1997-98 SESSION COMMITTEE HEARING RECORDS

Committee Name:

Joint Committee on Finance (JC-Fi)

Sample:

Record of Comm. Proceedings … RCP
- 05hrAC-EdR_RCP_pt01a
- 05hrAC-EdR_RCP_pt01b
- 05hrAC-EdR_RCP_pt02

- *Appointments … Appt*
- **

- *Clearinghouse Rules … CRule*
- **

- *Committee Hearings … CH*
- **

- *Committee Reports … CR*
- **

- *Executive Sessions … ES*
- **

- *Hearing Records … HR*
- **

- *Miscellaneous … Misc*
- 97hrJC-Fi_Misc_pt126_LFB

- *Record of Comm. Proceedings … RCP*
- **

Wisconsin Housing and Economic Development Authority

(LFB Budget Summary Document: Page 649)

LFB Summary Items for Which Issue Papers Have Been Prepared

Item #	Title
2	Safe Drinking Water Loan Guarantee Program (Paper #940)
5,7	Small Business Loan Guarantee Program (Paper #941)

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Safe Drinking Water Loan Guarantee Program (WHEDA and Clean Water Fund)

[LFB Summary: Page 652, #2 and Page 113, #9]

CURRENT LAW

WHEDA administers several loan guarantee programs related to business development and environmental contamination remediation and pollution abatement. WHEDA is typically authorized to guarantee up to 90% of the principal value of the loans.

GOVERNOR

Create a safe drinking water loan guarantee program to guarantee up to 80% of the principal of loans for projects that improve the quality of drinking water in water systems not owned by the local units of government.

WHEDA would be allowed to guarantee collection of a percentage, not exceeding 80%, of the principal of an eligible loan. The Authority could establish a single percentage for all loans guaranteed or establish different percentages for individual loans. The total outstanding principal amount for all guaranteed safe drinking water loans would not be allowed to exceed $3.0 million, unless the Joint Committee on Finance, under s. 13.10, permits the Authority to increase or decrease the total outstanding guaranteed principal amount. A request for additional authority would have to include a projection that compares the next June 30 balance, less the amount necessary to fund guarantees under the program and to pay outstanding claims, with the same balance if the request is approved.

Require WHEDA to enter into a guarantee agreement with lenders wishing to participate in the program. Consistent with the terms of the program, WHEDA would be allowed to determine the form of the agreement, any conditions upon which the authority may refuse to enter into a guarantee agreement and the procedures required to carry out the agreement, including default procedures and the guarantee percentage for each loan. Further, allow WHEDA to establish a review panel, consisting of experts in the finance and drinking water systems area to provide advice about lending requirements and issues related to the loan guarantee program.

Direct the Department of Natural Resources (DNR) to: (a) in consultation with the Department of Administration (DOA) to promulgate rules, consistent with the federal Safe Drinking Water Act, for determining whether a loan is eligible for a guarantee; (b) determine which loans would be eligible for a guarantee; and (c) with the approval of DOA, to transfer funds from the SEG and FED safe drinking water loan program appropriations for financial assistance to the WHEDA drinking water reserve fund.

WHEDA could only use the Wisconsin drinking water reserve fund to guarantee safe drinking water loans. WHEDA could guarantee a loan under the program if all the following apply:

a. The borrower is not a local unit of government;

b. The borrower is either: (a) an owner of a "community water system" (a public water system that serves at least 15 service connections used by year-round residents or regularly serves at least 25 year round residents); or (b) is the owner of a public not for profit water system that is not a community water system (for example, a private school).

c. The loan, as determined by DNR, would:

(1) facilitate compliance with national primary drinking water regulations; or

(2) otherwise significantly further the health protection objectives of the federal Safe Drinking Water Act.

d. The lender of the loan enters into a guarantee agreement with WHEDA.

Require WHEDA to submit an annual report on the number and total dollar amount of loans guaranteed under the program and the default rate on the loans.

Specify that all loans guaranteed under this program would be backed by the moral obligation of the Legislature to appropriate any funds necessary to meet the obligations created.

DISCUSSION POINTS

Background

1. The bill would create a safe drinking water loan program, administered by DNR and DOA, as well as a safe drinking water loan guarantee program administered by WHEDA and DNR. The safe drinking water loan program would provide subsidized loans to local governments to plan, design, construct and modify public water systems, if the projects comply with national primary drinking water regulations.

