



2009 ASSEMBLY BILL 532

October 29, 2009 - Introduced by Representatives BARCA, JORGENSEN, FIELDS, SEIDEL, STASKUNAS, HRAYCHUCK, ZIGMUNT, SOLETSKI, SINICKI, YOUNG, ROYS, CLARK, VRUWINK, TURNER, STEINBRINK, GARTHWAITE and HIXSON, cosponsored by Senators HOLPERIN, WIRCH and TAYLOR. Referred to Committee on Jobs, the Economy and Small Business.

1 **AN ACT to amend** 20.143 (1) (c); and **to create** 560.047 of the statutes; **relating**
2 **to:** directing the Department of Commerce to award grants to community
3 development corporations to establish capital access programs, providing an
4 exemption from emergency rule procedures, requiring the exercise of
5 rule-making authority, and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill directs the Department of Commerce (department) to award grants to Wisconsin Business Development Finance Corporation (corporation) for the purpose of funding capital access programs to encourage lending to small and medium-sized businesses and to local nonprofit agencies. The corporation may distribute grant proceeds only to recipients with an existing portfolio of revolving loans to small businesses and whose primary purpose and mission is the promotion of community development in a limited geographic area of this state that is experiencing economic distress.

Recipients of grant proceeds from the corporation must use the grant proceeds to establish reserve pools to reduce risk to lenders. Under the bill, the corporation must require each recipient of grant proceeds to obtain funding from sources other than the state to match the amount of the grant proceeds received.

The bill limits the total amount of grants awarded in a fiscal year to \$350,000, and increases an appropriation of general purpose revenue to the department by \$350,000 for fiscal year 2010-11.

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 20.143 (1) (c) of the statutes, as affected by 2009 Wisconsin Acts 2
2 and 28, is amended to read:

3 20.143 (1) (c) *Wisconsin development fund; grants, loans, reimbursements, and*
4 *assistance.* Biennially, the amounts in the schedule for grants under s. ss. 560.145
5 and 560.047; for grants and loans under s. 560.275 (2) and subch. V of ch. 560; for
6 reimbursements under s. 560.167; for the costs specified in s. 560.607; for the loan
7 under 1999 Wisconsin Act 9, section 9110 (4); and for the grants under 1995
8 Wisconsin Act 27, section 9116 (7gg), 1995 Wisconsin Act 119, section 2 (1), 1997
9 Wisconsin Act 27, section 9110 (6g), 2003 Wisconsin Act 33, section 9109 (1d) and
10 (2q), 2007 Wisconsin Act 20, section 9108 (4u), (6c), (7c), (7f), (8c), (8i), (9i), and (10q),
11 2009 Wisconsin Act 2, section 9110 (2) and (3), and 2009 Wisconsin Act 28, section
12 9110 (17q).

13 **SECTION 2.** 560.047 of the statutes is created to read:

14 **560.047 Capital access program grants. (1)** From the appropriation under
15 s. 20.143 (1) (c), the department shall award grants to Wisconsin Business
16 Development Finance Corporation for the purpose of funding capital access
17 programs to encourage lending to small and medium-sized businesses and to local
18 nonprofit agencies. Wisconsin Business Development Finance Corporation may
19 distribute grant proceeds to a recipient if all of the following apply:

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1 (a) The recipient has as its primary purpose and mission the promotion of
2 community development primarily in a limited geographic area of this state that is
3 experiencing economic distress.

4 (b) The recipient has an existing portfolio of revolving loans to small
5 businesses.

6 **(2)** Wisconsin Business Development Finance Corporation shall require each
7 recipient of grant proceeds to obtain funding from sources other than the state to
8 match the amount of the grant proceeds received from the corporation. Recipients
9 of grant proceeds shall use the grant proceeds, in conjunction with premiums paid
10 by eligible borrowers and eligible lenders, to establish reserve pools to reduce risk
11 to lenders for loans to small and medium-sized businesses and to local nonprofit
12 agencies.

13 **(3)** The total amount of grants awarded under this section in a fiscal year may
14 not exceed \$350,000. The department shall enter into an agreement with Wisconsin
15 Business Development Finance Corporation that specifies the uses for the grant
16 proceeds and reporting and auditing requirements and shall promulgate rules
17 necessary to administer this section, including rules that establish eligibility criteria
18 for lenders and borrowers who wish to participate in a capital access program funded
19 by grant proceeds.

20 **SECTION 3. Nonstatutory provisions.**

21 (1) The department of commerce shall submit in proposed form the rules
22 required under section 560.047 (3) of the statutes, as created by this act, to the
23 legislative council staff under section 227.15 (1) of the statutes no later than the first
24 day of the 6th month beginning after the effective date of this subsection.

