



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-5015/1
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2017 SENATE BILL 726

January 19, 2018 - Introduced by Senators DARLING and BEWLEY, cosponsored by Representatives LOUDENBECK, FIELDS, ALLEN, ANDERSON, BERCEAU, CONSIDINE, KRUG, MURSAU, NOVAK, ROHRKASTE, SINICKI, TAUCHEN, ZEPNICK, BALLWEG and SPIROS. Referred to Committee on Economic Development, Commerce and Local Government.

1 **AN ACT** *to repeal* 234.01 (6) (b), 234.01 (8) (b), 234.01 (9) (a) 5., 234.13, 234.59
2 (3) (bc) and 234.60 (3); **to consolidate, renumber and amend** 234.01 (6)
3 (intro.) and (a) and 234.01 (8) (intro.) and (a); **to amend** 234.01 (9) (a) (intro.),
4 234.01 (9) (a) 1., 234.01 (9) (a) 2., 234.01 (9) (a) 3., 234.01 (9) (a) 4., 234.53 (2),
5 234.55 (1) and 234.65 (1) (c) 2.; and **to create** 234.135, 234.53 (2m), 234.59 (2)
6 (f), 234.59 (3) (bd) and 234.59 (3) (e) 3m. of the statutes; **relating to:** notes,
7 bonds, and economic development programs of the Wisconsin Housing and
8 Economic Development Authority, homeownership mortgage loans used to
9 refinance existing mortgages, and uses of the housing rehabilitation loan fund.

Analysis by the Legislative Reference Bureau

This bill makes a number of changes to the laws governing the Wisconsin Housing and Economic Development Authority, including the following:

1. Eliminates the requirement that certain organizations participating in WHEDA's programs allow WHEDA under certain circumstances to appoint a majority of the members of the organization's governing body.

2. Authorizes WHEDA to hold, sell, or cancel WHEDA's notes or bonds WHEDA itself purchases. Under current law, such notes or bonds must be canceled.

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3. Provides that every four years, beginning in 2018, WHEDA may request approval of the Joint Committee on Finance to issue additional notes and bonds in the amount specified in the request for economic development purposes if the authority determines that the issuance of additional notes and bonds will promote significant economic development in this state.

4. Authorizes WHEDA to issue a homeownership mortgage loan to a homeowner for the refinancing of the homeowner's existing mortgage if the property is located in an area in a first class city in which WHEDA determines there is a high concentration of persons and families of low and moderate income, the homeowner does not qualify for a mortgage loan through other lenders, and the homeownership mortgage loan WHEDA issues is used in part to finance rehabilitation of the eligible property.

5. Allows WHEDA to use moneys from its housing rehabilitation loan fund to purchase or fund loans under any down payment assistance program established by WHEDA. Current law requires WHEDA to use moneys from the housing rehabilitation loan fund for funding housing rehabilitation loans or administering the housing rehabilitation loan program.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 234.01 (6) (intro.) and (a) of the statutes are consolidated,
2 renumbered 234.01 (6) and amended to read:

3 234.01 (6) "Housing corporation" means a corporation organized under s.
4 182.004 and whose articles of incorporation, in addition to other requirements of law,
5 provide that: ~~(a) If~~ if the corporation receives any loan or advance from the authority
6 under this chapter, it may enter into an agreement with the authority providing for
7 regulation with respect to rents, profits, dividends, and disposition of property or
8 franchises; ~~and.~~

9 **SECTION 2.** 234.01 (6) (b) of the statutes is repealed.

10 **SECTION 3.** 234.01 (8) (intro.) and (a) of the statutes are consolidated,
11 renumbered 234.01 (8) and amended to read:

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1 234.01 (8) “Limited-profit entity” means any person or trust ~~which, in its~~
2 whose articles of incorporation or comparable documents of organization, or by
3 whose written agreement with the authority, provides that: ~~(a) As, as~~ a condition
4 of acceptance of a loan or advance under this chapter, the limited-profit entity shall
5 enter into an agreement with the authority providing for limitations of rents, profits,
6 dividends, and disposition of property or franchises; ~~and.~~

7 **SECTION 4.** 234.01 (8) (b) of the statutes is repealed.

