



**ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO 1995 ASSEMBLY BILL 556**

September 14, 1995 - Offered by COMMITTEE ON AGRICULTURE.

1 **AN ACT to amend** 234.265 (2), 234.90 (4) (b) 1. and 600.01 (1) (b) 8.; and **to create**  
2 234.91 and 234.93 (1) (d) of the statutes; **relating to:** a loan guarantee program  
3 for the acquisition or improvement of farm assets.

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

4 **SECTION 1.** 234.265 (2) of the statutes is amended to read:  
5 234.265 (2) Records or portions of records consisting of personal or financial  
6 information provided by a person seeking a grant or loan under s. 234.08, 234.49,  
7 234.59, 234.65, 234.67, 234.68, 234.69, 234.70, 234.765, 234.82, 234.83, 234.87,  
8 234.90, 234.905 or, 234.907 or 234.91, seeking a loan under ss. 234.621 to 234.626,  
9 seeking financial assistance under s. 234.66 or under ss. 234.75 to 234.802, seeking  
10 investment of funds under s. 234.03 (18m) or in which the authority has invested  
11 funds under s. 234.03 (18m), unless the person consents to disclosure of the  
12 information.

13 **SECTION 2.** 234.90 (4) (b) 1. of the statutes is amended to read:

1           234.90 (4) (b) 1. Except as provided in subd. 2., the total outstanding principal  
2 amount of all loans which the authority may guarantee under par. (a) may not exceed  
3 \$30,000,000 minus the total outstanding guaranteed principal amount that is  
4 guaranteed under s. 234.91, subject to s. 234.91 (5) (c).

5           **SECTION 3.** 234.91 of the statutes is created to read:

6           **234.91 Farm assets reinvestment management loan guarantee**  
7 **program. (1) DEFINITIONS.** In this section:

8           (a) "Agricultural assets" means machinery, equipment, facilities, land or  
9 livestock.

10           (b) "Farm credit service" includes a production credit association, federal land  
11 credit association and agricultural credit association.

12           (c) "Farmer" has the meaning given in s. 102.04 (3).

13           (d) "Farm premises" has the meaning given in s. 102.04 (3).

14           (e) "Participating lender" means a bank, farm credit service, credit union,  
15 savings bank, savings and loan association or other person who makes loans for the  
16 acquisition or improvement of agricultural assets and who has entered into an  
17 agreement with the authority under s. 234.93 (2) (a). The term does not include a  
18 seller under a land contract.

19           **(2) ELIGIBLE LOANS.** A loan made by a participating lender is eligible for  
20 guarantee of collection from the Wisconsin development reserve fund under s. 234.93  
21 if all of the following apply:

22           (a) The borrower is a farmer who is eligible for a guarantee under sub. (3).

23           (b) The loan is made to finance the acquisition of agricultural assets or the cost  
24 of improvements to facilities or land. The agricultural assets must be acquired, and  
25 the improvements must be made, for agricultural purposes.

1 (c) The total outstanding guaranteed principal amount of all loans made to the  
2 borrower that are guaranteed under this section will not exceed \$100,000, or \$50,000  
3 if any of the loans is affected by any other state or federal credit assistance program.

4 (d) The rate of interest and the loan terms, including any associated fees or  
5 charges, are approved by the authority.

6 (e) The participating lender obtains a security interest in assets of the borrower  
7 sufficient to secure repayment of the loan.

8 (f) The proceeds of the loan are not applied to the outstanding balance of any  
9 other loan or forbearance.

10 **(3) ELIGIBLE FARMERS.** A farmer is eligible for a guarantee of a loan under this  
11 section if all of the following apply at the time the loan is made:

12 (a) The farmer is currently operating farm premises.

13 (b) The amount of the farmer's debts, including the loan, does not exceed 85%  
14 of the farmer's assets, including the value of the agricultural assets to be acquired,  
15 or the improvements to be made, with the proceeds of the loan.

16 (c) The participating lender considers the farmer's assets, cash flow and  
17 managerial ability sufficient to preclude voluntary or involuntary liquidation during  
18 the term of the loan.

19 **(4) ORIGINATION FEES.** The authority shall charge a guarantee origination fee  
20 on every loan guaranteed under this section. The amount of the fee shall be 1% of  
21 a loan's guaranteed principal. The participating lender shall collect the fee and remit  
22 it to the authority. The authority shall deposit all fees received under this subsection  
23 in the Wisconsin development reserve fund to be used to guarantee loans under this  
24 section.

1           **(5) GUARANTEE OF COLLECTION.** (a) Subject to par. (c), the authority shall  
2           guarantee collection of a portion of the principal of a loan eligible for a guarantee  
3           under sub. (2). The principal amount of an eligible loan that the authority may  
4           guarantee may not exceed the borrower's net worth or 25% of the total loan amount,  
5           whichever is less, calculated at the time the loan is made.

6           (b) The term of a loan guarantee for a loan made to finance the acquisition of  
7           machinery, equipment or livestock, or the cost of improvements to facilities or land,  
8           may not exceed 5 years. The term of a loan guarantee for a loan made to finance the  
9           acquisition of facilities or land may not exceed 10 years.

10          (c) Except as provided in s. 234.93 (3), the total outstanding guaranteed  
11          principal amount of all loans that the authority may guarantee under par. (a) may  
12          not exceed any of the following:

13           1. Before July 1, 1996, the lesser of \$3,000,000 or the difference between  
14           \$30,000,000 and the total outstanding principal amount of all loans guaranteed  
15           under s. 234.90.

16           2. On and after July 1, 1996, and before July 1, 1997, the lesser of \$5,000,000  
17           or the difference between \$30,000,000 and the total outstanding principal amount  
18           of all loans guaranteed under s. 234.90.

19           3. On and after July 1, 1997, the lesser of \$10,000,000 or the difference between  
20           \$30,000,000 and the total outstanding principal amount of all loans guaranteed  
21           under s. 234.90.

22          **SECTION 4.** 234.93 (1) (d) of the statutes is created to read:

23           234.93 (1) (d) To be used for guaranteeing loans under s. 234.91, fees collected  
24           under s. 234.91 (4).

25          **SECTION 5.** 600.01 (1) (b) 8. of the statutes is amended to read:

