

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-3707/1	Introduction Number SB-515
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Description
 Regional revolving loan fund grant program administered by the Wisconsin Economic Development Corporation and making an appropriation

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input checked="" type="checkbox"/> No Local Government Costs		5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By WEDC/ John Parrish (608) 210-6869	Authorized Signature Amy Young (608) 210-6711	Date 1/13/2016
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Fiscal Estimate Narratives

WEDC 1/13/2016

LRB Number	15-3707/1	Introduction Number	SB-515	Estimate Type	Original
Description Regional revolving loan fund grant program administered by the Wisconsin Economic Development Corporation and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

SB-515 requires the Wisconsin Economic Development Corporation (WEDC) to establish a regional revolving loan fund (RLF) program and to make grants to Regional Economic Development Organizations (REDOs). WEDC is also required to approve policies and procedures for loans made from each regional RLF. The bill makes a \$10 million appropriation per fiscal biennium to capitalize up to nine revolving loan funds (one million each) and up to \$1 million for training regional economic development corporations to operate an RLF.

At present, WEDC does not have the capacity or personnel necessary to fulfill the new statutory requirements as outlined in SB-515. To meet the new requirements, it is estimated that WEDC may need to hire two (2) full-time staff positions. WEDC assumes that one position will be equivalent to a project specialist and the other will be equivalent to an account manager. WEDC estimates the annual salary cost for a project specialist at \$55,000, and \$65,000 annually for an account manager. In addition, WEDC estimates an annual fringe benefit rate of thirty-four (34) percent. The total annual costs of salary and benefits for these additional staff are estimated at \$160,000.

While the proposed bill does not make an appropriation for WEDC to administer the program, WEDC may assess annual fees to grant recipients to reimburse the corporation for RLF program administration costs. Under a similar type of program, the SBA charges lenders a one percent fee to participate in its 7(a) loan program. Assuming WEDC assess a similar fee to administer the RLF program, the corporation would receive \$45,000 in fees per year once the grant funding has been fully deployed. This would require WEDC to absorb approximately \$110,000 in costs from existing resources and staff. This may reduce the resources available for other programs.

Long-Range Fiscal Implications