



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #691

### **Outstanding Program Revenue Bonding Authority (State Fair Park Board)**

[LFB 2003-05 Budget Summary: Page 388, #3 (part)]

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#### **CURRENT LAW**

In 2001 Act 16 (the 2001-03 budget), the State Fair Park Board was provided with \$34,000,000 in program revenue supported general obligation bonding for the construction of an exposition hall.

#### **GOVERNOR**

Provide an additional \$942,000 PR in 2003-04 and \$3,076,300 PR in 2004-05 for debt service on program revenue supported general obligation bonds.

#### **DISCUSSION POINTS**

1. Although \$34 million in program revenue supported general obligation bonding was authorized in 2001 Act 16 to fund the construction of the Exposition Center, the City of West Allis issued \$44.9 million in Industrial Revenue Bonds to State Fair Park Exposition Center, Inc., to pay for the construction of the Exposition Center. State Fair Park Exposition Center, Inc., is the non-profit organization that was created to construct, own, manage and operate the new Exposition Center.

2. The \$44.9 million in bonds used to construct the exposition center are not general obligations of the state. Rather, the bondholders are paid from revenues generated by the corporation operating the exposition center. However, bondholders may have some expectation of state involvement if the facility operators encounter financial difficulties.

3. The State Fair Park Board currently is authorized \$34 million in bonding for construction of an exposition hall. Since this funding is not currently needed for its authorized purpose it could be deleted. If the State Fair Park Board were to consider taking over responsibility for the exposition center in the future, the Legislature could review any such proposal at that time.

4. Due to a technical error, the bill includes debt service payments for this \$34 million in PR bonding. Since the \$34 million in PR supported bonding is not needed, program revenue debt service payments can be reestimated to delete \$646,200 PR in 2003-04 and \$2,344,900 PR in 2004-05 (PR debt service would be estimated at \$3,266,300 in 2003-04 and \$3,701, 900 in 2004-05).

**ALTERNATIVES**

1. Eliminate \$34 million in bonding authority for the State Fair Park Board. Further, delete \$646,200 PR in 2003-04 and \$2,344,900 PR in 2004-05 associated with program revenue supported general obligation bonding authority.

<u>Alternative 1</u>	<u>BR</u>	<u>PR</u>
<b>2003-05 REVENUE</b> (Change to Bill)	- \$34,000,000	
<b>2003-05 FUNDING</b> (Change to Bill)		- \$2,991,100

2. Maintain current law.

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