

2001 DRAFTING REQUEST

Bill

Received: **01/07/2002**

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Geisler**

This file may be shown to any legislator: **NO**

Drafter: **champra**

May Contact:

Adl. Drafters:

Subject: **State Finance - bud generally**
State Finance - miscellaneous

Extra Copics:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to: **rick.champagne@legis.state.wi.us**

Pre Topic:

DOA:.....Geisler -

Topic:

Federal Match Star program

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	champra 01/08/2002	hhagen 01/08/2002	pgreensl 01/09/2002	_____	lrb_docadmin 01/09/2002		S&L
/2	champra 01/16/2002	csicilia 01/16/2002	haugeca 01/16/2002	_____	lrb_docadmin 01/16/2002		S&L

FE Sent For:

<END>

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1?	champra	11 hmb 1/8/02	1/9 PQ	1/9 PST KJK			

FE Sent For:

<END>

Miller, Steve

From: Geisler, Jeffrey
Sent: Monday, January 07, 2002 9:09 AM
To: Miller, Steve
Cc: Koskinen, John; Worzala, David; Caucutt, Dan
Subject: Drafting Request for Budget Adjustment Bill

Steve,
This is a request for a budget adjustment bill item.

Please note that this item should be shown as a John Koskinen draft. David Worzala (6-8269) and John Koskinen (6-2081) will work jointly with the drafter to answer questions and refine the draft.

We would like this proposal to be known as the Federal Match Star Proposal.

The state has learned that one of the biggest obstacles to local communities applying for federal grants is the lack of a source of matching funds.

This proposal would help to overcome this obstacle by a providing low interest loans for use as matching funds for federal grants.

This proposal would clarify that the Board of Commissioners of Public Lands has the ability to make loans from the Common School Fund for the purpose of giving local communities access to matching funds.

To this end, please draft the following provisions

- Expand the authorization of eligible purposes for loans from the Common School Fund to explicitly include matching federal funds.
- All entities currently eligible to borrow from the Fund would be eligible for this purpose.
- Limit the access to loans for this purpose to discretionary federal grants and explicitly exclude federal formula grants and state administered pass through grants.
- Restrict the total amount of these matching fund loans to no more than \$50,000,000 of total funds available to the Board for loans and investments. *+ trust funds*
- Require annual report by the Board to DOA and the legislature on loan activity and include performance measures such as federal return on loaned amounts.
- Limit the interest charge to the interest earned on the investment by the State Investment Funds to encourage usage.
- Limit the maximum term of the loan to five years.

Remaining questions:

David Worzala and John Koskinen understand that you may need a definition of "discretionary federal grants", "federal formula grants" and "state administered pass through grants" and the drafter should contact them for those definitions.

Jeffrey A. Geisler
DOA State Budget Office
266-1805



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4576/1
RAC:hmk

Seam

Guisler
DOA:.....Koskinen - Federal Match Star program

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

- do not gen*
- 1 AN ACT ...; relating to: establishing a loan program to provide matching funds
 - 2 for certain federal government grants from moneys in trust funds administered
 - 3 by the board of commissioners of public lands.

Analysis by the Legislative Reference Bureau

✓ STATE GOVERNMENT

✓ STATE FINANCE

This bill requires the board of commissioners of public lands (BCPL) to establish a program, to be known as the federal match star program, under which BCPL may loan moneys belonging to the common school fund, the normal school fund, the university fund, and the agricultural college fund to any municipality eligible to receive a BCPL state trust fund loan. Under the program, the moneys must be used to provide matching funds for any federal discretionary grant that requires the municipality to provide matching funds as a condition of receiving the grant. A federal discretionary grant is defined in the bill as a grant awarded directly to a municipality by the federal government following a competitive application process. The bill, however, provides that the total amount of loans that may be made may not exceed \$50,000,000. In addition, BCPL may not make loans to provide matching funds for federal grants awarded to a state or municipality in accordance with a distribution formula prescribed by federal law or federal regulation or for federal grants awarded and paid to the state but spent by a municipality.

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. 24.61 (3) (e) of the statutes is created to read:

2 24.61 (3) (e) *Federal match star program loan.* 1. In this paragraph:

3 a. "Federal discretionary grant" means a grant awarded by the federal
4 government directly to a municipality following a competitive application process.

5 b. "Federal formula grant" means a grant awarded by the federal government
6 to a state or municipality in accordance with a distribution formula that is prescribed
7 by federal law or regulation.

8 c. "State-administered pass-through federal grant" means a grant awarded by
9 the federal government to the state and that is paid to the state, but is spent by a
10 municipality.