8 **SECTION 5.** 234.01 (9) (a) (intro.) of the statutes is amended to read:

9 234.01 (9) (a) (intro.) A nonprofit corporation incorporated under ch. 181 whose
10 articles of incorporation, in addition to other requirements of law, provide that all of
11 the following:

12 **SECTION 6.** 234.01 (9) (a) 1. of the statutes is amended to read:

13 234.01 (9) (a) 1. The corporation has as its major purpose the providing of
14 housing facilities for persons and families of low and moderate income;.

15 **SECTION 7.** 234.01 (9) (a) 2. of the statutes is amended to read:

16 234.01 (9) (a) 2. All income and earnings of the corporation shall be used
17 exclusively for corporation purposes and no part of the net income or net earnings
18 of the corporation shall inure to the benefit or profit of any private person;.

19 **SECTION 8.** 234.01 (9) (a) 3. of the statutes is amended to read:

20 234.01 (9) (a) 3. The corporation is in no manner controlled or under the
21 direction or acting in the substantial interest of private persons seeking to derive
22 profit or gain therefrom or seeking to eliminate or minimize losses in any dealing or
23 transactions therewith;.

24 **SECTION 9.** 234.01 (9) (a) 4. of the statutes is amended to read:

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1 234.01 (9) (a) 4. If the corporation receives any loan or advance from the
2 authority, it shall enter into an agreement with the authority, providing for
3 limitations on rents, profits, dividends, and disposition of property or franchises;
4 and.

5 **SECTION 10.** 234.01 (9) (a) 5. of the statutes is repealed.

6 **SECTION 11.** 234.13 of the statutes is repealed.

7 **SECTION 12.** 234.135 of the statutes is created to read:

8 **234.135 Same; purchase; cancellation.** (1) The authority may purchase
9 any notes or bonds of the authority. The authority may hold or sell, in whole or in
10 part and separately or together with other notes or bonds of the authority, notes or
11 bonds purchased under this subsection.

12 (2) Subject to such agreements with noteholders or bondholders as may then
13 exist, any notes or bonds purchased and held by the authority under sub. (1), may,
14 upon the affirmative designation of the authority, be canceled, in whole or in part,
15 at the time specified in the authority's designation.

16 **SECTION 13.** 234.53 (2) of the statutes is amended to read:

17 234.53 (2) The Except as provided in sub. (2m), the authority shall use moneys
18 in the fund for the purpose of purchasing housing rehabilitation loans or for funding
19 commitments for loans to lenders for housing rehabilitation loans. All
20 disbursements of funds under this ~~section~~ subsection for purchasing such loans shall
21 be made payable to an authorized lender as defined in s. 234.49 (1) (b) or a duly
22 authorized agent thereof.

23 **SECTION 14.** 234.53 (2m) of the statutes is created to read:

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1 234.53 **(2m)** The authority may use moneys in the fund for the purpose of
2 funding or purchasing loans under any down payment assistance program
3 established by the authority.

4 **SECTION 15.** 234.55 (1) of the statutes is amended to read:

5 234.55 **(1)** The authority shall establish the housing rehabilitation loan
6 program bond redemption fund. All housing rehabilitation loans purchased with
7 moneys from the housing rehabilitation loan fund or notes evidencing loans to
8 lenders from such fund for housing rehabilitation loans shall be the exclusive
9 property of such redemption fund. All moneys received from the repayment of such
10 loans, any amounts transferred by the authority to such fund pursuant to s. 234.52
11 or from other funds or sources, any federal insurance or guarantee payments with
12 respect to such loans, all moneys resulting from the sale of bonds for the purpose of
13 refunding outstanding housing rehabilitation bonds unless credited to the housing
14 rehabilitation loan program capital reserve fund, ~~and~~ any other moneys which may
15 be available to the authority for the purpose of such fund, and all moneys received
16 from the repayment of loans provided under s. 234.53 (2m) shall be deposited into
17 such fund to be used for the repayment of housing rehabilitation bonds issued under
18 the authority of s. 234.50.

19 **SECTION 16.** 234.59 (2) (f) of the statutes is created to read:

20 234.59 **(2)** (f) May make a loan to a veteran, as defined in 38 USC 101 (2), who
21 has not previously received a homeownership mortgage loan financed by bonds or
22 notes issued under s. 234.60.

23 **SECTION 17.** 234.59 (3) (bc) of the statutes is repealed.

24 **SECTION 18.** 234.59 (3) (bd) of the statutes is created to read:

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1 234.59 (3) (bd) 1. To the extent required as a condition to maintaining the
2 exclusion from gross income for federal income tax purposes of interest on bonds,
3 notes, or other evidences of indebtedness issued by or on behalf of the authority, a
4 homeownership mortgage loan under this section shall be made to an applicant
5 whose income does not exceed the applicable level specified under 26 USC 143 (f).
6 The authority shall determine an applicant's income in the manner specified under
7 26 USC 143 (f) and applicable rulings of the Internal Revenue Service.

8 2. Nothing under this section precludes the authority from imposing income
9 limitations that are more restrictive than the income level determined in the manner
10 specified under 26 USC 143 (f) and applicable rulings of the Internal Revenue
11 Service.

12 **SECTION 19.** 234.59 (3) (e) 3m. of the statutes is created to read:

13 234.59 (3) (e) 3m. A homeownership mortgage loan made in part to finance the
14 acquisition or replacement of an existing mortgage given by an applicant if all of the
15 following apply:

16 a. The eligible property is located in an area in a 1st class city in which the
17 authority determines there is a high concentration of persons and families of low and
18 moderate income.

19 b. As determined by the authority, the total amount the applicant owes on the
20 existing mortgage, including principal and interest, plus the amount required for
21 repairs to the eligible property, exceeds the maximum amount the applicant is able
22 to borrow from other lenders given the lenders' loan-to-value ratio requirements.

23 c. A portion of the loan under this subdivision is used to finance qualified
24 rehabilitation of the eligible property.

25 **SECTION 20.** 234.60 (3) of the statutes is repealed.

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1 **SECTION 21.** 234.65 (1) (c) 2. of the statutes is amended to read:

2 234.65 (1) (c) 2. ~~If, after the last day of the 3rd fiscal year that begins after April~~
3 ~~20, 2012~~ before July 1, 2018, and before every 4th July 1 thereafter, the authority
4 determines that a continuation of the program under this section will promote
5 significant economic development in this state, the authority may seek approval
6 from the joint committee on finance to issue additional bonds and notes under this
7 section by submitting to the committee a written request that specifies an aggregate
8 principal amount of requested issuance authority and states the reasons supporting
9 the authority's determination that the issuance of additional bonds and notes will
10 promote significant economic development in this state. The written request may
11 be made up to 60 days in advance of the applicable July 1. If, within 14 working days
12 after the date of that written request, the cochairpersons of the committee do not
13 notify the authority that the committee has scheduled a meeting to review the
14 authority's proposal to issue additional bonds and notes under this section, the
15 authority may proceed to issue ~~not more than \$150,000,000 in aggregate principal~~
16 bonds and notes under this section as proposed in the authority's written request,
17 excluding bonds and notes issued to refund outstanding bonds or notes issued under
18 this section, ~~in each of the 3 consecutive fiscal years beginning with the fiscal year~~
19 ~~in which approval is obtained under this subdivision.~~ If, within 14 working days
20 after the date of that written request, the cochairpersons of the committee notify the
21 authority that the committee has scheduled a meeting to review the authority's
22 proposal to issue additional bonds and notes under this section, the authority may
23 issue bonds and notes under this section only upon approval of the committee.

24

(END)