



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

March 9, 2011

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Option Affecting Timing of Debt Restructuring

On February 22, 2011, this office sent a memorandum to the Legislature that summarized the statutory procedures that affect the timing of the debt restructuring proposed in 2011 Special Session Senate Bill 11 (SS SB 11 and SS AB 11). The administration now indicates that they are reviewing whether a transfer of cash balances could extend the potential timeline for debt issuance by 30 days.

In the February 22, memorandum, this office indicated that the debt restructuring would have to be completed (bond proceeds in hand) by March 16, because operating notes are outstanding. If the state had not issued operating notes, under the law the date would then have been April 15. The memorandum further stated that a 2004 restructuring issue had been completed within two weeks of legislative enactment, but if less time is allowed, there is a risk that the current transaction cannot be completed.

The administration indicates that bond counsel is reviewing an option where a prepayment would be made on the amount owed on operating notes, so that the later April 15 date would apply, rather than the earlier March 16 date. Under this approach, the administration would transfer moneys from the cash balances of the general fund to the operating note redemption fund prior to the currently scheduled transfers that would be made to the operating note redemption fund later in this fiscal year. The administration indicates that it is possible that if this early deposit is done, then the later date of April 15 would apply.

If this administrative action would be taken by the Secretary of Administration, it is possible that the earlier timeline could be extended by 30 days. Under this extended timeline, legislative enactment would need to occur in early April, in order to allow time for the debt restructuring transaction to be completed.