

Bond Case Briefs

Municipal Finance Law Since 1971

Wisconsin Issuer Fuels Businesses for Municipal Bond Attorneys.

In 2011, WSJ reported on the Public Finance Authority's increasing but controversial toehold in the municipal-bond market.

For those unfamiliar with the entity, it's a Wisconsin government entity created by state lawmakers in 2010 that issues so-called tax-exempt conduit bonds. The authority functions as kind of a muni-matchmaker for developers and investors, arranging tax-exempt financing for private borrowers for housing developers, religious schools and other not-for-profit corporations across the country.

The Wisconsin State Journal has an interesting update on what the authority has been up to. In the last three years, it's arranged more than \$1.3 billion in mostly tax-free loans for projects in 33 states, including a baptist seminary in North Carolina, Planned Parenthood's national headquarters in New York, a California-based chain of Christian radio stations, and a grocer in Mount Horeb, according to the paper.

Less than 25% of the projects involved investments in Wisconsin. The authority farms out most of its work to HB Capital Resources, a municipal-bond firm in Walnut Creek, Calif.

PFA issues bonds that government agencies in other states won't, a program manager for the firm told the paper. The projects have to have a public benefit and get approval from local authorities.

But Wisconsin State Journal, quoting Susannah Camic Tahk, a UW-Madison law professor who specializes in tax policy, raises the question about the scope of private development eligible for tax-exempt bonds:

The push to keep eligibility broad has come from industry groups, including the specialized attorneys who earn fees arranging bond sales, Tahk said. "There is an entire industry of municipal bond attorneys," Tahk said. "They become an interest group themselves."

By JACOB GERSHMAN