

# State of Wisconsin



1995 Assembly Bill 56

Date of enactment: **April 20, 1995**

Date of publication\*: **May 4, 1995**

## 1995 WISCONSIN ACT 5

**AN ACT** to repeal 234.90 (3m) (b); to renumber and amend 234.90 (3m) (a); to amend 234.90 (2) (intro.), 234.90 (2) (d), 234.90 (3) (intro.), 234.90 (3g) (intro.), 234.90 (4) (a), 234.90 (5) and 234.93 (4) (a) 2.; and to create 234.90 (3j) and 234.93 (4m) of the statutes; relating to: extending the agricultural production loan guarantee program, changing the interest subsidy, authorizing the use of different eligibility criteria in emergencies and requesting an audit of administrative assessments against the Wisconsin development reserve fund.

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

**SECTION 1.** 234.90 (2) (intro.) of the statutes is amended to read:

234.90 (2) **ELIGIBLE LOANS.** (intro.) ~~An Except as provided in sub. (3j), an~~ agricultural production loan made by a participating lender is eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

**SECTION 1am.** 234.90 (2) (d) of the statutes is amended to read:

234.90 (2) (d) ~~The~~ If the loan is one to which sub. (5) applies, the rate of interest on the loan for which the borrower is obligated, including any origination fees or other charges relating to the loan, does not exceed the rate determined under par. (c), minus 2%.

**SECTION 1c.** 234.90 (3) (intro.) of the statutes is amended to read:

234.90 (3) **ELIGIBLE FARMERS.** (intro.) Except as provided under sub. subs. (3g) and (3j), a farmer is eligible for a guaranteed loan if all of the following apply:

**SECTION 1e.** 234.90 (3g) (intro.) of the statutes is amended to read:

234.90 (3g) **ELIGIBLE DAIRY FARMER.** (intro.) ~~A Ex-~~cept as provided in sub. (3j), a farmer is eligible for a guaranteed loan under this subsection if all of the following apply:

**SECTION 1g.** 234.90 (3j) of the statutes is created to read:

234.90 (3j) **EMERGENCY ELIGIBILITY CRITERIA.** The authority may guarantee a loan to a farmer using eligibility criteria determined by the authority that differ from the criteria under subs. (2) to (3g) if all of the following apply:

(a) The governor has determined that an emergency situation exists and that the criteria under subs. (2) to (3g) prevent the authority from making an adequate response to the emergency situation.

(b) The authority has submitted to the joint committee on finance for review under s. 13.10 the emergency eligibility criteria that it proposes to use, and the joint committee on finance has approved the use of the criteria for the emergency situation.

**SECTION 2.** 234.90 (3m) (a) of the statutes is renumbered 234.90 (3m) and amended to read:

\* Section 991.11, WISCONSIN STATUTES 1993-94: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

234.90 (3m) EXTENSION. ~~Except as provided in par. (b), a~~ A participating lender may extend the term of a loan until no later than June 30 of the calendar year following the calendar year in which the participating lender granted the loan.

**SECTION 3.** 234.90 (3m) (b) of the statutes is repealed.

**SECTION 4.** 234.90 (4) (a) of the statutes is amended to read:

234.90 (4) (a) Except as provided in par. (b), the authority shall guarantee repayment of 90% of the principal of any agricultural production loan eligible for guarantee under sub. (2) made to a farmer eligible for a guaranteed loan under sub. (3) or (3g) ~~during the period beginning on January 1, 1993, and ending on December 31, 1994.~~

**SECTION 5.** 234.90 (5) of the statutes is amended to read:

234.90 (5) INTEREST REDUCTION. ~~The~~ If at the time of origination or extension the interest rate on a guaranteed loan and the prime lending rate as reported by the federal reserve board in federal reserve statistical release H. 15 each equals or exceeds 10%, the authority shall pay, from the moneys in the Wisconsin development reserve fund, to each the participating lender making the loan, an amount equal to 2% of the principal amount of ~~any agricultural production~~ the loan guaranteed under sub. (4).

**SECTION 6.** 234.93 (4) (a) 2. of the statutes is amended to read:

234.93 (4) (a) 2. To fund guarantees under all of the programs guaranteed by funds from the Wisconsin development reserve fund at a ratio of \$1 of reserve funding to \$4 of total principal and outstanding guaranteed principal

that the authority may guarantee under all of those programs.

**SECTION 7.** 234.93 (4m) of the statutes is created to read:

234.93 (4m) LIMITATION ON LOAN GUARANTEES. The authority shall regularly monitor the cash balance in the Wisconsin development reserve fund. The authority shall ensure that the cash balance in the fund is sufficient for the purposes specified in sub. (4) (a) 1. and 2.

**SECTION 8. Nonstatutory provisions.**

(1) The joint legislative audit committee is requested to direct the legislative audit bureau to perform a financial and performance evaluation audit of the assessments made against the Wisconsin development reserve fund by the Wisconsin Housing and Economic Development Authority for its costs to administer each of the loan guarantee programs established under chapter 234 of the statutes. The audit shall include, for each loan guarantee program, a comparison of the costs that a commercial lender would likely incur to administer a similar loan guarantee program and the costs that the Wisconsin Housing and Economic Development Authority assessed for administration of the program. The legislative audit bureau shall file a report of an audit performed under this subsection with those entities specified in section 13.94 (1) (b) of the statutes.

**SECTION 9. Initial applicability.**

(1) The treatment of section 234.90 (2) (intro.) and (d), (3) (intro.), (3g) (intro.), (3j), (3m) (a) and (b), (4) (a) and (5) of the statutes first applies to agricultural production loans made on January 1, 1995.