11 2. Subject to subd. 3., the board shall establish a program, to be known as the
12 federal match star program, under which the board may loan moneys belonging to
13 the trust funds to any municipality that is eligible to receive a loan under this
14 subsection, for the purpose of providing matching funds for any federal discretionary
15 grant that requires the municipality to provide matching funds as a condition of
16 receiving the grant.

17 3. a. The total amount of loans that may be made under subd. 2. may not exceed
18 \$50,000,000.

19 b. No loans may be made under subd. 2. to a municipality to provide matching
20 funds for state-administered pass-through grants or federal formula grants.

1 4. Annually, the board shall submit a report to the department of
 2 administration and to the chief clerk of each house of the legislature, for distribution
 3 to the legislature under s. 13.172 (2), that specifies the amount of moneys loaned to
 4 municipalities under subd. 2. and the amount of federal discretionary grants
 5 awarded to municipalities that use loans under subd. 2. as matching funds for the
 6 grants.

7 **SECTION 2.** 24.63 (1) of the statutes is amended to read:

8 24.63 (1) LOANS OTHER THAN TO SCHOOL DISTRICTS. ~~A~~ Except as provided in sub.
 9 (2s), a state trust fund loan, other than a loan to a school district, may be made for
 10 any term not exceeding 20 years and may be made payable in instalments. A state
 11 trust fund loan to a municipality other than a school district shall be in an amount
 12 which ^{that} does not, together with all other indebtedness of the municipality applying for
 13 the loan, exceed 5% of the valuation of the taxable property within the municipality
 14 as equalized for state purposes. If a state trust fund loan is made to pay off existing
 15 indebtedness, it may be advanced to the borrower in instalments ^{instalments} as fast as the
 16 indebtedness or the evidence of indebtedness is canceled.

17 **History:** 1975 c. 224, 422; 1979 c. 221; 1981 c. 169; Stats. 1981 s. 24.63; 1983 a. 423; 1985 a. 225; 1987 a. 76; 1995 a. 27; 1999 a. 9; 2001 a. 16.

18 **SECTION 3.** 24.63 (2) of the statutes is amended to read:

19 24.63 (2) SCHOOL DISTRICT LOANS. ~~A~~ Except as provided in sub. (2s), a state trust
 20 fund loan to a school district may be made for any time, not exceeding 20 years, as
 21 is agreed upon between the school district and the board, and for an amount which ^{that}
 22 together with all other indebtedness of that district, does not exceed its allowable
 23 indebtedness as determined under s. 67.03 (1).

23 **History:** 1975 c. 224, 422; 1979 c. 221; 1981 c. 169; Stats. 1981 s. 24.63; 1983 a. 423; 1985 a. 225; 1987 a. 76; 1995 a. 27; 1999 a. 9; 2001 a. 16.

SECTION 4. 24.63 (2m) of the statutes is amended to read:

1 24.63 (2m) COOPERATIVE EDUCATIONAL SERVICE AGENCY LOANS. ~~A~~ Except as
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 3 agency may be made for any term, not exceeding 20 years, as is agreed upon between
 4 the agency and the board, and for a total amount ~~which~~ ^{that} for each school district for
 5 which the loan is sought, in the proportion determined under s. 24.61 (7), together
 6 with all other indebtedness of the school district, does not exceed the school district's
 7 allowable indebtedness under s. 67.03 (1).

8 History: 1975 c. 224, 422; 1979 c. 221; 1981 c. 169; Stats. 1981 s. 24.63; 1983 a. 423; 1985 a. 225; 1987 a. 76; 1995 a. 27; 1999 a. 9; 2001 a. 16.

8 **SECTION 5.** 24.63 (2s) of the statutes is created to read:

9 24.63 (2s) FEDERAL MATCH STAR PROGRAM LOANS. A loan under s. 24.61 (3) (e)
 10 to a municipality, may be made for any term not exceeding 5 years. A loan under s.
 11 24.61 (3) (e) to a municipality other than a school district shall be in an amount ~~which~~ ^{that}
 12 does not, together with all other indebtedness of the municipality applying for the
 13 loan, exceed 5% of the valuation of the taxable property within the municipality as
 14 equalized for state purposes. A loan under s. 24.61 (3) (e) to a school district shall
 15 be in an amount ~~which~~ ^{that} together with all other indebtedness of that district, does not
 16 exceed its allowable indebtedness as determined under s. 67.03 (1).