2. Non-governmental public water systems would be ineligible for direct loans to plan, design, construct and modify their system. These entities would be ineligible because the federal grant that primarily funds the program is blended with state issued general obligation bonds. While proceeds from Wisconsin general obligation bonds can be used to fund capital improvements, the proceeds cannot be provided for non-governmental capital improvements, unless the improvements accrue benefits to the state. For example, bond proceeds cannot be used to replace a water system, but could be used install improvements that would protect groundwater (or any waters of the state) from contamination. Consequently, the bill would allow direct loans to the owner (whether or not a local government) of a community water system or a nonprofit community water system for various water source protection activities (such as easement purchases, education, water source assessments and wellhead area protection).

3. The bill would create a loan guarantee program to assist private parties in meeting state and federal drinking water requirements. Technical modifications would be required to provide the proper cross reference for WHEDA's loan guarantee activities.

Funding

4. Eligible loans would be guaranteed by funds deposited to the Wisconsin drinking water reserve fund created under the bill. The reserve fund would consist of deposits from the safe drinking water loan program, funds received for the program by any other source and the interest income from the fund.

5. DNR, with the approval of DOA, would be provided the authority to transfer funds from the safe drinking water loan program. No estimate of the fund transfer is included in the bill. WHEDA would be required to regularly monitor the fund balance to ensure a balance of at least one dollar for every four dollars in total outstanding guaranteed principal authorized under the program.

6. The bill requires a 4 to 1 reserve ratio to be maintained in the Wisconsin drinking water reserve fund (one dollar in reserves for every $4 in outstanding guarantees). Other provisions in the bill would increase the reserve ratio for most of WHEDA's loan guarantee

programs backed by the Wisconsin Development Reserve Fund (WDRF) to 4.5 to 1. The reserve ratio for the Wisconsin drinking water reserve fund could be made consistent with the WDRF ratio.

7. WHEDA indicates that the legal and other administrative costs associated with establishing a safe drinking water loan guarantee program would be approximately $100,000 in the biennium. The estimate is based on the start-up costs associated with WHEDA's other loan guarantee programs. However, the bill would only allow the transfer of funds to maintain the guarantee reserve ratio (up to $750,000 based on $3.0 million in guarantee authority under the bill), but not to assist with WHEDA's initial administrative costs. Under its other guarantee programs, WHEDA covers much of its administrative costs associated with issuing loan guarantees from the balance in the WDRF. The WDRF is funded from the direct appropriation of funds, origination or other fees associated with making loans, as well as the interest earnings on the fund balance.

8. To cover WHEDA's costs associated with establishing the guarantee program, the Committee could clarify that DNR has the authority, under its federal general administration appropriation, to contract with WHEDA to administer the loan guarantee program. Federal safe drinking water revenues should be sufficient to cover WHEDA's administrative costs.

Loan Guarantees

9. WHEDA's primary mission is to provide financing for: (a) affordable housing for low- and moderate-income people; and (b) business development. As a result, WHEDA's expertise related to providing financing to entities to meet environmental concerns is limited. Further, WHEDA officials indicate that programs aimed at specific environmental concerns and that require specialized technical expertise are difficult to market to lenders in that WHEDA has to educate the state's financial community about the availability and requirements of the programs. Therefore, other than the expired recycling loan guarantee program, many of WHEDA's environmental guarantee programs have gone unused (such as the clean air act and the agrichemical cleanup loan guarantee programs).

10. WHEDA also indicates that their direct loan programs and most of the loan guarantee program's activity generally involve private business and housing development activities rather than the more public infrastructure improvement projects that could be guaranteed under the proposed safe drinking water loan guarantee program.

11. The bill would provide DNR three positions to administer the direct loan and some of the loan guarantee program activities. The DNR staff would assist WHEDA with much of the engineering and technical aspects of the guarantee program and assist in determining the potential costs of particular projects. The bill would require DNR to promulgate rules on what projects and costs would be eligible under the program. DNR indicates that those projects eligible for

loan guarantees would go through the same application and processing procedures as projects for the direct loan program. In addition, DNR and DOA would have to determine the size of an eligible loan because the agencies would need to know how much funding to transfer to the Wisconsin drinking water reserve fund to back each loan. DOA indicates that WHEDA's primary role under the program would be to determine the borrowers ability to repay the loan. Therefore, unlike WHEDA's current environmental programs, WHEDA would not have to rely heavily on its own staff for environmental expertise.

