



**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1995 ASSEMBLY BILL 583**

October 11, 1995 - Offered by Representative FOTI.

1 **AN ACT to amend** 234.265 (2) and 600.01 (1) (b) 8.; and **to create** 20.143 (4) (kd),
2 20.490 (6), 234.84 and 234.932 of the statutes; **relating to:** creating a job
3 training loan guarantee program, creating a Wisconsin job training reserve
4 fund and making an appropriation.

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

5 **SECTION 1.** 20.143 (4) (kd) of the statutes is created to read:

6 20.143 (4) (kd) *Transfer of unappropriated balances.* All moneys transferred
7 from program revenue and program revenue-service appropriation accounts under
8 1995 Wisconsin Act (this act), section 7 (1) (b), for the purpose of funding the
9 transfer under 1995 Wisconsin Act (this act), section 7 (1) (a).

10 **SECTION 2.** 20.490 (6) of the statutes is created to read:

11 20.490 (6) **WISCONSIN JOB TRAINING LOAN GUARANTEES.** (a) *Wisconsin job training*
12 *reserve fund.* A sum sufficient in an amount equal to the amount, not to exceed
13 \$2,000,000, that was encumbered before July 1, 1995, under the appropriation under
14 s. 20.143 (1) (c) and that will lapse to the general fund after July 1, 1995, and before

1 July 1, 1997, because the moneys are unexpended and no longer needed for the
2 purposes for which they were encumbered, to be transferred to the Wisconsin job
3 training reserve fund under s. 234.932.

4 (k) *Department of development appropriations transfer to Wisconsin job*
5 *training reserve fund.* All moneys transferred under 1995 Wisconsin Act (this act),
6 section 7 (1) (a) to be transferred to the Wisconsin job training reserve fund under
7 s. 234.932.

8 **SECTION 3.** 234.265 (2) of the statutes is amended to read:

9 234.265 (2) Records or portions of records consisting of personal or financial
10 information provided by a person seeking a grant or loan under s. 234.08, 234.49,
11 234.59, 234.65, 234.67, 234.68, 234.69, 234.70, 234.765, 234.82, 234.83, 234.84,
12 234.87, 234.90, 234.905 or 234.907, seeking a loan under ss. 234.621 to 234.626,
13 seeking financial assistance under s. 234.66 or under ss. 234.75 to 234.802, seeking
14 investment of funds under s. 234.03 (18m) or in which the authority has invested
15 funds under s. 234.03 (18m), unless the person consents to disclosure of the
16 information.

17 **SECTION 4.** 234.84 of the statutes is created to read:

18 **234.84 Job training loan guarantee program.** (1) **DEFINITION.** In this
19 section, “department” means the department of development.

20 (2) **GUARANTEE REQUIREMENTS.** The authority may use money from the
21 Wisconsin job training reserve fund to guarantee a loan under this section if, at the
22 time application is made for the loan, all of the following apply:

23 (a) The borrower is an employer in this state, regardless of the number of
24 employes.

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

1 (c) The lender is a financial institution that enters into an agreement under s.
2 234.932 (3) (a).

3 **(3) ELIGIBLE LOANS.** A loan is eligible for guarantee of collection from the
4 Wisconsin job training reserve fund under s. 234.932 if all of the following apply:

5 (a) The borrower certifies that it will use the loan proceeds for expenses related
6 to employe training or retraining or for purchasing equipment or upgrading facilities
7 for purposes related to employe training or retraining.

8 (b) The borrower certifies that loan proceeds will not be used to refinance
9 existing debt or for operating or entertainment expenses.

10 (c) The interest rate on the loan, including any origination fees or other charges,
11 is approved by the department.

12 (d) The original loan term does not extend beyond 3 years if the loan proceeds
13 are used exclusively for expenses related to instruction or training, or beyond 5 years
14 if the loan proceeds are used for purchasing equipment or upgrading facilities that
15 will be used for instructing or training employes.

16 (e) The total outstanding principal amount of all loans to the borrower that are
17 guaranteed under this section does not exceed \$250,000.

