy Composites Corp. The project would create some 600 jobs in the wind energy field and would not proceed without the legislation because of inadequate bonding limits in Wood County and the city of Wisconsin Rapids.
- An expansion at an existing company in Waupaca County. This \$20 million project would create an estimated 100 jobs; the current Recovery Zone Facility Allocation for the county is just over \$2.8 million.
- A \$30 million project in Juneau County that would produce 80 jobs, plus additional spin-off jobs in the service industry. The borrower is seeking the Recovery Zone bonds for major equipment purchases (\$12 million to \$18 million) that cannot be financed with other types of bonds.

Members of the Wisconsin Business Council recognize that better jobs and a stronger economy are critical to Wisconsin's quality of life. With leadership from companies including American Transmission Co., Anthem Blue Cross Blue Shield, AT&T Wisconsin, Commerce State Bank, Dean Health System, Johnson Timber Corp., Midwest Natural Gas, MillerCoors, Mortenson Construction, Orion Energy Systems and Park Bank, the Wisconsin Business Council intends to work with citizens, elected officials and policy-makers.

Ultimately, the group aims to develop a pro-business, pro-employment agenda that makes Wisconsin a better place to start a business, expand a corporation and find exceptional investment opportunities.

For more information or to join, visit www.wibusiness.org.

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