



December 18, 2017

Honorable Wisconsin Representatives and Senators:

A bill is currently circulating (LRB-4425) that would eliminate the Board of Commissioners of Public Lands (BCPL) State Trust Fund Loan Program. This program is highly valued by Wisconsin towns, cities, villages, counties, and school districts, providing an efficient and effective method for financing infrastructure and other projects. We respectfully request that you do not become a co-sponsor.

The program finances a variety of projects that range in size from \$5,000 to \$25 million. The loan application process is easy, fast, and reliable. The lack of fees and allowance for prepayment empowers borrowers to make the wisest, most fiscally responsible use of taxpayer dollars.

The program has quietly funded \$1.2 billion of local government projects in just the last 10 years, including hundreds of millions on infrastructure and economic development. While we appreciate the everyday availability of efficient financing, we greatly value the program in times of economic downturns. During the 2008 financial crisis, the bond market effectively stopped lending to municipalities; however, BCPL was still there for Wisconsin. They loaned over \$230 million during a time when banks and bond houses did not. Furthermore, with pending federal changes to advanced refunding, BCPL will become even more valuable if we want to stretch taxpayer investment by taking advantage of refinancing to obtain the best interest rates.

The State Trust Fund Loan Program was established in 1871 for two primary purposes. First, it was to provide Wisconsin local governments with an easy, cost effective way to borrow money for public projects. Second, the program was to create a low risk investment option that generated a sound rate of return for the trust funds managed by BCPL. There is no question that the program continues to fulfill both of these objectives.

Demolition of this program would not only eliminate a smart fiscal tool for thousands of local governments, but also curtail infrastructure and economic development projects that, but for the state trust fund loan program, would have either not occurred or cost taxpayers more. During a time when state policymakers appear focused on being fiscally prudent and creating more efficiencies for transportation spending, we find it difficult to understand why we would move in the opposite direction via this bill.

Sincerely,

Mike Koles
WTA Executive Director

Curt Witynski
League of Wisconsin Municipalities Assistant Director