



Legislative Fiscal Bureau

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October 28, 2003

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 250: Authorization of Bonds for the Construction of a Hmong Cultural Center

Senate Bill 250 was introduced on September 17, 2003, and referred to the Joint Committee on Finance.

CURRENT LAW

The 1969 constitutional amendment enabled the state to "acquire, construct, develop, extend, enlarge or improve land, waters, property, highways, buildings, equipment or facilities for public purposes." The language was deliberately broad, requiring only that bonding be intended to affect physical property directly and be undertaken for public purposes. Through 2003 Act 33, the biennial budget act, the Legislature has authorized nearly \$12.8 billion in general obligation bonding, excluding refunding bonds. As of December, 2002, the state had approximately \$4.39 billion in general obligation bond and commercial paper debt outstanding.

Typically, state general obligation bonds are used to renovate or construct state agency facilities or to purchase properties through the state's stewardship program. However, in recent biennia the Legislature has authorized general fund supported, general obligation bonds to assist in the construction of the following locally run facilities that were deemed by the Legislature to be of a statewide concern: (a) the Nash Auto Museum in Kenosha (\$1.0 million); (b) the Swiss Cultural Center in New Glarus (\$1.0 million); (c) a youth activities center run by the Milwaukee Police Athletic League (\$1.0 million); the Discovery Place Museum in Racine County (\$1.0 million); and (d) the HR Academy youth and family center in Milwaukee (\$1.5 million).

SUMMARY OF BILL

Senate Bill 250 would enumerate the construction of a \$3,000,000 Hmong Cultural Center in the City of Milwaukee as part of the 2003-05 state building program. The bill would provide \$3,000,000 in general fund supported general obligation bonding for the purpose of constructing the Center. An appropriation to fund the debt service associated with the bonding would also be created.

The bill would establish the following requirements related to the release of up to \$3,000,000 in general fund supported borrowing: (a) specify that the Building Commission would authorize the bonding to provide a grant to an organization designated by the Secretary of the Department of Administration (DOA) that represents the Hmong people for the construction of the Center in Milwaukee; (b) specify that DOA would review and approve the plans for the project although DOA could not supervise any services or work or let any contract for the project; (c) the organization would be required to enter into an agreement with the DOA Secretary guaranteeing that the center would be operated to serve the nonsectarian cultural interests of the Hmong people; and (d) specify that if the Building Commission makes a grant for the construction of the facility, the state would retain an ownership interest in the facility equal to the amount of the state's grant if the facility is not used as a Hmong Cultural Center or is not operated to serve the nonsectarian interests of the Hmong people. As a condition of the grant, the organization would be required to enter into an agreement with the DOA Secretary guaranteeing that the center would be operated to serve the nonsectarian cultural interests of the Hmong people.

The bill would specify in statute that the Legislature finds and determines that a significant number of Hmong people are citizens of the state, that the Hmong have a proud heritage that needs to be recognized and preserved, and that the Hmong people have difficulties assimilating in the state. In addition, the Legislature would find that supporting the people in their efforts to recognize their heritage and gain full advantage of their citizenship is a statewide responsibility of statewide dimension. Lastly, the Legislature finds that it will have a direct and immediate effect on this matter of statewide concern for the state to construct and operate a Hmong Cultural Center.

FISCAL EFFECT

The bill would provide the Building Commission with the authority to issue \$3,000,000 in general fund supported general obligation bonds for the construction of a Hmong Cultural Center in the City of Milwaukee. Due to the likely timing of the construction of the facility and the issuance of the bonds, it is unlikely any GPR debt service payments on the authorized bonds would be made in the 2003-05 biennium. However, when the \$3,000,000 in bonds are fully-issued, the annual GPR debt service payments on the bonds would be an estimated \$235,000, assuming a 20-year, flat repayment structure.

Prepared by: Al Runde