

**2001 DRAFTING REQUEST**

**Bill**

Received: 11/01/2000

Received By: kahlepj

Wanted: Soon

Identical to LRB:

For: Administration-Budget 6-7329

By/Representing: Walker

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Alt. Drafters:

Subject: Econ. Development - bus. dev.

Extra Copies: Fritz Ruf of WHEDA

**Pre Topic:**

DOA:.....Walker -

**Topic:**

Allow loan guarantees under the small business guarantee program for certain start-up businesses

**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>
/?	kahlepj 11/01/2000						State
/P1			jfrantze 11/02/2000		lrb_docadmin 11/02/2000		State
/P2	kahlepj 11/27/2000	hhagen 11/29/2000	martykr 11/29/2000		lrb_docadmin 11/29/2000		State
/1	kahlepj 12/01/2000	hhagen 12/04/2000	pgreensl 12/04/2000		gretskl 12/04/2000		State
/2	kahlepj	hhagen	martykr		gretskl		State

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	12/22/2000 kahlepj 01/08/2001	12/27/2000 hhagen 01/08/2001	12/28/2000 _____ _____ _____		12/28/2000		
/3			martykr 01/08/2001 _____ _____		lrb_docadmin 01/08/2001		State
/4	kahlepj 01/11/2001	wjackson 01/11/2001	jfrantze 01/12/2001 _____ _____		lrb_docadmin 01/12/2001		State
/5	kahlepj 02/06/2001	wjackson 02/06/2001	martykr 02/07/2001 _____ _____		lrb_docadmin 02/07/2001		

FE Sent For:

<END>

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/2	kahlepj	hhagen	martykr		gretskl		State

*Handwritten signatures and initials:*  
 Martykr (under 11/29/2000)  
 Kahlepj (under 12/04/2000)  
 Gretskl (under 12/04/2000)

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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14 wlj 1/11  
 Jb 1/12  
 Jb / [Signature] 1/12  
 KM

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12/28/00 KRG

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FE Sent For:

13 hmk  
1/8/01  
KRG  
KRG

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FE Sent For:

*12 hmk*  
*12/27/00*

*Km 12/28*

*PD*  
*Km 12/28*

<END>

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/P1			jfrantze 11/02/2000	<i>pg/km</i>	lrb_docadmin 11/02/2000		State
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FE Sent For:

*1, hmk  
12/4/00  
pg  
12/4*

<END>

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/P1			jfrantze 11/02/2000		lrb_docadmin 11/02/2000		

FE Sent For:

~~11/29/00~~ ~~11/29/00~~

*Handwritten initials and dates*

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FE Sent For:

<END>

William Walker S-7329

DOA budget request for WTEDA

1. Expand the WICDA Small Business Guarantee program for use by small business startups that will occupy vacant store fronts in rural downtowns and community centers. This will be a change to (at least) 234.83(2). The point is that the loans currently can only be given to existing businesses, not startups.



State of Wisconsin  
2001 - 2002 LEGISLATURE

RMR 0880 A1  
LRB-0772/A  
PJK  
hh  
+  
jld

DOA:.....Walker - Allow loan guarantees under the small business guarantee program for certain start-up businesses

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

SOON  
(10-26)  
J-note

do not gen cat

1 AN ACT...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*  
✓ **COMMERCE AND ECONOMIC DEVELOPMENT**

✓ **ECONOMIC DEVELOPMENT**

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of loan guarantee programs under which WHEDA guarantees repayment of a percentage of the outstanding principal amounts of loans made by private lenders to qualified borrowers for various business and agricultural purposes. Under the small business development loan guarantee program, WHEDA may guarantee repayment of up to the lesser of \$200,000 or 80% of the principal of a loan made by a private lender to an eligible borrower. An eligible borrower is an existing business with 50 or fewer full-time employees or the elected governing body of a federally recognized American Indian tribe or band in this state. The bill adds as an eligible borrower a person proposing to start up a business that will employ 50 or fewer full-time employees and that will locate in a vacant storefront in the downtown area of a rural community. The bill also changes the eligible uses for the proceeds of a guaranteed loan to the start-up, expansion, or acquisition of a business. Under current law, the proceeds may be used only for the expansion or acquisition of a business or for the start-up of a day care business.

For further information see the *state* 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:***

SECTION 1. 234.83 (2) (am) of the statutes is created to read:

234.83 (2) (am) A person proposing to start up a business, if all of the following apply:

1. The business will locate in a vacant storefront in the downtown area of a rural community.

\*\*\*\*NOTE: Do you want to define "rural community"? See the definition of "rural municipality" (which we could use instead of "rural community") in s. 560.17 (1) (d).

2. The business will employ 50 or fewer employees on a full-time basis.

3. The person's name does not appear on the statewide support lien docket under s. 49.854 (2) (b). The condition under this subdivision is met for a person whose name does appear if the person provides to the authority a payment agreement that has been approved by the county child support agency under s. 59.53 (5) and that is consistent with rules promulgated under s. 49.858 (2) (a).