12. Eligible borrowers for the safe drinking water loan guarantee program would be either: (a) an owner of a "community water system" (a public water system that serves at least 15 service connections used by year-round residents or regularly serves at least 25 year-round residents); or (b) the owner of a public not for profit water system that is not a community water system. Examples of entities eligible for loan guarantees would include private facilities that own the water system serving the sites, such as certain private schools, mobile or manufactured home parks and apartment buildings.

13. WHEDA has concerns about the ability of the non-governmental entities that would be eligible under the guarantee program to repay the loans. That is, nonprofit, or private owners of public water systems, unlike local governments cannot spread the costs over a large number of residents. As a result, the debt service costs per resident using the water system could be substantial. Further, most of WHEDA's loan and guarantee programs involve private business and housing development activities that are expected to generate additional revenues to repay the loan rather than public infrastructure improvement projects which do not necessarily generate additional revenues. Therefore, WHEDA is uncertain how many guarantees could be made under the proposed program and the viability of any loans that would be guaranteed.

14. DOA officials indicate that the bill would allow WHEDA the option to determine what the guarantee amount would be on each loan, therefore, WHEDA's risks could be reduced in that its exposure could be less than 80% on loans made.

15. As with the loan guarantees backed by the WDRF, all loans guaranteed by the Wisconsin drinking water reserve fund would be backed by the moral obligation of the Legislature to appropriate any funds necessary to meet the obligations created.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation, as technically modified, to create a safe drinking water loan guarantee program in WHEDA.

2. Approve the Governor's recommendation, as technically modified, and provide DNR the authority and $100,000 FED in 1997-98 to contract with WHEDA to establish and administer a safe drinking water loan guarantee program.

Alternative 2	FED
1997-99 FUNDING (Change to Bill)	$100,000

3. In addition to alternative 1 or 2, require WHEDA to maintain the same reserve ratio in the Wisconsin drinking water reserve fund as for the WDRF.

4. Maintain current law (no guarantee program would be established).

Prepared by: Al Runde

MO# Alts. 2 and 3

2 BURKE	Y	N	A
1 DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Small Business Loan Guarantee Program (WHEDA)

[LFB Summary: Page 652, #5 and Page 655, #7]

CURRENT LAW

WHEDA administers several loan guarantee programs related to business development, environmental contamination remediation and pollution abatement. The loan guarantee programs are backed by the Wisconsin Development Reserve Fund (WDRF), which must contain one dollar in its cash balance for every four dollars in total outstanding guarantees.

GOVERNOR

Reduce the required cash balance in the WDRF by increasing the reserve ratio to require one dollar in the cash balance for every $4.50 in total outstanding guarantees (rather than $4 currently) for all guarantee programs backed by the fund, except the loan to Taliesin, would remain at a 4 to 1 ratio.

Repeal several existing loan guarantee programs backed by the WDRF and consolidate much of the loan guarantee authority for those repealed programs under a single new loan guarantee program called the small business development loan guarantee program, with guarantee authority of $28,750,000. Repeal the specific authority for WHEDA to guarantee loans for contracts, tourism, agrichemical cleanup loans, targeted development, nonpoint source pollution abatement, clean air and stratospheric ozone protection.

Allow WHEDA to guarantee repayment of a portion of the principal of any loan eligible for guarantee not to exceed 80% or $200,000, whichever is less. Require WHEDA to establish the portion of the principal of an eligible loan to be guaranteed in an agreement with the participating lender. The Authority would be allowed to establish a single guarantee rate for all guaranteed loans that do not exceed $250,000 and a separate guarantee rate for loans that exceed $250,000 or, WHEDA could establish on an individual basis a different guarantee rate for eligible loans.

Eligible Loans. Loans under the small business loan guarantee program would be eligible to be guaranteed by the WDRF if all of the following apply:

(a) the loan proceeds are used for direct or related expenses associated with the expansion or acquisition of a business or start-up of a day care, including the purchase or improvement of land, buildings, machinery, equipment or inventory;

(b) loan proceeds are not used for: (1) refinancing existing debt; (2) entertainment expenses; (3) expenses related to the production of an agricultural commodity; or (4) expenses related to a community based residential facility;

(c) the loan term may not extend beyond 15 years after the date on which the lender disburses the loan unless WHEDA agrees to an extension of the loan term;

(d) the total principal amount of guaranteed loans to any one borrower could not exceed $750,000;

(e) the lender obtains a security interest in the physical plant, equipment, machinery or other assets;

(f) the lender believes it is likely that the borrower will be able to repay the loan in full with interest;

(g) the lender agrees to the guarantee percentage established for the loan by WHEDA; and

(h) WHEDA believes the loan will have a positive impact in terms of job creation or retention.

