



## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

**2015 Senate Bill 515**

**Senate Substitute  
Amendment 1**

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### **2015 SENATE BILL 515**

2015 Senate Bill 515 creates a regional revolving loan fund grant program, administered by the Wisconsin Economic Development Corporation (WEDC). Nine regional economic development organizations would be eligible for grants under the program. Under the bill, WEDC would be required to award a grant to each of the nine regional economic development organizations that WEDC determines to have the expertise, structure, and policies necessary to operate a regional revolving loan fund. The regional economic development organizations would also have to provide matching funds raised from other sources in order to receive a grant from WEDC. WEDC may not grant more than \$1 million per biennium to each regional economic development organization. Additionally, the bill prescribes certain reporting requirements for each regional economic development organization that is awarded a grant from WEDC, and WEDC may assess an annual fee for costs of administration to each regional economic development organization that receives a grant.

Under a regional revolving loan fund created by the bill, each regional economic development organization may make loans to businesses or other organizations to be used for working capital, purchasing equipment, building construction and improvement, land acquisition, private infrastructure improvements, or asset acquisition, provided the business or organization has secured a primary source of funding. Regional economic development organizations may not make loans to businesses or organizations whose principal place of business is outside the region covered by the economic development organization.

In addition to the authorization to make grants to qualified regional economic development, the bill provides WEDC with the authority to expend up to \$1 million per biennium to provide training to economic development organizations that fail to qualify for a

grant, or to directly operate a regional revolving loan fund, subject to the same policies and procedures specified for a fund operated by a regional economic development organization.

### **SENATE SUBSTITUTE AMENDMENT 1**

Senate Substitute Amendment 1 creates a regional revolving loan fund grant program, administered by WEDC. The revolving loan fund grant program would operate in a similar fashion to the program proposed under Senate Bill 515, with the following modifications:

- Rather than specifically identifying potential grant recipients, the substitute amendment would direct WEDC to designate nine economic development regions, covering the entire state. Within those regions, WEDC could award revolving loan fund grants to one or more qualified regional economic development organizations.
- The substitute amendment specifies that a regional economic development organization may make loans to businesses only if the business has secured a primary source of funding other than the loan from the regional revolving loan fund.
- The substitute amendment provides additional reporting requirements, particularly requiring each regional economic development organization to report on the loans issued from its revolving loan fund.
- The substitute amendment specifies that WEDC may reallocate grant moneys not previously awarded through a competitive application process.
- For each region, the substitute amendment specifies that WEDC may not grant more than \$1 million in each biennium to organizations serving the region.
- The substitute amendment requires a regional economic development organization to report the applicant for or recipient of a loan to a law enforcement agency or district attorney if the organization has reason to believe the applicant for or recipient of a loan has violated ch. 943, Stats., or committed another crime with respect to the loan.
- The substitute amendment specifies that the fee WEDC may charge for program administration may not exceed 5%.

### **BILL HISTORY**

Senator Gudex offered Senate Substitute Amendment 1 on January 15, 2016. On January 19, 2016, the Senate Committee on Economic Development and Commerce recommended adoption of the substitute amendment and passage of Senate Bill 515, as amended, on consecutive votes of Ayes, 4; Noes, 1.

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