

EXCLUSIVE: Why Is A Wisconsin Government Agency Approving Municipal Junk Bonds For Other States????

By Mark Belling, WISN-AM

If Wisconsin has a political swamp, the most powerful creature in it is “super-lobbyist” Eric Petersen. He’s not only the main lobbyist for the state’s incestuous road-building industry, he is by far the most powerful lobbyist working in Madison.

He is also the key man in understanding why a Wisconsin state agency is in the news for issuing essentially municipal junk bonds in 44 states that have nothing to do with Wisconsin.

The Wall Street Journal reported today that nearly ten percent of all troubled municipal bonds in America were issued by an outfit called the Public Finance Authority, based in Madison and created by the State of Wisconsin. None of the troubled bond issues are in Wisconsin. In fact, the authority issues very few bonds for Wisconsin governments. Instead, it specializes in issuing bonds for governments around the country that can’t get financing approved in their own states. There is zero public benefit to Wisconsin in any of this. Essentially, we created a government agency to issue bonds that get favorable tax treatment but are so risky they can’t get approved in the actual states that are issuing the bonds.

Why in the world are we involved in this??? Answer: Petersen.

Petersen is the lobbyist for the Public Finance Authority and what Petersen wants in Madison he often gets. Several Republican state lawmakers have been criticizing the Public Finance Authority and former Governor Scott Walker twice vetoed bills expanding the agency’s authority.

The agency was created in 2010 and its authorization was signed into law by former Governor Jim Doyle. It has a board of directors made up of mostly small town Wisconsin government officials. But its bond deals are managed by a California company. It is not clear who is paying Petersen but my bet is on one of the entities making money on the bond issues.

There have been news reports over the years in the Milwaukee Journal Sentinel, Madison Capital Times and MacIver Institute about the shady and shadowy Public Finance Authority but all of that was largely ignored....until now.

That’s because a significant number of the Authority’s bonds are now being downgraded and may be at risk of default.

It should be stressed that no Wisconsin tax money is at risk and the agency gets no state funding. If the bonds default, they are the obligation of the communities around the country that issued them. All the Wisconsin agency does is smack its authorization on them which gives them municipal tax-free status. It sounds like a racket, doesn’t it?

Mark Belling, October 2