18 (f) The lender obtains a security interest in the physical plant, equipment or
19 other assets if the loan proceeds are to be used for purchasing equipment or
20 upgrading facilities that will be used for instructing or training employes.

21 (g) The lender confirms that the borrower satisfies all applicable loan
22 underwriting criteria.

23 **(4) GUARANTEE OF COLLECTION.** (a) Subject to par. (b), the authority shall
24 guarantee collection of a percentage of the principal of, and all interest and any other
25 amounts outstanding on, any loan eligible for a guarantee under sub. (2). The

1 department shall establish the percentage of the principal of an eligible loan that will
2 be guaranteed, using the procedures described in the agreement under s. 234.932 (3)

3 (a). The department may establish a single percentage for all guaranteed loans or
4 establish different percentages for eligible loans on an individual basis.

5 (b) Except as provided in s. 234.932 (4), the total outstanding guaranteed
6 principal amount of all loans that the authority may guarantee under par. (a) may
7 not exceed \$9,333,300.

8 **(5) ADMINISTRATION.** (a) The program under this section shall be administered
9 by the department with the cooperation of the authority. The department shall enter
10 into a memorandum of understanding with the authority setting forth the respective
11 responsibilities of the department and the authority with regard to the
12 administration of the program, including the functions and responsibilities specified
13 in s. 234.932. The memorandum of understanding shall provide for reimbursement
14 to the department by the authority for costs incurred by the department in the
15 administration of the program. The department shall deposit all moneys received
16 in reimbursement of its administrative costs in the appropriation account under s.
17 20.143 (1) (g).

18 (b) The department may charge a premium, fee or other charge to a borrower
19 of a guaranteed loan under this section for the administration of the loan guarantee.
20 The department shall deposit all moneys received under this paragraph in the
21 appropriation account under s. 20.143 (1) (g).

22 **SECTION 5.** 234.932 of the statutes is created to read:

23 **234.932 Wisconsin job training reserve fund. (1) DEFINITION.** In this
24 section, "department" means the department of development.

1 **(2) ESTABLISHMENT OF FUND.** There is established under the jurisdiction and
2 control of the authority, for the purpose of providing funds for guaranteeing loans
3 under s. 234.84, a Wisconsin job training reserve fund, consisting of all of the
4 following:

5 (a) Moneys appropriated to the authority under s. 20.490 (6) (a) and (k) or
6 received by the authority for the Wisconsin job training reserve fund from any other
7 source.

8 (b) Any income from investment of money in the Wisconsin job training reserve
9 fund by the authority under s. 234.03 (18).

10 **(3) PROGRAM ADMINISTRATION.** (a) The authority or department shall enter into
11 a guarantee agreement with any bank, production credit association, credit union,
12 savings bank, savings and loan association or other person who wishes to participate
13 in the loan program guaranteed by the Wisconsin job training reserve fund. The
14 authority or department may determine all of the following, consistent with the
15 terms of the loan guarantee program:

16 1. The form of the agreement.

17 2. Any conditions upon which the authority or department may refuse to enter
18 into such an agreement.

19 3. Any procedures required to carry out the agreement, including default
20 procedures and procedures for determining the guaranteed percentage of each loan.

21 (b) The authority may not use any moneys other than those in the Wisconsin
22 job training reserve fund for the job training loan guarantee program, and may not
23 use moneys in the Wisconsin job training reserve fund for any programs other than
24 the job training loan guarantee program.

1 (c) The authority or department may establish an eligibility criteria review
2 panel, consisting of experts in finance and in the subject area of the job training loan
3 guarantee program, to provide advice about lending requirements and issues related
4 to the job training loan guarantee program.