SECTION 2. 234.83 (3) (a) (intro.) and 1. of the statutes are consolidated, renumbered 234.83 (3) (a) and amended to read:

234.83 (3) (a) The borrower uses the loan proceeds for a business development project. Loan proceeds may be used for direct or related expenses associated with any of the following: 1. The the start-up, expansion, or acquisition of a business, including the purchase or improvement of land, buildings, machinery, equipment, or inventory.

History: 1991 a. 39; 1993 a. 394; 1997 a. 27; 1999 a. 9.

SECTION 3. 234.83 (3) (a) 2. of the statutes is repealed.

\*\*\*\*NOTE: Do you want to change the eligible uses for loan proceeds in this way? I assumed that, if business start-ups were eligible borrowers, s. 234.83 (3) (a) 1. should

be expanded to include starting up a business. If s. 234.83 (3) (a) 1. includes starting up a business, s. 234.83 (3) (a) 2. is redundant because a day care business is a business.

1

(END)

*D-note*

DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

-08801H  
LRB-07/2/01  
PJK  
hmk  
JLD

Deadline

Bill:

The instructions called for expanding the program under s. 234.83 to small business start-ups that will occupy vacant storefronts in rural downtowns and community centers. I wasn't sure where "community centers" fit in. Are they eligible borrowers, as in "small business start-ups and community centers"? Are they what the small business start-ups will occupy, as in "vacant storefronts and community centers"? Are they where the vacant storefronts are located, as in "vacant storefronts in rural downtowns and community centers"? Perhaps something different from all of the above? None seems to make sense.



Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: pam.kahler@legis.state.wi.us

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

LRB-0880/P1dn  
PJK:hmh&jld:jf

November 2, 2000

**Bill:**

The instructions called for expanding the program under s. 234.83 to small business start-ups that will occupy vacant storefronts in rural downtowns and community centers. I wasn't sure where "community centers" fit in. Are they eligible borrowers, as in "small business start-ups and community centers"? Are they what the small business start-ups will occupy, as in "vacant storefronts and community centers"? Are they where the vacant storefronts are located, as in "vacant storefronts in rural downtowns and community centers"? Perhaps something different from all of the above? None seems to make sense.

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: pam.kahler@legis.state.wi.us

## Kahler, Pam

---

**From:** Walker, William  
**Sent:** Wednesday, November 22, 2000 11:55 AM  
**To:** Kahler, Pam  
**Subject:** FW: LRB Draft: 01-0880/P1 Allow loan guarantees under the small business guarantee program for certain start-up businesses

Three points to be used in a redraft:

1. Regarding the instruction expanding the program to small business startups "that will occupy vacant store fronts in rural downtowns and community centers." WHEDA (i.e., Jim Langdon, Executive Director) says that "and community center" is redundant. They meant "community center" to be a synonym for downtown. "The heart of a community, an urban center, etc." Let's just use the phrase "downtown area of a rural community" as you have it in the present draft.
2. Regarding your note for s. 234.83 (2) (am) 1. WHEDA does not like the definition in s. 560.17 (1) (d) because it is too restrictive for their purposes. They would prefer something similar to s. 234.907 (2) (d). They want something like "a rural community is a city, town or village in this state with a population of less than 50,000." (You may want to build the definition directly into the eligibility criterion in s. 234.83 (2) (am) 1.)
3. WHEDA is uncomfortable with your suggestion in section 3 of this draft to shorten up s. 234.83 (3) (a). I agree that the language in s. 234.83 (3) (a) 2. is redundant. However, eliminating it makes it sound like any startup is eligible even though the criteria in s. 234.83 (2) (am) is controlling. They don't want the appearance of serving all startups. They would prefer to see the creation of a s. 234.83 (3) (a) 3. "The startup, expansion or acquisition of a business that will locate in a vacant storefront in a rural community..." Of course, that would make an even more redundant mess but it would at least make it clear that eligibility for startups is only applicable to day cares and rural vacant storefront occupiers.

If you have ideas on how to make this more elegant while preserving the limits on startup eligibility, feel free to let me know. I'm not personally concerned with streamlining at this point however.

(I'm still waiting for a reply from WHEDA on your question about s. 234.93 (4m) (inclusion of Taliesin).)

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

**From:** Frantzen, Jean  
**Sent:** Thursday, November 02, 2000 9:23 AM  
**To:** Walker, William  
**Cc:** Schmiedicke, David; Currier, Dawn; Hanaman, Cathlene; Haugen, Caroline  
**Subject:** LRB Draft: 01-0880/P1 Allow loan guarantees under the small business guarantee program for certain start-up businesses

Following is the PDF version of draft 01-0880/P1.



