

1987 Assembly Bill 658

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## 1987 Wisconsin Act 318

AN ACT to create 20.143 (1) (fz) and (gm), 560.07 (10) and 560.165 of the statutes, relating to pilot export development loans, granting rule-making authority and making an appropriation.

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

SECTION 1. **Legislative declaration.** The legislature finds that it is desirable to create a pilot export development loan program in order to increase the

number of small businesses in this state which export their products or services to foreign countries, thereby stimulating economic development in this state by increasing manufacturing of products and performance of services and by creating new jobs.

SECTION 2. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

		<u>1987-88</u>	<u>1988-89</u>
<b>20.143</b>	<b>Development, department of</b>		
(1 )	ECONOMIC AND COMMUNITY DEVELOPMENT		
(fz)	Pilot export development loans	GPR B -0-	300,000

SECTION 3. 20.143 (1) (fz) and (gm) of the statutes are created to read:

20.143 (1) (fz) *Pilot export development loans.* Biennially, the amounts in the schedule to fund pilot export development loans under s. 560.165. This para-

graph does not apply on or after the first day of the 37th month beginning after the effective date of this paragraph .... [revisor insert date].

(gm) *Pilot export development loan repayment.* All moneys received from repayment of pilot export development loan principal and interest and royalties, to fund pilot export development loans under s. 560.165. No pilot export development loans may be funded from this appropriation on or after the first day of the 37th month beginning after the effective date of this paragraph .... [revisor inserts date].

SECTION 4. 560.07 (10) of the statutes is created to read:

560.07 (10) Promote the pilot export development loan program under s. 560.165 to encourage economic development in this state. The department shall publicize the availability of pilot export development loans throughout this state and, on request, provide pilot export development loan program information to each small business, as defined in s. 560.165 (1) (e).

SECTION 5. 560.165 of the statutes is created to read:

**560.165 Pilot export development loans.** (1) DEFINITIONS. In this section:

(c) "Loan" means a pilot export development loan under this section.

(d) "Royalty" means a share of future profits from, or an interest in, a product or process.

(e) "Small business" means a business operating in this state which manufactures a product or performs a service, or both, with a potential to be exported and which, together with all its affiliates and subsidiaries and its parent company, had gross annual sales of \$25,000,000 or less in the calendar year preceding the year in which it applies for a loan under this section.

(2) LOAN PURPOSES. The department may make loans to small businesses from the appropriations under s. 20.143 (1) (fz) and (gm). Loans may be used for the following purposes:

(a) Engaging in foreign market research.

(d) Producing foreign language literature and foreign advertising.

(e) Obtaining technical information about exporting.

(f) Paying legal costs incurred in exporting a product or service, except for legal costs incurred in collecting delinquent accounts.

(g) Locating and establishing sales agents in foreign countries.

(h) Hiring consultants to assist in preparing a detailed export development plan.

(hm) Paying costs associated with developing new product lines, or making product modifications, to meet the demands of a foreign market.

(i) Engaging in any other activity which the department determines to be appropriate.

(3) LOANS. Subject to sub. (4), the department shall give loans to small businesses which demonstrate all of the following:

(b) The product or service to be exported using loan funds has the potential for a high sales volume in specific foreign markets.

(c) The small business will maintain its operations in this state for at least 5 years after completing all activities funded by the loan.

(d) The department will give preference if the small business has not exported any product or service into any foreign market before the export activity to be funded by the loan.

(4) LOAN CONDITIONS. (a) No loan may exceed \$30,000.

(b) A small business receiving a loan shall expend funds or perform services, relating to export development, equal in value to at least 50% of the loan amount. A small business may, in calculating this amount, include funds expended or services performed in preparing the loan application. A small business may not include, when calculating the amount expended by it for the purpose of this paragraph, moneys expended from grants received by the small business from any source.

(c) No loan funds may be used to pay for the manufacture or distribution of any product marketed, any cost incurred before the application is submitted, any entertainment cost, any employee compensation, any cost associated with furniture, any cost associated with the establishment of a foreign business office or any activity funded with public funds other than the loan.

(d) The department may make a loan to small business only if the department determines that all of the following apply:

1. The activity to be funded by the loan will retain or increase employment in this state.

2. The activity to be funded by the loan is not likely to occur without the loan.

3. Financing is unavailable from any other source on reasonably equivalent terms.

(5) APPLICATION. A small business desiring a loan under this section shall submit an application to the department containing:

(a) An export market development plan providing at least a general description of the foreign market development strategy of the small business for the 2 years following the date of application.

(b) An itemized budget of the activities of the small business which relate to export, describing the proposed disbursement of loan funds.

(c) A description of the organizational structure of the small business.

(d) 1. A financial statement certified by an independent certified public accountant as fairly representing the financial condition of the small business.

2. The department may waive the requirement under subd. 1 that the financial statement be certified.

(e) A plan for an annual evaluation and report on the effectiveness of the activities funded by the loan.

(f) A description of the potential benefits to the state's economy, through an increase in sales or the development of new jobs or both, which are likely to result from the use of the loan.

(g) An assurance that at least 50% of the export value of the product or service will be produced in this state.

(6) REPAYMENT. (a) The department shall require a small business to repay loan principal and interest, or loan principal and interest and a royalty, into the appropriation under s. 20.143 (1) (gm), subject to par. (d).

(b) If a small business terminates its operations in this state and a loan under this section has not been fully repaid, the department may accelerate the terms of repayment under par. (a) to any reasonable period. The department may request the attorney general to bring an action in any court of competent jurisdiction to enforce this paragraph. This paragraph does not affect any obligation of the small business to repay a royalty.

(c) Within a reasonable period as determined by the department, a small business shall repay into the appropriation under s. 20.143 (1) (gm) any loan funds, plus interest, not expended within 2 years after it receives the loan.

(d) The department may forgive repayment of a loan under the circumstances described in the rules promulgated under sub. (7) (f).

(7) DUTIES OF DEPARTMENT. The department shall do all of the following:

(a) Promote the pilot export development loan program under this section in accordance with s. 560.07 (10).

(b) Review and act on loan applications.

(c) Quarterly, monitor the progress of small businesses receiving loans.

(d) No later than January 1 annually, provide to the governor and to the standing committee dealing with economic development in each house of the legislature a report evaluating the pilot export development loan program under this section and stating all of the following:

1. The name of each small business receiving a loan.

2. The amount of each loan.

3. How each loan was used by the small business receiving it.

4. Whether activities funded by loans resulted in increased export sales for small businesses.

5. The number of jobs created as a result of the loans.

(e) Provide application and reporting forms for use by small businesses.

(f) Promulgate rules setting forth all of the following:

1. Circumstances under which no repayment is required.

2. Circumstances under which payment of a royalty is required.

3. Criteria for determining the period within which a small business shall repay the loan principal and interest, or the royalty, or both.

4. Criteria for determining interest on a loan at a competitive market rate.

5. Criteria for determining royalties in amounts which will generate sufficient revenues to fund subsequent loans.

6. A procedure to coordinate the pilot export development loan program with other programs administered by the department or the department of agriculture, trade or consumer protection which deal with international trade.

(8) SUNSET. Subsections (2), (3), (4), (5) and (7) (a), (b), (e) and (f) do not apply on or after the first day of the 37th month beginning after the effective date of this subsection .... [revisor inserts date].