



Legislation Text

File #: 59149, **Version:** 1

Fiscal Note

This is an initial resolution for the purpose of issuing Industrial Development Revenue Bonds (IRB) for Madison Gas and Electric Company (MGE). An IRB is authorized under state law to meet the public purposes of employment retention, stimulation of the flow of investment capital to benefit the local economy, preservation of the City's industrial base, and creation of a direct benefit to the residents of Madison, given that 70 percent of the rate payers of MGE are taxpaying residents of the City. An IRB accomplishes this public purpose by allowing a corporate entity to secure financing whereby the interest on repayment of principal is exempt from certain taxes, similar to government issued debt. These bonds do not pledge the full faith and credit of the City to the repayment, but rather are secured through a pledge of revenues from the project and the provision of other collateral, such as a mortgage on the facility financed by the revenue debt. These bonds have no impact on either the City's constitutional debt limit nor its bond rating.

The initial resolution is required by state law to notify the electors in the community of its intent to issue an IRB. A petition submitted within 30 days of publication of the notice of adoption of the initial resolution that includes a sufficient amount of electors may call for a referendum on the issuance of an IRB. The business using IRB financing must meet certain job retention and job offer requirements.

IRBs were issued by the City for MGE in 1982, 1992, and 2002. The proposed 2020 IRB issuance includes \$19.3 million to refund the 2002 IRBs and up to \$30.45 million for various capital improvements. Consistent with state law, MGE has informed the city that no jobs have been eliminated as a result of any of the IRBs issued by the City on behalf of MGE.

Note: The fiscal note was originally written based on version 1 of the resolution and has been subsequently updated to reflect version 2 (up to \$45 million from the IRB issuance for various capital improvements).

Title

Issuance of Industrial Development Revenue Bonds for the purpose of refinancing the \$19,300,000 original principal amount City of Madison, Wisconsin Industrial Development Revenue Refunding Bonds, Series 2002B (Madison Gas and Electric Company Project) and financing additional capital projects for Madison Gas and Electric Company

Body

See attached Body.