01-0880/P1



01-0880/P1.dh



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0880/P2

PJK:hnh&jld:jf

hnh  
r m is run (to P2)

DOA:.....Walker - Allow loan guarantees under the small business guarantee program for certain start-up businesses

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

D-note  
soon  
(11-27)

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gen cost

small business (a

1 AN ACT ... relating to: the budget.

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small

Insert A

For further information see the *state* 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:*

Insert 2-1

1

SECTION 1. 234.83 (2) (~~am~~) of the statutes is created to read:

2

234.83 (2) (~~am~~) A person proposing to start up a business, if all of the following

3

apply:

4

1. The business will locate in a vacant storefront in the downtown area of a

5

rural community.

\*\*\*NOTE: Do you want to define "rural community"? See the definition of "rural municipality" (which we could use instead of "rural community") in s. 560.17 (1) (d).

6

2. The business will ~~employ~~ *employ* fewer employees on a full-time basis.

7

3. The person's name does not appear on the statewide support lien docket

8

under s. 49.854 (2) (b). The condition under this subdivision is met for a person whose

9

name does appear if the person provides to the authority a payment agreement that

10

has been approved by the county child support agency under s. 59.53 (5) and that is

11

consistent with rules promulgated under s. 49.858 (2) (a).

be a small business

12

SECTION 2. 234.83 (3) (a) (intro.) and 1. of the statutes are consolidated,

13

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14

234.83 (3) (a) The borrower uses the loan proceeds for a business development

15

project. ~~Loan proceeds may be used for~~ direct or related expenses associated with any

16

of the following: 1. ~~The~~ the start-up, expansion, or acquisition of a business,

17

including the purchase or improvement of land, buildings, machinery, equipment, or

18

inventory.

19

SECTION 3. 234.83 (3) (a) 2. of the statutes is repealed.

\*\*\*NOTE: Do you want to change the eligible uses for loan proceeds in this way? I assumed that, if business start-ups were eligible borrowers, s. 234.83 (3) (a) 1. should

Insert 2-19

be expanded to include starting up a business. If s. 234.83 (3) (a) 1. includes starting up a business, s. 234.83 (3) (a) 2. is redundant because a day care business is a business.

1

(END)

*D-note*

2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0880/P2ins  
PJK:hmh&jld:jf

INSERT A

, which is defined in the bill as a city, town, or village with a population of less than 50,000.

Under current law, the proceeds of a small business development loan may be used only for expenses associated with the expansion or acquisition of a business or with the start-up, expansion, or acquisition of a day care business. The bill adds to the eligible uses of a small business development loan expenses associated with the start-up of a small business in a vacant storefront in the downtown area of a rural community

(END OF INSERT A)

INSERT 2-1

1            **SECTION 1.** 234.83 (1) of the statutes is renumbered 234.83 (1m).

2            **SECTION 2.** 234.83 (1c) of the statutes is created to read:

3            234.83 (1c) DEFINITION. In this section:

4            (a) "Rural community" means a city, town, or village in this state with a  
5            population of less than 50,000.

6            (b) "Small business" means a business, as defined in s. 560.60 (2), that employs  
7            50 or fewer employees on a full-time basis.

8            **SECTION 3.** 234.83 (2) (a) (intro.) of the statutes is amended to read:

9            234.83 (2) (a) (intro.) A business, ~~as defined in s. 560.60 (2),~~ to which all of the  
10           following apply:

History: 1991 a. 39; 1993 a. 394; 1997 a. 27; 1999 a. 9.

11           **SECTION 4.** 234.83 (2) (a) 2. of the statutes is amended to read:

12           234.83 (2) (a) 2. The business employs 50 or fewer employees on a full-time  
13           basis is a small business.

History: 1991 a. 39; 1993 a. 394; 1997 a. 27; 1999 a. 9.

(END OF INSERT 2-1)

INSERT 2-19

1            ~~X~~  
**SECTION 5.** 234.83 (3) (a) 1. of the statutes is amended to read:

2            234.83 (3) (a) 1. ~~The~~ If the borrower is eligible under sub. (2) (a) or (b), the  
3 expansion or acquisition of a business, including the purchase or improvement of  
4 land, buildings, machinery, equipment, or inventory.

5 History: 1991 a. 39; 1993 a. 394; 1997 a. 27; 1999 a. 9. ~~X~~

5            **SECTION 6.** 234.83 (3) (a) 2. of the statutes is amended to read:

6            234.83 (3) (a) 2. ~~The~~ If the borrower is eligible under sub. (2) (a) or (b), the  
7 start-up, expansion, or acquisition of a day care business, including the purchase or  
8 improvement of land, buildings, machinery, equipment, or inventory.

9 History: 1991 a. 39; 1993 a. 394; 1997 a. 27; 1999 a. 9. ~~X~~

9            **SECTION 7.** 234.83 (3) (a) 3. of the statutes is created to read:

10           234.83 (3) (a) 3. If the borrower is eligible under sub. (2) (c), the start-up of a  
11 small business in a vacant storefront in the downtown area of a rural community,  
12 including the purchase or improvement of land, buildings, machinery, equipment, or  
13 inventory.