Eligible Borrowers. To be eligible for a loan guarantee, the borrower must be unable to obtain adequate financing on reasonable terms and be: (a) the elected governing body of a federally recognized American Indian tribe or band in this state; or (b) a business owner that is actively engaged in the business (primarily an in-state business or those committed to locating in the state), employs 50 or fewer employees and is not delinquent in the payment of child support.

DISCUSSION POINTS

WDRF Reserve Ratio

1. While the Legislature from time to time appropriates money to the WDRF, the WDRF itself is a separate fund internal to WHEDA that is not considered a part of the state's budget. The state's moral obligation pledge to appropriate any funds necessary to meet the obligations does apply to the WDRF. Further, under current law, WHEDA is required to transfer annually (on June 30) to the state's general fund any balance in the WDRF which remains after deducting amounts sufficient to pay outstanding claims and to fund guarantees under each of the loan guarantee programs backed by the fund. No funding has been transferred to the general fund since this statutory requirement was enacted because the balance in the WDRF has been less than the amounts needed to meet these objectives.

2. WHEDA determines the amount to be transferred to the general fund from the WDRF, after deducting any default payments, and after making the following additional adjustments: (1) administrative expenses for WDRF programs; (2) the cost of interest subsidies under the CROP and tourism loan guarantee programs; and (3) revenues from interest earned on the fund balance and from fees assessed for loan guarantee issuance. The balance of the WDRF has been declining in past years as shown in Table 1.

TABLE 1

WDRF Year End Balances
(Millions)

Year	Balance
1991-92	$19.0
1992-93	17.4
1993-94	15.5
1994-95	15.2
1995-96	14.2
1996-97*	13.0

* Projected

3. If the fund balance continues to decline, the statutorily required reserve ratio would cause a progressive lowering of the actual amount of loans that could be guaranteed by the fund. Adjusting the reserve ratio would extend the useful life of the WDRF based on existing reserves.

That is, if the WDRF balance were to continue to decline, a 4.5 to 1 ratio would allow for a greater amount of outstanding guarantees that could be made on the WDRF balance than would be allowed by a 4 to 1 ratio.

4. By increasing the reserve ratio to 4.5 to 1, or $4.50 in loan guarantees for every one dollar in the balance of the WDRF, the bill would increase the amount of loans that WHEDA could make. For example, the projected June 30, 1997, balance of $13.0 million could back $52.0 million in loan guarantees at a 4 to 1 ratio versus $58.5 million at a 4.5 to 1 ratio.

5. Conversely, while increasing the reserve ratio to 4.5 to 1 would extend the amount of loans WHEDA could guarantee under its current WDRF balance, a smaller amount of funds would be available to the WDRF to cover loans defaults. Consequently, the likelihood that the Legislature would be asked to appropriate additional funds to the WDRF in the event of a major economic downturn or other conditions that result in extraordinary default rates could increase if the reserve ratio were increased.

Repealed Programs

6. WHEDA is typically authorized to guarantee up to 90% of total loans or approximately $25.4 million for these programs ($22.9 million of the $25.4 million in loans could be guaranteed as shown in Table 2), although several programs have not guaranteed any loans.

7. Further, existing loans made under programs recommended for repeal would continue to be backed by the WDRF. In addition, the WDRF would continue to back other programs where no new guarantees are being made: (a) the cultural and architectural landmark loan guarantee program which has obligated all of its $7.2 million in guarantee authority for the Taliesin project (90% of the $8 million Taliesin loan); and (b) the recycling loan guarantee program under which no new loans can be guaranteed after December 3, 1993.

Therefore, WHEDA's available guarantee authority would be reduced by the amount of outstanding loans guaranteed under the programs recommended for repeal or an estimated $16.6 million (including the Taliesin guaranteed loan and the recycling loan guarantee program). Table 2 lists the current guarantee amounts of loans made under the programs that would be repealed in order to create the small business development loan program as well as the guarantee amounts under the Taliesin and recycling loan guarantee programs.

TABLE 2

Guarantee Authority of WHEDA Loan Guarantee Programs

	Maximum Guarantee Authority	Guarantee Amounts
SB 77 Repealed Programs		
Targeted Development Loans	$10,000,000	$5,558,400
Tourism Loans	8,000,000	3,693,800
Contract Loans	2,000,000	0
Clean Air Loans	900,000	0
Non-point Source Pollution Loans	850,000	4,500
Agrichemical Cleanup Loans	650,000	0
Stratospheric Ozone Protection Loans	500,000	0
Subtotal	$22,900,000	$9,256,700
Other Programs		
Taliesin	$7,200,000	$7,200,000
Recycling	0*	138,400
Subtotal	$7,200,000	$7,338,400
Grand Total	$30,100,000	$16,595,100

*The recycling loan program expired on December 3, 1993.

8. The estimated balance in the WDRF on June 30, 1997, is $13.0 million which means WHEDA could guarantee up to $58.5 million in loans (at a 4.5 to 1 ratio) under its various programs. However, approximately $16.6 million of the authority would be needed to back loans under the programs repealed under the bill. Therefore, as shown in Table 3, approximately $41.9 million in total guarantees could be made in 1997-98 under the bill, although remaining guarantee authority would total $60.75 million ($28.75 million associated with the proposed program and $32.0 million in existing program authority).

9. The bill would exclude agricultural loans from the small business loan guarantee program, however, the remaining WHEDA loan guarantee programs would involve agricultural financing: (a) $27.0 million in guarantee authority for the combined loans under the CROP program and the farm asset reinvestment program (FARM), which provides loans for acquisition of agricultural assets (machinery, equipment, land); and (b) $5.0 million in guarantee authority associated with the agribusiness loan program which makes loans to businesses involved in the development of viable methods of marketing or processing raw agricultural commodities in Wisconsin.

10. Because only $41.9 million in available guarantee authority would remain under the bill, the level of activity in one program could begin to constrict the level of activity in another program. Therefore, WHEDA would have to determine which programs would receive priority for the remaining guarantee authority available given the WDRF balance. For example, the CROP program has been a popular program to date with annual loan guarantees of $20.0 to 27.0 million per year. However, if the small business loan guarantee program were to become popular it could begin to use much of the remaining guarantee authority, which would limit the amount of loans guaranteed under the CROP program. That is, the programs would have to compete for the $41.9 million in guarantee authority available to be backed by the WDRF.

11. CROP/FARM and agribusiness loan programs can guarantee approximately $32.0 million in loans. In order to ensure that the small business development program does not constrict the amount of guarantees that could be made under the CROP/FARM program and the agribusiness loan program, the Committee could limit the guarantee authority under the new program to the amount of available reserves in the WDRF. WHEDA could request additional guarantee authority through legislation or from the Joint Finance Committee if the condition of the WDRF improves. Therefore, in the event the WDRF balance would increase (for example as loans from the repealed programs backed by the WDRF are repaid), WHEDA could seek additional guarantee authority.

12. While the default rates for the recycling loan guarantee program have been approximately 11%, the default rates for other WHEDA loan guarantee programs have ranged between less than 1% and 5%. It could be argued that the 4.5 to 1 ratio proposed in the bill would continue to provide a conservative estimate of the reserves necessary to back WHEDA's loan guarantees. A reserve ratio of 5 to 1 would allow sufficient reserves to cover guarantees and allow additional loans to be guaranteed under the small business loan guarantee program while ensuring the CROP/FARM and agribusiness loan programs would have full guarantee authority available. The following table lists the level of guarantees WHEDA could make based on various reserve ratios.

TABLE 3

Projected Loan Activity Under Various Reserve Ratios

	Ratio		
	4:1	4.5:1 (SB 77)	5:1
Guarantee Authority ($13.3 million WDRF Balance)	$52,000,000	$58,500,000	$65,000,000
Outstanding Guarantees on Repealed Programs	-16,595,000	-16,595,000	-16,595,000
Balance Available for Future Guarantees	$35,405,000	$41,905,000	$48,405,000
Less:			
CROP/FARM Authority	-27,000,000	-27,000,000	-27,000,000
Agribusiness Authority	-5,000,000	-5,000,000	-5,000,000
Allowable Small Business Development Loan Guarantee Authority	$3,405,000	$9,909,000	$16,405,000

Policy Concerns

13. A similar bill, 1995 Senate Bill 628, which would have created a small business loan guarantee program and establish a 5 to 1 reserve ratio, passed each house of the Legislature but in slightly different form during the 1995-97 session.

14. WHEDA would no longer be authorized to guarantee loans for the specific purposes currently delineated under each program. Further, the bill deletes the tourism loan program and associated interest subsidies of up to 3.5% of outstanding loan balances.