17 **SECTION 6.** 24.63 (3) of the statutes is amended to read:

18 24.63 (3) INTEREST RATES. All state trust fund loans shall bear and draw interest
 19 at a rate not less than 2% payable annually, except that the interest charged on a loan
 20 under s. 24.61 (3) (e) shall accrue at the earnings rate received by the state on moneys
 21 held in the state investment fund.

22 History: 1975 c. 224, 422; 1979 c. 221; 1981 c. 169; Stats. 1981 s. 24.63; 1983 a. 423; 1985 a. 225; 1987 a. 76; 1995 a. 27; 1999 a. 9; 2001 a. 16.

22 **SECTION 7.** 24.73 of the statutes is amended to read:

23 **24.73 Extension of loan.** All loans made or ~~which~~ ^{that} may be made from any state
 24 trust funds, other than loans under s. 24.61 (3) (e), to any borrower may be extended

1 for such time and upon such terms as may be agreed upon by and between the board
2 and such borrower; provided, however, that no loan shall be extended upon which
3 there is any default in the payment of interest at the time of making application
4 therefor, nor to any period beyond 20 years from its inception, nor at any rate of
5 interest less than the minimum established by law.

6 **History:** 1981 c. 169; Stats. 1981 s. 24.73; 1995 a. 27.

(END)

Champagne, Rick

From: Koskinen, John
Sent: Wednesday, January 16, 2002 10:25 AM
To: Champagne, Rick
Subject: RE: LRB Draft: 01-4576/1 Federal Match Star program

The folks in Fed-State relations suggest a few changes.

On page 2, line 16, add "outstanding" after "loans." The objective is to make the \$50,000,000 a revolving credit line. Once some loans are repaid, more can be lent.

Add a paragraph along the lines of "Any rule needed to implement the federal match star program will be promulgated in conjunction with the Department of Administration." Fed-State relations would like to review the rules before they are set.

-----Original Message-----

From: Greenslet, Patty
Sent: Wednesday, January 09, 2002 12:09 PM
To: Geisler, Jeffrey
Cc: Koskinen, John; Uecker, Deborah; Hanaman, Cathlene; Haugen, Caroline
Subject: LRB Draft: 01-4576/1 Federal Match Star program

Following is the PDF version of draft 01-4576/1.

<< File: 01-4576/1 >>



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4576/2
RAC:hmh:pg

Today

RMR

DOA:.....Geisler - Federal Match Star program

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

Do NOT GEN

- 1 AN ACT ... relating to: establishing a loan program to provide matching funds
- 2 for certain federal government grants from moneys in trust funds administered
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Analysis by the Legislative Reference Bureau
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This bill requires the board of commissioners of public lands (BCPL) to establish a program, to be known as the federal match star program, under which BCPL may loan moneys belonging to the common school fund, the normal school fund, the university fund, and the agricultural college fund to any municipality eligible to receive a BCPL state trust fund loan. Under the program, the moneys must be used to provide matching funds for any federal discretionary grant that requires the municipality to provide matching funds as a condition of receiving the grant. A federal discretionary grant is defined in the bill as a grant awarded directly to a municipality by the federal government following a competitive application process. The bill, however, provides that the total amount of loans that may be made may not exceed \$50,000,000. In addition, BCPL may not make loans to provide matching funds for federal grants awarded to a state or municipality in accordance with a distribution formula prescribed by federal law or federal regulation or for federal grants awarded and paid to the state but spent by a municipality.

Outstanding

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7 by federal law or regulation.

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9 the federal government to the state and that is paid to the state, but is spent by a
10 municipality.

11 2. Subject to subd. 3., the board shall establish a program, to be known as the
12 federal match star program, under which the board may loan moneys belonging to
13 the trust funds to any municipality that is eligible to receive a loan under this
14 subsection, for the purpose of providing matching funds for any federal discretionary
15 grant that requires the municipality to provide matching funds as a condition of
16 receiving the grant. ↑

17 3. a. The total amount of loans ^{outstanding} ~~that may be~~ made under subd. 2. may not exceed
18 \$50,000,000.

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5 (END)

(2-16)



11011

In consultation with the department of administration, the board shall promulgate rules to implement the program.

D-Note

This version of the draft will require BCPL to consult with DOA ~~and~~ when promulgating rules to implement the Federal Match Star program.

RAC

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4576/2dn
RAC:lmh:ch

January 16, 2002

This version of the draft will require BCPL to consult with DOA when promulgating rules to implement the Federal Match Star program.

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-4576/2

RAC:hmh:ch

DOA:.....Geisler – Federal Match Star program

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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5 (END)