14           ~~X~~  
**SECTION 8.** 234.83 (4) (a) of the statutes is amended to read:

15           234.83 (4) (a) Subject to par. (b), the authority may guarantee repayment of a  
16 portion of the principal of any loan eligible for a guarantee under sub. (1) (1m). That  
17 portion may not exceed 80% of the principal of the loan or \$200,000, whichever is less.  
18 The authority shall establish the portion of the principal of an eligible loan that will  
19 be guaranteed, using the procedures described in the agreement under s. 234.93 (2)  
20 (a). The authority may establish a single portion for all guaranteed loans that do not  
21 exceed \$250,000 and a single portion for all guaranteed loans that exceed \$250,000  
22 or establish on an individual basis different portions for eligible loans that do not  
23 exceed \$250,000 and different portions for eligible loans that exceed \$250,000.

History: 1991 a. 39; 1993 a. 394; 1997 a. 27; 1999 a. 9.

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

LRB-0880/P2dn  
PJK/hmh/sjd/jf

*Date*

Bill Walker:

1. Normally towns do not have downtown areas with storefronts. Do you want to delete "town" from the definition of "rural community"?
2. I would have used your suggestion about incorporating the definition of "rural community" into s. 234.83 (2) (c) 1. but, since I used the phrase again in s. 234.83 (3) (a) 3., I thought it would be less wordy to create a definition. I also created a definition for "small business" to avoid some of the repetition that would have been required without it.
3. I limited s. 234.83 (3) (a) 3. to the "start-up" of a small business because the eligible person is proposing only a start-up. Do you want "expansion or acquisition" added?
4. I assume that "expansion or acquisition" of a day care business should remain in s. 234.83 (3) (a) 2., even though s. 234.83 (3) (a) 1. covers that. Right?

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: pam.kahler@legis.state.wi.us

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

LRB-0880/P2dn

PJK:hmb:km

November 29, 2000

Bill Walker:

1. Normally towns do not have downtown areas with storefronts. Do you want to delete "town" from the definition of "rural community"?
2. I would have used your suggestion about incorporating the definition of "rural community" into s. 234.83 (2) (c) 1. but, since I used the phrase again in s. 234.83 (3) (a) 3., I thought it would be less wordy to create a definition. I also created a definition for "small business" to avoid some of the repetition that would have been required without it.
3. I limited s. 234.83 (3) (a) 3. to the "start-up" of a small business because the eligible person is proposing only a start-up. Do you want "expansion or acquisition" added?
4. I assume that "expansion or acquisition" of a day care business should remain in s. 234.83 (3) (a) 2., even though s. 234.83 (3) (a) 1. covers that. Right?

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: pam.kahler@legis.state.wi.us



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0880/1

PJK:hmk:km

hmk  
run to 11

DOA:.....Walker - Allow loan guarantees under the small business  
guarantee program for certain start-up businesses

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

Soon  
(12-1)

D-note

do not  
get cost

1 AN ACT; relating to: the budget.

*Analysis by the Legislative Reference Bureau*  
**COMMERCE AND ECONOMIC DEVELOPMENT**

**ECONOMIC DEVELOPMENT**

WHEDA administers a number of loan guarantee programs under which WHEDA guarantees repayment of a percentage of the outstanding principal amounts of loans made by private lenders to qualified borrowers for various business and agricultural purposes. Under the small business development loan guarantee program, WHEDA may guarantee repayment of up to the lesser of \$200,000 or 80% of the principal of a loan made by a private lender to an eligible borrower. An eligible borrower is an existing small business (a business with 50 or fewer full-time employees) or the elected governing body of a federally recognized American Indian tribe or band in this state. The bill adds as an eligible borrower a person proposing to start up a small business that will locate in a vacant storefront in the downtown area of a rural community, which is defined in the bill as a city, town, or village with a population of less than 50,000.

Under current law, the proceeds of a small business development loan may be used only for expenses associated with the expansion or acquisition of a business or with the start-up, expansion, or acquisition of a day care business. The bill adds to the eligible uses of a small business development loan expenses associated with the

start-up of a small business in a vacant storefront in the downtown area of a rural community.

For further information see the *state* 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.** 234.83<sup>X</sup> (1) of the statutes is renumbered 234.83 (1m).

2           **SECTION 2.** 234.83 (1c) of the statutes is created to read:

3           234.83 (1c) **DEFINITION.**<sup>S</sup> In this section:

4           (a) "Rural community" means a city, town, or village in this state with a  
5 population of less than 50,000.

6           (b) "Small business" means a business, as defined in s. 560.60<sup>✓</sup> (2), that employs  
7 50 or fewer employees on a full-time basis.

8           **SECTION 3.** 234.83 (2) (a) (intro.)<sup>X</sup> of the statutes is amended to read:

9           234.83 (2) (a) (intro.) A business, as defined in s. 560.60 (2), to which all of the  
10 following apply:

11           **SECTION 4.** 234.83 (2) (a) 2. of the statutes is amended to read:

12           234.83 (2) (a) 2. The business ~~employs 50 or fewer employees on a full-time~~  
13 basis is a small business.<sup>✓</sup>

14           **SECTION 5.** 234.83 (2) (c)<sup>✓</sup> of the statutes is created to read:

15           234.83 (2) (c) A person proposing to start up a business, if all of the following  
16 apply:

17           1. The business will locate in a vacant storefront in the downtown area of a  
18 rural community.

19           2. The business will be a small business.

Insert 2-13

Insert 3-5

1           3. The person's name does not appear on the statewide support lien docket  
 2 under s. 49.854 (2) (b). The condition under this subdivision is met for a person whose  
 3 name does appear if the person provides to the authority a payment agreement that  
 4 has been approved by the county child support agency under s. 59.53 (5) and that is  
 5 consistent with rules promulgated under s. 49.858 (2) (a).

6           **SECTION 6.** 234.83 (3) (a) 1. of the statutes is amended to read:

7           234.83 (3) (a) 1. ~~The~~ If the borrower is eligible under sub. (2) (a) or (b), the  
 8 expansion or acquisition of a business, including the purchase or improvement of  
 9 land, buildings, machinery, equipment, or inventory.

10           **SECTION 7.** 234.83 (3) (a) 2. of the statutes is amended to read:

11           234.83 (3) (a) 2. ~~The~~ If the borrower is eligible under sub. (2) (a) or (b), the  
 12 start-up, expansion, or acquisition of a day care business, including the purchase or  
 13 improvement of land, buildings, machinery, equipment, or inventory.

14           **SECTION 8.** 234.83 (3) (a) 3. of the statutes is created to read:

15           234.83 (3) (a) 3. If the borrower is eligible under sub. (2) (c), the start-up of a  
 16 small business in a vacant storefront in the downtown area of a rural community,  
 17 including the purchase or improvement of land, buildings, machinery, equipment, or  
 18 inventory.

19           **SECTION 9.** 234.83 (4) (a) of the statutes is amended to read:

20           234.83 (4) (a) Subject to par. (b), the authority may guarantee repayment of a  
 21 portion of the principal of any loan eligible for a guarantee under sub. (1) (1m). That  
 22 portion may not exceed 80% of the principal of the loan or \$200,000, whichever is less.  
 23 The authority shall establish the portion of the principal of an eligible loan that will  
 24 be guaranteed, using the procedures described in the agreement under s. 234.93 (2)  
 25 (a). The authority may establish a single portion for all guaranteed loans that do not

1 exceed \$250,000 and a single portion for all guaranteed loans that exceed \$250,000  
2 or establish on an individual basis different portions for eligible loans that do not  
3 exceed \$250,000 and different portions for eligible loans that exceed \$250,000.

4 (END)

*D-note*

2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0880/lins  
PJK:hmh:km

INSERT 2-13

1 SECTION 1. 234.83 (2) (a) 3. of the statutes is amended to read:

2 234.83 (2) (a) 3. The name of the owner of the business does not appear on the  
3 statewide support lien docket under s. 49.854 (2) (b). ~~The condition under this~~  
4 ~~subdivision is met for an owner whose name does appear if or, if the name of the~~  
5 owner of the business appears on that docket, the owner of the business provides to  
6 the authority a payment agreement that has been approved by the county child  
7 support agency under s. 59.53 (5) and that is consistent with rules promulgated  
8 under s. 49.858 (2) (a).

NOTE: NOTE: Subd. 3. is shown as amended eff. the date stated in the notice published by the Department of Workforce Development in the Wisconsin Administrative Register under s. 49.854 (2) (e) by 1999 Wis. Act 9. Prior to the date stated in the notice published by the Department of Workforce Development in the Wisconsin Administrative Register under s. 49.854 (2) (e) it reads: NOTE:

9 3. The authority has not received a certification under s. 49.855 (7) that the owner of the business is delinquent in making child support or maintenance payments.  
History: 1991 a. 39; 1993 a. 394; 1997 a. 27; 1999 a. 9.

(END OF INSERT 2-13)

INSERT 3-5

10 3. The person's name does not appear on the statewide support lien docket  
11 under s. 49.854 (2) (b) or, if the person's name appears on that docket, the person  
12 provides to the authority a payment agreement that has been approved by the county  
13 child support agency under s. 59.53 (5) and that is consistent with rules promulgated  
14 under s. 49.858 (2) (a).

(END OF INSERT 3-5)

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

LRB-0880/1dn

PJK.lmh.km

*Stacy*

*Date*

Bill Walker:

I redrafted this to make the language in s. 234.83 (2) (a) 3. and (c) 3. more logically correct. Sections 234.65 (3) (f), 234.90 (3) (d) and (3g) (c), and 234.905 (3) (d) contain the same provision. Would you like me to make the same change to those sections and include them in this draft?