15. While the bill does not specify that borrowers currently eligible for the guarantee programs repealed in the bill would continue to be eligible for guarantees under the small business loan guarantee program, such borrowers could be eligible if the loan met the new program's requirements.

16. WHEDA's primary mission is to: (a) provide financing for affordable housing for low- and moderate-income people; and (b) for business development. As a result, WHEDA's expertise related to providing financing for businesses to meet environmental concerns is limited. Further, WHEDA officials indicate that programs aimed at specific environmental concerns that require specialized technical expertise are difficult to market in that WHEDA has to educate the state's financial community about the availability and requirements of the programs. Therefore, other than the expired recycling loan guarantee program, many of WHEDA's environmental guarantee programs have gone unused.

17. However, the tourism and the targeted loan guarantee program are more in line with WHEDA's mission related to business and economic development. Further, as indicated by the current level of guarantees shown in Table 2, the programs have been popular in the past. However, users of these programs would likely be able to meet the criteria and obtain loans under the proposed small business guarantee program. Further, retaining the programs would increase WHEDA's total outstanding guarantee authority.

18. Consolidating WHEDA's loan guarantee programs would streamline the agency's administrative and marketing functions and result in reduced administrative charges to the WDRF. Currently, WHEDA incurs expenses in developing rules and procedures with each guarantee program and in marketing the individual programs. Further, eliminating the tourism loan program would reduce the interest subsidy costs to the fund.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to: (a) increase the reserve ratio to require that one dollar in the cash balance for every $4.50 in total outstanding guarantees for all guarantee programs backed by the fund, except the loan to Taliesin, which would remain at a 4 to 1 ratio; (b) repeal the contract, tourism, agrichemical cleanup, targeted development, nonpoint source pollution abatement, clean air and stratospheric ozone protection loan guarantee programs; and (c) create a small business development loan guarantee program, with guarantee authority of $28,750,000.

2. Approve the Governor's recommendation except: (a) maintain the reserve ratio of 4 to 1; and (b) provide $3.4 million in guarantee authority for the small business loan guarantee program.

3. Approve the Governor's recommendation except provide $9.9 million in guarantee authority for the small business loan guarantee program (reserve ratio would be 4.5 to 1).

4. Approve the Governor's recommendation except: (a) create a 5 to 1 reserve ratio; and (b) provide $16.4 million in guarantee authority for the small business loan guarantee program.

5. Maintain current law.

Prepared by: Al Runde

MO# Alt 4

2 BURKE	Y	N	A
1 DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS 0

MO# Alt 3

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
1 JENSEN	Y	N	A
2 OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

Representative Jensen

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Multi-Family Housing Bonds

Motion:

Move to decrease the limit of outstanding bonds WHEDA may have at any one time for corporate purposes from $500 million to $325 million. Further, repeal the restriction that bonds issued after July 1, 1982, are limited to $170 million.

Note:

The statutes limit the amount of bonds and notes WHEDA may have outstanding for its multifamily program and certain other corporate purposes. While the statute maintains an overall $500 million limit, the amount of bonds and notes issued after July 1, 1982, is limited to $170 million. WHEDA has issued $159 million of such bonds and notes since 1982. The effect of the motion would be to allow WHEDA to issue an additional $155 million in bonds.

The bonds and notes are obligations of WHEDA and are generally comprised of Housing Revenue Bonds that finance multifamily rental housing. The State has placed its moral obligation on the Capital Reserve Fund that secures repayment of such bonds and notes. However, it is the opinion of WHEDA's bond counsel that such provisions do not constitute legally enforceable obligations nor create a debt on behalf of the State.

Scaling back the overall limit from $500 million to $325 million is recommended by WHEDA's bond counsel. The amounts available in the Capital Reserve Fund have been adequate to meet all capital reserve requirements. WHEDA indicates that removing the 1982 limit of $170 million would not cause stress on the Capital Reserve Fund.

MO# 1091

2 BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
1 JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

Motion #1091

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

LFB Summary Items for Which No Issue Papers Have Been Prepared

Item #	Title
3	Beginning Farmer Loan Program
4	Job Training Reserve Fund
7	Wisconsin Development Reserve Fund (except reserve ratio)
8	Sports and Entertainment Stadiums
9	Economic Development Loans

LFB Summary Item to be Addressed in a Subsequent Paper

Item #	Title
1	Brownfields Redevelopment Loan Guarantee Program

LFB Summary Items for Introduction as Separate Legislation

Item #	Title
6	Repeal Loan Guarantee Programs
10	Memorandum of Understanding
11	Economic Development Reports