5 **(4) INCREASES OR DECREASES IN LOAN GUARANTEES.** The authority or department
6 may request the joint committee on finance to take action under s. 13.10 to permit
7 the authority to increase or decrease the total outstanding guaranteed principal
8 amount of loans that it may guarantee under the job training loan guarantee
9 program. Included with its request, the authority or department shall provide a
10 projection, for the next June 30, that compares the amounts required on that date
11 to pay outstanding claims and to fund guarantees under the job training loan
12 guarantee program, and the balance remaining in the Wisconsin job training reserve
13 fund on that date after deducting such amounts, if the increase or decrease is
14 approved, with such amounts and the balance remaining, if the increase or decrease
15 is not approved.

16 **(5) ANNUAL REPORT.** On or before November 1 annually, the authority or
17 department shall submit to the chief clerk of each house of the legislature for
18 distribution under s. 13.172 (2) and to the joint committee on finance an annual
19 report on the number and total dollar amount of guaranteed loans under the job
20 training loan guarantee program, the default rate on the loans and any other
21 information on the program that the authority or department determines is
22 significant.

23 **(6) MORAL OBLIGATION.** Recognizing its moral obligation, the legislature
24 expresses its expectation that, if called upon to do so, it shall make an appropriation
25 to meet all demands for funds guaranteed by the Wisconsin job training reserve fund.

1 **SECTION 6.** 600.01 (1) (b) 8. of the statutes is amended to read:

2 600.01 (1) (b) 8. Guarantees of the Wisconsin housing and economic
3 development authority under ss. 234.67, 234.68, 234.69, 234.765, 234.82, 234.83,
4 234.84, 234.87, 234.90, 234.905 and 234.907.

5 **SECTION 7. Appropriation changes.**

6 (1) TRANSFER FROM DEPARTMENT OF COMMERCE APPROPRIATIONS.

7 (a) Notwithstanding section 20.001 (3) (a), (b) and (c) of the statutes and
8 subject to the approval of the joint committee on finance under paragraph (c), if the
9 amount that was encumbered before July 1, 1995, under the appropriation under
10 section 20.143 (1) (c) of the statutes and that will lapse to the general fund after July
11 1, 1995, and before July 1, 1997, because the moneys are unexpended and no longer
12 needed for the purposes for which they were encumbered is less than \$2,000,000, on
13 June 30, 1997, the secretary of administration shall transfer to the appropriation
14 account under section 20.490 (6) (k) of the statutes, as created by this act, from one
15 or more appropriations made to the department of commerce, the difference between
16 that amount and \$2,000,000. The department of commerce shall indicate its
17 preference for allocation among its appropriations of the amount to be transferred
18 in the plan to be submitted to the joint committee on finance under paragraph (c).

19 (b) If the department desires to include in its allocation preference plan
20 moneys from program revenue or program revenue-service appropriations in excess
21 of the amounts appropriated under those appropriations, the department shall
22 transfer all or a portion of the unappropriated balance in each such appropriation
23 account that it desires to include in its allocation preference plan to the appropriation
24 account under section 20.143 (4) (kd) of the statutes, as created by this act.

1 (c) If paragraph (a) applies, before June 30, 1997, the department of commerce
2 shall submit to the joint committee on finance for review and approval a plan
3 identifying the department's preference for allocation among its appropriations of
4 the amount to be transferred under paragraph (a). If the cochairpersons of the
5 committee do not notify the department that the committee has scheduled a meeting
6 for the purpose of reviewing the proposed plan within 14 working days after the date
7 of the department's submittal, the secretary of administration may transfer the
8 amount under paragraph (a) in conformance with the department's plan. If within
9 14 working days after the date of the department's submittal the cochairpersons of
10 the committee notify the department that the committee has scheduled a meeting for
11 the purpose of reviewing the proposed plan, the secretary of administration may not
12 transfer the amount under paragraph (a) in conformance with the plan until it is
13 approved by the committee, as submitted or as modified.

14 **SECTION 8. Effective dates.** This act takes effect on the day after
15 publication, except as follows:

16 (1) TRANSFER FROM DEPARTMENT OF COMMERCE APPROPRIATIONS. The treatment of
17 sections 20.143 (4) (kd) and 20.490 (6) (k) of the statutes and SECTION 7 of this act
18 take effect on July 1, 1996.

19 (END)