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: pam.kahler@legis.state.wi.us

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

LRB-0880/1dn  
PJK:hmh:pg

December 4, 2000

Bill Walker:

I redrafted this to make the language in s. 234.83 (2) (a) 3. and (c) 3. more logically correct. Sections 234.65 (3) (f), 234.90 (3) (d) and (3g) (c), and 234.905 (3) (d) contain the same provision. Would you like me to make the same change to those sections and include them in this draft?

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: [pam.kahler@legis.state.wi.us](mailto:pam.kahler@legis.state.wi.us)

## Kahler, Pam

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**From:** James.Langdon@wheda.com  
**Sent:** Friday, December 22, 2000 10:33 AM  
**To:** pam.kahler@legis.state.wi.us  
**Cc:** William.Walker@doa.state.wi.us  
**Subject:** 0880/P2



Microsoft Word 4

(See attached file: 234.83 draft.doc)

Please let me know your thoughts on my suggested revisions to your draft.  
Thanks.

Jim Langdon  
Executive Assistant  
Wisconsin Housing and Economic Development Authority  
201 West Washington Avenue, Suite 700  
Madison, Wisconsin 53701-1728  
(608) 266-3529  
(608) 267-1099 FAX

**234.83 Small business development loan guarantee program.**

(1c) Definition. In this section:

(a) "Rural community" means a city, town or village in this state with a population of less than 50,000.

(b) "Small business" means a business, as defined in s. 560.60(2), that employs 50 or fewer employees on a full-time basis.

(1m) (†) Guarantee requirements. The authority may use money from the Wisconsin development reserve fund to guarantee a loan under this section if all of the following apply:

(a) The borrower qualifies as an eligible borrower under sub. (2).

(b) The loan qualifies as an eligible loan under sub. (3).

(c) The lender enters into an agreement under s. 234.93 (2) (a).

(2) Eligible borrower. Any of the following qualifies as an eligible borrower if unable to obtain adequate business financing on reasonable terms:

(a) A business, ~~as defined in s. 560.60 (2),~~ to which all of the following apply:

1. The owner of the business is actively engaged in the business.

2. ~~The business employs 50 or fewer employees on a full-time basis is a small business.~~

3. The name of the owner of the business does not appear on the statewide support lien docket under s. 49.854 (2) (b). The condition under this subdivision is met for an owner whose name does appear if the owner of the business provides to the authority a payment agreement that has been approved by the county child support agency under s. 59.53 (5) and that is consistent with rules promulgated under s. 49.858 (2) (a).

(b) The elected governing body of a federally recognized American Indian tribe or band in this state.

(3) Eligible loans. A loan is eligible for guarantee of collection from the Wisconsin development reserve fund under s. 234.93 if all of the following apply:

(a) The borrower uses the loan proceeds for a business development project. Loan proceeds may be used for direct or related expenses associated with any of the following:

1. The expansion or acquisition of a business, including the purchase or improvement of land, buildings, machinery, equipment or inventory.

2. The start-up, expansion or acquisition of a day care business, including the purchase or improvement of land, buildings, machinery, equipment or inventory.

3. The start-up, expansion or acquisition of a small business in a vacant storefront in the downtown area of a rural community, including the purchase or improvement of land, buildings, machinery, equipment or inventory.

(b) Loan proceeds are not used to refinance existing debt or for entertainment expenses, expenses related to the production of an agricultural commodity, as defined in s. 94.67 (2), or expenses related to a community-based residential facility.

(c) The Interest rate on the loan, including any origination fees or other charges, is approved by the authority.

(d) The loan term does not extend beyond 15 years after the date on which the lender disburses the loan unless the authority agrees to an extension of the loan term.

(e) The total principal amount of all loans to the borrower that are guaranteed under this section does not exceed \$750,000.

(f) The lender obtains a security interest in the physical plant, equipment, machinery or other assets.

(g) The lender believes that it is reasonably likely that the borrower will be able to repay the loan in full with interest.

(h) The lender agrees to the percentage of guarantee established for the loan by the authority.

(i) The authority believes that the loan will have a positive impact in terms of job creation or retention.

(4) Guarantee of repayment.

(a) Subject to par. (b), the authority may guarantee repayment of a portion of the principal of any loan eligible for a guarantee under sub. (1m) ~~(4)~~. That portion may not exceed 80% of the principal of the loan or \$200,000, whichever is less. The authority shall establish the portion of the principal of an eligible loan that will be guaranteed, using the procedures described in the agreement under s. 234.93 (2) (a). The authority may establish a single portion for all guaranteed loans that do not exceed \$250,000 and a single portion for all guaranteed loans that exceed \$250,000 or establish on an individual basis different portions for eligible loans that do not exceed \$250,000 and different portions for eligible loans that exceed \$250,000.

(b) Except as provided in s. 234.93 (3), the total outstanding guaranteed principal amount of all loans that the authority may guarantee under par. (a) may not exceed \$14,270,000.



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0880/2

PJK:hmh/pg

r m  
Stays

DOA:.....Walker - Allow loan guarantees under the small business guarantee program for certain start-up businesses

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

SOON  
(12-22)  
D-note

do not  
for cost

1 AN ACT *relating to*; relating to: the budget.

*Analysis by the Legislative Reference Bureau*  
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

WHEDA administers a number of loan guarantee programs under which WHEDA guarantees repayment of a percentage of the outstanding principal amounts of loans made by private lenders to qualified borrowers for various business and agricultural purposes. Under the small business development loan guarantee program, WHEDA may guarantee repayment of up to the lesser of \$200,000 or 80% of the principal of a loan made by a private lender to ~~an eligible borrower or eligible~~ ~~small business~~ small business (a business with 50 or fewer full-time employees) or the elected governing body of a federally recognized American Indian tribe or band in this state. The bill adds as an eligible borrower a person proposing to start up a small business that will locate in a vacant storefront in the downtown area of a rural community, which is defined in the bill as a city, town, or village with a population of less than 50,000.

Under current law, the proceeds of a small business development loan may be used only for expenses associated with the expansion or acquisition of a business ~~with the start-up~~ ~~acquisition~~ of a day care business. The bill adds to the eligible uses of a small business development loan expenses associated with the

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Insert A

~~start-up of a small business in a vacant storefront in the downtown area of a rural community.~~

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

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

1 SECTION 1. 234.83 (1) of the statutes is renumbered 234.83 (1m).

2 SECTION 2. 234.83 (1c) of the statutes is created to read:

3 234.83 (1c) DEFINITIONS. In this section:

4 (a) "Rural community" means a city, town, or village in this state with a  
5 population of less than 50,000.

6 (b) "Small business" means a business, as defined in s. 560.60 (2), that employs  
7 50 or fewer employees on a full-time basis.

8 SECTION 3. 234.83 (2) (a) (intro.) of the statutes is amended to read:

9 234.83 (2) (a) (intro.) A business, ~~as defined in s. 560.60 (2)~~, to which all of the  
10 following apply:

11 SECTION 4. 234.83 (2) (a) 2. of the statutes is amended to read:

12 234.83 (2) (a) 2. The business employs ~~50 or fewer employees on a full-time~~  
13 ~~basis is a small business.~~

14 SECTION 5. 234.83 (2) (a) 3. of the statutes is amended to read:

15 234.83 (2) (a) 3. The name of the owner of the business does not appear on the  
16 statewide support lien docket under s. 49.854 (2) (b). ~~The condition under this~~  
17 ~~subdivision is met for an owner whose name does appear if~~ or, if the name of the  
18 owner of the business appears on that docket, the owner of the business provides to  
19 the authority a payment agreement that has been approved by the county child

1 support agency under s. 59.53 (5) and that is consistent with rules promulgated  
2 under s. 49.858 (2) (a).

3 SECTION 6. 234.83 (2) (c) of the statutes is created to read:

4 234.83 (2) (c) A person proposing to start up a business, if all of the following  
5 apply:

6 1. The business will locate in a vacant storefront in the downtown area of a  
7 rural community.

8 2. The business will be a small business.

9 3. The person's name does not appear on the statewide support lien docket  
10 under s. 49.854 (2) (b) or, if the person's name appears on that docket, the person  
11 provides to the authority a payment agreement that has been approved by the county  
12 child support agency under s. 59.53 (5) and that is consistent with rules promulgated  
13 under s. 49.858 (2) (a).

14 SECTION 7. 234.83 (3) (a) 1. of the statutes is amended to read:

15 234.83 (3) (a) 1. ~~The~~ If the borrower is eligible under sub. (2) (a) or (b), the  
16 expansion or acquisition of a business, including the purchase or improvement of  
17 land, buildings, machinery, equipment, or inventory.

18 SECTION 8. 234.83 (3) (a) 2. of the statutes is amended to read:

19 <sup>plain</sup> 234.83 (3) (a) 2. ~~The~~ ~~borrower is eligible under sub. (2) (a) or (b) to~~  
20 ~~start-up, expansion, or acquisition~~ of a day care business, including the purchase or  
21 <sup>strike</sup> improvement of land, buildings, machinery, equipment, or inventory.

22 SECTION 9. 234.83 (3) (a) 3. of the statutes is created to read:

23 234.83 (3) (a) 3. ~~If the borrower is eligible under sub. (2) (a),~~ the start-up of a  
24 small business in a vacant storefront in the downtown area of a rural community,

1 including the purchase or improvement of land, buildings, machinery, equipment, or  
2 inventory.

3 **SECTION 10.** 234.83 (4) (a) of the statutes is amended to read:

4 234.83 (4) (a) Subject to par. (b), the authority may guarantee repayment of a  
5 portion of the principal of any loan eligible for a guarantee under sub. ~~(1)~~ (1m). That  
6 portion may not exceed 80% of the principal of the loan or \$200,000, whichever is less.  
7 The authority shall establish the portion of the principal of an eligible loan that will  
8 be guaranteed, using the procedures described in the agreement under s. 234.93 (2)  
9 (a). The authority may establish a single portion for all guaranteed loans that do not  
10 exceed \$250,000 and a single portion for all guaranteed loans that exceed \$250,000  
11 or establish on an individual basis different portions for eligible loans that do not  
12 exceed \$250,000 and different portions for eligible loans that exceed \$250,000.

13

(END)

*D. note*

2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0880/ins  
PJK:bah:pg

INSERT A

WHEDA administers a number of loan guarantee programs under which WHEDA guarantees repayment of a percentage of the outstanding principal amounts of loans made by private lenders to qualified borrowers for various business and agricultural purposes. Under the small business development loan guarantee program, WHEDA may guarantee repayment of up to the lesser of \$200,000 or 80% of the principal of a loan made by a private lender to a small business (a business with 50 or fewer full-time employees) or the elected governing body of a federally recognized American Indian tribe or band in this state. The proceeds of a small business development loan may be used only for expenses associated with the expansion or acquisition of a business or with the start-up of a day care business. The bill adds to the eligible uses of a small business development loan expenses associated with the start-up of a small business in a vacant storefront in the downtown area of a rural community, which is defined in the bill as a city, town, or village with a population of less than 50,000.

(END OF INSERT A)

DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0880/Adn

PJK(hmb)pg

stays

Date

Bill:

1. These changes are the result of the proposal that we both received from Jim Langdon. Although not perfectly logical, because a borrower starting up a business may not already be a business (which a borrower that is not the elected body of an Indian tribe or band must be to be eligible for a guarantee), Jim said the language works for borrowers who start up day care businesses. (The language would work better if the guarantee occurred sometime after the loan ~~is~~ made, rather than simultaneously with it, which is more likely the case.)

2. Jim also approved of getting rid of the "expansion or acquisition" language in s. 234.83 (3) (a) 2., since ~~that~~ <sup>the</sup> language in s. 234.83 (3) (a) 1. covers the expansion or acquisition of a day care business.

3. I'm a little concerned about using "small business" in s. 234.83 (3) (a) 3., however. Using it there leads one to infer that the business being expanded or acquired in s. 234.83 (3) (a) 1. need not be a small business. Perhaps that is the intention. I'm just concerned about the disconnect that is created between subs. (2) and (3) by requiring a borrower to be a business and allowing the proceeds to be used to start a business. It seems like we are talking about two different businesses.

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: pam.kahler@legis.state.wi.us

(or the day care business being started in s. 234.83 (3)(a) 2., for that matter)

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

LRB-0880/2dn  
PJK:hmh:km

December 27, 2000

**Bill:**

1. These changes are the result of the proposal that we both received from Jim Langdon. Although not perfectly logical, because a borrower starting up a business may not already be a business (which a borrower that is not the elected body of an Indian tribe or band must be to be eligible for a guarantee), Jim said the language works for borrowers who start up day care businesses. (The language would work better if the guarantee occurred sometime after the loan was made, rather than simultaneously with it, which is more likely the case.)
2. Jim also approved of getting rid of the "expansion or acquisition" language in s. 234.83 (3) (a) 2., since the language in s. 234.83 (3) (a) 1. covers the expansion or acquisition of a day care business.
3. I'm a little concerned about using "small business" in s. 234.83 (3) (a) 3., however. Using it there leads one to infer that the business being expanded or acquired in s. 234.83 (3) (a) 1. (or the day care business being started in s. 234.83 (3) (a) 2., for that matter) need not be a small business. Perhaps that is the intention. I'm just concerned about the disconnect that is created between subs. (2) and (3) by requiring a borrower to be a business and allowing the proceeds to be used to start a business. It seems like we are talking about two different businesses.

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Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: pam.kahler@legis.state.wi.us

**Kahler, Pam**

---

**From:** Walker, William  
**Sent:** Saturday, January 06, 2001 11:50 AM  
**To:** Kahler, Pam  
**Subject:** RE: LRB 01-0880 (WHEDA Startups)

Pam,

I want to get the WHEDA small business draft issues finished (sorry I'm slow on this one!)

PJK: "I redrafted this to make the language in s. 234.83 (2) (a) 3. and (c) 3. more logically correct. Sections 234.65 (3) (f), 234.90 (3) (d) and (3g) (c), and 234.905 (3) (d) contain the same provision. Would you like me to make the same change to those sections and include them in this draft?"

✓ Me: go ahead and make them all logically correct if you have time.

Jim Langdon: "1. WHEDA defines a start-up business as one that has been in operation for less than one year. This has worked well and should take care of your concern in point 1."

Me: I'm content with this. I don't think its a big enough issue to worry about at this point.

Jim Langdon: "2. I think your concern in point 3 about using "small business" in 234.83 (3) (a) 3. (and not in 1. and 2.) is addressed in Section 4 of the draft. However, if you want to make subsections 1-3 consistent, feel free to adopt either "small business" or "business" in each."

Me: It's a style issue in my mind. I value your ability to make drafts work well so feel free to make the small business / business language consistent.

Bottom line: Jim and I are happy with the overall look of -0880. Thanks!